PT INDOCEMENT TUNGGAL PRAKARSA Tbk.

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ANNUAL REPORT 2002

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Moving Towards Financial Stability and Sustainable Development

INDOCEMENT
HEIDELBERGCEMENT Group

Moving towards financial stability and sustainable development

2002 was a turnaround year for Indocement, following two successive years of losses in 2000 and 2001. This could signal the gradual progress by the Company towards greater financial stability, sustainable long term development and growth as well as environmental well being.

CONTENTS

The cover of Indocement 2002 Annual Report shows three configurations: a grey square, a blue circle and a green form. The grey square symbolizes a strong foundation in the cement industry. The green form represents a clean and preserved environment whereas the blue circle depicts the evolvement of Indocement in achieving sustainable long term growth on the basis of EVA and ecological balance.

About the Company

Our Vision

We are in the business of providing consistent prime quality shelter, construction materials and related services. We are aiming to be the lowest cost producer, in a way that promotes sustainable development, wholesome communities and a friendly environment.

Our Motto

Better Shelter for a Better Life

Indocement is the second largest cement producer in Indonesia. The Company has integrated cement operations with a total annual production capacity of 15.4 million tons of clinker. The Company was established in 1985 and currently operates 12 plants, nine of which are located in Citeureup, Bogor, West Java; two in Palimanan, Cirebon, West Java; and one in Tarjun, Kotabaru, South Kalimantan.

The Company's main product is Ordinary Portland Cement (OPC). It also produces other types of cement such as Portland Cement Type II and Type V, Oil Well Cement, and Portland Pozzolan Cement. Indocement is the only White Cement producer in Indonesia. Traditional main market areas are Central and West Java as well as greater Jakarta. In 2002, the Company had total net sales of close to Rp4 trillion.

Since 2001, the Company's new majority shareholder is HeidelbergCement - a world class cement producer based in Germany and operating in 50 countries. The HeidelbergCement Group, which now includes Indocement, has international expertise in technical, financial and marketing areas with a global network.

Indocement went public in 1989 with listed shares on Jakarta Stock Exchange.

It employed more than 7,400 personnel as at year end 2002.

Financial Highlights

Billion Rupiahs (unless stated otherwise)

	2002	2001	2000	1999	1998
Net Revenues	**3,948**	3,453	2,448	1,759	1,590
Gross Profit	**1,300**	1,083	1,009	635	616
Income from Operations	**930**	672	705	371	437
EBITDA (1)	**1,391**	1,082	961	524	590
Foreign Exchange Gain (Loss)	**849**	(320)	(1,445)	527	(1,082)
Net Income (Loss)	**1,041**	(63)	(874)	521	(634)
Net Cash Provided by Operating Activities	**1,257**	618	958	875	564
Total Assets	**11,465**	11,930	11,649	9,860	9,641
Total Liabilities	**7,656**	9,167	10,527	8,392	8,597
Shareholders' Equity	**3,808**	2,763	1,122	1,468	665
Net Working Capital	**1,165**	800*	915	(6,466)	(7,270)
Net Borrowings (2)	**6,831**	8,501	9,786	5,961	7,516
Capital Employed	**10,826**	11,202*	11,273	1,498	1,070
Capital Expenditures (3)	**206**	143	114	121	1,783
Market Capitalization as of 31 December	**2,485**	2,577	3,975	7,485	7,666
Issued Ordinary Shares (Million)	**3,681**	3,681	2,484	2,414	2,414
Per Share Data (Rp)					
• Primary Earnings (Loss) per Share	**283**	(19)	(362)	216	(263)
• Dividend per Share	**–**	–	–	–	–
• Book Value per Share	**1,035**	751	452	608	276
Financial Ratio [%]					
Current Ratio	**282**	210*	343	23	15
Net Gearing (4)	**179**	308	872	407	1,131
EBITDA to Net Interest Cover (Times)	**4.3**	2.2	1.9	2.9	1.8
Net Borrowing to Assets	**60**	71	84	60	78
Return on Assets (ROA)	**9**	(1)	(8)	5	(7)
Return on Capital Employed	**10**	(1)	(8)	35	(59)
Return on Shareholders' Equity (ROE)	**27**	(2)	(78)	36	(95)
Number of Employees	**7,414**	7,326	7,401	7,096	7,332

* As reclassified in 2002

1. Earnings before interest, taxes, depreciation and amortization
2. Net borrowings is defined as long term and short term borrowings less cash, cash equivalents and short term investments
3. Cash basis and include construction in progress
4. Net borrowings as percentage of shareholders' equity

Corporate Structure

CEMENT & PROPERTY BUSINESSES

PT Indocement Tunggal Prakarsa Tbk.
- Citeureup Factory, West Java - 9 Plants
- Cirebon Factory, West Java - 2 Plants
- Tarjun Factory, South Kalimantan - 1 Plant
- Wisma Indocement - Offices

CEMENT RELATED BUSINESSES

PT Indomix Perkasa	99.9%
PT Pioneer Beton Industri *Ready-Mix Concrete*	99.9%**
PT Dian Abadi Perkasa *Cement Trading*	99.9%
PT Indo Clean Set Cement *Clean Set Cement*	90.0%

OTHER MAJOR INVESTMENTS

PT Wisma Nusantara International *Offices & Hotels*	33.9%*
PT Indominco Mandiri *Coal Mining*	35.0%
PT Cibinong Center Industrial Estate *Industrial Estate*	50.0%
PT Pama Indo Mining *Mining*	40.0%
Stillwater Shipping Corporation *Shipping*	50.0%**
PT Indotek Engico *Engineering Services*	50.0%
Indocement (Cayman Island) Limited *Investing*	100.0%

* Divestment initiated in 2002 and completed on 2 January 2003
** Owned indirectly through a subsidiary

Milestones

1985

- Incorporated PT Indocement Tunggal Prakarsa following the merger of six companies owning the first eight cement plants

1989

- Public listing of Indocement shares with the Jakarta Stock Exchange

1991

- Acquired Plant 9 in Palimanan, Cirebon, West Java
- Constructed Surabaya Cement Terminal
- Started Ready-Mix Concrete business

1996

- Completed Plant 10 in Cirebon with an annual designed capacity of 1.2 million tons of clinker

1999

- Completed Plant 11 in Citeureup with an annual designed capacity of 2.4 million tons of clinker

2000

- Fully acquired PT Indo Kodeco Cement (Plant 12) by merger
- Effectivity of US$1.1 billion Loan Restructuring with all creditors

2001

- Majority ownership by HeidelbergCement Group

Significant Events

2002

September

- Completed Electrostatic Precipitator projects in Citeureup and Cirebon factories
- Disposed of the Company's stake in PT Citra Marga Nusaphala Persada Tbk.

October

- Achieved ISO 14001 Certification from SGS in Citeureup and Cirebon factories
- Signed Conditional Shares Sale and Purchase Agreement on the disposal of PT Indominco Mandiri

December

- Signed Shares Purchase Agreement on the disposal of PT Wisma Nusantara International
- Acquired effective control PT Pioneer Beton Industri through a wholly owned subsidiary

Message from the Chairman

"... the integration of Indocement into the international cement group has progressed very well. The cohesion achieved with the management of Indocement is clearly reflected in the Company's improved performance and strengthened balance sheet."

Economic recovery in Indonesia continues with a GDP growth of 3.7% in 2002 compared to 3.3% the previous year. With a settled political situation, the Indonesian economy has been more stable than it has ever been during the previous five years.

A complete recovery of the construction sector in the near term, especially that of large-scale public works, has not yet been realized. However, we remain confident that construction in the public sector will gradually pick up along with that of the general economy and public finance. Today's demand is driven by consumption confidence as evidenced by strong growth in private housing construction. Further growth is dependent on new investment projects and public and private investments in infrastructure. In this regards, attracting foreign investments and stabilizing the Indonesian banking system are top priorities and challenges for the Government. A complete recovery of the cement market in Indonesia depends largely on the continuing recovery of the Indonesian economy. Related factors such as fluctuating currency exchange rates, high interest on Rupiah loans, and international instability also remain a concern.

Indocement continues to face risks posed by operational as well as economic and financial factors. Challenges are still ahead of us. On the operation side, market recovery is slow and supply capacity is above demand, resulting in stronger volume competition. To counterbalance this we are striving to continuously improve our plant operations to increase productivity and cost efficiency. A large measure of success was achieved in this regard in 2002, as Indocement succeeded in increasing profit margins in a somewhat lackluster market.

Indocement has made significant progress in reducing its debt leverage in 2002. In our last annual report, we mentioned the need to reduce outstanding debt through the disposal of non core assets. This was undertaken in 2002 with the sale of the Company's holding in PT Citra Marga Nusaphala Persada Tbk. which, with the increased operating results, contributed to the debt reduction of Indocement. We will continue to dispose of assets in order to bring Indocement to a stronger financial situation.

After slightly more than one and a half years with HeidelbergCement, I am pleased to note that the integration of Indocement into the international cement group has progressed very well. The cohesion achieved with the management of Indocement is clearly reflected in the Company's improved performance and strengthened balance sheet. An active and attentive Board of Commissioners has also brought an increased focus on the core business of cement, thereby facilitating greater management attention and control over key issues facing our business. Corporate governance also has been strengthened in a way that is more closely aligned with shareholders' interests.

As a world leading cement group, HeidelbergCement takes its environmental responsibilities very seriously and is a member of the World Business Council for Sustainable Development. In Indonesia, our policies on safety, health and environmental conservation are also effective with Indocement. This concept transcends not only current economic, social and environmental aspects, but also takes into consideration the long term effects of industrial activities and their implications for future generations. In both local and global context, industrial ecology constitutes a solution for the future to which every company has a duty to contribute and perform.

In 2002, Indocement was awarded the ISO 14001 certification for environmental management systems and standards in two of its operating factories in Citeureup and Cirebon. The Tarjun factory in South Kalimantan will follow in 2003.

Once again, both personally and on behalf of my colleagues on the Board of Commissioners and the Board of Directors, I express our appreciation to all members of the Indocement family, our customers and business partners, the Government and people of Indonesia and of course our employees, for their continued trust and support.

Jakarta, 30 January 2003

Paul Vanfrachem
President Commissioner

Board of Commissioners

Paul Vanfrachem President Commissioner
Belgian citizen, age 59. President Commissioner of Indocement since 26 April 2001. Concurrently, Chairman and Chief Executive Officer of S.A. Cimenteries CBR and member of the Managing Board of HeidelbergCement Group. He graduated from the Universite Libre de Bruxelles, Belgium with a degree in Civil Engineering Chemistry.

Sudwikatmono Vice President Commissioner
Indonesian citizen, age 68. Vice President Commissioner of Indocement since 26 April 2001. Concurrently, Commissioner of First Pacific Company Ltd., Hong Kong and Director of PT Bogasari Flour Mills. He graduated from the State Administration Academy.

I Nyoman Tjager Vice President Commissioner
Indonesian citizen, age 52. Vice President Commissioner of Indocement since 26 April 2001. Currently, he is an Advisor to the Minister of State Owned Enterprises. He holds a Master of Economics degree from Fordham University, New York.

Hans Bauer Commissioner
German citizen, age 58. Commissioner of Indocement since 26 April 2001. He is the current Chairman of the Managing Board of HeidelbergCement Group. He graduated from the Friedrich Alexander University in Erlangen- Nuremberg, Germany with a degree in Business Administration.

Horst R. Wolf Commissioner
German citizen, age 59. Commissioner of Indocement since 26 April 2001. He is Chief Financial Officer as well as member of the Managing Board of HeidelbergCement Group. He took up Mathematics Studies at the University of Konstanz and graduated from the University of Mannheim, Germany with a degree in Business Administration.

Hakan Fernvik Commissioner
Swedish citizen, age 59. Commissioner of Indocement since 26 April 2001. He is concurrently a member of the Managing Board of HeidelbergCement Group and Chief Executive Officer of Scancem AB. He holds a Mining Engineering degree from the Royal Institute of Technology in Stockholm, Sweden.

Mark C. S. Tse Commissioner
British citizen, age 50. Commissioner of Indocement since 26 April 2001. He is an independent business consultant. As Senior Advisor-Asia for HeidelbergCement, he is also a member of the Board of Directors of China Century Cement Limited. He holds an Engineering degree from Trinity College, University of Cambridge, UK and Business degree from Graduate School of Business, University of Chicago, USA.

Parikesit Suprapto Commissioner
Indonesian citizen, age 51. Commissioner of Indocement since 26 April 2001. Currently, he is one of the Assistant Deputies of the Minister of State Owned Enterprises. He holds a Doctorate degree in Economic Development from the University of Notre Dame, Indiana, USA.

Ibrahim Risjad Commissioner
Indonesian citizen, age 68. Commissioner of Indocement since 26 April 2001. Concurrently, he is Commissioner of PT Indofood Sukses Makmur Tbk.

The Board of Commissioners is responsible for the supervision and guidance of the Board of Directors to ensure that management by the Directors is consistent with the Company's Articles of Association and the policy guidelines mandated by the Board of Commissioners.



From left to right:
Paul Vanfrachem, Sudwikatmono, I Nyoman Tjager



From left to right:
Hans Bauer, Horst R. Wolf, Hakan Fernvik



From left to right:
Mark C. S. Tse, Parikesit Suprapto, Ibrahim Risjad

Report to the Shareholders

"In 2002, we proved that good focus and strong execution enabled us to move firmly towards financial stability..."

Dear Shareholders,

Indocement has made good progress since our last annual report. We achieved a turnaround year in 2002, showing a net profit of Rp1,041 billion following two successive years of losses in 2001 and 2000.

Mainly two factors contributed to our success. First, Indonesia is witnessing a gradual recovery of its economy including the construction sector. Domestic cement consumption rose slightly from 26 million tons in 2001 to 27 million tons in 2002. Second, Indocement succeeded in increasing both profit margins and operating efficiency via focused marketing and cost management. The commitment and cohesion demonstrated by everyone in Indocement have also been a decisive success factor.

Indocement posted consolidated net revenues of Rp3,948 billion in 2002, up 14.3% from Rp3,453 billion a year ago. The slight decline in our domestic cement sales volume was more than made up for by the increase in our selling price as Indocement emphasized more on margin instead of volume. To take and stick to this marketing policy despite strong competition was not an easy decision. Nevertheless, the higher price not only reaffirmed our product as the premium brand in the market, but also enabled us to improve operating margins.

In a reversal of the previous year, revenue growth in 2002 exceeded that of production costs, which increased despite improvements in the production efficiency as some major cost factors like electricity generation costs increased significantly more than the general inflation. Furthermore, increased operating efficiency led to a significant reduction in selling and distribution expenses by 7.1%. General and administrative expenses came down from their exceptionally high level in 2001 by 13.4%. The revenue improvements and successful cost containment measures yielded a significant increase of the operating profit margin which went up from 19.5% in 2001 to 23.6% this year.

In another major turnaround, Indocement posted net other income of Rp518 billion in 2002 against net other charges of Rp796 billion in 2001. The reversal resulted primarily from:

- Further significant debt reduction equivalent to US$54.5 million in 2002 following the improvement in cash generated from operations
- Significant gains on foreign exchange translation due to the appreciation of the Rupiah
- Substantial reduction in interest expense due the continuing favorable US Dollar LIBOR rate

As a result, total liabilities were reduced significantly to Rp7,656 billion at year-end 2002, down from Rp9,167 billion a year ago. Shareholders' equity rose a further 37.8% during the year, growing from Rp2,763 billion in 2001 to Rp3,808 billion in 2002.

Sustainable long term growth of shareholder value is the focus and goal of Indocement. We will continue our successful policy to maintain what has proved to be world class practices and to continuously improve in operational efficiency, safety and environmental standards. We wish to emphasize that most of our investments in 2002 were dedicated to Electrostatic Precipitator improvements and upgrading. Environmental efforts such as reduction in CO_2 specific emission and prudent use of natural resources, in addition to social welfare and community development will continue to be our challenges. We take environmental issues seriously and do not see a contradiction to profitability.

Only if we meet the expectations of all stakeholders can the company operate successfully for the long term. Hence, employee training and challenging career opportunities, good corporate governance, taking the responsibilities of a good corporate citizen and sharing rewards with shareholders, creditors, customers, employees, business partners, suppliers and communities are our main principles.

Consistent, hands on management and control combined with strict financial discipline will remain the key success factors for the next several years. We will continue to pursue a policy of consolidation as our production capacity allows us to grow with the domestic market for a couple of years without any major investment.

With regard to our employees, we have opted for more empowerment of our people through the Quantum Challenge drive. This essentially places more authority on plant and regional managers to make their own decisions on the basis of what is required in the field, but also making them fully accountable for their decisions. As leaders emerge from this initiative, we fully expect our people to be ready to respond to the changing demands and requirements of regional autonomy, as well as to new opportunities that may arise.

In 2002, we proved that good focus and strong execution enabled us to move firmly towards financial stability. It is in this context that we now view our prospects for the coming year with even more optimism and confidence than we did last year. Going forward, Indocement will continue to rely on the support and trust of its shareholders, creditors, customers and employees. We shall continue to strive for excellence, and seek better ways for the future.

Thank you.

Jakarta, 30 January 2003

Daniel Lavalle
President Director

Board of Commissioners

Paul Vanfrachem	Sudwikatmono	I Nyoman Tjager
Hans Bauer	Horst R. Wolf	Hakan Fernvik
Mark C. S. Tse	Parikesit Suprapto	Ibrahim Risjad

Board of Directors

Daniel Lavalle	Tedy Djuhar	Thomas Kern
Oivind Hoidalen	Iwa Kartiwa	Nelson Borch
Thierry Dosogne	Benny S. Santoso	Rama Prihandana

Remuneration :

Total remuneration of the Board of Commissioners and the Board of Directors amounted to Rp22 billion in 2002.

Board of Directors

Daniel Lavalle President Director
Belgian citizen, age 52. President Director of Indocement since 26 April 2001. Previously, he was General Manager of CBR Cement, Belgium. He has a Master's degree in Mining from Polytechnical Faculty of Mons, Belgium.

Tedy Djuhar Vice President Director
Indonesian citizen, age 51. Vice President Director of Indocement since 26 April 2001. Concurrently, he is Commissioner of PT Darya Varia Laboratoria, Director of both First Pacific Company Ltd., Hong Kong and PT Metropolitan Kencana. He graduated from the University of New England, Australia.

Thomas Kern Director
German citizen, age 40. Director of Indocement since 26 April 2001. Previously, he was Head of Group Industrial Controlling, HeidelbergCement Group. He is a Business Administration graduate from the University of Mannheim, Germany.

Oivind Hoidalen Director
Norwegian citizen, age 55. Director of Indocement since 26 April 2001. Previously, he was Director for Research and Development of Norcem and Senior Vice President of Scancem International. He is a Technical Science graduate, major in Metallurgy, from the Technical University of Clausthal, Germany.

Iwa Kartiwa Director
Indonesian citizen, age 61. Director of Indocement since 1985. He was formerly a Director of PT Semen Baturaja. He graduated from Institut Teknologi Bandung with a degree in Mechanical Engineering.

Nelson Borch Director
Canadian citizen, age 40. Director of Indocement since 12 September 2001. Previously, he worked with the CBR Group in various capacities. Also, he was formerly Chief Executive Officer/ Managing Partner of Terra Geotechnics SDN BHD, Malaysia. He has a degree in Civil Engineering from the University of British Columbia, Canada.

Thierry Dosogne Director
Belgian citizen, age 47. Director of Indocement since 26 April 2001. He is currently President and COO of HeidelbergCement Asia, Senior General Manager of HeidelbergCement Group and Member of the Management Committee of CBR SA. He holds a degree in Business Engineering from SOLVAY Business School, Universite Libre de Bruxelles, Belgium.

Benny S. Santoso Director
Indonesian citizen, age 44. Director of Indocement since 1994. He graduated from the Department of Business Studies, Ngee Ann College, Singapore.

Rama Prihandana Director
Indonesian citizen, age 43. Director of Indocement since 26 April 2001. He is concurrently the President Director of PT Rajawali Nusantara Indonesia. He was previously President Director of both PT Persero, Batam and PT Wisma Nusantara International. He graduated from the Faculty of Economics, Padjadjaran University, Bandung, major in Accounting.

The Board of Directors is primarily responsible for the management and operations of the Company. The shareholders elect members of the board for a fixed term ending on the 3rd Annual General Meeting of Shareholders from their appointment.

From left to right:
Daniel Lavalle, Tedy Djuhar, Thomas Kern

From left to right:
Oivind Hoidalen, Iwa Kartiwa, Nelson Borch

From left to right:
Thierry Dosogne, Benny S. Santoso, Rama Prihandana

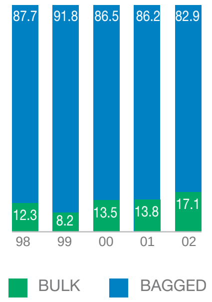
Review of Operations

MARKETING

Sales • Total volume sold in 2002 was slightly less than the previous year as Indocement focused more on achieving greater profitability rather than sales volume. The emphasis on premium product quality and corresponding higher sales price led to an anticipated slight decline in Indocement's domestic market share in exchange for profitability. Domestic sales volume of cement fell by 1.6% to approximately 9.0 million tons in 2002. Export sales volume of cement was less by 10.9% to slightly more than 0.9 million tons, but clinker export rose 7.9% to 1.5 million tons. This enabled Indocement to deliver a combined total of 11.5 million tons of cement and clinker in 2002 compared to 11.6 million tons in 2001.

Export sales were slightly higher despite tight competition by tapping the marketing expertise and global marketing network of HeidelbergCement Group through HC Trading. Export sales were destined to several countries such as Bangladesh, Malaysia and Nigeria.

TREND OF BULK VS BAGGED CEMENT SALES
in percent



Product Range • Indocement's product lines are marketed under the brand name "Tiga Roda" which is one of the most recognized cement brands in Indonesia. Ordinary Portland Cement and Pozzolan Portland Cement are the Company's two main product lines, accounting for over 98% of total cement sales. Other types of cement in the product range are White Cement, Oil Well Cement, Portland Cement Type II which is primarily used for the construction of underwater or marshland structures, and Portland Cement Type V which is used for sulphate resistant structures.

Terminal Operations • The new cement terminal in Lombok commenced operations in the second semester of 2002, bringing additional distribution capacities of up to 300,000 tons annually to the rapidly growing markets of Eastern Indonesia where infrastructure development needs to catch up with the rest of the country. Meanwhile, the dredging of our port terminal at Tarjun will double the berthing capacity from around 15,000 DWT to 30,000 DWT by 2003. In a separate development, an innovative engineering modification on the structure of bulk loader equipment on the terminal jetties has enabled us to carry out loading activities irrespective of tide conditions.

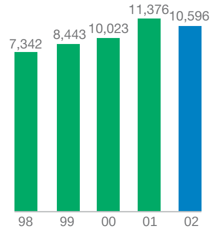
Outlook • The domestic cement market continues to be characterized by an oversupply as total national production capacity exceeded domestic demands by as much as approximately 21 million tons as at year end 2002. The cement market stopped growing in the second half of 2002 and first month of 2003, well short of the previously expected growth rate of around 10%. However, a moderate growth trend is expected to continue for the medium term, in line with the equally moderate expectation for Indonesia's GDP growth rate over the next several years. Activities in the construction sector are still expected mainly to come from the private sector, in the form of retail and commercial properties and residential homes which have picked up considerably since a year ago. Construction in the public sector is expected to be limited to small and medium scale public works, although expenditure for public works is expected to increase in 2003 from the previous year.

PRODUCTION

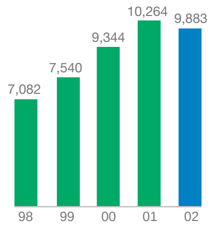
Production volumes in 2002 were 10.6 million tons of clinker and 9.9 million tons of cement, lower than 2001 volumes of 11.4 million tons of clinker and 10.3 million tons of cement. The reduced production requirements put focus on our ability to run only the most efficient production lines, thus focusing on dynamic monthly production planning which is set against varying needs of product marketing, spare parts procurement, packing and loading schedules, and the supply of raw materials. Clinker capacity utilization decreased to 71% from 75% achieved in 2001. Improved planning among various departments as well as tight scheduling of preventive equipment maintenance works contributed to more efficient and cost effective production. This includes a marked reduction in the use of energy in terms of average heat consumption by 1.5%, and in terms of power consumption by 4.8% during the year. High diesel fuel costs due to the removal of government subsidies in 2001 and finally at the beginning of 2002, remained a major concern of plant operations, the use of less costly coals and some alternative sources of energy, as well as alternative raw materials, succeeded in mitigating the impact of higher fuel prices, while also reducing overall production cost on a year to year basis.

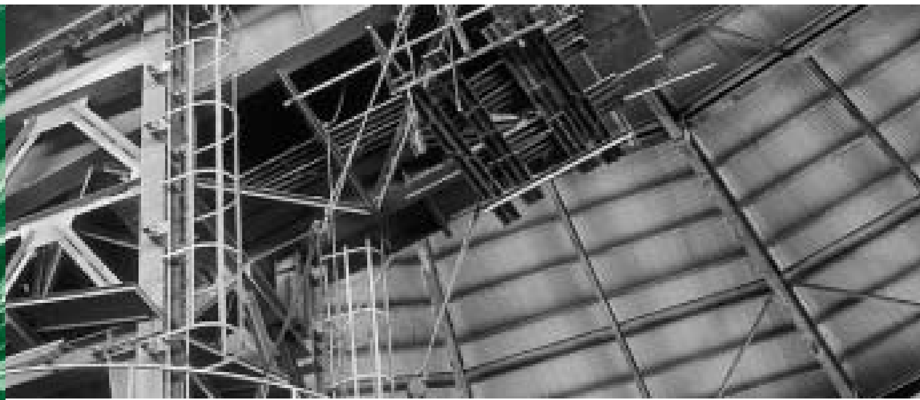
Citeureup Factory, West Java • Citeureup factory is a fully integrated cement manufacturing facility comprising nine plants altogether with a combined total production capacity of 10.6 million tons of clinker annually. The self contained facility includes a power generating plant of 300 MW capacity and a paper bag factory with a production capacity of 167 million bags a year. The key success factors in Citeureup for 2002 included a reduction of power consumption by 3.6% or 4.0 kwh/ton cement, the switch to lower priced coal, the use of alternative raw materials, the completion of Electrostatic Precipitator projects for Plants 5, 6, 7 and 8, and awarding of the ISO 14001 international environmental management certification on all operating plants.

CLINKER PRODUCTION VOLUMES
in thousand tons



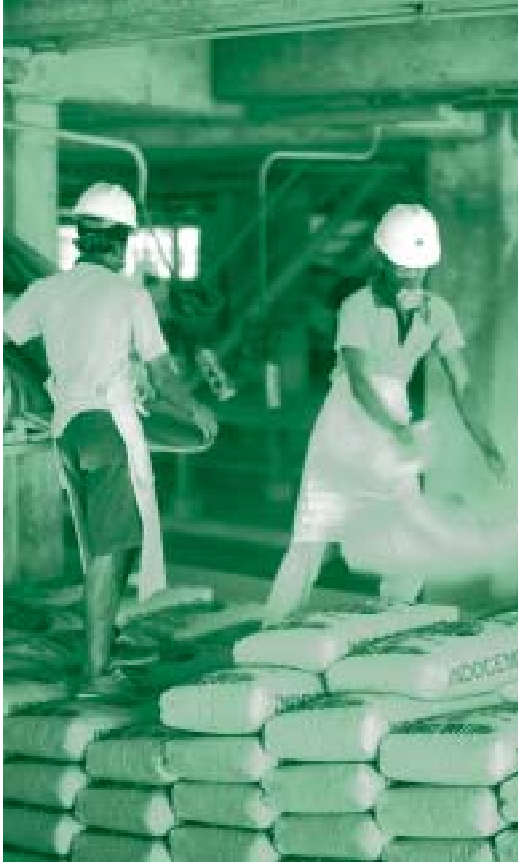
CEMENT PRODUCTION VOLUMES
in thousand tons





Cirebon Factory, West Java • Cirebon factory is another fully integrated cement manufacturing facility with two plants and a total production capacity of 2.4 million tons of clinker annually. Key achievements by the Cirebon plants in 2002 included a reduction in the power consumption rate by 4.8% or 4.8 kwh/ton cement, completion of two Electrostatic Precipitator projects and achievement of ISO 14001.

Tarjun Factory, South Kalimantan • Tarjun factory is a fully integrated cement manufacturing facility with a single plant and an annual production capacity of 2.4 million tons of clinker. It has its own coal fired power plant, water treatment plant and jetty. Successful pursuits by the Tarjun Plant in 2002 were the dredging of its jetty facility which increased berthing capacity from 15,000 DWT to more than 30,000 DWT, the use of lower priced coals in kiln operations, increased output from 7,500 tons to 8,200 tons per day with reduced power consumption rate by 9.2% or 9.8 kwh/ton cement.



Production Capacity

Year	Plant	Product	'000 MT of Clinker Per Year
1975	Plant 1	OPC	640
1976	Plant 2	OPC	534
1979	Plant 3	OPC	1,024
1980	Plant 4	OPC	1,024
	Plant 5	OWC/WC	214
1983	Plant 6	OPC	1,472
1984	Plant 7	OPC	1,760
	Plant 8	OPC	1,520
1991	Plant 9	OPC/PPC	1,216
1996	Plant 10	OPC/PPC	1,216
1999	Plant 11	OPC	2,400
2000	Plant 12	OPC	2,400
TOTAL			15,420

OPC : Ordinary Portland Cement
OWC : Oil Well Cement
WC : White Cement
PPC : Portland Pozzolan Cement

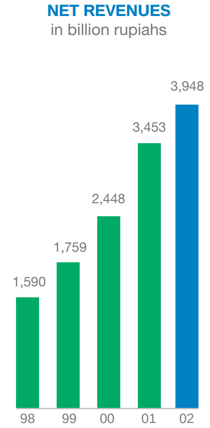
Production Outlook • Depending on the market outlook for the near to intermediate future, Indocement will continue to match its production utilization rates to marketing targets based on the already available capacities. Implied in this strategy is our willingness to undertake scheduled downtime for routine maintenance works in order to keep our production equipment in prime condition.

Because of such downtime, it is more imperative than ever to manage cost to output ratios within the budgets that have been set. On most fronts, the Company as a whole has been able to achieve cost cutting measures while increasing productivity within reasonable means. The largest cost component of any cement plant is energy cost in terms of heat generation and power consumption. Indocement will continue to find ways to reduce the cost of these two components. Self contained power stations using more cost effective fuel and use of alternative sources of energy to generate heat, all of these alternatives will be looked upon carefully by Indocement in the coming years.

A promising development in the area of energy generation and conservation is the use of so called waste fuels. The idea is to generate thermal energy by using readily available wastes as fuel material. Indocement is in the process of introducing and demonstrating the use of these alternative fuels to the proper authorities for permission to pioneer its use in cement manufacturing in Indonesia.

Financial Review

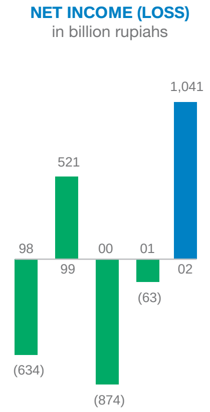
Consolidated financial statements are accounts of the Company and subsidiaries where the Company owns, directly or indirectly, more than 50% equity share. This includes PT Dian Abadi Perkasa, PT Indomix Perkasa, PT Pioneer Beton Industri and Indocement (Cayman Island) Limited whereas minority interest holdings and investments in affiliates are accounted for using the equity method.



RESULT OF OPERATIONS

Consolidated net revenues rose 14.3% to Rp3,948 billion in 2002, mainly as a result of higher average selling price compared last year. The increase in net revenues outpaced that of production costs, resulting in a higher gross profit margin for the Company. Gross profit rose 20.1% from Rp1,083 billion in 2001 to Rp1,300 billion in 2002, whereas gross profit margin increased from 31.4% to 32.9% over the same period.

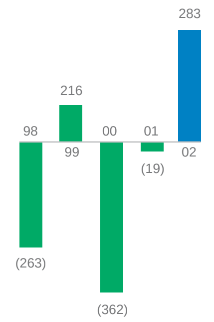
The improved operating margin resulted primarily from a reduction in operating expenses due to better operating efficiency and production planning. Substantial operating cost savings were also derived from more stable and favorable foreign currency exchange rates, improved procurement, focused production planning and effective management of overhead cost. As a result, delivery and selling expenses declined by 7.1% to Rp212 billion, while general and administrative expenses decreased by 13.4% to Rp158 billion in 2002. These expense reductions combined with the increase in gross profit, resulted in a 38.4% growth in the Company's operating income from Rp672 billion in 2001 to Rp930 billion in 2002.



There were equally significant improvements in the Company's other income (or charges) account which produced net gains of Rp518 billion in 2002 against the net charges of Rp796 billion in 2001. The strengthening of the Indonesian Rupiah against the US Dollar during the year had resulted in a foreign exchange translation gain of Rp849 billion compared to a translation loss of Rp320 billion in 2001. Interest income improved from Rp30 billion to Rp37 billion over the same period, whereas interest expense decreased from Rp517 billion to Rp359 billion.

A combination of good operational performance and decreasing financial charges as well as appreciation of Rupiah against US Dollar contributed to the successful turnaround year for the Company in 2002. Consolidated income before provision for income tax and extraordinary item improved from the consolidated loss of Rp106 billion in 2001 to Rp1,441 billion in 2002. Net income for the Company amounted to Rp1,041 billion for the year under review. This represents an earnings per share of Rp283 and returns on assets and stockholders' equity of 9.0% and 27.0%, respectively.

EARNINGS (LOSS) PER SHARE
in rupiah

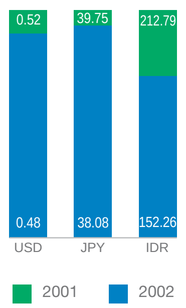


FINANCIAL CONDITION

Consolidated assets marginally declined by 3.9% from Rp11,930 billion in 2001 to Rp11,465 billion in 2002. Nevertheless, the Company's current assets rose 18.1% to Rp1,805 billion as at year end 2002, primarily due to the reclassification of the Company's investment in PT Wisma Nusantara International. Current liabilities were reduced by 12.2% to Rp639 billion over the same period due to debt retirement. The Company's current ratio improved from 2.1 to 2.8 times year on year.

The net book value of property, plant and equipment after depreciation, amortization and depletion as at year end 2002 amounted to Rp8,541 billion, a decline of 2.2% from the net book value a year ago. The decline was consistent with the Company's focused capital expenditure policy during the year, in return for reducing its debt obligations. The Company held firmly and successfully to this course, and as a result was able to significantly reduce its long term debts from Rp8,783 billion in 2001 to Rp7,297 billion as at year end 2002.

**LOAN BALANCE
IN ORIGINAL CURRENCIES**
in billion



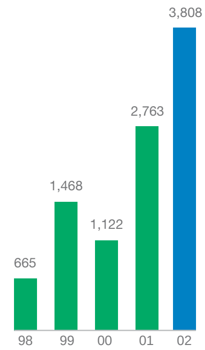
As a result of the Company's divestment of its holdings in PT Citra Marga Nusaphala Persada Tbk., there was a reduction of Rp66 billion in long term investments and advances to associated companies.

Consolidated liabilities amounted to Rp7,656 billion as at year end 2002, a 16.5% decrease from Rp9,167 billion in 2001. Borrowings from various financial institutions still accounted for a majority portion or 95.3% of total liabilities. However, since 98% of these borrowings are denominated in US Dollar and Japanese Yen, their equivalent value in terms of Indonesian Rupiah has declined considerably as a result of the appreciation of the Rupiah against the US Dollar. On December 31, 2002, the Rupiah was quoted at 8,940 to the US Dollar compared to 10,400 a year ago.

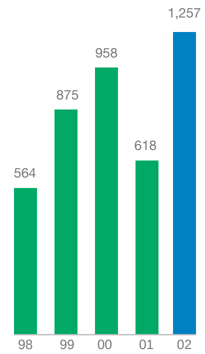
During the year, the Company also retired approximately Rp587 billion of its debts, from the proceeds of the aforementioned divestment of an associated company as well as from operational cash flows. This includes the US$10.5 million plus Accrued Interest Facility of US$24 million which the Company was obligated to retire in 2002 as per the Master Facility Agreement with the Company's creditors. As a result of this debt reduction, the Company further reduced its net gearing ratio from 3.1 times in 2001 to 1.8 times in 2002.

Net shareholders' equity increased by 37.8% from Rp2,763 billion in 2001 to Rp3,808 billion in 2002, as a direct reflection of the Company's substantial increase in bottom line results for the year under review. The majority shareholding of the Company, to the extent of 61.7%, remained under the controlling ownership of the HeidelbergCement Group through Kimmeridge Enterprise Pte. Ltd., a company incorporated in Singapore. The Company's total number of shares that had been issued and fully paid for as at year end 2002 remained unchanged from that of a year ago, at 3,681,223,519 shares, all of which are listed at the Jakarta and Surabaya Stock Exchanges.

SHAREHOLDERS' EQUITY
in billion rupiahs



CASH GENERATED FROM OPERATIONS
in billion rupiahs



Human Resources

Indocement prides itself for having one of the most conducive labor relations of any major corporation with thousands of employees in Indonesia. A key indication of this is the excellent relationship that has always existed between the management and the labor union of Indocement.

New Collective Labor Agreement (CLA) •

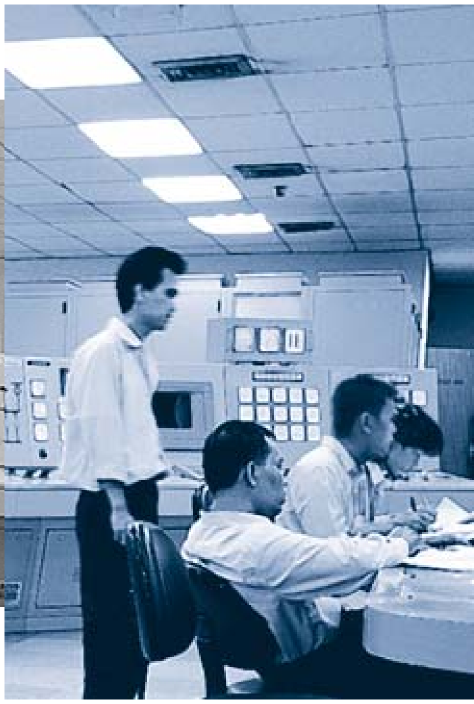
As at year-end 2002, the labor union of Cement Business or the Serikat Pekerja Indocement (SPI) in the three factories had a registered membership of 5,730 workers out of a total headcount of 6,761. The relatively high number of membership makes this union one of the largest in the country. Corollarily, it is a testament to Indocement's benevolent human resources and labor policies that the Company has been able to maintain a cordial relationship with its labor union. In fact, the Company has just recently signed a single new CLA encompassing all the SPIs in three factories . Signed at the close of 2002, the agreement took effect on 1 January 2003 for a period of two years. Negotiations went smoothly and democratically, with both parties expressing mutual satisfaction on the outcome of their collaboration and ensuing agreement.

Continuity at Work • Indocement regards its relationships with employees as vital to the long term interests of the Company. The strong relationship between the Company and its employees as well as the kinship among Indocement employees are embodied in one of the Company's core values: An excellent workforce working under the guidance and direction of excellent leadership and management will consistently yield "Indocement Excellence". A strong management continues to provide consistent leadership and direction, while a highly professional and dedicated workforce ensures that the Company pursues its goals with determination.

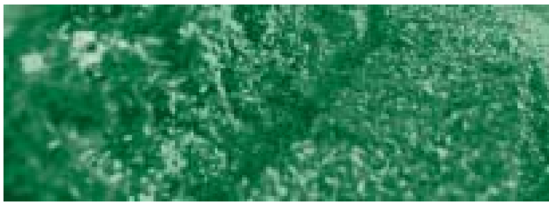
Indocement looks after its people from multidimensional perspectives that seek to ensure welfare, job satisfaction and career motivation. This approach has resulted in one of the lowest personnel turnover rates. In 2002, employee turnover rate was 2.5% compared with the previous year's 1.5%.

Indocement continues to provide its employees with a challenging and rewarding working environment. Our Quantum Challenge program, for instance, is designed to challenge and motivate employees to work together as a team in a professional and results oriented spirit. Entering the third year since its launch in 2000, Quantum Challenge reinforces the value of striving for excellence in everything we do as part of being accountable to shareholders, customers, fellow employees, our families and the communities in which we live and work.

Quantum aspiration demands training and an insatiable thirst for knowledge and learning. Indocement devotes considerable time, efforts and capital to training and continuous development of its human resources. In 2002, a total of 178,353 man hours were allocated for human resources development and training exercises. In monetary terms, approximately Rp4.5 billion were spent on training expenditures in 2002, which was higher than last year. With the presence of HeidelbergCement, employees have the opportunity of being seconded to any of the HeidelbergCement operations in more than 50 countries around the world.



Safety at Work • The Company remains fully committed to providing a safe and healthy working environment. We make sure that our workers are made fully aware of the dangers and risks to their jobs. Indocement continues to conduct safety training courses to enhance employee awareness on occupational health and safety issues. The safety performance of each of the Company's production sites is monitored thoroughly in terms of accident frequency and severity to comply with international safety standards. Accidents are investigated thoroughly while safety audits are carried out regularly.



Quantum Challenge

Quantum Challenge, a performance-driven organizational initiative, was initiated in the first quarter 2000.

- Quantum Challenge energizes the effort to grasp and exploit the dynamics of change taking place in the business ecosystem. The initiative aims to bring the enterprise to achieve Indocement Excellence, defined as the organizational capability to constantly assess and respond to perceived changes in the business ecosystem in a manner that improves competitiveness and sustains profitability
- The Quantum Challenge process first seeks to identify business prospects and formulate a plan of action to exploit them. When the plan is in place, the process brings everyone in the Company on board, by means of the Dual Frame network of planning, process, project and function teams, in a common understanding of the changes needed to make Indocement the leading domestic cement producer by the year 2007
- The goal of the process is to have a Company wide perception of the problems, the challenges and the constraints, that confront the business, and build appreciation and commitment to what its leaders have decided to do about them

All necessary preparations for implementing the total system approach embodied in Organizing for Business Excellence were completed in 2002.

- The initiative has moved beyond awareness to an advanced level of comprehension and competence among all of the Company's key players
- A set of core values, now embodied in the Indocement Management Philosophy, defines what is expected from individuals and teams in order for the Company to excel in the pursuit of its goals

Planning and control, standard and goal setting are in place to influence the collective mind set and guide behavior in a manner that motivates everyone to heighten their Performance Quotient, a measure of the value that they contribute in bringing the Company closer to Indocement Excellence.

Environment and Community

Indocement has long been involved in community and environmental well being which constitute part of Good Corporate Governance. The issue of sustainable development has become a real agenda for leading companies around the world, a concrete manifestation of which is represented by the World Business Council for Sustainable Development (WBCSD).

Sustainable Cement Industry • WBCSD is a coalition of 160 international companies united by a shared commitment to sustainable development in the three pillars of economic growth, ecological balance and social progress. The Council recently commissioned a report entitled "Toward a Sustainable Cement Industry" by the Batelle Institute, sponsored by ten leading cement companies including HeidelbergCement. The report focuses on the question of how the cement industry as a whole can evolve over time to better meet the need for global sustainable development while enhancing shareholder value.

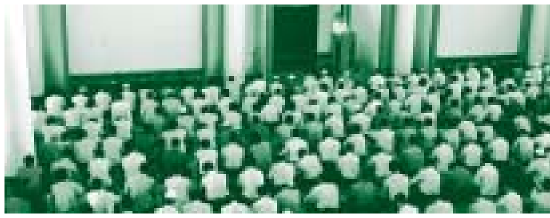
The report recommends that cement manufacturers focus on seven key areas of economic growth, ecological balance and social progress comprising of resource productivity, climate protection, emission reduction, ecological stewardship, employee well being, community well being and regional development. Indocement has incorporated the Batelle Institute Report into its community and environmental programs which give special attention to the key areas of activity, as follows:

Resource Productivity. Indocement plans to produce approximately 12 million tons of clinker and cement in 2003 using some 18 million tons of limestone, clay, silica, iron ore and other materials. A further 1.8 million tons of coal is needed to generate the heat required for clinker production, in addition to diesel fuel and natural gas in substantial amounts to generate electricity. Increased productivity and efficiency in the use of these resources are keys to sustainable economic growth for the cement industry. Indocement is reducing the amount of heat and electricity required to run its plant operations, while using more waste products such as iron slag and fly ash as alternative raw materials also to produce cement at lower cost.

Climate Protection. The cement industry emits carbon dioxide which is considered the single most contributing factor to global warming and climate changes. The cement industry as a whole accounts for just 3% to 4% of global anthropogenic CO_2 emissions. Nevertheless, CO_2 emission reduction programs are now the focus of responsible cement manufacturers around the world including Indocement. Some of the major steps that Indocement have taken in this area include the production of cement with less clinker, improving energy efficiency of all plants and use plant excess sensible heat to generate power. The use of some selected alternate fuels is presently being studied.

Emissions Reduction. The main emissions of a cement plant are dust coming out of stack chimneys; gaseous atmospheric emissions including CO_2, SO_2 and NO_x; and other emissions including noise.

Indocement has spent approximately US$10 million to upgrade its Electrostatic Precipitators that meet stringent dust emission limits of both national and international standards. Gaseous emissions are regularly monitored and have been found to be well within international standards of less than 800 mg/Nm3 for NO_x and less than 400 mg/Nm3 for SO_2. As regards to waste products and other emissions, Indocement intends to make good on its commitment to safe environmental management processes of the ISO 14001 certification that the Company received at two of its factories in October 2002.



Ecological Stewardship. Indocement strives to protect the ecosystems surrounding its plant sites. Soon, quarry exploitation will use a dedicated computer software program in order to anticipate the transformation of depleted quarry sites into new farm lands, industrial sites or other uses.

Employee Well Being. Employee well being has long been an integral part of the Company's core values, as referred to in the previous chapter on human resources.

Community Well Being. Indocement provides healthcare services, social, cultural, educational, religious, and economical contributions to the immediate communities in which it operates. In 2002, more than Rp9 billion were allocated for community programs including 24 hour health clinic and doctors visits to villages, school donations and scholarships, construction and restoration of public facilities, and perhaps most important of all, support for local entrepreneurship in the form of home scale industry for paving blocks, maintenance services for certain parts and equipment of the Company's plants and small scale agro industry.

Corporate Governance

Corporate Governance • With increasing reliance on Good Corporate Governance in line with best international practices, Indocement is more assured of its own recovery. Efforts are underway to develop the Company's official guidelines on Good Corporate Governance as well as the Code of Conduct on ethical business practices on the basis of the Indonesian Code of Corporate Governance that was formalized in May 2000. The Code sets out the key principles and best practices of Good Corporate Governance. They include long-cherished business wisdoms such as:

- Separation of ownership from management
- Clear and segregated roles and responsibilities of Commissioners and Directors
- Focus on strategic direction and business plan
- Proper business conduct
- Transparent and fair dealings with stakeholders
- Protection of minority shareholders' rights
- Emphasis on risk management and risk aversion
- Enhanced operational oversight and control through the Audit Committee and the Internal Audit Unit
- Effective management information system for informed decisions
- Timely and accurate information disclosure and dissemination through the Corporate Secretary, and
- Responsibility to social, environmental and developmental issues

The more valuable a company is to its stakeholders, the more it needs to rely on Good Corporate Governance in order to ensure sound management and control of the Company's assets and shareholders' equity. For a company like Indocement, Good Corporate Governance goes hand in hand with sustainable development to build and enhance long term stakeholder value.

In compliance with one of Jakarta Stock Exchange's (JSX) recent rulings on Good Corporate Governance, the Board confirmed the appointment of the following individuals as Independent Commissioners:

Sudwikatmono
I Nyoman Tjager
Parikesit Suprapto
Ibrahim Risjad

In addition, the Board created an Audit Committee consisting of independent professionals.

Audit Committee • In line with Bapepam and JSX regulations, the Audit Committee assists the Board of Commissioners in fulfilling its oversight responsibilities. The oversight responsibilities of the Audit Committee are set forth in the Audit Committee Charter.

In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements with management and the independent auditors, including a discussion of the audit approach, relevant accounting principles and significant findings.

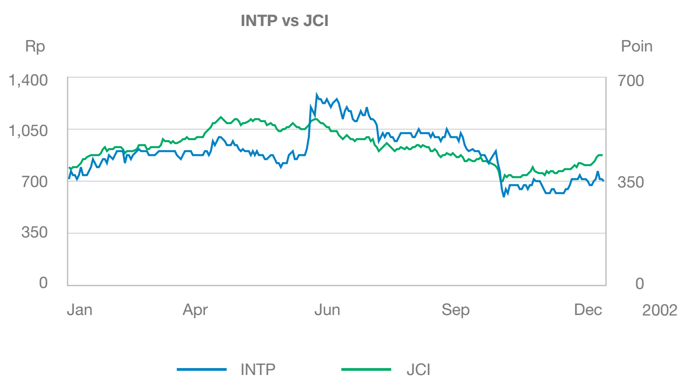
In addition, the Audit Committee also reviewed the risk management, internal audit and corporate governance functions established with management, including a discussion of the significant business risks and internal control and areas requiring improvement.

The Audit Committee held four meetings during 2002, although informal discussions occurred on a regular basis between the members of the Audit Committee and management.

The Chairman of the Audit Committee is I Nyoman Tjager (Independent Commissioner), while the independent members are F. Antonius Alijoyo and Phil Leifermann.

From left to right:
I Nyoman Tjager, F. Antonius Alijoyo, Phil Leifermann

Stock Market Information

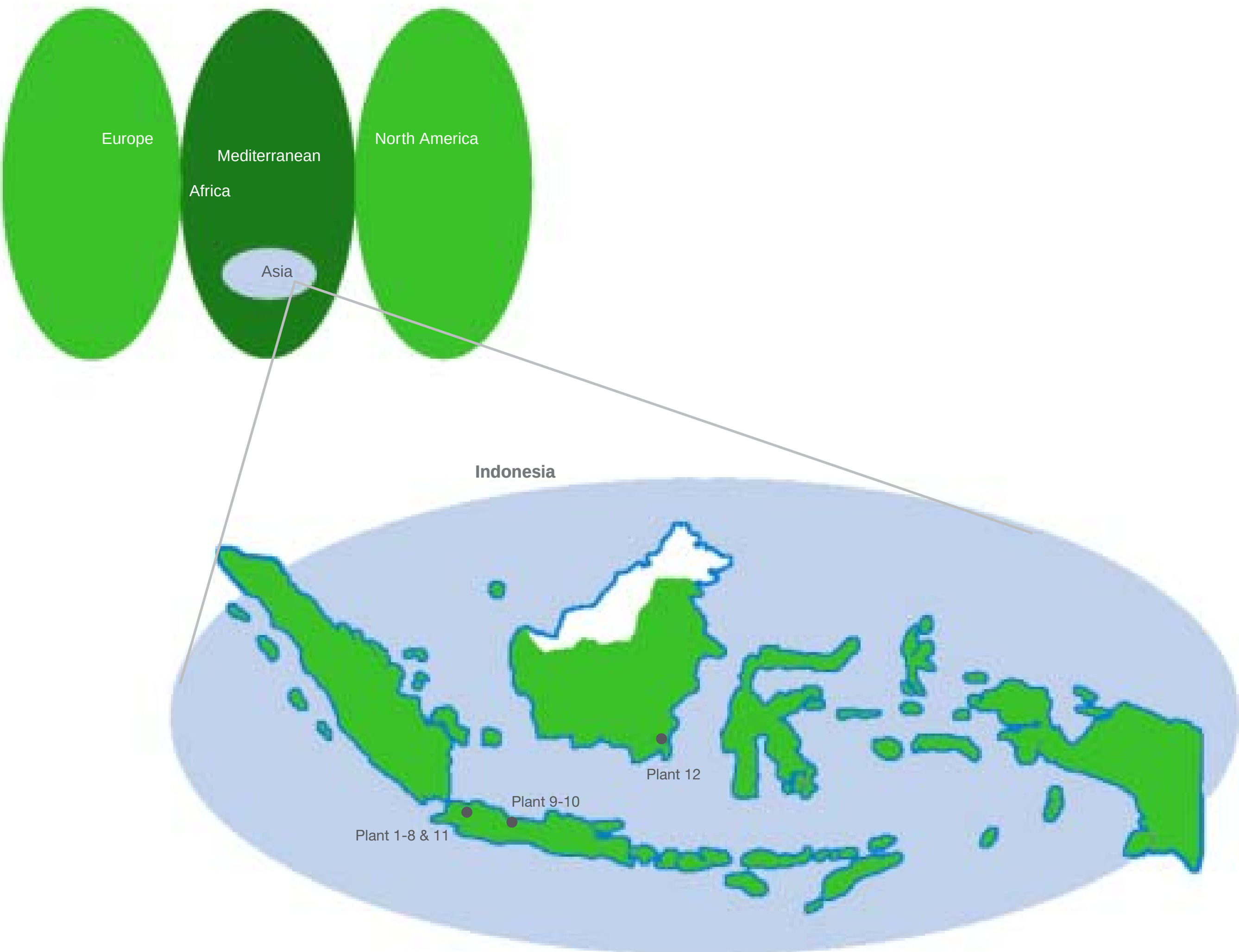


- Total number of Company shares listed at the Jakarta and Surabaya Stock Exchanges was 3,681,223,519
- Shares of Indocement traded during year 2002 at the stock exchanges were 337,119,460, an increase from 275,449,278 last year
- Shares were traded at an opening price of Rp700 in January and closed at Rp675 in December 2002
- Jakarta Composite Index (JCI) opened at 392.04 and closed 32.91 points higher at 424.95
- Number of shareholders listed as of December 31, 2002 was 1,499, higher than last year by 8.6%

SHARE PRICES in Rupiah

	2002		2001	
	Highest	Lowest	Highest	Lowest
First Quarter	900	700	1,650	1,150
Second Quarter	1,250	775	1,475	975
Third Quarter	1,200	850	1,400	950
Fourth Quarter	875	575	975	700

Worldwide Network



Subsidiaries and Other Investments

REVENUES	Billion Rupiahs (unless stated otherwise)	
	2002	2001
Subsidiaries		
PT Indomix Perkasa	63.6	47.7
PT Pioneer Beton Industri	51.2*	82.2
PT Dian Abadi Perkasa	3,365.4	2,941.0
PT Indo Clean Set Cement	-	-
Indocement (Cayman Island) Limited	-	-
Other Investments		
PT Wisma Nusantara International	106.9	126.1
PT Indominco Mandiri	1,139.8	1,166.1
PT Cibinong Center Industrial Estate	10.2	10.3
PT Pama Indo Mining	36.1	35.1
Stillwater Shipping Corporation	43.4	65.2
PT Indotek Engico	23.6	12.7

* Consolidated beginning July 1, 2002

PT Indomix Perkasa
Produces and sells ready-mixed concrete

PT Pioneer Beton Industri
Produces ready-mixed concrete

PT Dian Abadi Perkasa
Domestic distributor of cement and related products

PT Indo Clean Set Cement
Under liquidation

Indocement (Cayman Island) Limited
Invests in shipping business

PT Wisma Nusantara International
Owns 30 storey office tower and the adjacent President Hotel in downtown Jakarta and Novotel Benoa Hotel in Bali. Divestment initiated in 2002 and completed on 2 January 2003

PT Indominco Mandiri
Mines coal in Bontang, East Kalimantan and under divestment

PT Cibinong Center Industrial Estate
Owns an industrial park situated in the vicinity of Citeureup cement production complex

PT Pama Indo Mining
Engages in civil engineering and limestone mining services

Stillwater Shipping Corporation
Owns and operates “MV Tiga Roda” (10,000 DWT) and floating terminal “Quantum I” (450,000 tons per annum)

PT Indotek Engico
Provides engineering services

Consolidated Financial Report

PT INDOCEMENT TUNGGAL PRAKARSA Tbk.
AND SUBSIDIARIES

CONTENTS

Independent Auditors' Report

Report No. RPC-0106/02

The Shareholders and Boards of Commissioners and Directors
PT Indocement Tunggal Prakarsa Tbk.

We have audited the consolidated balance sheet of PT Indocement Tunggal Prakarsa Tbk. (the "Company") and Subsidiaries as of December 31, 2002, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of all associated companies, the investments in which are accounted for in the consolidated financial statements using the equity method. The carrying values of these investments represent approximately 1.98% of the total consolidated assets as of December 31, 2002, while the related net amount of equity share in net losses of these associated companies amounted to Rp 6,964,775,864 in 2002. The consolidated financial statements of PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries for the year ended December 31, 2001 were audited by other independent auditors whose report dated February 18, 2002, expressed an unqualified opinion on those statements and included an explanatory paragraph that described the effects of the economic condition in Indonesia on the Company and its Subsidiaries.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2002 consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries as of December 31, 2002, and the results of their operations, and their cash flows for the year then ended in conformity with generally accepted accounting principles in Indonesia.

Note 21 to the consolidated financial statements summarizes the effects the economic condition in Indonesia has had on the Company and its Subsidiaries, as well as the measures the Company and its Subsidiaries have implemented and plan to implement in response to the economic condition. The accompanying consolidated financial statements include the effects of the economic condition to the extent that they can be determined and estimated.

PRASETIO, SARWOKO & SANDJAJA

Drs. Hermawan Setiadi
Public Accountant License No. 01.1.0759

January 23, 2003

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

These consolidated financial statements are originally issued in Indonesian language.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2002
With Comparative Figures for 2001
(Expressed in Rupiah)

ASSETS	Notes	2002	2001
Current Assets			
Cash and cash equivalents	2c, 3	273,609,131,586	255,872,249,722
Short-term investments	2d, 7c	193,157,721,723	26,600,167,800
Trade receivables - net of allowance for doubtful accounts of Rp 16,392,497,190 in 2002 and Rp 80,189,114,757 in 2001	2e, 4, 11		
Related parties	2f, 5a	36,928,717,886	22,842,047,330
Third parties	20f, 20i	249,064,859,792	221,729,513,505
Other receivables - third parties - net of allowance for doubtful accounts of Rp 1,389,089,659 in 2002 and Rp 401,356,718 in 2001	2e, 2q, 10, 20k	26,598,797,607	24,097,822,246
Inventories - net	2g, 6, 8, 11	875,871,806,398	828,044,882,547
Advances and deposits	9	99,867,450,045	78,732,902,554
Prepaid taxes	10	37,482,183,606	13,577,441,171
Prepaid expenses	2h, 6, 8	12,119,171,886	56,492,072,585
Total Current Assets		1,804,699,840,529	1,527,989,099,460
Non-current Assets			
Due from related parties - net of allowance for doubtful accounts of Rp 17,972,651,983 in 2001	2f, 5e	9,165,015,741	3,850,026,982
Deferred tax assets - net	2r, 10	316,079,036,182	739,495,182,652
Long-term investments and advances to associated companies - net of allowance for doubtful account of Rp 13,789,698,006	2b, 2f, 5d, 7, 22	62,680,759,618	341,793,430,717
Property, plant and equipment - net of accumulated depreciation, amortization and depletion of Rp 2,520,144,702,511 in 2002 and Rp 2,050,475,221,629 in 2001	2i, 2j, 2l, 5d, 8, 11, 20e	8,541,455,141,160	8,732,179,923,464
Other non-current assets			
Restricted cash and cash equivalents	3, 11	593,895,812,471	432,082,428,708
Others - net	2h, 2m, 8, 20b	136,829,200,971	152,629,265,488
Total Non-Current Assets		9,660,104,966,143	10,402,030,258,011
Total Assets		**11,464,804,806,672**	**11,930,019,357,471**

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (continued)

December 31, 2002
With Comparative Figures for 2001
(Expressed in Rupiah)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2002	2001
Current Liabilities			
Trade payables	9, 20c		
Third parties	20f	127,726,028,173	129,180,419,530
Related parties	2f, 5c, 5f	2,885,716,080	19,460,586,872
Other payables - third parties	2q, 8, 20k, 23	39,551,424,566	51,008,567,344
Accrued expenses	2f, 5f, 11, 17, 19, 20a, 20j	125,548,668,827	135,047,839,739
Taxes payable	2r, 10	28,342,949,278	27,019,979,414
Current maturities of long-term debts	2p, 11	299,490,000,000	357,462,400,088
Other current liabilities	23	15,692,762,057	8,858,697,660
Total Current Liabilities		639,237,548,981	728,038,490,647
Non-current Liabilities			
Due to related parties	2f, 5c, 5e, 23	7,500,993,255	228,621,100
Long-term debts - net of current maturities	2f, 2p, 5e, 11	6,997,925,764,030	8,425,775,569,592
Deferred gain on sale-and-leaseback transactions - net	2k	11,745,876,520	12,889,144,175
Total Non-Current Liabilities		7,017,172,633,805	8,438,893,334,867
Shareholders' Equity			
Capital stock - Rp 500 par value per share			
Authorized - 8,000,000,000 shares			
Issued and fully paid - 3,681,223,519 shares	11, 12	1,840,611,759,500	1,840,611,759,500
Additional paid-in capital	2t, 13	1,194,229,040,048	1,194,229,040,048
Other paid-in capital	14	338,250,000,000	338,250,000,000
Differences arising from changes in Subsidiary's equity	2b	(55,633,848,147)	(59,762,848,146)
Differences arising from restructuring transactions among entities under common control	2b	(330,799,198,508)	(330,799,198,508)
Unrealized losses on available-for-sale securities - net	2d	(3,038,715,970)	(3,169,412,670)
Retained earnings (deficit)			
Appropriated	15	50,000,000,000	50,000,000,000
Unappropriated		774,775,586,963	(266,271,808,267)
Net Shareholders' Equity		3,808,394,623,886	2,763,087,531,957
Total Liabilities and Shareholders' Equity		**11,464,804,806,672**	**11,930,019,357,471**

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31, 2002
With Comparative Figures for 2001
(Expressed in Rupiah)

	Notes	2002	2001
Net Revenues	2f, 2n, 5, 16, 20f, 20i	**3,948,282,505,933**	**3,453,411,340,960**
Cost of Revenues	2f, 2n, 2o, 5, 17, 20b, 20c	2,648,367,364,706	2,370,743,097,145
Gross Profit		**1,299,915,141,227**	**1,082,668,243,815**
Operating Expenses	2n, 2o, 5, 18		
Delivery and selling		211,684,875,781	227,903,005,592
General and administrative		158,286,568,569	182,698,552,791
Total Operating Expenses		**369,971,444,350**	**410,601,558,383**
Income from Operations		**929,943,696,877**	**672,066,685,432**
Other Income (Charges)			
Foreign exchange gain (losses) - net	2l, 2p, 21	848,775,562,121	(319,519,920,926)
Interest income	3	37,451,739,021	30,005,561,001
Interest expense	2l, 8, 11	(358,723,716,786)	(517,178,217,937)
Others - net	2b, 2d, 2i, 2k, 2m, 7, 8	(9,456,645,203)	10,608,195,472
Other Income (Charges) - Net		**518,046,939,153**	**(796,084,382,390)**

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME (continued)

Year ended December 31, 2002
With Comparative Figures for 2001
(Expressed in Rupiah)

	Notes	2002	2001
Equity Share in Net Earnings (Losses) of Associated Companies - Net	2b, 7	**(6,964,775,864)**	**17,968,277,906**
Income (Loss) Before Provision for (Benefits from) Income Tax and Extraordinary Item		**1,441,025,860,166**	**(106,049,419,052)**
Provision For (Benefits from) Income Tax	2r, 10		
Current		416,706,500	8,954,367,500
Deferred		416,259,830,060	(51,874,792,637)
Provision for (Benefits from) Income Tax - Net		**416,676,536,560**	**(42,920,425,137)**
Income (Loss) Before Extraordinary Item		**1,024,349,323,606**	**(63,128,993,915)**
Extraordinary Item - net of deferred tax effect of Rp 7,156,316,410	10, 11	16,698,071,624	-
Net Income (Loss)		**1,041,047,395,230**	**(63,128,993,915)**
Basic Earnings (Loss) Per Share	2u	**282.80**	**(19.11)**

The accompanying notes form an integral part of the consolidated financial statements.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended December 31, 2002
With Comparative Figures for 2001
(Expressed in Rupiah)

	Notes	Capital Stock	Additional Paid-in Capital * (Notes 13 and 14)	Foreign Currency Translation Adjustments
Balance, January 1, 2001		1,242,158,223,500	388,978,797,362	578,487,895
Issuance of common stock through Rights Issue and debt-to-equity swap	11, 12	598,453,536,000	837,834,950,400	-
Foreign currency differential arising from debt-to-equity swap transaction	14	-	338,250,000,000	-
Stock issuance costs	2t, 13	-	(32,584,707,714)	-
Net loss		-	-	-
Reversal of foreign currency translation adjustments due to disposal of Leamaat Omikron B.V.	2b	-	-	(578,487,895)
Decline in market values of investments in available-for-sale securities	2d	-	-	-
Changes in Subsidiary's equity arising from the decline in market values of its investments in available-for-sale securities	2b, 2d	-	-	-
Adjustment arising from acquisition of PT Dian Abadi Perkasa from entity under common control	2b	-	-	-
Balance, December 31, 2001		1,840,611,759,500	1,532,479,040,048	-
Net income		-	-	-
Recovery in market values of investments in available-for-sale securities	2d	-	-	-
Changes in Subsidiary's equity arising from the recovery in market values of its investments in available-for-sale securities	2b, 2d	-	-	-
Balance, December 31, 2002		1,840,611,759,500	1,532,479,040,048	-

* Including Other Paid-in Capital.

These consolidated financial statements are originally issued in Indonesian language.

Differences Arising from Changes in Subsidiary's Equity	Differences Arising from Restructuring Transactions Among Entities Under Common Control	Unrealized Losses on Available-for-Sale Securities - Net	Retained Earnings (Deficit)		Net Shareholders' Equity
			Appropriated	Unappropriated	
(31,043,398,146)	(322,357,968,508)	(2,907,464,670)	50,000,000,000	(203,142,814,352)	1,122,263,863,081
-	-	-	-	-	1,436,288,486,400
-	-	-	-	-	338,250,000,000
-	-	-	-	-	(32,584,707,714)
-	-	-	-	(63,128,993,915)	(63,128,993,915)
-	-	-	-	-	(578,487,895)
-	-	(261,948,000)	-	-	(261,948,000)
(28,719,450,000)	-	-	-	-	(28,719,450,000)
-	(8,441,230,000)	-	-	-	(8,441,230,000)
(59,762,848,146)	(330,799,198,508)	(3,169,412,670)	50,000,000,000	(266,271,808,267)	2,763,087,531,957
-	-	-	-	1,041,047,395,230	1,041,047,395,230
-	-	130,696,700	-	-	130,696,700
4,128,999,999	-	-	-	-	4,128,999,999
(55,633,848,147)	(330,799,198,508)	(3,038,715,970)	50,000,000,000	774,775,586,963	3,808,394,623,886

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31, 2002
With Comparative Figures for 2001
(Expressed in Rupiah)

	Notes	2002	2001
Cash Flows from Operating Activities			
Collections from customers		4,286,388,049,856	3,852,411,003,346
Payments to suppliers and contractors, and for salaries and other employees' benefits		(2,766,490,476,107)	(2,923,116,079,549)
Cash provided from operations		1,519,897,573,749	929,294,923,797
Receipts of interest income		30,320,659,563	18,452,871,173
Proceeds from claims for tax refund	10	236,284,666	11,316,783,175
Payments of taxes		(317,902,874,119)	(339,317,224,162)
Payments of interest expense and other financing charges		(156,240,399)	(2,380,079,553)
Receipts from other operating activities		25,070,596,570	1,075,690,183
Net Cash Provided by Operating Activities		**1,257,466,000,030**	**618,442,964,613**
Cash Flows from Investing Activities			
Cash dividends received	7a, 7c, 7e	4,669,598,153	14,608,957,080
Proceeds from sale of marketable securities		4,478,084,157	10,000,000,000
Proceeds from disposals of equipment		543,455,000	2,750,983,767
Purchases of property, plant and equipment		(205,924,649,877)	(142,554,884,055)
Acquisition of subsidiaries	2b	(4,297,500,000)	(8,429,745,333)
Additional placements in long-term investments and advances to associated companies		-	(5,721,232,418)
Net proceeds from other investing activities	2b	7,505,676,788	2,704,165,011
Net Cash Used for Investing Activities		**(193,025,335,779)**	**(126,641,755,948)**
Cash Flows from Financing Activities			
Net proceeds from forward exchange contract transactions		1,265,000,000	-
Payments of bank loan	11	(4,119,720,000)	(9,436,900,000)
Proceeds from issuance of capital stock through rights issue	12	-	38,487,600
Proceeds from other financing activities		-	4,900,000,000
Net Cash Used for Financing Activities		**(2,854,720,000)**	**(4,498,412,400)**
Net Effect of Changes in Exchange Rates on Cash and Cash Equivalents		(8,036,040,550)	60,414,855,068
Reclassification of Cash and Cash Equivalents to Other Assets (Restricted Cash and Cash Equivalents)		(1,038,634,870,607)	(551,981,402,748)
Net Increase (Decrease) in Cash and Cash Equivalents		**14,915,033,094**	**(4,263,751,415)**
Cash and Cash Equivalents from Acquired Subsidiary at Acquisition Date		2,821,848,770	-
Cash and Cash Equivalents at Beginning of Year	3	255,872,249,722	260,136,001,137
Cash and Cash Equivalents at End of Year	3	**273,609,131,586**	**255,872,249,722**

The accompanying notes form an integral part of the consolidated financial statements.

These consolidated financial statements are originally issued in Indonesian language.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Year ended December 31, 2002
With Comparative Figures for 2001
(Expressed in Rupiah)

	Notes	2002	2001
Activities not affecting cash and cash equivalents:			
Payment of bank loans through restricted cash and cash equivalents (including debt buy-back of Rp 58,740,651,888)	11	558,729,769,040	112,916,259,691
Payment of interest through restricted cash and cash equivalents	11	321,604,987,796	453,502,684,574
Proceeds from sale of investments through restricted cash and cash equivalents	7	57,987,032,360	-
Interest earned on restricted cash and cash equivalents	11	6,621,603,315	11,189,176,527
Conversion of long-term debt to equity through debt-to-equity swap (US$ 149,886,295)	12	-	1,773,154,865,000
Financing cost capitalized to construction in-progress	8	-	59,592,647,231

The accompanying notes form an integral part of the consolidated financial statements.

1. GENERAL

PT Indocement Tunggal Prakarsa Tbk. (the Company) was incorporated in Indonesia on January 16, 1985 based on notarial deed No. 27 of Ridwan Suselo, S.H. Its deed of incorporation was approved by the Ministry of Justice in its decision letter No. C2-2876HT.01.01.Th.85 dated May 17, 1985, and was published in State Gazette No. 946, Supplement No. 57 dated July 16, 1985. The Company's articles of association has been amended from time to time, the latest of which was covered by notarial deed No. 54 of Amrul Partomuan Pohan, S.H., LLM., dated June 28, 2002 concerning, among others, the amendments of responsibilities and authorities of the board of directors. Such amendments were registered with the Ministry of Justice and Human Rights on July 17, 2002.

The Company started its commercial operations in 1985.

As stated in Article 3 of the Company's articles of association, the scope of its activities comprises, among others, the manufacture of cement and building materials, food and beverages, textile, construction and trading.

The Company's head office is located at Wisma Indocement 8th Floor, Jl. Jend. Sudirman Kav 70-71, Jakarta. Its factories are located in Citeureup-West Java, Cirebon-West Java, and Tarjun-South Kalimantan.

The Company and its Subsidiaries (the "Group") are a multi-business group consisting of Cement Business, as the Group's core business, Ready Mix Concrete and Other Businesses.

The Cement Business mainly includes the operations of the Company's integrated cement plants and its ready mix concrete manufacturing subsidiaries. The Company has 12 (twelve) plants in three different locations: nine at Citeureup - Bogor site, two at Palimanan - Cirebon site and one at Tarjun, South Kalimantan, which started its commercial operations on April 1, 2001, with a total combined annual production capacity of about 15.4 million tons of clinker.

Other Businesses include, among others, the Company-owned property, Wisma Indocement, a 23-storey office tower with over 19,000 square meters of rentable space and two basement car parks; PT Wisma Nusantara International, an associated company, which owns and operates a 30-storey office building with 26,108 square meters of rentable space; President Hotel, a four-star hotel with 315 rooms (all located in Jakarta's central commercial district); and Hotel Novotel Benoa Bali, a four-star hotel with 190 rooms (located in Nusa Dua, Bali) (see Note 7c).

Based on the Extraordinary General Meeting of the Shareholders (EGMS) held on October 2, 1989, which was covered by notarial deed No. 4 of Amrul Partomuan Pohan, S.H., LLM., the shareholders approved, among others, the offering of 598,881,000 shares to the public. Also, based on the EGMS held on March 18, 1991, which was covered by notarial deed No. 53 of the same notary, the shareholders approved the issuance of convertible bonds with a total nominal value of US$ 75 million.

On June 20, 1991, in accordance with the above-mentioned shareholders' approval, the Company issued and listed at the Luxembourg Stock Exchange US$ 75 million worth of 6.75% Euro Convertible Bonds (the "Euro Bonds") at 100% issue price, with an original maturity in 2001. The Euro Bonds were convertible into common shares starting August 1, 1991 up to May 20, 2001 at the option of the bondholders at an initial conversion price of Rp 14,450 per share, with a fixed rate of exchange upon conversion of US$ 1 to Rp 1,946.

In 1994, the Company issued 8,555,640 shares of stock upon the partial conversion of the Euro Bonds worth US$ 35,140,000. Accordingly, the Company transferred and reclassified the corresponding portion of the related bonds payable amounting to Rp 8,555,640,000 to capital stock and Rp 67,320,100,000 to additional paid-in-capital. The remaining balance of the Euro Bonds with total nominal value of US$ 39,860,000 was fully redeemed and settled in 1994.

Based on the EGMS held on June 15, 1994, the shareholders approved the increase in the Company's authorized capital stock from Rp 750 billion to Rp 2,000 billion; and the issuance of one bonus share to shareholders for each existing share they held as of August 23, 1994, or a total of 599,790,020 bonus shares.

(Expressed in Rupiah)

During the EGMS held on June 26, 1996, the shareholders resolved to split the par value of the Company's share from Rp 1,000 per share to Rp 500 per share. Accordingly, the issued and paid-in capital stock were also increased from 1,207,226,660 shares to 2,414,453,320 shares. This shareholders' resolution was approved by the Ministry of Justice in its decision letter No. C2-HT.01.04.A.4465 dated July 29, 1996.

On December 29, 2000, the Company issued 69,863,127 common shares to Marubeni Corporation as a result of the conversion into equity of the latter's receivable from the Company (debt-to-equity swap).

Based on the EGMS held on March 29, 2001, the shareholders approved to offer Rights Issue with pre-emptive rights to the shareholders of the Company to purchase new shares at Rp 1,200 per share. Total shares to be issued for the Rights Issue were 1,895,752,069 shares with an option to receive Warrant C if the shareholders did not exercise their Rights with the terms and conditions as mentioned in Note 12b.

During the exercise period up to May 1, 2001 (the last exercise date), total shares issued after being exercised were as follows (see Notes 12b and 12c):

1. Exercised by Kimmeridge Enterprise Pte., Ltd. ("Kimmeridge"), a Subsidiary of HeidelbergCement (formerly Heidelberger Zement AG (HZ)) (HC), on April 26, 2001, through debt conversion of US$ 149,886,295 equivalent to 1,196,874,999 shares.
2. Exercised by public shareholders of 32,073 shares.

As of December 31, 2002, the members of the Company's Boards of Commissioners and Directors are as follows:

Board of Commissioners :		Board of Directors :	
President	: Paul Vanfrachem	President	: Daniel Lavalle
Vice President	: Sudwikatmono	Vice President	: Tedy Djuhar
Vice President	: I Nyoman Tjager	Director	: Thomas Kern
Commissioner	: Hans Bauer	Director	: Oivind Hoidalen
Commissioner	: Horst R. Wolf	Director	: Nelson Borch
Commissioner	: Hakan Fernvik	Director	: Iwa Kartiwa
Commissioner	: Mark C.S. Tse	Director	: Thierry Dosogne
Commissioner	: Parikesit Suprapto	Director	: Benny S. Santoso
Commissioner	: Ibrahim Risjad	Director	: Rama Prihandana

Total salaries and other compensation benefits paid to the Company's Boards of Commissioners and Directors (including payment of termination and pension for the former members who were replaced in 2001) amounted to Rp 22 billion and Rp 54 billion for the years ended December 31, 2002 and 2001, respectively. As of December 31, 2002 and 2001, the Group has a total of 7,414 and 7,326 permanent employees, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles and practices in Indonesia, which are based on Statements of Financial Accounting Standards (PSAK), the Capital Market Supervisory Agency's (BAPEPAM) regulations and Guidelines for Financial Statements Presentations and Disclosures for public listed companies which are issued by BAPEPAM for manufacturing and investment companies. The consolidated financial statements, except for statements of cash flows, have been prepared on the accrual method using the historical cost basis of accounting, except for inventories which are valued at the lower of cost or net realizable value (market), certain short-term investments which are stated at market value, certain investments in shares of stock which are accounted for under the equity method, and certain property, plant and equipment which are stated at revalued amounts.

(Expressed in Rupiah)

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

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

b. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and those of its direct and indirect Subsidiaries (collectively referred to as the "Subsidiaries") as follows:

	Principal Activity	Country of Domicile	Year of Incorporation/ Start of Commercial Operations	Total Assets as of December 31, 2002	Effective Percentage of Ownership 2002	2001
					%	%
Direct						
PT Dian Abadi Perkasa (DAP)	Cement distribution	Indonesia	1998/1999	233,248,177,985	99.99	99.99
PT Indomix Perkasa (Indomix)	Ready mix concrete manufacturing	Indonesia	1992/1992	81,740,575,857	99.99	99.99
Indocement (Cayman Island) Limited	Investing	Cayman Island	1991/1991	20,588,676,492	100.00	100.00
Indirect						
PT Pioneer Beton Industri (PBI)	Ready mix concrete manufacturing	Indonesia	1996/1996	46,362,633,902	99.99	50.00 *

* In 2001, the accounts of PBI were not included in the consolidated financial statements.

DAP was established in 1998 and primarily acts as the Company's main domestic distributor of certain cement products.

Based on EGMS dated March 29, 2001, the independent shareholders approved the acquisition of the remaining 49% shares of DAP from PT Roda Maju Utama (RMU), a related party, with 1 share to be acquired by Indomix. On April 16, 2001, the Company entered into a conditional sale and purchase agreement with RMU pursuant to which RMU sold its entire ownership in DAP to the Company at a total cash consideration of Rp 8,429,745,333. The agreement required certain conditions to be met prior to the consummation of the transaction, such as, obtaining the necessary approvals from the Company's independent shareholders, DAP's and RMU's shareholders and RMU's commissioners. On April 16, 2001, all of these preconditions had been fulfilled and therefore, the Company, directly and indirectly, owned 99.99% of DAP.

Since the transaction involved entities under common control, the above transaction was recorded in accordance with PSAK No. 38, "Accounting for Restructuring Transactions Among Entities Under Common Control". Accordingly, the difference between the cost of investment and book value was presented as "Difference Arising from Restructuring Transactions Among Entities under Common Control" under the Shareholders' Equity section of the consolidated balance sheets.

On May 22, 2002, Indomix and DAP, both subsidiaries, entered into a conditional shares sale and purchase agreement (SSPA) with Pioneer International Holding Pty Limited (PIH) to acquire the remaining 50% equity interest (3,320,906 shares) in PBI from PIH, wherein 3,320,904 shares would be acquired by Indomix and

(Expressed in Rupiah)

2 shares would be acquired by DAP for a total cash consideration of US$ 500,000 (equivalent to Rp 4,297,500,000). The agreement required certain conditions to be met prior to the consummation of the transaction, such as, obtaining the approval from PBI's shareholders and Investment Coordinating Board (BKPM). On December 18, 2002, all of these preconditions were fulfilled and therefore, PBI became 99.99% indirectly owned by the Company. However, the Company's management decided to consolidate PBI's accounts starting July 1, 2002 since on such date, PBI had been effectively controlled and managed by the Company. Negative goodwill arising from this transaction amounted to Rp 1,133,085,235 and management decided to charge this amount to current operations since it is considered immaterial.

In December 2001, the Company sold its full ownership in Leamaat Omikron BV (Leamaat), a non-operating and wholly owned entity, to Mr. Johannes Bernadus Jongenotter, a third party, for EUR 536,827.34 (equivalent to Rp 4,872,781,765). Accordingly, the accounts of Leamaat were not included in the 2001 consolidated financial statements.

The Company also has 5 (five) other Subsidiaries with effective percentage of ownership of 99.99% each. The total cost of investments in these entities amounted to Rp 20,000,000. Since these entities have no activities and the total cost of investments in these Subsidiaries is immaterial, their accounts were not included in the consolidated financial statements. Instead, the investments in these Subsidiaries are recorded and presented as part of the "Long-term Investments and Advances to Associated Companies" in the consolidated balance sheets. The details of these Subsidiaries are as follows:

	Year of Incorporation*	Country of Domicile	Total Assets as of December 31, 2002
PT Bhakti Sari Perkasa Abadi	1998	Indonesia	5,000,000
PT Lentera Abadi Sejahtera	1998	Indonesia	5,000,000
PT Mandiri Sejahtera Sentra	1998	Indonesia	5,000,000
PT Sari Bhakti Sejati	1998	Indonesia	5,000,000
PT Makmur Abadi Perkasa Mandiri	1998	Indonesia	-

* Year of incorporation is based on the date indicated in the articles of association.

All significant intercompany accounts and transactions have been eliminated.

Investments in associated companies, in which the Company or its Subsidiaries have ownership interests of at least 20% but not exceeding 50%, are accounted for under the equity method, whereby the costs of such investments are increased or decreased by the Company's or Subsidiaries' equity shares in the net earnings (losses) of the investees since date of acquisition and are reduced by cash dividends received by the Company or Subsidiaries from the investees. The equity shares in net earnings (losses) of the investees are being adjusted for the straight-line amortization, over a twenty-year period (in view of the good future business prospects of the investees), of the difference between the costs of such investments and the Company's or Subsidiaries' proportionate shares in the book value of the underlying net assets of investees at date of acquisition (goodwill).

All other investments are carried at cost.

In compliance with PSAK No. 40, "Accounting for Changes in Subsidiary's/Investee's Equity", the difference between the carrying amount of the Company's investment in, and the value of the underlying net assets of the subsidiary/investee arising from changes in the latter's equity, which are not resulting from transactions between the Company and the concerned subsidiary/investee, is recorded and presented as "Differences Arising from Changes in Subsidiary's Equity" under the Shareholders' Equity section of the consolidated balance sheets. Accordingly, the resulting difference arising from the changes in equity of PT Indomix Perkasa in connection with its application of the provisions of PSAK No. 50, "Accounting for Investments in Certain Securities", is recorded and presented under this account (see item *d* below).

c. Cash Equivalents

Time deposits and other short-term investments with maturities of three months or less at the time of placement or purchase and not pledged as collateral for loans and other borrowings are considered as “Cash Equivalents”.

d. Short-term Investments

Investments in equity securities listed in the stock exchanges with maturities of more than three months but not exceeding one year are classified as “Short-term Investments”.

The Group’s equity securities are held as available-for-sale are stated at market value. Any unrealized gains or losses on appreciation/depreciation in market values of the equity securities are recorded and presented as “Unrealized Gains (Losses) on Available-for-Sale Securities-Net” under the Shareholders’ Equity section of the consolidated balance sheets, which are credited or charged to operations upon realization.

e. Allowance for Doubtful Accounts

The Company and its Subsidiaries provide allowance for doubtful accounts based on a periodic review of the status of the individual receivable accounts at the end of the year.

f. Transactions with Related Parties

The Company and Subsidiaries have transactions with related parties as defined under PSAK No. 7, “Related Party Disclosures”.

All significant transactions and balances with related parties, whether or not performed on an arm’s length basis similar to those with non-related parties, are disclosed in Note 5.

g. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the average method. The Company and its Subsidiaries provide allowance for inventory obsolescence based on a periodic review of the physical conditions of the inventories at the end of the year.

h. Prepaid Expenses

Prepaid expenses are charged over the periods benefited using the straight-line method. The non-current portion of prepaid expenses are shown as part of “Other Non-Current Assets - Others (Net)” in the consolidated balance sheets.

i. Property, Plant and Equipment

Property, plant and equipment are stated at cost, except for certain assets revalued in accordance with government regulations, less accumulated depreciation, amortization and depletion. Main machinery and equipment related to the production of cement are depreciated using the unit-of-production method, while all the other property, plant and equipment items are depreciated using the straight-line method based on their estimated useful lives as follows:

	Years
Land improvements; quarry; and buildings and structures	8 - 30
Machinery and equipment	5 - 10
Leasehold improvements; furniture, fixtures and office equipment; and tools and other equipment	5
Transportation equipment	5

Land is stated at cost and not depreciated (see item *m*).

Construction in-progress is stated at cost. Costs are reduced by the amount of revenue generated from the sale of finished products during the trial production runs less the related cost of production. The accumulated costs will be reclassified to the appropriate property, plant and equipment accounts when the construction is substantially completed and the asset is ready for its intended use.

The costs of maintenance and repairs are charged to operations as incurred; significant renewals and betterments, as defined under PSAK No. 16, "Property, Plant and Equipment", are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation, amortization or depletion are removed from the accounts and the resulting gains or losses are credited or charged to current operations.

j. Impairment of Assets

The Group conducts a review to determine whether an impairment loss on their assets has occurred in accordance with PSAK No. 48, "Impairment in Asset Value". PSAK No. 48 requires companies to estimate the recoverable amount of all their long lived assets and recognize the impairment in asset value as a loss in the statements of income whenever the recoverable amount is lower than its carrying value.

k. Leases

Lease transactions are accounted for under the capital lease method when the required capitalization criteria under PSAK No. 30, "Accounting for Leases" are met. Otherwise, lease transactions are accounted for under the operating lease method. Assets under capital lease (presented under "Property, Plant and Equipment" account in the consolidated balance sheets) are recorded 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 of leased assets is computed based on methods and estimated useful lives that are in line with those of similar property, plant and equipment acquired under direct ownership.

Gain on sale-and-leaseback transactions is deferred and amortized using the same basis and methods as referred to above.

l. Capitalization of Borrowing Costs and Foreign Exchange Losses

In accordance with the revised PSAK No. 26, "Borrowing Costs", interest charges and foreign exchange differences incurred on borrowings and other related costs to finance the construction or installations of major facilities are capitalized. Capitalization of these borrowing costs ceases when the construction or installation is completed and the related asset is ready for its intended use.

m. Deferred Charges

Expenditures, whose benefits extend over one year, are deferred and amortized over the periods benefited using the straight-line method (presented as part of "Other Non-Current Assets - Others (Net)").

In accordance with PSAK No. 47, "Accounting for Land", costs incurred in connection with the acquisitions/renewal of landrights, such as legal fees, land remeasurement fees, notarial fees, taxes and other expenses, are deferred and amortized using the straight-line method over the legal terms of the related landrights.

n. Revenue and Expense Recognition

Revenues are recognized as earned when the products are delivered and the risks and benefits of ownership have been transferred to the customers and/or when services are rendered. Cost and expenses are generally recognized and charged to operations when they are incurred.

(Expressed in Rupiah)

o. Retirement Benefits

The Company has a defined contributions retirement plan covering substantially all of its full time employees. Contributions are funded and consist of the Company's and the employees' contributions computed at 10% and 5%, respectively, of the employees' pensionable earnings. On the other hand, the Subsidiaries still operate the "pay-as-you-go" retirement benefits scheme. Retirement benefits incurred are accrued and directly charged to operations.

p. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah amounts at the middle rates of exchange prevailing at transaction date. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at the last banking transaction date of the year, as published by Bank Indonesia, and any resulting gains or losses are credited or charged to current operations, except for those capitalized under PSAK No. 26 (see item *l*).

For December 31, 2002 and 2001, the rates of exchange used are as follows:

	2002	2001
Euro (EUR 1)	9,369.58	9,188.42
US Dollar (US$ 1)	8,940.00	10,400.00
Japanese Yen (JP¥ 100)	7,539.54	7,915.68

Transactions in other foreign currencies are considered insignificant.

q. Derivative Instruments

PSAK No. 55, "Accounting for Derivative Instruments and Hedging Activities", establishes the accounting and reporting standards requiring that every derivative instrument (including certain derivatives embedded in other contracts) be recorded in the consolidated balance sheet as either an asset or liability measured at its fair value. PSAK No. 55 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedges allow a derivative's gain or loss to offset related results on the hedged item in the consolidated statement of income, and also requires that an entity must formally document, designate, and assess the effectiveness of transactions that are accounted for under hedge accounting treatment.

r. Income Tax

The Group applies the deferred method to determine its income tax expense in accordance with PSAK No. 46, "Accounting for Income Tax". Under this method, deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at balance sheet date. This method also requires the recognition of future tax benefits, such as the carry-forward of unused tax losses, to the extent that realization of such benefits is probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

s. Segment Reporting

For management purposes, the Group's businesses are grouped into three major operating businesses: Cement Business, Ready Mix Concrete and Other Businesses. Financial information on business segments is presented in Note 16.

The Group's segment information is presented based on the business segments. Business segment is a distinguishable component based on the industry or group of product or services and that is subject to risks and returns that are different from those of other segments.

t. Stock Issuance Cost

Based on the decision letter of the Chairman of BAPEPAM No. KEP-06/PM/2000 dated March 13, 2000, all expenses related to the issuance of equity securities should be offset against additional paid-in capital.

u. Net Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) by the weighted average number of shares outstanding during the year, which is 3,681,223,519 shares in 2002 and 3,304,115,284 shares (after giving effect to the rights issue) in 2001.

In accordance with PSAK No. 56, “Earnings per Share”, the Company did not compute the diluted earnings per share for its warrants issued since exercise prices of the warrants are significantly higher than the market price of the Company's share in the stock exchanges.

(Expressed in Rupiah)

3. CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	2002	2001
Cash on hand	673,617,841	535,456,000
Cash in banks		
PT Bank Mandiri (Persero)		
Rupiah accounts	61,907,905,732	54,387,971,817
US Dollar accounts (US$ 4,038,572 in 2002 and US$ 2,241,509 in 2001)	36,104,832,518	23,311,698,592
Euro accounts (EUR 4,393)	41,160,378	-
PT Bank Central Asia Tbk.		
Rupiah accounts	10,446,774,594	21,652,304,017
US Dollar accounts (US$ 1,337,797 in 2002 and US$ 2,954,878 in 2001)	11,959,902,677	30,730,732,136
Euro accounts (EUR 74,470)	697,749,531	-
PT Bank Multicor		
Rupiah accounts	7,071,352,311	19,153,557,491
US Dollar accounts (US$ 5,768,370 in 2002 and US$ 4,048,526 in 2001)	51,569,230,035	42,104,670,400
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta Branch		
Rupiah accounts	5,036,625,895	-
PT Bank Danamon Indonesia Tbk.		
Rupiah accounts	238,043,937	1,588,077,490
Others (each below Rp 1.0 billion)		
Rupiah accounts	1,043,910,092	736,966,553
US Dollar accounts (US$ 14,807)	132,372,613	-
Other foreign currencies	508,329,318	294,963,250
Cash equivalents - time deposits		
PT Bank Mandiri (Persero)		
Rupiah accounts	83,133,505,532	56,695,851,976
US Dollar accounts (US$ 450,000)	-	4,680,000,000
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta Branch		
Rupiah accounts	3,043,818,582	-
Total	**273,609,131,586**	**255,872,249,722**

Interest rates per annum range from 9.00% to 17.88% in 2002 and from 10.25% to 18.04% in 2001 for the Rupiah time deposits, and from 4.00% to 5.06% in 2002 and from 5.06% to 7.27% in 2001 for the US Dollar time deposits.

As of December 31, 2002, the Company also has time deposits amounting to Rp 10,000,000,000 which are placed at PT Bank Mandiri (Persero) (Mandiri). These time deposits are used as collateral for the letters of credit issued by Mandiri to foreign suppliers (presented as part of “Other Non-Current Assets - Restricted Cash and Cash Equivalents”).

(Expressed in Rupiah)

4. TRADE RECEIVABLES

The details of trade receivables are as follows:

	2002	2001
Related Parties (see Note 5a)		
Cement Business		
HC Trading International Inc., Singapore (US$ 4,130,729 in 2002 and US$ 1,138,615 in 2001)	36,928,717,886	11,759,566,492
PT Semen Tiga Roda Prasetya (STRP)	-*	69,868,180,772
PT Pioneer Beton Industri	-	6,360,412,360
Indocement Singapore Pte., Ltd. (US$ 504,688)	-*	5,254,408,773
Sub-total	36,928,717,886	93,242,568,397
Other Businesses	-	1,153,046,190
Total	36,928,717,886	94,395,614,587
Less allowance for doubtful accounts	-	(71,553,567,257)
Net	**36,928,717,886**	**22,842,047,330**
Third Parties		
Cement Business and Ready Mix Concrete Business (see Note 20i)	262,419,758,345	228,005,934,919
Other Businesses	3,037,598,637	2,359,126,086
Total	265,457,356,982	230,365,061,005
Less allowance for doubtful accounts	(16,392,497,190)	(8,635,547,500)
Net	**249,064,859,792**	**221,729,513,505**

* STRP and Indocement Singapore Pte., Ltd. are not considered as a related party upon the entry of HC as a majority shareholder, with a significant control over the Group and the changes in the members of key management.

The changes in the allowance for doubtful accounts are as follows:

	2002	2001
Balance at beginning of year	80,189,114,757	79,157,877,335
Beginning balance of acquired Subsidiary	6,554,247,680	-
Provisions during the year	1,679,716,540	2,042,200,120
Receivables written-off during the year	(70,422,632,360)	-
Reversal of allowance for doubtful accounts collected during the year	(477,014,510)	(1,010,962,698)
Reclass to allowance for doubtful account-other receivables	(1,130,934,917)	-
Balance at end of year	**16,392,497,190**	**80,189,114,757**

(Expressed in Rupiah)

Based on the review of status of the individual receivable accounts at the end of the year, management believes that the above allowance for doubtful accounts is sufficient to cover any possible losses that may arise from uncollectible accounts.

Trade receivables are used as collateral to secure the long-term debts (see Note 11).

The details of trade receivables based on their currency denominations and aging as of December 31, 2002 are as follows:

	Currency		
	Rupiah	US Dollar (In Equivalent Rupiah)	Total
Current	183,666,799,253	36,928,717,886	220,595,517,139
Overdue:			
1 - 30 days	36,190,775,458	-	36,190,775,458
31 - 60 days	9,877,157,423	1,278,174,597	11,155,332,020
61 - 90 days	1,790,537,854	-	1,790,537,854
Over 90 days	22,668,305,691	9,985,606,706	32,653,912,397
Total	**254,193,575,679**	**48,192,499,189**	**302,386,074,868**

5. TRANSACTIONS AND ACCOUNTS WITH RELATED PARTIES

In the normal course of their business, the Group engages in transactions and have contracts/agreements with related parties. The significant transactions, contracts/agreements and related account balances with related parties are as follows:

a. The Company and DAP sell cement products to related parties. Net revenues derived from sales to related parties accounted for 10.48% in 2002 and 8.52% in 2001 of the consolidated net revenues, as follows:

	2002	**2001**
HC Trading International Inc.	401,455,722,986	231,673,207,024
PT Pioneer Beton Industri	12,407,049,000*	29,188,639,372
Indocement Singapore Pte., Ltd. (Indosin)	-	33,381,691,018
Total	**413,862,771,986**	**294,243,537,414**

* Represents six months sales from January until June 2002.

Based on EGMS dated March 29, 2001, the independent shareholders approved the exclusive export distribution agreement with HC Trading International Inc. (a HC subsidiary). The agreement was amended on July 12, 2001 with retroactive effect from April 11, 2001, with terms and conditions, among others, as follows:

- HC Trading International Inc. (HC Trading) is the exclusive export distributor. However, the Company may sell to Indocement Singapore Pte., Ltd., at an arm's length price, a maximum of 450,000 tons of cement and clinker for Singapore market.

- The Company shall invoice to HC Trading at a net price which shall be the US dollar FOB sales price (or equivalent) invoiced by HC Trading to its customers less:
  - 5.5% on the first one million tons per year shipments carried out by HC Trading.
  - 3.0% above one million tons per year shipments carried out by HC Trading.

- For the outstanding contracts as of effectivity date until such contracts would be transferred to HC Trading, the Company should pay an amount equal to 2.5% of the US Dollar FOB sales price (or equivalent) to HC Trading.
- Possible assignment of existing sale contracts by the Company to HC Trading on or after the effective date of the export distribution agreement.
- The term of the export distribution agreement is 20 (twenty) years.

Total sales discounts granted to HC Trading amounted to about US$ 1.8 million in 2002 and US$ 1.3 million in 2001.

The related trade receivables arising from the above-mentioned sales transactions are shown as part of “Trade Receivables - Related Parties” account in the consolidated balance sheets (see Note 4).

b. The Company and Indomix, a Subsidiary, act as guarantors for the loans obtained by PT Indominco Mandiri and PT Pama Indo Mining, associated companies (see Notes 20g and 20*h*).

c. The Company has a mining agreement with PT Pama Indo Mining (PIM), whereby PIM agreed to develop and operate a limestone, clay and laterite mine, and to supply the limestone, clay and laterite requirements of the Company for the operations of its plant. As compensation, the Company agreed to pay PIM service fees based on the Company’s tonnage consumption of limestone, clay and laterite. Service fees incurred amounted to US$ 3,252,467 and Rp 2,675,557,908 in 2002 and US$ 3,239,523 in 2001. The said service fees incurred for the three months ended March 31, 2001 were capitalized to “Construction in-progress” since the aforesaid raw materials were used for trial production runs (see Note 8). The total outstanding payables arising from these transactions amounted to US$ 780,312 and Rp 525,002,903 as of December 31, 2002 and US$ 747,419 and Rp 1,198,830,948 as of December 31, 2001.

d. In 2000, the Company entered into two agreements with PT Indotek Engico (Indotek), an associated company, whereby the latter agreed to provide services for a block plan on Community Development and employees’ housing; and monitor/supervise the clearing and development of about 100 hectares of land located at Tarjun, South Kalimantan, for a total contract amount of Rp 8,200,000,000. As of December 31, 2001, the total cumulative advances paid by the Company to Indotek in connection with said agreements amounted Rp 7,827,225,000, which is shown as part of “Long-term Investments and Advances to Associated Companies” in the 2001 consolidated balance sheet. Such advances were shown as part of “Construction in-progress” in the 2002 consolidated balance sheet since development activities have been started.

During 2002, the Company entered into several additional contracts with Indotek, whereby the latter agreed to provide club house and swimming pool construction works and land acquisition of approximately 47 hectares located at Tarjun, for a total contract amount of Rp 11.1 billion. Total cumulative advances paid by the Company to Indotek in connection with said agreements amounted to Rp 601,260,000, which is recorded as part of “Construction in-progress” under Property, Plant and Equipment in the 2002 consolidated balance sheet.

(Expressed in Rupiah)

e. The balances of accounts with related parties arising from non-trade transactions are as follows:

	2002	2001
Due from Related Parties (Non-current)		
Officers and employees	9,165,015,741	3,850,026,982
PT Semen Tiga Roda Prasetya (STRP)	-	17,972,651,983
Total	9,165,015,741	21,822,678,965
Less allowance for doubtful accounts	-	(17,972,651,983)
Net	**9,165,015,741**	**3,850,026,982**
Due to Related Parties (Non-current)		
PT Pama Indo Mining	7,500,993,255	-
Various (each below Rp 1.0 billion)	-	228,621,100
Total	**7,500,993,255**	**228,621,100**
Long-term Debts		
Westdeutsche Landesbank Girozentrale	106,165,968,720	158,720,920,800
WestLB Asia Pacific Ltd., Singapore	18,984,188,340	24,346,389,600
Total	**125,150,157,060**	**183,067,310,400**

The amounts due from officers and employees are being collected through monthly salary deduction.

The changes in the allowance for doubtful accounts are as follows:

	2002	2001
Balance at beginning of year	17,972,651,983	17,972,651,983
Receivables written-off during the year	(17,972,651,983)	-
Balance at end of year	-	**17,972,651,983**

Management has decided to write-off all of the trade and non-trade receivables due from STRP, of which full loss allowance had been provided, since these accounts have been long-outstanding and STRP had already ceased its business activities.

f. The other transactions with associated companies involving amounts over Rp 1 billion are as follows:

	2002	2001
Transportation services		
Stillwater Shipping Corporation	45,771,903,289	45,173,482,086
Purchase of materials		
PT Indominco Mandiri	15,250,194,887	44,844,750,000

(Expressed in Rupiah)

The outstanding payables as of December 31, 2002 and 2001 are as follows:

	2002	2001
Stillwater Shipping Corporation (recorded as part of "Accrued Expenses" account)	2,881,473,722	5,155,202,038
PT Indominco Mandiri (recorded as part of "Trade Payables-Related Parties" account)	1,617,742,080	8,231,706,000

g. The nature of relationship between the Group and the related parties mentioned above is being under common control/ ownership.

6. INVENTORIES

Inventories consist of:

	2002	2001
Finished goods	79,369,841,822	95,840,437,876
Work in-process	143,146,246,942	121,123,657,233
Raw materials	35,359,461,100	23,832,143,248
Fuel and lubricants	114,560,418,847	102,937,109,433
Spare parts	516,174,050,565	492,769,125,591
Materials in-transit and others	1,433,388,983	969,579,005
Total	890,043,408,259	837,472,052,386
Less allowance for obsolescence	(14,171,601,861)	(9,427,169,839)
Net	**875,871,806,398**	**828,044,882,547**

Except for the inventories of DAP, Indomix and PBI amounting to Rp 5.97 billion, all of the inventories are insured against fire and other risks under a combined insurance policy package (see Note 8).

The inventories are used as collateral for long-term debts (see Note 11).

The changes in the allowance for obsolescence are as follows:

	2002	2001
Balance at beginning of year	9,427,169,839	11,421,524,883
Provisions during the year	4,744,432,022	-
Inventories written-off during the year	-	(1,994,355,044)
Balance at end of year	**14,171,601,861**	**9,427,169,839**

Management believes that the above allowance for obsolescence is sufficient to cover any possible losses that may arise from inventories written-down.

(Expressed in Rupiah)

7. LONG-TERM INVESTMENTS AND ADVANCES TO ASSOCIATED COMPANIES

This account consists of long-term investments and advances to certain associated companies. The details of this account are as follows:

	2002			
	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings (Losses) - Net	Carrying Value
Investments in Shares of Stock				
a. Equity Method				
PT Cibinong Center Industrial Estate	50.00	40,124,000,000	(19,691,300,683)	20,432,699,317
Stillwater Shipping Corporation	50.00	105,500,000	18,248,176,492	18,353,676,492
PT Indotek Engico	50.00	500,000,000	11,578,751,171	12,078,751,171
PT Pama Indo Mining	40.00	1,200,000,000	4,952,305,000	6,152,305,000
PT Indo Clean Set Cement	90.00	464,787,500	(464,787,500)	-
PT Indominco Mandiri	35.00	38,493,328,526	(38,493,328,526)	-
b. Cost Method				
Various investees	various	2,799,506,000	-	2,799,506,000
Sub-total		83,687,122,026	(23,870,184,046)	59,816,937,980
Advances				
PT Indo Clean Set Cement				13,789,698,006
Stillwater Shipping Corporation				2,235,000,000
PT Cibinong Center Industrial Estate				545,987,625
PT Indotek Engico				82,834,013
Sub-total				16,653,519,644
Less allowance for doubtful accounts				(13,789,698,006)
Net advances				2,863,821,638
Total				**62,680,759,618**

(Expressed in Rupiah)

	2001			
	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings (Losses) - Net	Carrying Value
Investments in Shares of Stock				
a. Equity Method				
PT Wisma Nusantara International	33.98	93,750,000,000	86,904,250,739	180,654,250,739
PT Cibinong Center Industrial Estate	50.00	40,124,000,000	(11,731,512,796)	28,392,487,204
PT Pioneer Beton Industri	50.00	29,848,810,876	(14,468,240,661)	15,380,570,215
PT Indotek Engico	50.00	500,000,000	11,083,518,766	11,583,518,766
Stillwater Shipping Corporation	50.00	105,500,000	9,822,717,803	9,928,217,803
PT Pama Indo Mining	40.00	1,200,000,000	5,443,132,560	6,643,132,560
PT Indo Clean Set Cement	47.50	464,787,500	(464,787,500)	-
PT Indominco Mandiri	35.00	38,493,328,526	(38,493,328,526)	-
b. Cost Method				
PT Citra Marga Nusaphala Persada Tbk.	8.80	66,023,100,000	-	66,023,100,000
Various investees	various	3,333,364,141	-	3,333,364,141
Sub-total		273,842,891,043	48,095,750,385	321,938,641,428
Advances				
PT Indo Clean Set Cement				13,789,698,006
Stillwater Shipping Corporation				10,400,000,000
PT Indotek Engico				8,251,628,338
PT Cibinong Center Industrial Estate				1,203,160,951
Sub-total				33,644,487,295
Less allowance for doubtful accounts				(13,789,698,006)
Net advances				19,854,789,289
Total				**341,793,430,717**

The principal activities of the above investees are as follows:

Investee	Country of Domicile	Principal Business Activity
PT Cibinong Center Industrial Estate	Indonesia	Development of industrial estates
PT Indotek Engico	Indonesia	Construction, engineering, consultancy and project management
Stillwater Shipping Corporation	Liberia	Shipping
PT Pama Indo Mining	Indonesia	Mining
PT Indo Clean Set Cement	Indonesia	Production of clean set cement
PT Indominco Mandiri	Indonesia	Coal mining
PT Wisma Nusantara International	Indonesia	Hotel operations and office space rental
PT Pioneer Beton Industri	Indonesia	Production of ready mix concrete
PT Citra Marga Nusaphala Persada Tbk.	Indonesia	Operations of toll highways

(Expressed in Rupiah)

The details of equity in net earnings (losses) of associated companies, net of goodwill amortization, for the years ended December 31, 2002 and 2001 are as follows:

	2002	2001
Stillwater Shipping Corporation	8,425,458,689	2,365,395,150
PT Indotek Engico	495,232,405	1,296,229,834
PT Pama Indo Mining	308,770,593	4,281,007,130
PT Cibinong Center Industrial Estate	(7,959,787,887)	3,967,560,704
PT Wisma Nusantara International	(6,573,468,516)	10,676,502,081
PT Pioneer Beton Industri		
(six months in 2002-see Note 2*b*)	(1,660,981,148)	(4,618,416,993)
Total	**(6,964,775,864)**	**17,968,277,906**

a. On September 16, 2002, as part of the Company's effort to reduce its debt, the Company sold its 8.80% ownership in PT Citra Marga Nusaphala Persada Tbk. (CMNP) to Parallax Venture Partners VIII Ltd., at a net proceeds amounting to Rp 57,987,032,360. Loss arising from this transaction amounted to about Rp 8 billion and was charged to current operations. The proceeds was used to buy-back a portion of the Company's debt (see Note 11).

   In 2001, The Company received cash dividend from CMNP amounting to Rp 448,957,080.

b. On October 3, 2002, Indomix, a Subsidiary, entered into a conditional shares sale and purchase agreement (CSSPA), which was amended on December 4, 2002, with PT Indo Tambangraya Megah and PT Centralink Wisesa Internasional for the sale of Indomix's 35% ownership (equivalent to 4,375 shares) in PT Indominco Mandiri (Indominco), an associated company, at an aggregate price amounting to US$ 10,500,000. The above CSSPA is conditional upon, among others, (i) obtaining the approval from certain parties, such as, the government of the Republic of Indonesia, shareholders of Indominco and Indomix, and Indominco's lenders, (ii) obtaining the release of Indomix's and the Company's obligations to the lenders under certain agreements entered among Indominco, PT Indo Tambangraya Megah, Indomix and the Company with Indominco's lenders. The target date of completion is at the beginning of 2003.

c. On December 13, 2002, the Company entered into shares purchase agreement with Guthrie Logistics Private Limited (Guthrie), Singapore, whereby the Company agreed to sell and transfer its 33.98% ownership in PT Wisma Nusantara International (WNI) to Guthrie at an aggregate purchase price amounting to US$ 20,751,000. The agreement will be completed on January 2, 2003. As a result, the Company's ownership in WNI with carrying value amounting to Rp 170,210,782,223 was reclassified to "Short-term Investments" account in the 2002 consolidated balance sheet (see Note 22*a*).

   The Company received cash dividend from WNI amounting to Rp 3,870,000,000 in 2002 and Rp 14,160,000,000 in 2001.

d. Based on the Circular Resolution of Extraordinary General Meeting of Shareholders of PT Indo Clean Set Cement (ICSC) dated June 1, 1998 and May 10, 1998, which were covered by notarial deed No. 9 dated October 24, 2002 of notary Deni Thanur, S.E., S.H., M.Kn., the shareholders approved the sale of 125 shares owned by Ina International Corporation and 300 shares owned by Kawasho Corporation to the Company. After the acquisition, the Company owned 90% of ICSC. The acquisition became effective on October 23, 2002 after obtaining the approval of the Company's creditors. However, the accounts of ICSC were not included in the consolidated financial statements since ICSC has ceased its operations and the effect of ICSC's accounts are immaterial to the consolidated financial statements (see Note 22*b*).

e. In 2002, the Company received cash dividend from PT Pama Indo Mining amounting to Rp 799,598,153.

These consolidated financial statements are originally issued in Indonesian language.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries
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f. Based on notarial deed No. 75 of Aulia Taufani, S.H., dated May 25, 2001, the shareholders of PT Pioneer Beton Industri (PBI) agreed to increase the subscribed and fully paid shares of PBI through the conversion of loans from its shareholders. Accordingly, the Company's advances to PBI amounting to Rp 11,403,653,435 were reclassified to investments in shares of stock as of December 31, 2001.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

	2002			
	Beginning Balance	Additions/* Reclassifications	Disposals/ Reclassifications	Ending Balance
Carrying Value				
Direct Ownership				
Land and land improvements	218,476,787,892	301,565,706	-	218,778,353,598
Leasehold improvements	2,175,946,050	199,656,336	-	2,375,602,386
Quarry	69,700,375,069	726,224,732	-	70,426,599,801
Buildings and structures	2,837,999,300,949	32,795,211,724	-	2,870,794,512,673
Machinery and equipment	6,971,957,619,234	221,299,169,319	3,256,000,021	7,190,000,788,532
Transportation equipment	277,359,182,459	28,766,316,088	2,739,286,311	303,386,212,236
Furniture, fixtures and office equipment	133,498,187,830	22,033,043,794	376,605,957	155,154,625,667
Tools and other equipment	39,987,843,526	4,476,691,315	68,064,352	44,396,470,489
Sub-total	10,551,155,243,009	310,597,879,014	6,439,956,641	10,855,313,165,382
Construction in-progress	231,499,902,084	189,863,123,220	215,076,347,015	206,286,678,289
Total	10,782,655,145,093	500,461,002,234	221,516,303,656	11,061,599,843,671
Accumulated Depreciation, Amortization and Depletion				
Direct Ownership				
Land improvements	16,957,254,368	1,976,007,719	-	18,933,262,087
Leasehold improvements	1,579,291,299	172,843,172	-	1,752,134,471
Quarry	9,691,559,026	1,899,675,996	-	11,591,235,022
Buildings and structures	386,364,468,540	95,283,751,142	-	481,648,219,682
Machinery and equipment	1,304,971,071,051	326,728,408,562	3,268,216,253	1,628,431,263,360
Transportation equipment	215,496,425,669	27,121,005,649	2,436,494,046	240,180,937,272
Furniture, fixtures and office equipment	87,662,045,540	18,535,787,211	368,529,651	105,829,303,100
Tools and other equipment	27,753,106,136	4,083,779,233	58,537,852	31,778,347,517
Total	2,050,475,221,629	475,801,258,684	6,131,777,802	2,520,144,702,511
Net Book Value	**8,732,179,923,464**			**8,541,455,141,160**

* Including the balances of PBI's property, plant and equipment as of July 1, 2002 with carrying value amounting to Rp 24,158,206,847 and accumulated depreciation amounting to Rp 14,793,952,849.

(Expressed in Rupiah)

	2001			
	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Ending Balance
Carrying Value				
Direct Ownership				
Land and land improvements	189,460,726,960	29,061,882,681	45,821,749	218,476,787,892
Leasehold improvements	1,802,700,350	373,245,700	-	2,175,946,050
Quarry	66,787,391,225	2,912,983,844	-	69,700,375,069
Buildings and structures	1,507,854,278,115	1,330,239,181,058	94,158,224	2,837,999,300,949
Machinery and equipment	3,284,127,779,758	3,688,242,733,924	412,894,448	6,971,957,619,234
Transportation equipment	230,315,928,589	50,351,032,205	3,307,778,335	277,359,182,459
Furniture, fixtures and office equipment	107,454,066,827	27,880,960,179	1,836,839,176	133,498,187,830
Tools and other equipment	32,818,089,628	7,410,369,052	240,615,154	39,987,843,526
Sub-total	5,420,620,961,452	5,136,472,388,643	5,938,107,086	10,551,155,243,009
Construction in-progress	4,914,931,498,973	424,006,016,154	5,107,437,613,043	231,499,902,084
Total	10,335,552,460,425	5,560,478,404,797	5,113,375,720,129	10,782,655,145,093
Accumulated Depreciation, Amortization and Depletion				
Direct Ownership				
Land improvements	15,011,604,226	1,945,650,142	-	16,957,254,368
Leasehold improvements	1,480,762,786	98,528,513	-	1,579,291,299
Quarry	7,872,649,182	1,818,909,844	-	9,691,559,026
Buildings and structures	302,268,521,387	84,126,399,984	30,452,831	386,364,468,540
Machinery and equipment	1,025,712,844,368	279,488,633,125	230,406,442	1,304,971,071,051
Transportation equipment	191,950,580,327	25,444,284,111	1,898,438,769	215,496,425,669
Furniture, fixtures and office equipment	75,309,604,866	14,182,892,719	1,830,452,045	87,662,045,540
Tools and other equipment	24,758,319,952	3,208,747,384	213,961,200	27,753,106,136
Total	1,644,364,887,094	410,314,045,822	4,203,711,287	2,050,475,221,629
Net Book Value	**8,691,187,573,331**			**8,732,179,923,464**

Construction in-progress consists of:

	2002	2001
Machineries under installation	138,697,211,238	211,418,430,011
Buildings under construction	55,657,332,620	6,557,270,511
Others	11,932,134,431	13,524,201,562
Total	**206,286,678,289**	**231,499,902,084**

Below is the percentage of completion and estimated completion period of construction in-progress as of December 31, 2002:

	Estimated Percentage of Completion	Estimated Completion Period
Machineries under installation	5 - 82%	1 to 24 months
Buildings under construction	50 - 90	1 to 12 months
Others	50 - 95	3 to 12 months

Property, plant and equipment are used as collateral to secure the long-term debts (see Note 11).

Depreciation, amortization and depletion charges amounted to Rp 461,007,305,835 in 2002 and Rp 410,314,045,822 in 2001.

The Group insures its property, plant and equipment and inventories against losses from fire and other insurable risks under several combined policies, with insurance coverage totaling Rp 147,526,434,967 and US$ 2,855,966,907 as of December 31, 2002. In management's opinion, the said amounts of insurance coverage are adequate to cover any possible losses that may arise from such risks.

Based on the review conducted, management believes that there is no potential impairment in values of the assets stated in the consolidated financial statements.

In April 2002, the Company's conveyor belt in Citeureup plant site totaling around 3,500 meters was burnt due to a riot. Loss arising from this incident amounted to Rp 2.31 billion (net of the damage claims from the insurance company) and was charged to 2002 operations.

Financing costs capitalized in 2001 to construction in-progress for those assets that have been reclassified to the appropriate property, plant and equipment accounts in April 2001 amounted to Rp 59,592,647,231.

The Group owns building/construction rights or "Hak Guna Bangunan" (HGB), land use rights or "Hak Pakai" (HP) and land ownership or "Hak Milik" (HM) covering approximately 3,089.11 hectares of land, and local mining rights or "Surat Izin Penambangan Daerah" (SIPD) covering approximately 11,022.05 hectares of land at several locations in Indonesia, with legal terms ranging from 5 to 30 years. Management believes that such titles of land right ownerships can be extended upon their expiration.

As of December 31, 2002, the titles of ownership on the Company's land rights covering a total area of approximately 1,569,380 square meters are still in process. In addition, the Company is also in the process of acquiring land rights, covering a total area of approximately 4,904,314 square meters. As of December 31, 2002, the total cumulative expenditures incurred relating to the said land rights acquisition amounted to Rp 54,290,462,765, which is recorded as part of "Other Non-Current Assets - Others (Net)" account in the consolidated balance sheets.

The Company made advance payments for the purchase of certain machinery and equipment from several suppliers. The outstanding balances of the purchase advances as of December 31, 2002 and 2001 amounted to Rp 19,426,222,816 and Rp 34,499,293,135, respectively, and are presented as part of "Other Non-Current Assets - Others (Net)" account in the consolidated balance sheets.

On the other hand, the unpaid balances to contractors and suppliers regarding the construction, purchase, repairs and maintenance of property, plant and equipment amounting to Rp 14,231,036,973 and Rp 22,189,245,121 as of December 31, 2002 and 2001, respectively, are recorded as part of "Other Payables - Third Parties" in the consolidated balance sheets.

(Expressed in Rupiah)

9. TRADE PAYABLES

This account consists of the following:

	2002	2001
Third Parties		
Cement Business and Ready Mix		
Concrete Business		
Rupiah accounts	116,170,726,783	101,269,866,904
US Dollar accounts (US$ 437,806 in 2002 and US$ 227,376 in 2001)	3,913,985,909	2,357,522,518
Other foreign currencies	7,542,213,602	25,539,939,031
Sub-total	127,626,926,294	129,167,328,453
Other Businesses	99,101,879	13,091,077
Total-Third Parties	127,726,028,173	129,180,419,530
Related Parties - Cement Business	2,885,716,080	19,460,586,872
Total Trade Payables	**130,611,744,253**	**148,641,006,402**

The details of trade payables based on their currency denominations and their aging schedules as of December 31, 2002 are as follows:

	Rupiah	Foreign Currencies (In Equivalent Rupiah)	Total
Current	17,203,299,694	-	17,203,299,694
Overdue:			
1 - 30 days	46,159,638,932	2,404,896,537	48,564,535,469
31 - 60 days	44,976,807,304	1,459,312,365	46,436,119,669
61 - 90 days	6,165,558,535	7,591,990,609	13,757,549,144
Over 90 days	4,650,240,277	-	4,650,240,277
Total	**119,155,544,742**	**11,456,199,511**	**130,611,744,253**

The above trade payables arose mostly from purchases of raw materials and other inventories. The main suppliers of the Company are as follows:

Supplier	Materials Supplied
Topniche	Gypsum
PT Baramulti Sugih Sentosa (formerly PT Baramulti Suksessarana)	Coal
PT Indominco Mandiri	Coal
PT Bahari Cakrawala Sebuku	Coal
PT Adaro Indonesia	Coal
RHI A.G.	Firebricks
Refratechnik GmbH	Firebricks
Pertambangan Minyak dan Gas Bumi Negara (PERTAMINA)	Fuel
PT Sumberkencana Ekspressindo	Iron Sand and Silica Sand
Magotteaux Co. Ltd.	Steel Ball
Billerud AB.	Kraft Paper
Frantschach Pulp & Paper Sweden	Kraft Paper

(Expressed in Rupiah)

The Company made advance payments to several foreign suppliers for the purchase of certain inventories. The outstanding balances of the purchase advances as of December 31, 2002 and 2001 amounted to Rp 44,660,405,544 and Rp 14,771,992,075, respectively, and are presented as part of "Advances and Deposits" account in the consolidated balance sheets.

10. TAXATION

a. Taxes Payable

The taxes payable account consists of:

	2002	2001
Income taxes		
Article 21	9,774,366,443	12,076,015,839
Article 22	385,262,103	398,815,337
Article 23	822,066,064	1,344,104,863
Article 25	415,949,445	447,271,767
Article 26	5,459,734,813	6,526,981,168
Article 29/Corporate income tax	-	36,766,945
Value added tax	11,485,570,410	6,190,023,495
Total	**28,342,949,278**	**27,019,979,414**

(Expressed in Rupiah)

b. Income Taxes

A reconciliation between income (loss) before provision for (benefits from) income tax and extraordinary item, as shown in the consolidated statements of income, and estimated taxable income (fiscal loss) for the years ended December 31, 2002 and 2001 is as follows:

	2002	2001
Income (loss) before provision for (benefits from) income tax and extraordinary item per consolidated statements of income	1,441,025,860,166	(106,049,419,052)
Extraordinary item	23,854,388,034	-
Add (deduct):		
Income of Subsidiaries before provision for income tax - net	(28,219,321,416)	(37,300,039,759)
Net income of Other Businesses already subjected to final tax	(11,509,548,192)	(17,477,551,649)
Income (loss) before provision for (benefits from) income tax after extraordinary item attributable to the Company	1,425,151,378,592	(160,827,010,460)
Add (deduct):		
Temporary differences		
Depreciation of property, plant and equipment	(333,573,883,607)	(291,478,925,461)
Allowances for doubtful accounts and inventory obsolescence	4,569,378,644	(116,034,320)
Others	3,268,168,067	(1,143,267,655)
	(325,736,336,896)	(292,738,227,436)
Permanent differences		
Receivables written off during the year	(70,852,795,466)	-
Non-deductible expenses		
Employees' benefits	29,757,283,432	30,438,238,935
Donations	8,779,784,631	8,378,281,010
Public relations	5,789,889,381	7,325,243,787
Stock issuance cost	-	(32,584,707,714)
Others	1,553,652,024	7,125,219,497
	(24,972,185,998)	20,682,275,515
Equity share in net earnings (losses) of associated companies-net	12,173,877,701	(20,070,024,951)
Loss on sale of investments in shares of stock	8,036,067,640	-
Income already subjected to final tax	(28,059,453,331)	(21,562,654,233)
Dividends	-	(448,957,080)
Estimated taxable income (fiscal loss) of the Company - current year	1,066,593,347,708	(474,964,598,645)
Estimated tax loss carryforward from prior year	(3,544,819,533,375)	(3,096,607,245,874)
Tax corrections	-	26,752,311,144
Estimated tax loss carryforward - end of year	**(2,478,226,185,667)**	**(3,544,819,533,375)**

(Expressed in Rupiah)

Under existing tax regulations, the tax loss carryforward can be utilized within 5 (five) fiscal years from the date the tax loss is incurred.

The details of provision for income tax (current and deferred) are as follows:

	2002	2001
Provision for income tax - current		
Company	-	-
Subsidiaries	416,706,500	8,954,367,500
Total provision for income tax - current	416,706,500	8,954,367,500
Provision for (benefits from) income tax - deferred		
Company		
Estimated taxable income (fiscal loss) - net of tax corrections for prior year in 2001	319,978,004,312	(135,332,356,655)
Depreciation and gain/loss on sale of property, plant and equipment	100,072,165,082	88,312,348,042
Allowances for doubtful accounts and inventory obsolescence	(1,370,813,593)	34,810,296
Reversal of deferred tax liabilities from merged subsidiaries	-	(4,834,944,670)
Others	(980,450,420)	342,980,297
Sub-total	417,698,905,381	(51,477,162,690)
Subsidiaries	5,717,241,089	(397,629,947)
Net provision for (benefits from) income tax - deferred	423,416,146,470	(51,874,792,637)
Provision for (benefits from) Income Tax per Consolidated Statements of Income		
Current	416,706,500	8,954,367,500
Deferred	423,416,146,470	(51,874,792,637)
Net	**423,832,852,970**	**(42,920,425,137)**

The provision for (benefits from) income tax per consolidated statements of income were presented under the following accounts:

	2002	2001
Provision for (benefits from) income tax	416,676,536,560	(42,920,425,137)
Extraordinary item	7,156,316,410	-
Total	**423,832,852,970**	**(42,920,425,137)**

(Expressed in Rupiah)

The reconciliation between the net provision for (benefits from) income tax, calculated by applying the applicable tax rate to the taxable income (fiscal loss) before net provision for (benefits from) income tax and after extraordinary item, and the net provision for (benefits from) income tax as shown in the consolidated statements of income for the years ended December 31, 2002 and 2001 is as follows:

	2002	2001
Income (loss) before net provision for (benefits from) income tax and extraordinary item per consolidated statement of income	1,441,025,860,166	(106,049,419,052)
Extraordinary item	23,854,388,034	-
Income (loss) before net provision for (benefits from) income tax and after extraordinary item	1,464,880,248,200	(106,049,419,052)
Provision for (benefits from) income tax at the applicable rate	433,994,742,778	(41,060,471,717)
Tax effect on permanent differences (mainly consisting of receivables written-off in 2002, employees' benefits, donations and public relations expenses)	(6,121,431,846)	7,116,670,515
Equity share in net earnings (losses) of associated companies - net	4,125,229,708	(4,635,482,387)
Loss on sale of investments in shares of stock	2,410,820,292	-
Income already subjected to final tax	(10,576,507,962)	(7,872,051,153)
Dividends	-	(134,687,124)
Tax corrections	-	8,529,736,096
Reversal of deferred tax liabilities from merged subsidiaries	-	(4,834,944,670)
Others	-	(29,194,697)
Net provision for (benefits from) income tax per consolidated statements of income	**423,832,852,970**	**(42,920,425,137)**

These consolidated financial statements are originally issued in Indonesian language.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002
With Comparative Figures for 2001
(Expressed in Rupiah)

The calculation of estimated corporate income tax payable (claims for tax refund) is as follows:

	2002	2001
Provision for Income Tax - current		
Company	-	-
Subsidiaries	416,706,500	8,954,367,500
Total	416,706,500	8,954,367,500
Prepayments of Income Tax		
Company	10,372,367,241	13,577,441,171
Subsidiaries	13,433,958,188	8,917,600,555
Total	23,806,325,429	22,495,041,726
Estimated Claims for Tax Refund - Presented as part of "Prepaid Taxes" account in the consolidated balance sheets		
Company		
2002	10,372,367,241	-
2001	13,577,441,171	13,577,441,171
Subsidiaries	13,017,251,688	-
Total	36,967,060,100	13,577,441,171
Estimated Corporate Income Tax Payable		
Subsidiary	**-**	**36,766,945**

As of the independent auditors' report date, the Company has not yet submitted its 2002 income tax return, however, management believes that its 2002 income tax return will be prepared based on the computation as stated above. On the other hand, the Company's estimated fiscal loss for 2001, as stated above, conforms with the related amount reported in its 2001 income tax return.

As of the independent auditors' report date, the Tax Office is still in the process of auditing the Company's 2001 records.

In September 2001, the Company received the decision letter from the Tax Office with respect to its income tax and fiscal loss in 2000. Based on the decision letter, the fiscal loss for 2000 amounted to Rp 1,346,169,342,001. The difference amounting to Rp 26,752,311,144 between the amounts agreed by the Tax Office and the Company's calculation was recognized as a reduction from the Company's tax loss carryforward in 2001. Moreover, the Tax Office also approved the Company's 2000 claim for tax refund amounting to Rp 11,316,783,175 (after offsetting the Company's additional taxes and penalties).

On July 4, 2001, the Tax General Director approved the merger of the Company with PT Indocement Investama (Investama) and PT Indo Kodeco Cement (IKC) by using the net book value of the assets (see Note 12).

During 1999 up to the early part of 2000, the Company also received several tax assessments, whereby, according to the Tax Office, the Company has to pay penalties totaling Rp 6,967,452,371. Out of the said total amount of assessments, Rp 5,502,658,681 were contested by the Company, while the remaining balance was directly charged off to operations in 2000. The said contested amount is presented as part of "Other Receivables - Third Parties" in the consolidated balance sheets. As of the independent auditors' report date, the said contested tax assessments are still in process in the Supreme Court.

The deferred tax effects of the significant temporary differences between commercial and fiscal reporting are as follows:

	2002	2001
Deferred Tax Assets		
Company		
Fiscal loss carryforward	744,339,526,105	1,064,317,530,417
Allowances for doubtful accounts and inventory obsolescence	4,289,092,454	2,918,278,861
Sub-total	748,628,618,559	1,067,235,809,278
Subsidiaries	3,308,435,496	9,406,789,059
Total	751,937,054,055	1,076,642,598,337
Deferred Tax Liabilities		
Company		
Property, plant and equipment	435,409,806,254	335,337,641,172
Others	448,211,619	1,428,662,039
Sub-total	435,858,017,873	336,766,303,211
Subsidiaries	-	381,112,474
Total	435,858,017,873	337,147,415,685
Deferred Tax Assets - Net		
Company	312,770,600,686	730,469,506,067
Subsidiaries	3,308,435,496	9,025,676,585
Total	**316,079,036,182**	**739,495,182,652**

Management believes that the above deferred tax assets can be fully recovered through future taxable income.

11. LONG-TERM DEBTS

This account consists of:

	2002	2001
Long-Term Debts		
Third Parties		
In Rupiah	152,257,123,190	212,788,814,295
In US Dollar	4,148,798,240,010	5,241,077,271,350
In Japanese Yen	2,871,210,243,770	3,146,304,573,635
Total - Third Parties	7,172,265,606,970	8,600,170,659,280
Related Parties		
In US Dollar	125,150,157,060	183,067,310,400
Total	7,297,415,764,030	8,783,237,969,680
Less portions currently due	299,490,000,000	357,462,400,088
Long-term portion	**6,997,925,764,030**	**8,425,775,569,592**

(Expressed in Rupiah)

The balances of the above loans in their original currencies are as follows:

		2002*		2001*
Third Parties				
PT Bank Central Asia Tbk. (BCA)	Rp	90,334,470,920	Rp	119,005,477,855
PT Bank Mandiri (Persero)	Rp	42,964,797,878	Rp	67,756,660,584
JPMorgan Europe Ltd., London (formerly The Chase Manhattan International)	Rp	18,957,854,392	RP	26,026,675,856
Marubeni Corporation, Tokyo	¥	30,596,467,260	¥	30,598,718,936
Japan Bank for International Corporation, Tokyo (formerly The Export-Import Bank of Japan)	¥	7,485,567,503	¥	9,149,029,503
JPMorgan Chase Bank, NY IBF (formerly The Chase Manhattan Bank, New York International Banking Facility)	US$	157,917,189	US$	169,731,627
Deutsche Bank AG, London	US$	60,706,948	US$	-
Mizuho Corporate Bank, Ltd., Singapore Branch (formerly The Fuji Bank Ltd. - Singapore Branch)	US$	41,961,459	US$	55,092,729
Salomon Brothers Holding Company Inc., USA	US$	23,531,788	US$	-
BNP Paribas, Singapore Branch	US$	18,967,651	US$	19,927,062
Mizuho Asset Trust & Banking Co., Ltd., Tokyo (formerly The Yasuda Trust & Banking Co., Ltd.)	US$	18,176,135	US$	19,648,041
Credit Industriel et Commercial, Singapore	US$	14,086,377	US$	-
Avenue Asia Special Situations Fund II, LP, USA	US$	13,853,518	US$	-
Kawasaki Heavy Industries Limited, Tokyo	US$	12,611,947	US$	13,123,108
Merrill Lynch JPNDC Inc., Tokyo	US$	11,617,624	US$	-
Credit Suisse First Boston Int'l, London	US$	11,506,542	US$	-
Bank of America NT and SA, Taipe	US$	-	US$	106,602,908
The Mitsubishi Trust & Banking Corporation, Singapore	US$	-	US$	24,880,192
Korea Exchange Bank, Singapore Branch	US$	-	US$	19,684,147
The Sumitomo Trust & Banking Company, Singapore Branch	US$	-	US$	10,190,560
Other creditors (each below US$ 10 million)	US$	79,134,214	US$	65,069,364
Related Parties				
Westdeutsche Landesbank Girozentrale, Tokyo Branch	US$	11,875,388	US$	12,356,697
WestLB Asia Pacific Ltd., Singapore	US$	2,123,511	US$	2,340,999
Westdeutsche Landesbank Girozentrale, Singapore Branch	US$	-	US$	2,904,930
Total	**Rp**	**152,257,123,190**	**Rp**	**212,788,814,295**
	¥	**38,082,034,763**	**¥**	**39,747,748,439**
	US$	**478,070,291**	**US$**	**521,552,364**

* Based on the confirmation from JPMorgan Chase Bank in 2002 and BA Asia Limited in 2001, as the facility agents.

(Expressed in Rupiah)

The interest rates per annum used for the above indebtedness are as follows:

	2002	2001
Rupiah	15.00% - 16.06%	15.19% - 16.81%
US Dollar	2.30% - 4.20%	4.26% - 8.75%
Japanese Yen	1.00% - 4.72%	1.00% - 4.10%

In 2000, the Company and IKC successfully concluded their debt restructuring negotiations with their lenders covering all of their outstanding short-term and long-term bank loans, including their payables to Marubeni and Kawasaki, by signing a "Master Facility Agreement" (MFA). The MFA provides for, among others, the agreed new terms relating to the conditions precedent to restructuring date, mechanism, amounts and schedules of loan installment repayments, collateral, interest rates, restrictions on granting of guarantees or loans, issuance of warrants to the lenders, restrictions on issuance of new shares or other securities, restrictions on declarations and payments of cash dividends without prior written consent from the creditors, restrictions on capital expenditures, appointment of monitoring accountants, determination and transfer of surplus cash, and restrictions on derivative transactions.

Under the MFA, the Company, IKC and all the lenders appointed BA Asia Limited (BAAL) to act as the Facility Agent, JPMorgan Chase Bank (formerly The Chase Manhattan Bank), Jakarta Branch to act as the Security and Escrow Agent, and The Bank of America N.A., JPMorgan Chase Bank, The Fuji Bank, Limited and BNP Paribas to compose the Monitoring Committee. In April 2002, the Company received a letter from BAAL regarding the resignation of BAAL and The Bank of America N.A. as part of the Monitoring Committee, and their replacement by Marubeni Corporation. Also, in December 2002, the Company was notified by JPMorgan Chase Bank that starting on December 10, 2002, the role of Facility Agent had been transferred from BAAL to JPMorgan Chase Bank.

The MFA also requires the Company to:

- establish and maintain escrow accounts with JPMorgan Chase Bank. Usages or withdrawals of funds from these escrow accounts shall be subjected to strict monitoring and review by the monitoring accountants; and

- maintain the aggregate balance of all other current bank accounts (other than the current bank accounts agreed by the lenders) at an amount not exceeding the working capital buffers as defined in the MFA.

In compliance with the above requirements, the Company opened and maintains eleven (11) escrow accounts with JPMorgan Chase Bank. The balances of deposits maintained in such escrow accounts equivalent to Rp 583,895,812,471 (consist of Rp 188,955,597, US$ 56,844,607 and JP¥ 1,001,600,452) as of December 31, 2002; and equivalent to Rp 432,082,428,708 (consist of Rp 8,991,476,749, US$ 40,673,185 and JP¥ 1,134,792) as of December 31, 2001 which are presented as part of "Other Non-current Assets - Restricted Cash and Cash Equivalents" in the consolidated balance sheets.

Furthermore, as stated in the MFA, the loan repayment installments would be as follows:

(i) Fixed quarterly installment payments amounting to US$ 5,250,000 in 2002; US$ 19,750,000 in 2003; US$ 39,000,000 in 2004; US$ 59,750,000 in 2005; US$ 64,250,000 in 2006; US$ 50,500,000 in 2007; and US$ 11,500,000 in 2008 (as the final quarterly installment payment). The first quarterly installment was due on April 20, 2002.

(ii) Quarterly payments equal to the amount of cash available in the above-mentioned escrow accounts after the payments or applications required under the MFA.

The Company was also provided with an option to amend certain terms and conditions of the MFA, if the Company could achieve certain financial conditions as stipulated in the MFA before December 31, 2003. Under such MFA provisions, the Company, among others, could opt to repay the aggregate amount of the outstanding loans in sixteen (16) equal quarterly installments, avail of a lower interest margin, and terminate the cash sweep mechanism.

As specified in the MFA, the restructured loans are secured/collateralized by the following:

- All of the above-mentioned escrow accounts maintained at JPMorgan Chase Bank, including all time deposit and demand deposit placements obtained from the funds in the escrow accounts;
- All receivables of the Company;
- All land, buildings, site improvements and other fixtures owned by the Company except for:
  - Cement plants 6, 7 and 8, including their supporting facilities and land.
  - Land for cement plant 1 and 2.
  - Quarry and its expansion for the Citeureup cement plants, including the land located within Kecamatan Citeureup, Cileungsi, Cibadak and Jonggol;
- Fiduciary transfers of all proprietary rights over the inventories, and plant and equipment owned by the Company, including the related insurance coverage and/or proceeds from insurance recoveries;
- Pledge of the shares of Indomix and DAP.

Upon HC becoming a shareholder of the Company as discussed in Note 12c, the Post HZ Entry Master Facility Agreement (HZMFA), which is a modification of the MFA, has become effective (see Notes 12*a* and 12*b*).

Due to the effectiveness of HZMFA:

(a) The repayment installment schedule was revised as follows:

(i) Fixed quarterly installment payments amounting to US$ 10,500,000 in 2002; US$ 33,500,000 in 2003; US$ 58,750,000 in 2004; US$ 78,500,000 in 2005; US$ 84,500,000 in 2006; US$ 87,250,000 in 2007; and US$ 22,000,000 in 2008 (as the final quarterly installment payment). The first quarterly installment was due on April 20, 2002.

(ii) Quarterly payments equal to the amount of cash available in the above mentioned escrow accounts after the payments or applications required under the MFA.

(b) The unpaid interest obligations, which had been capitalized as part of the principal amounts as of December 29, 2000 should be treated back as “Accrued Interest Facility” and to be repaid on December 31, 2002. The “Accrued Interest Facility”, which was presented as part of “Current Maturities of Long-term Debts” account in the 2001 consolidated balance sheet amounting to US$ 15,228,786, Rp 54,633,045,071 and JP¥ 387,509,059, had been repaid in 2002.

(c) Certain clauses of the original MFA were amended. For instance, if the Company has achieved certain financial criteria, control of the creditor will be reduced on certain aspects, interest rate will not be stepping-up and there will be no more budget control to be applied by the monitoring accountant.

Total repayment installment equivalent to Rp 324,969,640,657 (including repayment of “Accrued Interest Facility” equivalent to Rp 218,166,193,086) in 2002 and Rp 112,916,259,691 in 2001.

Total interest payments made by the Company through its escrow accounts equivalent to Rp 321,604,987,796 (consist of US$ 22,445,093, JP¥ 1,169,440,960 and Rp 33,008,176,317) in 2002 and equivalent to Rp 453,502,684,574 (consist of US$ 33,317,649, JP¥ 988,264,040 and Rp 28,819,640,088) in 2001, while the unpaid interest charges amounting to Rp 53,795,883,779 and Rp 66,624,871,482 as of December 31, 2002 and 2001, respectively, are presented as part of “Accrued Expenses” in the consolidated balance sheets.

(Expressed in Rupiah)

Also, as mentioned in HZMFA, the excess money in escrow accounts after the installment loan repayments plus interest payments should be used as the early repayment of the debt (prepayment) with the maximum annual prepayment amounting to US$ 27,000,000 in 2002; US$ 25,500,000 in 2003; US$ 28,500,000 in 2004; US$ 21,500,000 in 2005; US$ 16,500,000 in 2006; and US$ 24,000,000 in 2007. Total prepayments made in 2002 amounted to US$ 19,254,411.57 (equivalent to Rp 175,019,476,495).

Any excess fund available in the escrow accounts after the above maximum annual prepayment will be used for debt buy-back.

In November 2002, the Company bought-back a portion of its restructured debt amounting to US$ 8,945,634 from the creditors at a discount of US$ 2,583,601 (equivalent to Rp 23,854,388,034 - before tax). Such discount was recognized as income and presented as an “Extraordinary Item” in the 2002 consolidated statement of income.

As of December 31, 2001, DAP had outstanding loan payable to The Chase Manhattan Bank amounting to US$ 440,000 and has been repaid in 2002.

12. CAPITAL STOCK

The details of share ownership based on records maintained by the share registrar as of December 31, 2002 and 2001 are as follows:

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
Kimmeridge Enterprise Pte., Ltd., Singapore	2,271,259,197	61.70%	1,135,629,598,500
Government of the Republic of Indonesia	621,128,380	16.87	310,564,190,000
PT Mekar Perkasa	495,703,892	13.47	247,851,946,000
Public and cooperatives	293,132,050	7.96	146,566,025,000
Total	**3,681,223,519**	**100.00%**	**1,840,611,759,500**

The Company’s shares are listed in the Jakarta and Surabaya Stock Exchanges.

a. Based on the EGMS held on October 20, 2000, which was covered by notarial deed No. 419 of Amrul Partomuan Pohan, S.H., of the same date, the shareholders approved the following, among others:

1) Merger of Investama, IKC and the Company, in which the Company becomes the surviving entity.

2) Issuance of new Company shares to the following without pre-emptive rights, pursuant to BAPEPAM Regulation No. IX.D.4, under the framework of conversion of debt into equity of the Company (debt-to-equity swap):

(i) Marubeni Corporation (Marubeni)
Equivalent number of shares of the outstanding demand/accounts receivable of Marubeni from the Company amounting to US$ 26,212,325 using a conversion rate of Rp 3,600 per share. The exchange rate to be used in translating the said US dollar denominated receivables of Marubeni from the Company for purposes of the said debt-to-equity swap could be the prevailing exchange rate either at the effective date of the debt restructuring or at any other date as may be agreed upon by Marubeni and the Board of Directors of the Company.

(ii) The Creditors of the Company
The issuance of new shares of the Company to its creditors shall be made in case of any delay by the Company in the payment of interest due on the restructured loans at the end of the fourth year from the effective date of the debt restructuring, provided that the creditors demand and require such unsettled amount of interest obligations to be capitalized and converted into equity through the issuance of an equivalent number of shares of the Company. The number of new shares to be issued by the Company under this condition shall have the same value as the total amount of unsettled interest obligations of the Company to its creditors.

3) Issuance of warrants without pre-emptive rights to the creditors of the Company after the merger pursuant to the A Terms and B Terms (HZMFA) of the debt restructuring.

A Terms
On the effective date of the debt restructuring, the Company will issue Warrant A and Warrant B without pre-emptive rights to its creditors, which will give the holders the right to subscribe for the shares of the Company up to a maximum of combined equity interest of 8% (4% for all of the holders of Warrant A and 4% for all the holders of Warrant B) of the total number of subscribed and fully paid-up shares of the Company on a fully diluted basis. Each holder of one (1) Warrant A or the holder of one (1) Warrant B will be entitled to subscribe for one (1) registered share of the Company having a nominal value of Rp 500 per share at the realization price of Rp 3,600 per share. The period of realization of Warrant A shall be from two (2) years up to four (4) years and nine (9) months after the effective date of the debt restructuring or it may immediately be carried out in case of the following events, whichever is earlier:

(i) HeidelbergCement (formerly Heidelberger Zement A.G (HZ)) (HC), directly or indirectly, does not become a strategic investor of the Company within a period of twelve (12) months after the effective date of the debt restructuring; or

(ii) HC, directly or indirectly, cancels its plan to become a strategic investor of the Company prior to the above mentioned twelve (12) months period.

Warrant B will be saved in an escrow account until the matters mentioned in points (i) or (ii) above occur. The period of realization of Warrant B is five (5) years and three (3) months after the date of listing of the said warrants in the stock exchange. However, if within a period of twelve (12) months after the effective date of the debt restructuring, as described in point (i) above, HC, directly or indirectly, enters to become a shareholder of the Company, Warrant B will become null and void and shall not be realized.

HZMFA
In case HC enters effectively as a shareholder of the Company, the latter will issue a certain number of additional Warrant A at a fixed realization price of Rp 3,600 per share. The holders of Warrant A shall still be entitled to subscribe for the shares of the Company up to a maximum of combined equity interest of 4% of the total number of subscribed and fully paid-up shares of the Company on a fully diluted basis, after giving effect to the conversion by HC of the portion of the Company's debts that HC will purchase from creditors amounting to US$ 150,000,000 into equity of the Company (see Note 11).

4) Approval for the action of the Board of Directors of the Company to pledge, as security or collateral in favor of the creditors, the substantial portion of the Company's existing property as well as those to be owned by the Company after the merger under the framework of the debt restructuring.

In relation to the above, on December 29, 2000, the Company executed, among others, the following:

- Merged the Company with Investama and IKC in which the Company became the surviving entity.
- Issued 69,863,127 common shares to Marubeni as a result of the conversion into equity of the latter's receivable from the Company (debt-to-equity swap).
- Issued 108,013,759 Warrant A and 108,013,759 Warrant B to the Company's creditors.

b. Based on the EGMS held on March 29, 2001, which was covered by notarial deed No. 121 of Dr. Irawan Soeredjo, S.H., MSI, the shareholders approved the following:

1. Planned rights issue with pre-emptive rights with the following terms and conditions:

(i). The total number of new shares to be issued shall be a maximum of 1,895,752,069 shares, with par value of Rp 500 per share;

(ii). All shareholders whose names are registered in the records maintained by the share registrar as of 16 : 00 hours on April 16, 2001 shall receive 0.763088 pre-emptive right for every one (1) existing share they held, which will entitle them to subscribe for one (1) new share of the Company for every one (1) right held. The share subscription shall be fully paid upon the exercise of the rights; and

(iii). Warrant C shall be issued to the shareholders who did not exercise their pre-emptive rights until the designated fixed date. In this manner, no shareholder can subscribe for additional pre-emptive rights.

Warrant C has two years exercise period with an exercise price of Rp 1,200 per share for the first year and Rp 1,400 for the second year.

2. Payment by HC for exercising the rights is through the compensation of the Company's debt to HC.

Also, the EGMS stated that:

(i) HC will purchase 477,258,234 shares of the Company owned by Indonesian Bank Restructuring Agency (IBRA) and PT Holdiko Perkasa (Holdiko), former shareholder, four days before the first day of the trading period of the pre-emptive rights (April 24, 2001).

(ii) PT Mekar Perkasa (MP) and PT Kaolin Indah Utama (KIU), former shareholders, will transfer all of their pre-emptive rights to HC and HC will exercise these rights, including the pre-emptive rights from the shares to be purchased from IBRA and Holdiko.

(iii) The payment by HC for exercising a total of 1,196,874,999 pre-emptive rights will be done through the compensation of the Company's debt to HC amounting to US$ 150 million (principal plus interest), using the exchange rate of Rp 9,575 to US$ 1. Such debt had been acquired by HC from creditors through its nominee.

(iv) After HC exercised its pre-emptive rights, HC will also acquire a portion of the Company shares owned by MP and KIU, which will be done two days after the first day of the trading period of the pre-emptive rights.

(v) Also, the Government of the Republic of Indonesia (GoI) has offered a "put option" to HC for 143,241,666 Company shares owned by GoI. The put option can be exercised by HC two years after the acquisition of the shares of the Company owned by MP and KIU.

Total rights that had been exercised during the subscription period totaled 1,196,907,072 shares whereby 1,196,874,999 shares were subscribed by Kimmeridge Enterprise Pte., Ltd., an HC subsidiary, through debt conversion of US$ 149,886,295, and the balance of 32,073 shares were exercised by public shareholders.

The remaining unexercised rights were converted into Warrant C and based on the Notice from the Jakarta Stock Exchange, the final allotment of Warrant C issued to the shareholders who did not exercise their rights were 698,844,482 warrants.

(Expressed in Rupiah)

c. Relative to the above, on April 18, 2001, Kimmeridge Enterprise Pte., Ltd. acquired 158,550,396 Company shares owned by IBRA and 318,707,838 Company shares owned by Holdiko. Also, on April 26, 2001, Kimmeridge Enterprise Pte., Ltd. acquired 597,125,964 Company shares owned by MP and KIU. After these acquisitions and exercise of rights, through debt conversion of US$ 149,886,295, Kimmeridge Enterprise Pte., Ltd. now owns 2,271,259,197 Company shares.

   Upon HC becoming the shareholder of the Company on April 26, 2001, the B Terms Debt Restructuring (HZMFA) has automatically became effective, hence, the issued Warrant B as mentioned above was automatically voided and cancelled, while for Warrant A, the Company issued additional (top-up) 45,369,218 warrants.

d. As of December 31, 2002 and 2001, the types and numbers of Company warrants issued and outstanding are as follows:

Warrant A	153,382,977
Warrant C	698,844,482
Total	**852,227,459**

   All of the above warrants, which are issued at no cost, are naked warrants and listed in the Jakarta Stock Exchange and Surabaya Stock Exchange.

13. ADDITIONAL PAID-IN CAPITAL

This account represents the excess of the amounts received and/or the carrying value of converted debentures and bonds over the par value of the shares issued after offsetting all the expenses related to the issuance of equity securities.

14. OTHER PAID-IN CAPITAL

This account represents the foreign exchange differential arising from the difference between the agreed exchange rate for the conversion of the foreign currency debentures into equity and the exchange rate at the date of the transaction.

15. RETAINED EARNINGS

In compliance with the new Corporate Law No. 1, Year 1995 dated March 7, 1995, which requires companies to set aside, on a gradual basis, an amount equivalent to at least 20% of their subscribed capital as general reserve, the shareholders approved the partial appropriations of the Company's retained earnings as general reserve during their annual general meetings held on June 24, 1997 and June 25, 1996 in the amount of Rp 25 billion each.

16. SEGMENT INFORMATION

For management purposes, the Group's businesses are grouped into three major operating businesses: Cement, Ready Mix Concrete and Other Businesses. These operating businesses are used as basis for reporting of business segment information.

The main activities of each operating business are as follows:

Cement	:	Produce and sell several types of cement
Ready Mix Concrete	:	Produce and sell ready mix concrete
Other Businesses	:	Building rental services, hotel and investing activity

These consolidated financial statements are originally issued in Indonesian language.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries

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The Group's business segment information is as follows:

2002	Cement	Ready Mix Concrete	Other Businesses	Elimination	Consolidation
Revenues					
Sales to external customers	3,822,106,837,642	114,860,205,748	11,315,462,543	-	3,948,282,505,933
Inter-segment sales	31,313,388,682	-	15,880,999,150	(47,194,387,832)	-
Total Revenues	**3,853,420,226,324**	**114,860,205,748**	**27,196,461,693**	**(47,194,387,832)**	**3, 948,282,505,933**
Results					
Segment Result	1,448,552,099,453	1,300,050,753	4,390,702,729	1,783,850,735	1,456,026,703,670
Equity in Net Losses of Associated Companies - Net	-	-	(6,964,775,864)	-	(6,964,775,864)
Others	-	-	(8,036,067,640)	-	(8,036,067,640)
Provision for Income Tax - Net					(416,676,536,560)
Extraordinary Item					16,698,071,624
NET INCOME					**1,041,047,395,230**
Assets and Liabilities					
Segment Assets	10,852,283,127,282	107,211,576,338	256,409,670,863	(166,826,423,711)	11,049,077,950,772
Long-term Investment and Advances to Associated Companies - Net	-	-	62,680,759,618	-	62,680,759,618
Deferred Tax Assets and Prepayment for Income Tax	350,183,236,614	2,862,859,668	-	-	353,046,096,282
Total Assets	11,202,466,363,896	110,074,436,006	319,090,430,481	(166,826,423,711)	11,464,804,806,672
Segment Liabilities	7,796,225,197,741	174,311,490,240	7,809,002,522	(333,681,384,237)	7,644,664,306,266
Capital Expenditure	251,250,279,494	1,166,018,326	9,256,885,969	-	261,673,183,789
Depreciation, Amortization and Depletion Expenses	451,541,689,839	3,338,311,119	6,127,304,877	-	461,007,305,835
Non-Cash Expenses Other than Depreciation, Amortization and Depletion Expenses					
Provision for Doubtful Accounts and Inventory Obsolescence	5,031,393,152	1,679,716,540	-	-	6,711,109,692
Others	2,308,250,000	-	-	-	2,308,250,000

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2001	Cement	Ready Mix Concrete	Other Businesses	Elimination	Consolidation
Revenues					
Sales to external customers	3,394,734,994,243	46,527,302,707	12,149,044,010	-	3,453,411,340,960
Inter-segment sales	18,840,673,760	1,183,456,450	18,750,897,450	(38,775,027,660)	-
Total Revenues	**3,413,575,668,003**	**47,710,759,157**	**30,899,941,460**	**(38,775,027,660)**	**3,453,411,340,960**
Results					
Segment Result	(129,524,039,824)	(7,285,865,898)	1,833,331,897	10,958,876,867	(124,017,696,958)
Equity in Net Earnings of Associated Companies - Net	-	-	17,968,277,906	-	17,968,277,906
Benefit from Income Tax - Net					42,920,425,137
NET LOSS					**(63,128,993,915)**
Assets And Liabilities					
Segment Assets	10,918,580,323,014	56,668,483,233	100,565,962,653	(240,661,465,969)	10,835,153,302,931
Long-term Investment and Advances to Associated Companies - Net	-	-	341,793,430,717	-	341,793,430,717
Deferred Tax Assets and Prepayment for Income Tax	749,920,140,200	3,152,483,623	-	-	753,072,623,823
Total Assets	11,668,500,463,214	59,820,966,856	442,359,393,370	(240,661,465,969)	11,930,019,357,471
Segment Liabilities	9,384,725,514,801	146,530,794,178	11,770,492,595	(389,020,887,181)	9,154,005,914,393
Capital Expenditure	450,734,129,591	1,142,016,183	1,609,682,499	-	453,485,828,273
Depreciation, Amortization and Depletion Expenses	401,275,787,372	2,473,744,590	6,564,513,860	-	410,314,045,822
Non-Cash Expenses Other than Depreciation, Amortization and Depletion Expenses					
Provision for Doubtful Accounts	2,608,155,758	-	-	-	2,608,155,758

(Expressed in Rupiah)

Geographic Segments

The Group's geographic segment information is as follows:

Revenues (based on sales area)	**2002**	**2001**
Domestic		
Java	5,880,611,286,839	5,120,294,087,777
Outside Java	1,028,108,284,757	827,457,828,242
Export	410,864,208,641	421,220,332,911
	7,319,583,780,237	6,368,972,248,930
Elimination	(3,371,301,274,304)	(2,915,560,907,970)
Total	**3,948,282,505,933**	**3,453,411,340,960**

Assets (based on location of assets)	**2002**	**2001**
Domestic	**11,048,562,827,266**	**10,835,153,302,931**

Capital Expenditure (based on location of assets)	**2002**	**2001**
Domestic	**261,673,183,789**	**453,485,828,273**

Most of the export sales were coursed through HC Trading, a related company, and Indosin, which are both domiciled in Singapore (see Note 5a).

Most of the Company's sales is made through DAP's sub-distributors. Sales of more than 10% of net revenues were made to the following sub-distributors: PT Jabotabek Niagatama Sukses, PT Jabar Multindo Perkasa and PT Jateng Kencana Abadimulia (see Note 20*i*).

(Expressed in Rupiah)

17. COST OF REVENUES

The details of cost of revenues are as follows:

	2002	2001
Raw materials used	407,012,668,823	349,483,205,640
Direct labor	215,668,674,426	179,277,316,467
Fuel and power	1,041,432,834,544	954,389,439,211
Manufacturing overhead	728,169,910,720	675,206,140,160
Total Manufacturing Cost	2,392,284,088,513	2,158,356,101,478
Work In-process Inventory		
At beginning of year	121,123,657,233	63,302,181,184
Others	(503,086,114)	4,546,319,726
At end of year	(143,146,246,942)	(121,123,657,233)
Cost of Goods Manufactured	2,369,758,412,690	2,105,080,945,155
Finished Goods Inventory		
At beginning of year	95,840,437,876	51,277,015,832
Others	(6,117,319,043)	23,141,097,071
At end of year	(79, 369,841,822)	(95,840,437,876)
Cost of Goods Sold before Packing Cost	2,380,111,689,701	2,083,658,620,182
Packing Cost	251,901,337,711	270,536,081,584
Total Cost of Goods Sold	2,632,013,027,412	2,354,194,701,766
Cost of Services		
Direct costs	13,598,353,682	12,827,090,204
Indirect costs	2,755,983,612	3,721,305,175
Total Cost of Services	16,354,337,294	16,548,395,379
Total Cost of Revenues	**2,648,367,364,706**	**2,370,743,097,145**

Total liabilities related to manufacturing costs which had been incurred but not yet billed to the Group amounted to Rp 32,993,179,310 and Rp 41,638,252,566 as of December 31, 2002 and 2001, respectively, and are presented as part of "Accrued Expenses" account in the consolidated balance sheets.

There is no purchase from any supplier of more than 10% of the consolidated revenues.

(Expressed in Rupiah)

18. OPERATING EXPENSES

The details of operating expenses are as follows:

	2002	2001
Delivery and Selling Expenses		
Delivery, loading and transportation	168,824,043,572	172,382,902,359
Salaries, wages and employees' benefits (see Note 19)	16,869,137,323	14,168,621,535
Advertising and promotions	4,363,896,392	16,389,167,573
Depreciation	3,530,366,050	2,967,604,123
Professional fees	2,932,430,630	4,533,949,740
Rental	2,504,553,036	2,780,525,200
Association and membership dues	2,327,336,650	2,073,505,420
Electricity and water	2,178,793,202	1,916,162,516
Repairs and maintenance	1,722,425,793	2,006,231,464
Taxes and licenses	309,167,261	1,155,329,604
Miscellaneous (each below Rp 1.0 billion)	6,122,725,872	7,529,006,058
Total Delivery and Selling Expenses	211,684,875,781	227,903,005,592
General and Administrative Expenses		
Salaries, wages and employees' benefits (see Note 19)	72,663,556,459	90,833,165,725
Insurance	21,429,007,070	682,437,954
Professional fees	17,439,275,132	16,237,667,800
Depreciation	6,986,870,128	4,910,251,606
Public relations	4,900,965,734	6,224,612,480
Rental	4,724,143,865	4,230,276,040
Repairs and maintenance	3,348,855,303	3,307,262,406
Travelling and transportation	3,172,510,743	2,854,419,298
Communication	3,013,645,288	3,608,954,648
Pension and termination (see Note 19)	2,676,114,364	29,583,772,938
Provision for doubtful accounts	1,966,677,670	352,729,258
Donations	1,964,149,173	2,507,670,690
Medical	1,764,732,436	1,581,930,277
Training and seminar	1,762,478,014	834,973,046
Stationery and office supplies	1,501,668,885	926,016,037
Meeting expenses	1,471,629,016	2,561,312,917
Publications and sponsorships	1,265,593,862	4,276,671,333
Taxes and licenses	1,251,950,793	2,053,803,241
Printing and photocopying	1,235,167,177	514,530,048
Miscellaneous (each below Rp 1.0 billion)	3,747,577,457	4,616,095,049
Total General and Administrative Expenses	158,286,568,569	182,698,552,791
Total Operating Expenses	**369,971,444,350**	**410,601,558,383**

19. RETIREMENT BENEFITS EXPENSES

The Company has a defined contributions retirement plan covering 95.52% of its full-time employees. Retirement benefits charged to operations amounted to approximately Rp 15.2 billion in 2002 and Rp 27.7 billion in 2001.

The plan's assets are administered by Dana Pensiun Karyawan Indocement Tunggal Prakarsa, the establishment of which was approved by the Ministry of Finance on November 12, 1991, as amended by Decree No. Kep-332/KM.17/1994 dated December 1, 1994.

In 2000, the Ministry of Manpower issued its Decree No. Kep-150/Men/2000 regarding the "Settlement of Work Dismissal and Determination of Separation, Gratuity and Compensation Payments in Companies". Under the said decree, companies are required to make payments for separation, gratuity and compensation benefits to their employees if the required conditions are met.

As of December 31, 2002 and 2001 the total provisions made by the Group for its employees who did not join the pension plan amounted to Rp 1,655,391,997 and Rp 727,254,000, respectively, which are recorded as part of "Accrued Expenses" account in the consolidated balance sheets. For the Company's employees who had joined the pension plan, management believes that the Company's contributions to its retirement plan are enough to cover such payments of employees' benefits, if incurred.

20. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. In August 2002, claims against the Company were filed by the owners' of the vessels chartered by the Company, through Gard Services AS (GS), an insurance company. Said claims consist of costs and expenses incurred by the owners of the vessels as a consequence of the grounding of the vessels in Tarjun Port. According to GS, the Company failed to warn or notify the vessels about the unsafe condition of Tarjun Port. The Company has made a provision, based on the claims letter from GS, in the amount of US$ 574,724 (equivalent to Rp 5.1 billion), and is presented as part of "Accrued Expenses" account in the 2002 consolidated balance sheet.

b. The Company has an outstanding agreement with PERTAMINA and PT Rabana Gasindo Utama (Rabana), whereby the Company agreed to provide funds amounting to US$ 11,678,711.29 for developing PERTAMINA's natural gas production facility in Bojongroong, Tanjung Sari, Sindang Sari and Walet Utama - West Java. Rabana, who was appointed by the Company, acts as the contractor of the said project. This transaction was intended mainly to guarantee the supply of natural gas to the Company. The funds to be provided by the Company to the said project will be used as its advances for future purchases of natural gas. In 2001, the Company provided all the required advances for the project amounting to US$ 11,678,711.29 (equivalent to Rp 65,452,904,196). In May 2001, the Company started to apply these advances against its gas consumption. The remaining balance of these advances as of December 31, 2002 and 2001 amounted to US$ 2,225,120 (equivalent to Rp 12,470,910,521) and US$ 6,984,542.21 (equivalent to Rp 39,144,587,434), respectively. These advances are shown as part of "Other Non-Current Assets - Others (Net)" in the consolidated balance sheets.

c. The Company has several outstanding supply and purchase agreements (agreements), which have been amended several times, with PERTAMINA regarding the supply of natural gas from PERTAMINA to the Company. Based on the agreements, PERTAMINA agrees to provide certain volume of natural gas to the Company's plants located in Citeureup and Cirebon, and its power plant located in Citeureup. On the other hand, the Company is committed to purchase certain volume of natural gas from PERTAMINA as specified in the agreements. As stated in the agreements, if the Company is unable to consume the agreed volume of natural gas, the Company should pay the unconsumed volume to PERTAMINA. Such payment can be treated as advance payments for the natural gas which can be applied with the future gas consumed within the periods as specified in the agreements. The supply and purchase of the above natural gas will expire in 2004 for the cement plant in Citeureup, 2011 for the cement plant in Cirebon and 2014 for the power plant in Citeureup. Total purchase of natural gas from PERTAMINA during 2002 and 2001 amounted to Rp 25,076,520,781 and Rp 40,005,360,607, respectively, while the related outstanding payable arising from this purchase amounted to Rp 4,169,736,153 and Rp 4,359,799,080 as of December 31, 2002 and 2001, respectively, which is presented as part of "Trade Payables - Third Parties" in the consolidated balance sheets.

d. The Company has outstanding agreement with the Forestry Department (FD) regarding; the exploitation of raw material for cement, constructing the infrastructure and other supporting facilities for 3,733.97 hectares in the forest area at Pantai - Kampung Baru, South Kalimantan. Based on the agreement, FD agreed to give a license for the Company to exploit the above forest area for the above-mentioned purposes without any compensation. However, the Company is obliged to pay certain expenses in accordance with applicable regulations, to reclaim and replant for the unproductive area each year, to maintain the forest area borrowed by the Company and develop local community livelihood. Such license is not transferable and will expire in May 2019.

These consolidated financial statements are originally issued in Indonesian language.

PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002
With Comparative Figures for 2001
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e. In 1999, the Company signed a contract with Semt Pielstick (SEMT) and four technical assistance contracts with Centrales Diesel Export (CDE) for the supply of equipment and technical assistance services in connection with the rehabilitation of nine (9) engines of the power plant in the Company's Citeureup plant at a total contract amount of FRF 101,296,355.

   The rehabilitation of the engines had been completed; six in 2001 and three in 2002. The total rehabilitation costs were capitalized to the related property, plant and equipment accounts in the consolidated balance sheets.

f. In 2000, the Company entered into a sales agreement with Transclear S.A. for the supply of 900,000 metric tons of cement at certain agreed selling prices for shipment from February 2001 to January 2002 (cement contract). This contract has been concluded through a Memorandum of Agreement (MOA) between the Company and SEMT whereby the cement to be supplied by the Company represents payment for the delivery of spare parts by SEMT. On July 20, 2001, SEMT, Transclear S.A., and the Company entered into a MOA whereby SEMT will supply/sell spare parts for the Company's power plant at Citeureup-Bogor for a total contract price of EUR 2,932,947.45 (spare parts contract). As of December 31, 2002 and 2001, the net trade receivables arising from these transactions after offsetting the related trade payables amounted to about Rp 5 billion and Rp 18 billion, respectively.

g. The Company acts as a guarantor for the obligations of Indomix, a Subsidiary, arising from the "Shareholders' Guarantee and Support Agreement" (SGSA) dated March 21, 1997 that was signed by the latter in connection with the Project Loan and Convertible Bond Agreement signed by PT Indominco Mandiri (Indominco), Indomix's associated company (as the "borrower"), with Marubeni and Sumitomo Corporation. Under the SGSA, Indomix agreed to guarantee 35% of the outstanding availments of Indominco under the said facility. As of December 31, 2002 and 2001, the outstanding availments of Indominco under the said facility amounted to US$ 80,000,000 and US$ 90,000,000, respectively.

h. The Company also acts as a guarantor for the obligations of PT Pama Indo Mining (PIM), an associated company, under a deed of "Perjanjian Pembiayaan Sewa Guna Usaha" (Leasing Agreement) dated September 24, 1997. Such guarantee granted by the Company only covers that portion of the lease obligations corresponding to its ownership interest in PIM.

i. On December 7, 2000, DAP entered into several distributorship agreements with PT Jabar Multindo Perkasa, PT Royal Inti Mega Utama, PT Jateng Kencana Abadimulia, PT Saka Agung Abadi, PT Bangunsukses Niaga Nusantara and PT Jabotabek Niagatama Sukses. Pursuant to these agreements, DAP, as the Company's exclusive main domestic distributor, has appointed these companies to act as area distributors of bagged cement and bulk cement for domestic market.

   The above-mentioned distributorship agreements provide for, among others, the specific distribution area or region for each sub-distributor, delivery requirements, obligations and responsibilities of the sub-distributors, responsibilities of DAP, terms and sales price, and restriction to transfer the distribution rights without prior consent from DAP. These agreements are valid until July 14, 2004, and are automatically renewable for another five (5) years, subject to the same terms and conditions, except for the requirement to submit written termination notice six (6) months prior to the expiration of the agreement by any party who wishes not to renew or extend its distribution rights.

(Expressed in Rupiah)

In March 2001, it has been agreed by DAP and each of its sub-distributors to amend certain terms and conditions of such distributorship agreement.

Total net sales to these sub-distributors in 2002 and 2001 are as follows:

	2002	2001
PT Jabotabek Niagatama Sukses	1,059,553,548,842	875,599,016,860
PT Jabar Multindo Perkasa	738,391,293,038	715,345,831,961
PT Jateng Kencana Abadimulia	612,714,696,120	564,181,342,637
PT Bangunsukses Niaga Nusantara	300,209,918,923	242,401,005,007
PT Royal Inti Mega Utama	255,671,481,858	179,277,563,474
PT Saka Agung Abadi	110,965,203,632	103,076,773,606
Total	**3,077,506,142,413**	**2,679,881,533,545**

The total outstanding receivables due from these sub-distributors amounted to Rp 154,845,443,711 and Rp 168,781,795,822 as of December 31, 2002 and 2001, respectively, and are recorded as part of “Trade Receivables - Third Parties” account in the consolidated balance sheets.

j. On May 30, 2001, the Company appointed a consulting firm to act as its financial advisor with respect to the Company’s plan to sell its equity ownership interest in PT Wisma Nusantara International. As compensations, the Company agreed to pay a lump-sum fee of US$ 25,000 and a success fee at the rate of 1.2% from the proceeds of the sale transaction. In November 2001, due to some reasons, the Company agreed to pay additional lump-sum success fee of US$ 200,000. The Company has accrued the professional fees of the above transaction in the amount of Rp 4 billion, which is recorded as part of “Accrued Expenses” account in the 2002 consolidated balance sheet.

k. As of December 31, 2002, the Company has outstanding forward exchange contracts with Standard Chartered Bank, Jakarta Branch, aggregating to JP¥ 600,000,000 and US$ 10,000,000 which will mature in 2003, with fixed exchange rates of Rp 76.27-Rp 80.62 for JP¥ 1 and Rp 9,085-Rp 9,700 for US$ 1.

   All of the Company’s derivative instruments are not designated as hedging instruments for accounting purposes and shown under “Other Payables - Third Parties” in the 2002 consolidated balance sheet and “Other Receivables - Third Parties” in the 2001 consolidated balance sheet.

21. RECENT ECONOMIC CONDITION

Indonesia is still experiencing economic difficulties mainly resulting from currency depreciation, the principal consequences of which have been the lack of liquidity and highly volatile exchange and interest rates. This economic condition has also been characterized by declining prices in shares listed in the Indonesian stock exchanges, tightening of available credit, general price increases of commodities and services and have affected several sectors of the economy. However, the construction activity, in general, has improved as compared to previous years.

To address these difficult economic condition, the Group has undertaken and is continuously implementing the following measures, among others:

a. Enhancing export sales, which will be boosted especially with the exclusive export distribution agreement with HC Trading;

b. Applying cost-cutting programs that were initiated in previous years, such as:

- Consumption of domestic products to the extent possible;
- Reduction of non-essential operating expenses, such as ceremonial expenses, etc; and
- Minimizing to the extent possible of foreign currency denominated expenses.

c. Reviewing capital expenditures, investments and expansion plans;

d. Applying dynamic and prudent treasury management; and

e. Continuing the possibility to spin-off/dispose of non-core assets and other businesses.

As of December 31, 2002, the Group has monetary assets and liabilities denominated in foreign currencies as follows:

			Equivalent in Rupiah	
		Foreign Currency	December 31, 2002 (Balance Sheet Date)	January 23, 2003 (Auditors' Report Date)
Assets				
in US Dollar	US$	83,054,876	742,510,591,440	737,942,573,260
in Japanese Yen	¥	1,604,394,358	120,963,954,379	120,037,577,077
in Euro	EUR	568,756	5,329,004,843	5,413,459,421
Total			868,803,550,662	863,393,609,758
Liabilities				
in US Dollar	US$	484,966,494	4,335,600,456,360	4,308,927,299,190
in Japanese Yen	¥	38,275,442,875	2,885,792,325,738	2,863,692,085,022
in Euro	EUR	768,795	7,203,286,256	7,317,444,626
Total			7,228,596,068,354	7,179,936,828,838
Net liabilities			**6,359,792,517,692**	**6,316,543,219,080**

As shown in the table below, the Rupiah currency has fluctuated in value based on the middle rates of exchange published by Bank Indonesia:

Foreign Currency	**December 31, 2002**	**January 23, 2003**
Euro (EUR 1)	9,369.58	9,518.07
US Dollar (US$ 1)	8,940.00	8,885.00
Japanese Yen (JP¥ 100)	7,539.54	7,481.80

Had the assets and liabilities denominated in foreign currencies as of December 31, 2002 been reflected using the above middle rates of exchange as of January 23, 2003 (the independent auditors' report date), the net foreign currency denominated liabilities, as stated above, would have decreased by approximately Rp 43 billion.

The recovery of the economy depends on the fiscal, monetary and other measures that have been and will be undertaken by the government, actions which are beyond the controls of the Group. It is not possible to determine the future effects that a continuation of the current economic condition may have on the Group's liquidity and earnings, including the effects flowing through from their investors, customers, suppliers, creditors and shareholders.

(Expressed in Rupiah)

22. SUBSEQUENT EVENTS

a. On January 2, 2003, the shares purchase agreement between the Company and Guthrie regarding the sale of the Company's ownership in WNI as mentioned in Note 7*c* was consummated. Gain arising from the transaction amounted to Rp 15.3 billion, which will be booked in 2003. All proceeds from this transaction will be used for the purpose of debt buy-back in the near future as required by the MFA.

b. Based on the shareholders' extraordinary meeting on December 30, 2002, which was covered by notarial deed No. 2 of notary Deni Thanur, S.E., S.H., M.Kn. dated January 7, 2003, the shareholders approved to liquidate PT Indo Clean Set Cement (ICSC). Until the independent auditors' report date, the liquidation of ICSC is still in process.

c. On January 21, 2003, the Company paid loan principal amounting to US$ 17,916,556, JP¥ 1,232,000,602 and Rp 5,706,113,263, which include the prepayment of debt equivalent to US$ 25,500,000 and its interest obligations covering the period October 23, 2002 to January 21, 2003 amounting to US$ 5,318,746, JP¥ 241,995,253 and Rp 5,836,523,056.

d. As of the independent auditors' report date, a portion of the forward exchange contracts with Standard Chartered Bank, Jakarta Branch, amounting to US$ 500,000 and JP¥ 100,000,000 had been settled on their maturity dates.

23. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2001 consolidated financial statements have been reclassified to conform with the presentation of accounts in the 2002 consolidated financial statements.

The reclassified accounts are summarized as follows:

Previously reported	As reclassified	Amount
Other payables - third parties	Other current liabilities	5,158,401,910
Unearned income	Other current liabilities	3,700,295,750
Due to related parties	Other payables - third parties	7,705,809,856

CORPORATE INFORMATION

Condensed List of Shareholders (%)

Kimmeridge Enterprise Pte., Ltd. (HeidelbergCement subsidiary)	61.70
Government of the Republic of Indonesia	16.87
PT Mekar Perkasa	13.47
Public and Cooperatives	7.96

All shares are listed in the Stock Exchanges of Indonesia – Reuters INTPJK

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Other Shareholder Information

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will be held
on June 26, 2003
at the 21st Floor, Wisma Indocement,
Jl. Jenderal Sudirman Kav. 70-71 Jakarta.

For further information, please contact:

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Investor inquiries:

Investor inquiries may be directed to:

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Professionals and Bankers

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Jakarta 10220, Indonesia

Share Registrar

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Jakarta 12930, Indonesia

Major Bankers

JP Morgan Chase Bank, New York
Japan Bank for International Cooperation
Deutsche Bank, AG London
Mizuho Corporate Bank Limited, Singapore Branch
Salomon Brothers Holding Company Inc.
BNP Paribas, Singapore Branch
Mizuho Asset Trust and Banking Co., Ltd.
Bank Central Asia Tbk.
Bank Mandiri