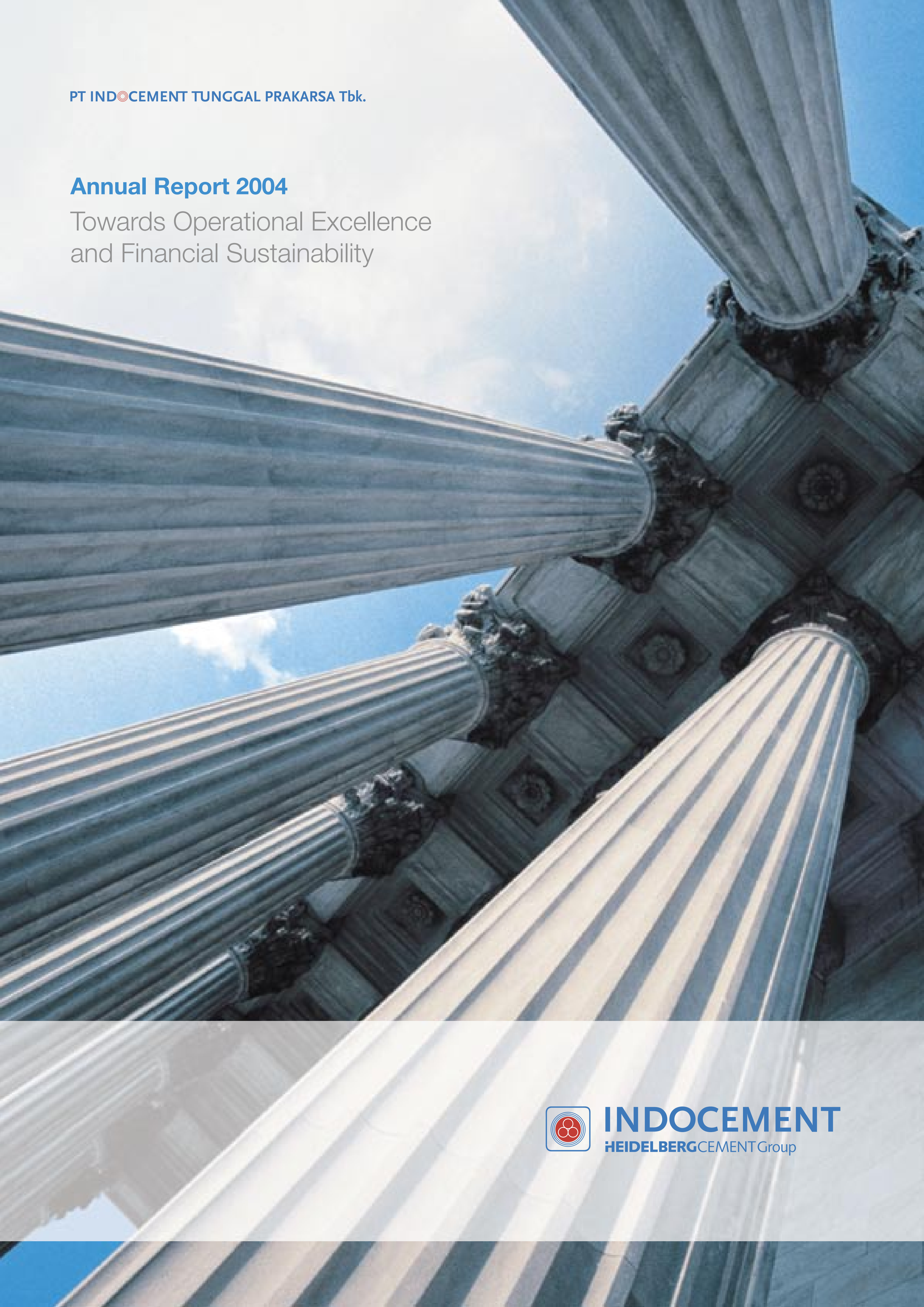

PT INDOCEMENT TUNGGAL PRAKARSA Tbk.

Annual Report 2004

Towards Operational Excellence and Financial Sustainability

INDOCEMENT
HEIDELBERGCEMENT Group

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Towards Operational Excellence and Financial Sustainability

The theme for the 2004 Annual Report of Indocement describes the Company's progress as it gradually reduces its gearing ratio to achieve greater financial sustainability and operational excellence.

The cover of this Annual Report depicts several large and sturdy pillars symbolizing the Company's increasingly stable and sustainable financial condition as well as operational excellence.

indocement in brief

Indocement is one of Indonesia's major producers of quality cement and specialty cement products. Indocement remains as the second largest cement producer in Indonesia.

The Company was established in 1985 and has integrated cement operations with a total annual production capacity of around 16.5 million tons of cement. It 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 products are Ordinary Portland Cement (OPC) and Pozzolan Portland Cement (PPC), with the latter to be replaced by Portland Composite Cement (PCC) from 2005 onwards. It also produces other types of cement such as Portland Cement Type II and Type V, as well as Oil Well Cement. Indocement is the only White Cement producer in Indonesia.

In 2001, HeidelbergCement Group, based in Germany and the world's leader with cement operations in 50 countries, assumed a controlling majority shareholding of the Company. Since then, the Company has focused on regaining financial sustainability which it lost during the Asian financial crisis. With the support of the HeidelbergCement Group, which has international expertise in technical, financial and marketing areas with a global network, Indocement has refocused its activities on the core business of producing cement, with the ultimate goal of regaining its financial strength. In 2004, the Company achieved total sales of more than Rp4.6 trillion.

This focus has been rewarded and today the Company is in a sound financial condition, ready to undertake the required investments to cope up with the expansion of the Indonesian cement market.

In 2004, Indocement received a green rating for environmental protection and management as part of the Environmental Performance Rating Program (PROPER) of the Ministry of Environment of the Republic of Indonesia. Green represents the second highest rating for an environmentally friendly company that has a proven safety record in several aspects of environmental issues and protection.

Indocement's shares are listed on both the Jakarta and Surabaya stock exchanges with a market capitalization of Rp11.3 trillion at the end of 2004.

The Company employed more than 6,800 personnel as at year-end 2004.

Our Vision

We are in the business of providing quality shelter, construction materials and related services at competitive prices, in a way that promotes sustainable development, wholesome communities and a friendly environment.

Our Slogan

Better Shelter for a Better Life

financial highlights

Billion Rupiah (unless stated otherwise)

	2004	2003	2002	2001	2000
Net Revenues	**4,616**	4,158	3,948	3,453	2,448
Gross Profit	**1,523**	1,396	1,300	1,083	1,009
Income from Operations	**836**	814	930	672	705
EBITDA (1)	**1,322**	1,278	1,391	1,082	961
Foreign Exchange Gain (Loss) - Net	**(498)**	38	849	(320)	(1,445)
Net Income (Loss)	**116**	670	1,041	(63)	(874)
Net Cash Provided by Operating Activities	**1,304**	1,387	1,257	618	958
Total Assets	**9,771**	10,145	11,438	11,930	11,649
Total Liabilities	**5,115**	5,612	7,629	9,167	10,527
Shareholders' Equity	**4,656**	4,533	3,808	2,763	1,122
Net Working Capital	**1,197**	1,179	1,465	1,157	924
Net Borrowings (2)	**4,058**	4,616	6,237	8,069	9,342
Capital Employed	**9,374**	9,857	11,125	11,559	11,281
Capital Expenditures (3)	**70**	114	206	143	114
Market Capitalization as of 31 December	**11,320**	7,823	2,485	2,577	3,975
Issued Ordinary Shares (Million)	**3,681**	3,681	3,681	3,681	2,484
Per Share Data (Rp)					
• Primary Earnings (Loss) per Share	**32**	182	283	(19)	(362)
• Dividend per Share	**-**	-	-	-	-
• Book Value per Share	**1,265**	1,232	1,035	751	452
Financial Ratio (%)					
Current Ratio	**142**	187	290	210	343
Net Gearing (4)	**87**	102	164	292	832
EBITDA to Net Interest Cover (Times)	**7.9**	6.0	4.3	2.2	1.9
Net Borrowings to Assets	**42**	45	55	68	80
Return on Assets (ROA)	**1**	7	9	(1)	(8)
Return on Capital Employed	**1**	7	9	(1)	(8)
Return on Shareholders' Equity (ROE)	**2**	15	27	(2)	(78)
Number of Employees	**6,851**	7,107	7,414	7,326	7,401

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

corporate structure

A. Cement Business

PT Indocement Tunggal Prakarsa Tbk.

Citeureup Factory, West Java - 9 Plants

Cirebon Factory, West Java - 2 Plants

Tarjun Factory, South Kalimantan - 1 Plant

B. Subsidiaries

PT Indomix Perkasa	99.9 %
PT Pionirbeton Industri* *(Ready-Mix Concrete)*	99.9 %
PT Dian Abadi Perkasa *(Cement Trading)*	99.9 %
PT Multi Bangun Galaxy* *(Terminal-Land Operation)*	99.9 %
PT Cibinong Center Industrial Estate *(Industrial Estate)*	50.0 %
PT Pama Indo Mining *(Mining)*	40.0 %
Stillwater Shipping Corporation* *(Shipping)*	50.0 %
Indocement (Cayman Island) Limited *(Investment)*	100.0 %

* 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 and Surabaya stock exchanges

1991

- Acquired Plant 9 in Palimanan, Cirebon, West Java with an annual designed capacity of 1.2 million tons of clinker
- Completed Surabaya Cement Terminal
- Started Ready-Mix Concrete in Indonesia

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 via merger PT Indo Kodeco Cement (Plant 12) with an annual designed capacity of 2.4 million tons of clinker
- Effectivity of US$1.1 billion Loan Restructuring with all creditors

2001

- Entry of HeidelbergCement Group, as majority shareholder, through its subsidiary Kimmeridge Enterprise Pte. Ltd.

2002

- Completed Electrostatic Precipitator projects in Citeureup and Cirebon Factories
- Acquired effective control of PT Pionirbeton Industri

2003

- Kimmeridge Enterprise Pte. Ltd. transferred the shares of PT Indocement Tunggal Prakarsa Tbk. to HC Indocement GmbH

significant events in 2004

June

- **Prototype Carbon Fund Program**
  On 9 June 2004, an agreement was signed in Cologne, Germany, between Indocement and the World Bank, concerning funding under the Prototype Carbon Fund (PCF) program, which is the first project of its kind in the cement industry aimed at reducing greenhouse gas emissions.

July

- **Share Sale & Purchase Agreement (SSPA)**
  On 9 July 2004, an SSPA was signed between two of Indocement's subsidiaries, PT Dian Abadi Perkasa and PT Indomix Perkasa, with third parties. Following this share purchase transaction, Indocement through its subsidiaries, holds an indirect ownership of 99.9% shares of PT Multi Bangun Galaxy, the company that owns the right to use the land for cement terminal in Lembar Port, Lombok.

September

- **OHSAS 18001 Certification**
  On 24 September 2004, Indocement's cement production facilities at Citeureup, Cirebon and Tarjun factories received the OHSAS 18001 Certification for the implementation of Occupational Health & Safety Assessment Series.

- **Tree Bank Program**
  Indocement participated in the program of the Ministry of Environment. As an initial project, Indocement donated 30,000 tree seedlings to restore ecological balance in Sinarancang Village, Cirebon.

October

- **Superbrands Award**
  On 23 October 2004, Indocement received the Superbrands Award 2003/2004 from Superbrands Organization, the UK-based independent authority and arbiter on branding which pays tribute to exceptional brands through programs in over 40 countries across four continents.

- **Green Rating**
  Indocement received the Green Rating from the Ministry of Environment of the Republic of Indonesia in a survey of 251 companies on their environmental management program. The Green Rating as the second highest achievement is awarded to those companies that have implemented environmental safety measures that exceed the minimum statutory requirements.

November

- **Upward Board Movement at the Jakarta Stock Exchange (JSX)**
  On 8 November 2004, the listing of Indocement shares on the JSX was upgraded from the Developing Board to the Main Board.

December

- **Relief Funds**
  On 28 December 2004, just two days following the earthquake and tsunami disasters in parts of Nanggroe Aceh Darussalam and North Sumatra, Indocement donated Rp2 billion in relief funds for the victims.

message from the chairman

"2004 proved to be a revelation for the cement sector and Indocement. Demand was high for both domestic and overseas markets."

Indonesia had a lot to cheer for in 2004. The year signaled the advent of a new and democratic era taking shape in Indonesia as well as positive and vital signs for potential economic growth. Through three successive elections stretching over a period of eight months during the course of the year, Indonesia boldly set the benchmark for fair and open democratic elections among developing countries. For the first time in history, Indonesians voted directly and freely to elect their leaders and representatives. The outcome of this election was a clear mandate from the people of Indonesia to their new government. A mandate that, if exercised fully, could push structural reforms needed to bring Indonesia into a new era of peace, prosperity and growth.

Political change seemed to generate renewed hope in most ordinary Indonesians that full economic recovery is in the offing. With Gross Domestic Product (GDP) growth of 5.1% in 2004, there is a growing belief that this accelerating growth will eventually take GDP growth to around 5.6% in 2005 and a projected 7% growth by 2008, if not earlier. The Jakarta Stock Exchange Composite Index registered another record growth of around 44.6% in 2004, making it among the top performing markets in the world. The shares of Indocement performed at par with the market, achieving a 44.7% growth for the year to close at Rp3,075 per share. In addition to this, favorable conditions and better access to bank financing, particularly mortgage financing, were evident throughout the year as interest rates were generally lower in 2004 than in 2003.

These positive signals had a tremendous impact on the revival of infrastructure development and property in Indonesia, which benefited the cement industry.

In a year when the cement industry was initially expected to generate moderate or flat rate of growth, 2004 proved to be a revelation for the cement sector and Indocement. Demand was high for both domestic and overseas markets. This high demand for cement in 2004 was fuelled by a visible resumption of investments in infrastructure and development projects. In addition to this, rising domestic income levels also enhanced large-scale demand for cement.

The future will likely continue to be positive for the industry and Indocement. Spearheaded by a revival in property development and the Government's vast infrastructure development plans, Indonesia's cement industry, with Indocement at the forefront, looks set to enjoy further growth in the coming years. The new government's commitment and blueprint for economic growth through an estimated US$70 billion of infrastructure investments will result in new infrastructure facilities such as toll roads, port facilities and power plants to be built over the next five years. Such large-scale projects will directly benefit cement producers like Indocement. At the same time, low interest rates will continue to spur new constructions from real estate and individual homeowners.

However, we also expect that a continuing over-capacity in the industry owing to unrealized demand during the immediate years following the Asian financial crisis, will continue to mark a competitive domestic cement market over the next few years. As prices remain depressed due to competition, margins are likely to be squeezed by rising energy and transportation costs. This is where operational excellence and cost efficiency can and will come into play for any successful and profitable cement producer in the future. I am nevertheless confident that Indocement is strategically positioned to capitalize on its low-cost manufacturing strength as well as overall operational excellence.

On behalf of the Board of Commissioners, I would like to applaud Indocement's Management team and its employees for their exemplary performance and success in defending the Company's position as a key producer of high-quality cement in the Indonesian market. These accomplishments were made under extremely difficult and challenging conditions. We would also like to commend Management for its cohesion, dedication, and commitment towards operational excellence and financial sustainability for the Company, which we achieved in 2004.

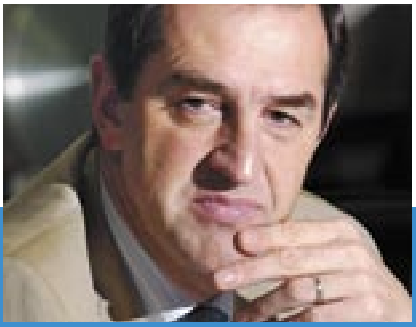
The Board would also like to express its gratitude and appreciation for the tireless and exemplary contributions displayed by the outgoing members of the Board which include my predecessor Thierry Dosogne, and before him, Paul Vanfrachem, as the Company's President Commissioner; Hakan Fernvik, Horst R. Wolf, and Hans Bauer as Commissioners of the Company. We would also like to express our gratitude and appreciation for the efforts and contributions of Ibrahim Risjad who retired as one of the Independent Commissioners of the Company in 2004, and welcome Dr. Lorenz Naeger, Dr. Bernd Scheifele and Emir Adiguzel to the Board.

Finally, the Board ensures and underlines that governance and accountability will continue to thrive within the Company. The Board is committed to work closely with Management in providing the basis and support required in the formulation and execution of effective strategies and directions that will ensure good corporate governance, financial sustainability and operational excellence for Indocement over the long-term.

Jakarta, 25 February 2005

Daniel Gauthier
President Commissioner

board of commissioners


Thierry Dosogne


Sudwikatmono


I Nyoman Tjager


Hans Bauer


Parikesit Suprapto


Daniel Gauthier


Dr. Lorenz Naeger

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.

Thierry Dosogne President Commissioner

Belgian citizen, age 49. Appointed Commissioner of Indocement on 26 June 2003, and as President Commissioner from 23 June 2004 until 23 February 2005. He holds a degree in Business Engineering from SOLVAY Business School, Universite Libre de Bruxelles, Belgium.

Sudwikatmono Vice President Commissioner/Independent Commissioner

Indonesian citizen, age 70. Vice President Commissioner of Indocement since 26 April 2001. Concurrently, advisor to the Board of First Pacific Company Ltd., Hong Kong. He graduated from the State Administration Academy.

I Nyoman Tjager Vice President Commissioner/Independent Commissioner/ Chairman of Audit Committee

Indonesian citizen, age 54. 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 60. Commissioner of Indocement from 26 April 2001 until 23 February 2005. He graduated from The Friedrich Alexander University in Erlangen, Nuremberg, Germany with a degree in Business Administration.

Parikesit Suprapto Independent Commissioner

Indonesian citizen, age 53. 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.

Daniel Gauthier Commissioner

Belgian citizen, age 48. Appointed Commissioner of Indocement on 23 June 2004 and subsequently President Commissioner on 23 February 2005. He is concurrently a member of the Managing Board of HeidelbergCement Group, in charge of the regions of Benelux - Europe, Africa – Asia – Turkey and HC Trading. He holds a degree in Mining Engineering from Mons, Belgium.

Dr. Lorenz Naeger Commissioner

German citizen, age 44. Commissioner of Indocement since 2 December 2004. He is concurrently a member of the Managing Board of HeidelbergCement Group, in charge of Finance, Group Accounting, Controlling, Taxes, Purchasing, Insurance and IT. He studied at the University of Regensburg (Germany), Swansea (UK), graduating in 1986 with a university degree in Business Administration (Mannheim University). He received his Doctorate and qualification as a Tax Advisor in 1991.

report to the shareholders

"In spite of the daunting challenges facing the cement industry, Indocement is well-placed in the market to leverage its increasing strength, and has both the financial sustainability and operational excellence to meet those challenges head-on."

Dear Shareholders,

I am pleased to report that 2004 was better than our expectation for the year. The demand for cement in Indonesia, driven by the resurgence in property development and construction, grew significantly in 2004 compared to that of 2003. This was in stark contrast to the level of demand expected for the full year, of which many had predicted would be lower, or at least similar, to that achieved in 2003. The anticipated condition was that a protracted series of general elections, coupled with security concerns, were to dominate events in Indonesia throughout most of 2004, thereby deferring major construction projects and reducing the demand for cement. As it turned out, Indonesia's election process went smoothly and peacefully, and although the nation endured another terrorist bombing in Jakarta in September of last year, both events had little effect, if any, on the pace of construction and development that has picked up in Indonesia recently.

As far as democratic elections go, 2004 could be considered as a milestone for Indonesia. Sadly, however, it will be remembered also as a tragic year. In solidarity with the people of Indonesia and the global community, Indocement expresses its grief and shock over the devastating effects of the massive seaquake and tsunami on 26 December 2004. On behalf of everyone at Indocement, I would like to express our deepest sympathies and condolences to the people of the devastated regions of Aceh and North Sumatra. Indocement immediately responded by contributing funds in the amount of Rp2 billion towards relief efforts just two days after the disaster. For its part, HeidelbergCement AG contributed Euro 270,000 towards the reconstruction of infrastructure and properties in the Province of Aceh.

Economic Recovery Spurs Cement Consumption

Indonesia's peaceful general elections were contrary to the initial concerns over security and stability issues that could result from a protracted series of elections, and may have set back the country towards a more stable economic growth. The economy in 2004 held firm as Indonesia's GDP grew by 5.1% in 2004 compared to 4.1% in 2003. Inflation was largely checked partly due to the continuing fuel subsidies by the government throughout the year. The Rupiah depreciated by 9.7% against the US dollar to Rp9,290. However, interest rates were reduced significantly and the government embarked on a number of significant infrastructure projects which had directly benefitted construction, developers, and the cement industry in general.

Since cement consumption is normally inversely correlated with the cost of capital, the lowering of interest rates has substantially increased construction activity, thereby resulting in higher cement consumption.

Overall cement consumption in Indonesia was 9.8% higher in 2004, increasing from 27.5 million tons in 2003 to 30.2 million tons. Despite the growing market, several challenges continue to face the cement industry and Indocement today and in the years to come. The main challenge has to do with the growing demand for global energy, especially in China, which has resulted and will continue to exert upward pressures in the price of energy fuels such as oil and coal on the global market. As energy accounts for roughly 50% of the production cost of cement, this poses a significant challenge for Indocement to achieve greater operating efficiency in order to reduce the impact of increased energy cost. The rise in global oil price will translate into higher transportation cost, whether for inter-island freight or land transport, another major cost component in the price of cement.

Because of these developments, Indocement will ultimately have to pass on those cost increases to the market.

In the past, due to over-capacity and a competitive market environment, Indocement was not able to maintain operating margins at an optimum level, especially since we have had to manage the delicate balance between operating margins and market share. Today, we are seeing a gradual decrease of this over-capacity as market demand picks up. Overall, we are confident that Indocement will have more leeways in the future to go after operating margins without having to compromise too much on market share.

Significant Developments for Indocement in 2004

We believe that Indocement has the financial capability and operational excellence to meet any challenges head-on. Indocement successfully carried out several key initiatives designed to reward us financially while maintaining our market share.

In terms of energy and raw material costs, Indocement was able to buy coal and other materials at the most competitive price, attributable mainly to our focus on the selection of the best opportunities available. We also continue to maintain close relationships with our large suppliers while, at the same time, forge new partnerships with medium scale suppliers to ensure continuity of supply.

To address environmental concerns, we continue to promote the use of alternative energy sources such as used tires and palm kernel shells. Indocement also undertook ways to optimize production efficiencies by utilizing alternative materials.

Our efforts to increase the use of alternative energy sources and raw materials have brought Indocement closer to the CDM or Clean Development Mechanism protocol for sustainable cement production, which centers around the three pillars of economic growth, ecological balance, and social progress. As part of this development, in 2004 Indocement became the first cement company in Indonesia to participate in the Prototype Carbon Fund (PCF) project for greenhouse gas emission reduction within the framework of the Kyoto Protocol.

The combination of the above factors which include production and logistics efficiency and Indocement's ability to maintain a major position in the market allowed the Company to generate sufficient cash flow, enabling Indocement to reduce its debt further.

We improved our balance sheet further in 2004 by reducing our liabilities by US$138 million, thereby reducing the Company's total debt by over 20% to US$496 million as at end of 2004. The substantial debt reduction was a result of a number of strategic decisions that allowed the Company to utilize its internally generated funds to retire portions of the Company's debt. Indocement was also able to limit the impact of foreign exchange risk by hedging our exposures to the Japanese yen and US dollar that further enhanced our financial stability.

Outlook and Challenge for the Future

The overall outlook for the domestic cement industry will likely be positive in the years to come, driven by increased domestic consumption and infrastructure developments currently taking place in Indonesia. These developments will have a favorable impact on the demand for cement as well as for Indocement.

With an expected rising demand, Indocement will have to increase production volume. We plan to optimize our existing production facilities by making focused capital expenditures to enhance our production without having to add new production lines.

Management expresses its appreciation to the Company's stakeholders, including our customers, employees, the government, and business partners, without whose support we will not have gained our operational excellence and financial sustainability. Management would also like to take this opportunity to welcome the new members of the Board of Directors, Christian Kartawijaya and Philippe Kaplan as well as express our appreciation for the outgoing member, Brad Taylor, for his efforts and contributions.

In 2004, Indocement sustained a foreign exchange loss of Rp498 billion due to the weakening of the Rupiah. In a major development subsequent to year-end 2004, Indocement received approvals from independent shareholders and all creditors for the refinancing of US$150 million of our debts with a synthetic IDR denominated debt via foreign exchange swaps, which we expect to complete by March 2005. As the majority of our revenues are in Rupiah, this move significantly reduces our foreign currency exchange risk and increases our long-term financial sustainability.

A key success factor for any cement manufacturer in the future will be the ability to pass on cost increases to the market price of cement. We believe that our competitive advantage as a major and cost-effective cement producer in Indonesia will continue to be a key factor. Indeed, the future is challenging but also prospective for your Company.

Jakarta, 25 February 2005

Daniel Lavalle
President Director

board of commissioners

Thierry Dosogne

Sudwikatmono

I Nyoman Tjager

Hans Bauer

Parikesit Suprapto

Daniel Gauthier

Dr. Lorenz Naeger

board of directors

Daniel Lavalle

Tedy Djuhar

Thomas Kern

Oivind Hoidalen

Iwa Kartiwa

Nelson Borch

Benny S. Santoso

Christian Kartawijaya

Philippe Kaplan

Remuneration : Total remuneration of the Board of Commissioners and the Board of Directors amounted to Rp29 billion in 2004.

board of directors


Daniel Lavalle


Tedy Djuhar


Thomas Kern

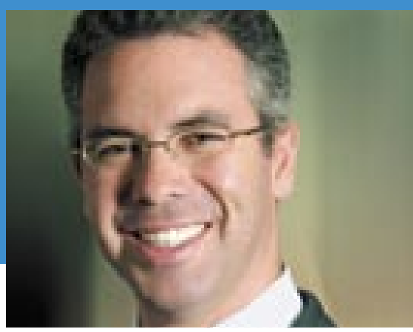

Oivind Hoidalen


Iwa Kartiwa


Nelson Borch


Benny S. Santoso


Christian Kartawijaya


Philippe Kaplan

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

Daniel Lavalle President Director

Belgian citizen, age 54. President Director of Indocement since 26 April 2001. Previously, he was General Manager of CBR Cement, Belgium. He has a Masters degree in Mining from Polytechnical Faculty of Mons, Belgium.

Tedy Djuhar Vice President Director

Indonesian citizen, age 53. Vice President Director of Indocement since 26 April 2001. Concurrently, he is a Non-Executive Director of First Pacific Company Ltd., Hong Kong. He graduated from the University of New England, Australia with a degree in Economics.

Thomas Kern Director

German citizen, age 42. 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 57. Director of Indocement since 26 April 2001. Previously, he was Director for Research & 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 63. Director of Indocement since 1985. He is 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 42. 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.

Benny S. Santoso Director

Indonesian citizen, age 46. Director of Indocement since 15 June 1994. He graduated from the Department of Business Studies, Ngee Ann College, Singapore.

Christian Kartawijaya Director

Indonesian citizen, age 38. Director of Indocement since 1 September 2004. Previously, he was Deputy Finance Director and Head of Corporate Finance of the Company. He has a Masters degree in Business Administration, major in Finance from San Diego State University, San Diego, California, USA.

Philippe Kaplan Director

Belgian citizen, age 37. Director of Indocement since 2 December 2004, he is the former Chief Financial Officer at Akcansa, Turkey. He has a Masters degree in Business Administration, major in Fiscal Law from the University of Brussels.

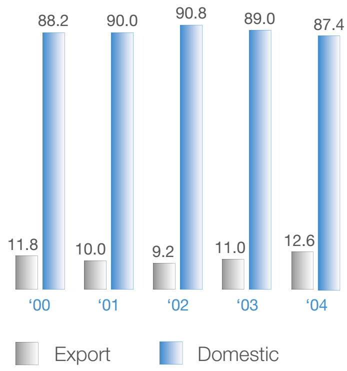
review of operations

Sales Volume (in Tons)				
Product	2004	2003	Variances Qty	%
Clinker :				
- Export	1,892,399	1,588,641	303,758	19.1%
Cement :				
- Domestic	9,238,225	8,390,563	847,662	10.1%
- Export	1,334,580	1,041,000	293,580	28.2%
Total	12,465,204	11,020,204	1,445,000	13.1%

Sales

The combined sales of cement and clinker totaled 12.5 million tons in 2004 compared to 11.0 million tons in 2003, while total sales revenues increased to Rp4,616 billion in 2004 from Rp4,158 billion in 2003.

Domestic vs. Export Cement Sales
(in percent)



Domestic Sales

Indocement's domestic sales increased in line with growing market demand to 9.2 million tons in 2004 from 8.4 million tons in 2003. This success enhanced the Company's ability to maintain its market share of around 30% in 2004. The primary drivers for the improved domestic sales enjoyed by the Company were increasing demand brought about by favorable low interest rates that revived construction and property development as well as the resurgence of public sector development. Despite the extremely competitive domestic market, Indocement was able to achieve a healthy profit margin while also maintaining its market share.

Export Sales

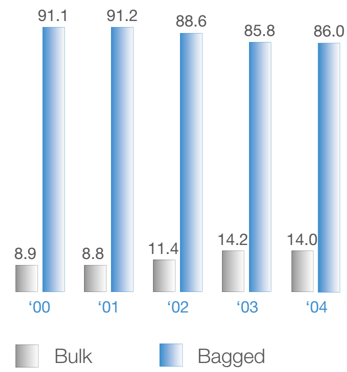
Indocement accomplished a number of milestones in terms of exports as it witnessed growing demands and orders for specific types of cement from mature markets such as the USA in 2004. The year witnessed the introductory sales of Type II/V Cement in two new markets in the USA. Cement export sales volume increased by 28.2% while clinker export rose by 19.1% compared to those achieved in 2003. Indocement's major overseas markets comprised of Ghana, Bangladesh, Nigeria, USA and Singapore.

Export prices were higher in 2004 compared to the previous year as a result of greater demand and increased shipment cost.

Product Differentiation

Indocement made major strides in product differentiation. The Company successfully produced a new type of cement (Type II/V) of which more than 460,000 tons had been exported to the USA in 2004. Indocement expects to introduce to the domestic market in 2005 a new type of cement called Portland Composite Cement (PCC).

Domestic Sales
Bulk vs. Bagged Cement
(in percent)



Logistics Activities

Indocement also undertook several key initiatives in 2004 that were aimed at enhancing the Company's logistical capabilities. One such move was to take direct control of transportation management. As of January 2004, Indocement began to take partial control of its inter-island shipping distribution. This further strengthened Indocement's logistics operations following the full take-over of land distribution in 2003, which had significant bearings on the Company's efforts to keep costs to a minimum.

Sales Outlook

Consumption from both the domestic and export markets are expected to continue to be favorable, as the domestic consumption annual growth is in the range of between 6% and 10% within the next two or three years. The strong demand for cement is likely to be sustained by improved economic and political conditions, which will create a better investment climate that will eventually result in an increased property and infrastructure development.

The Indonesian Government's drive to spearhead massive infrastructure development and improvements and the sizeable international turnout and support shown during the recent Indonesia Infrastructure Summit held in Jakarta in January 2005 solidify the projection that the outlook and prospects for sales are indeed bright. The move will likely signal the inflow of much-needed funds and expertise to aid in the development and completion of the projects and will also signal in increased demand for cement.

Indocement intends to be at the forefront of these positive developments, and to do so, the Company will continue to apply vital steps aimed at optimizing its capacities while, at the same time, seek to improve and enhance delivery.
By continuing to assume control over its distribution for both land and inter-island distribution, the Company should be able to monitor its distribution costs more closely.

PRODUCTION

As a result of the higher than anticipated demand for cement and the strong demand from the export market, Indocement produced 11.3 million tons of clinker and 10.5 million tons of cement in 2004, up by 14% and 12%, respectively, from 2003 production volumes. A major challenge in production was the procurement of additional quantities of coal to support higher production volume in a very tight coal market that was characterized by limited supply and high demand.

Clinker Production (in Tons)

Factory	2004	2003	Variances	
			Qty	%
Citeureup	7,301,084	5,990,781	1,310,303	21.9%
Cirebon	1,983,473	1,968,006	15,467	0.8%
Tarjun	2,019,250	1,920,118	119,132	5.2%
Total	11,303,807	9,878,905	1,424,902	14.4%

Cement Production (in Tons)

Factory	2004	2003	Variances	
			Qty	%
Citeureup	6,913,498	5,883,787	1,029,711	17.5%
Cirebon	2,275,631	2,188,365	87,266	4.0%
Tarjun	1,294,707	1,249,919	44,788	3.6%
Total	10,483,836	9,322,071	1,161,765	12.5%

Key Initiatives

Cement production witnessed growth beyond the levels initially projected by Indocement, which in 2004 produced over a million tons more than it had previously anticipated. However, a key issue of production was and remains to be the challenge of meeting production cost increases in the face of rising energy costs.

A number of initiatives were undertaken to offset rising costs, primarily in the additional use of alternative fuels for kiln burning that has been undertaken since 2003. Indocement will go further with the use of alternative fuels and raw materials, with the support of its parent company, the HeidelbergCement Group, which is widely recognized for its use of technology in these areas.

Another cost-saving initiative was undertaken by Indocement which took full control of the limestone quarry operations in Citeureup factory, providing full access to a key raw material for cement production. The move followed a detailed study confirming the cost benefits of operating the entire quarry, as opposed to outsourcing some of the operations to a mining contractor as referred to in our previous annual report.

Likewise, Indocement achieved a major breakthrough as it commenced mining operations of its own coal concession in Tarjun factory, South Kalimantan in 2004. Although relatively small in volume, this mining operation benefits Indocement, especially in times of rising energy cost.

In a major development towards sustainable cement production, Indocement moved ahead with the so-called Clean Development Mechanism (CDM) production concept within the Kyoto Protocol framework. Indocement became the first company in Indonesia to enter into an agreement with the Prototype Carbon Fund (PCF), a pioneer in the market for project-based greenhouse gas emission reductions within the framework of Kyoto Protocol.

Product Differentiation

In 2004, Indocement started production testing of Portland Composite Cement (PCC) and initiated the process to standardize this new type of cement in Indonesia. As of 2005, PCC will become another premium product from Indocement.



Energy Efficiency
In addition to sourcing for alternative energy and raw materials, Indocement undertook a number of initiatives aimed at reducing energy cost in terms of heat and power consumption, the two largest cost components in the production of cement. Indocement will continue to search for cheaper and more available sources of heat-producing materials from low-calorie coals to palm kernel shells, used tires and other wastes.

Production Outlook
Indocement plans to revamp its existing production facilities in order to increase production volume to meet the growing demand from both the domestic and overseas markets. The Company has embarked on a study on how to increase and maximize the production output of existing kilns.

A major challenge in 2005 will be the ability to deal with rising coal prices and increasing fuel costs. Indocement will use its full expertise in dealing with such challenges. This will allow Indocement to embark on several important key initiatives that include direct control of logistics operations, and the sourcing as well as use of alternative materials and fuels. In addition, the relationship it has forged with both suppliers and distributors will likely continue to be an important competitive advantage for the Company in many years to come.

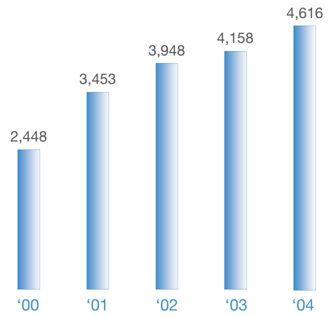
Cost control will be the main focus of Indocement. Indocement will continue to take cost effective measures that it has successfully achieved in 2004. Furthermore, Indocement will continue to maintain close relationships with its main and long-term coal suppliers while, at the same time, establish new partnerships with smaller suppliers so as to increase its bargaining power and hedge against any shortages. Indocement will continue to seek alternative energy generating sources and apply them.

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 and PT Indomix Perkasa (including the consolidated results of PT Pionirbeton Industri); whereas minority interest holdings and investments in affiliates are accounted for using the equity method. The Company derives its operating revenues solely from the sales of its cement products.

The Company incurs operating expenses mainly from the costs of production, storage and shipment of its cement products. In addition to these direct costs, the Company incurs selling and marketing, as well as general and administrative expenses which are common to any business enterprise.

Net Revenues
(in billion rupiah)

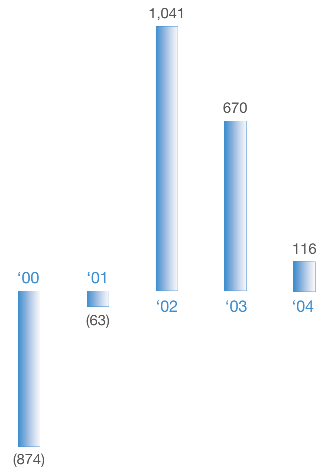


The following discussions describe the Company's results of operations for the year ending, and financial condition on 31 December 2004 compared to those of the previous year.

RESULTS OF OPERATIONS

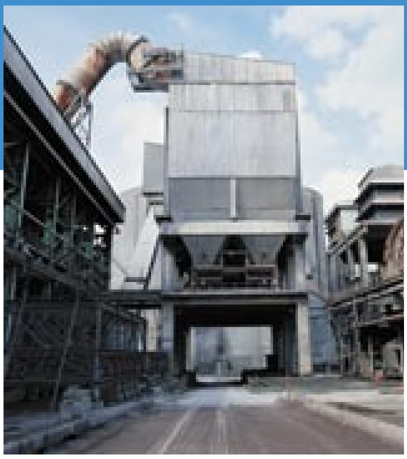
Consolidated net revenues rose 11% to Rp4,616 billion in 2004, mainly resulting from the increase in domestic sales volumes. Gross profit rose 9.1% from Rp1,396 billion in 2003 to Rp1,523 billion in 2004, whereas gross profit margin slightly decreased from 33.6% to 33.0% over the same period. The decrease was attributable to the increase in energy cost and the fact that the Company was only able to increase its domestic selling price starting September 2004 due to tight market competition.

Net Income (Loss)
(in billion rupiah)



The Company was able to minimize the decrease in gross profit margin as a result of its commitment to production-cost efficiency. Despite the sharp increase in the price of coal, Indocement managed to curb the increase in cost of revenues to just 12%.

Delivery and selling expenses rose from Rp423 billion to Rp521 billion, resulting mainly from the adoption of a new billing method following the partial control of the inter-island distribution. In addition, higher sales volume also induced an increase in land transportation and transfer cost. However, the Company was able to maintain the growth of general and administrative expenses at a moderate level of 4.7%, below the year-on-year inflation rate of 6.4%.



The rise in delivery and selling expenses contributed to an 18.1% increase in total operating expenses to Rp687 billion, holding back the growth of income from operations at 2.7% from Rp814 billion to Rp836 billion.

In 2004, the Company recorded a foreign exchange loss of Rp498 billion as a consequence of the Rupiah's sharp depreciation against foreign currencies. The Rupiah exchange rate opened at Rp8,465 against the US dollar and Rp79.17 against the Japanese yen. On December 31, 2004, the Rupiah closed at Rp9,290, and Rp90.42 against the US dollar and the Japanese yen, respectively. In 2003, the Company recorded gain on disposal of fixed assets and long-term investments amounting to Rp225 billion against a minimal amount of Rp22 million in 2004.

As a result, net income after tax for the year 2004 declined 82.7% to Rp116 billion. This resulted in an earnings per share of Rp32 in 2004 compared to Rp182 in 2003.

FINANCIAL CONDITION

Consolidated assets declined by 3.7% from Rp10,145 billion in 2003 to Rp9,771 billion in 2004. Nevertheless, the Company's current assets rose by 8.7% to Rp1,595 billion as at year end 2004, primarily due to the increase in trade receivables as a consequence of higher domestic and export sales volumes. Current liabilities, on the other hand, increased by 43.5% to Rp1,127 billion primarily as a result of higher trade payables and long-term liabilities to banks and financial institutions which became current in 2004. As a result, the Company's current ratio declined from 1.9 times to 1.4.

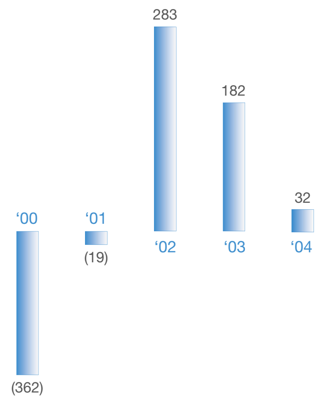
The net book value of property, plant and equipment as at year end 2004 amounted to Rp7,761 billion, a decline of 4.7% from last year. The decline was consistent with the Company's tightly managed capital expenditures during the year.

Consolidated liabilities amounted to Rp5,115 billion in 2004, an 8.8% decrease from Rp5,612 billion in 2003. Borrowings from various financial institutions still accounted for a majority portion or 90.1% of total liabilities, a decline from 94.3% in 2003. The Company reduced its outstanding debts to banks and financial institutions by 13% from Rp5,290 billion in 2003 to Rp4,609 billion as at year-end 2004.

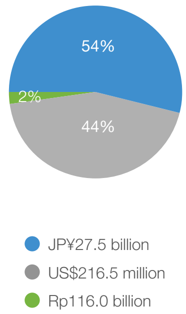
During the year, the Company retired Rp681 billion of its debts after taking into account foreign exchange loss. As most of the loan balances are denominated in US dollar and Japanese yen, exchange rate fluctuations influence their equivalent value in terms of Indonesian Rupiah. In US dollar equivalent term, the Company actually reduced US$137.6 million of its debts which consisted of (i) US$58.75 million as mandatory repayment under the Post HZ Entry Master Facility Agreement (HZMFA) which the Company had entered into with all of its creditors in 2000; (ii) prepayments of US$39.5 million and; (iii) debt buy backs of US$39.3 million, which were purchased from creditors at a marginal discount rate. The Company reduced its net gearing from 102% to 87%.

Net shareholders' equity increased by 2.7% from Rp4,533 billion in 2003 to Rp4,656 billion in 2004, mainly as a reflection of the increase in the Company's retained earnings.

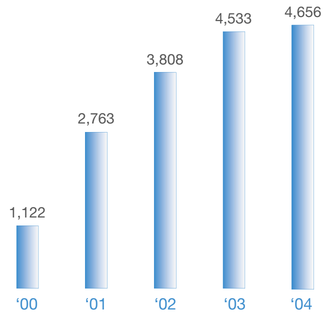
Earnings (Loss) per Share
(in rupiah)

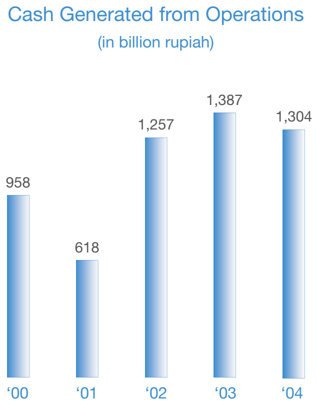


Loan Balance in Original Currencies in 2004
(%)



Shareholders' Equity
(in billion rupiah)





The majority shareholding of the Company, to the extent of 65.1%, remained under the controlling ownership of the HeidelbergCement Group through HC Indocement GmbH, a company incorporated in Germany. The Company's total number of shares issued and fully paid for as at year end 2004 has remained at 3,681,231,699 shares, all of which are listed on both the Jakarta and Surabaya stock exchanges.

Indocement stock performed strongly in 2004 with a closing price that was 44.7% higher than at the beginning of the year and a market capitalization which rose from Rp7,823 billion to Rp11,320 billion. It performed slightly above the Jakarta Composite Index which grew by 44.6% in 2004.

Indocement realizes that a company's long-term objectives cannot be achieved without competent employees, strong work ethics, good teamwork and a continuous learning process or improvement in every facet of operations. Throughout 2004, Indocement was heavily engaged in various strategic human resources programs as part of the efforts to achieve the vision of Indocement of becoming the leading, low-cost producer of consistently high-quality cement in the Indonesian market. Productivity, efficiency and sustainability are the three key indicators that are constantly addressed in the management of human resources by Indocement, in the face of an increasingly competitive market and escalating operating costs.

People Development

In order to keep personnel competency level at the cutting edge of their respective fields, Indocement undertook a series of in-house training programs covering both technical and competency-enhancement aspects. These programs were also aimed at identifying the capacity of each individual as potential successors

for certain key managerial positions within the framework of the Indocement Succession Plan. Indocement also participated in the International Management Development Program of the HeidelbergCement Group to equip Indocement personnel with international management experience.

Quantum Challenge

Quantum Challenge, the performance-driven organizational development program that Indocement first launched in 2000, began to take shape. Key Performance Indicators (KPIs) relating to every single measurable activity of the Company have been identified and agreed upon. These KPIs now form the basis on which the performance of every individual in the Company can be measured against.

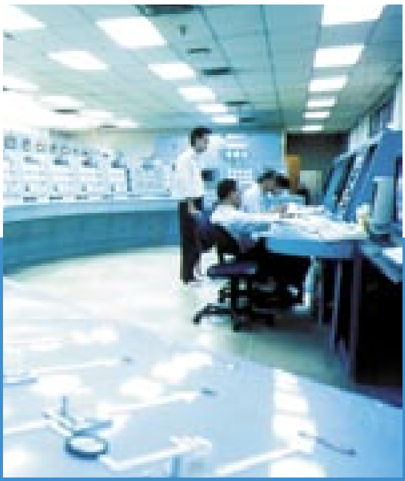
Employee Welfare

It is the aim of Indocement to ensure that employee welfare receives management attention and is regularly updated and improved from time to time. The year 2004 witnessed the revision of Indocement's Collective Labor Agreement, which became effective at the start of 2005. This forum, which is held every two years, serves as a means of discussing employee welfare covering benefits and allowances. Over the years, Indocement has had an excellent relationship with its labor union whereby both parties have always coexisted in a mutually beneficial manner.

With the progress of Quantum Challenge, Indocement continues to benchmark its human resources aspects such as performance and pay scales with those of the cement industry.

Safety and Health

Indocement has always placed safety and health issues as key priorities by providing safe and healthy working environment. However, risk of injuries and accidents is an inherent part of a massive industrial undertaking such as cement manufacturing. Indocement has been able to minimize the number of accidents by employing rigorous occupational health and safety standards in line with international best practices. In 2004, Indocement did not experience major incidents that resulted in fatalities.



"Key Performance Indicators have been identified and agreed upon, forming the basis on which the performance of every individual can be measured against."

On 24 September 2004, Indocement's cement production facilities at Citeureup, Cirebon and Tarjun factories received the OHSAS 18001 Certification for the implementation of Occupational Health & Safety Assessment Series.

environment & community

SUSTAINABLE CEMENT PRODUCTION

Indocement is committed to the idea of a sustainable cement industry which centers around economic growth, ecological balance and social progress. A concrete manifestation of this commitment is the Clean Development Mechanism (CDM) project that Indocement has undertaken in cooperation with Prototype Carbon Fund (PCF), a pioneer in the market for project-based greenhouse gas emission reductions within the framework of the Kyoto Protocol. This represents the first undertaking of its kind in Indonesia, and one of the first in the cement industry throughout the world.

Clean Energy Technology. A main objective of the CDM project is to reduce carbon dioxide emissions by implementing new technologies not yet applied in the Indonesian cement industry.

Alternative Materials. The use of alternative materials results in reduced requirements of clinker and hence a reduction in the consumption of energy. The reduction of clinker also contributes directly to less decarbonation.

Energy Diversification and Conservation. The use of alternative fuels results in a reduction in the consumption of fossil fuels for clinker burning. By substituting coal with biomass and other wastes, Indocement contributes to energy diversification and conservation.

"Indocement continues to promote sustainable development, wholesome communities and a friendly environment."

Environmental Compliance. The use of alternative fuels and alternative materials is carried out in full compliance with Indonesian environmental legislation and other regulations. Emissions from cement production are reduced when using alternative fuels or alternative materials.

Contribution to Local Economy. The collection, transportation and processing of alternative fuels and alternative materials provide job opportunities for local communities.

Contribution to Employment. Sustainable cement production creates long-term economic growth and, ultimately, employment.

Community Development. With sustainable long-term growth and employment, communities will thrive and prosper alongside, leading to social progress and development.

PROMOTING WHOLESOME COMMUNITIES AND FRIENDLY ENVIRONMENT

Indocement continues to espouse its vision of being in the business of providing quality shelter, construction materials, and related services in a way that promotes sustainable development, wholesome communities and a friendly environment.

In 2004, our initiatives in environmental conservation and protection program, as part of PROPER (the industrial environmental performance rating program of the Ministry of the Environment of the Republic of Indonesia), were recognized among eight leading companies in the area which received the Green Rating, the second highest achievement by companies that have exceeded the minimum standard requirement for environmental management, including water pollution, air pollution, waste management, AMDAL (analysis on environmental impact), environmental management system, proper use of resources, community relations and development.

In community development, Indocement focused its community program in certain areas by empowering local communities. Through these programs, relations with regional government as well as local community leaders were enhanced.

In June 2004, an incident happened involving the Company's dredging contractor who allegedly dumped dredged materials not in the designated location in 2002 resulting in some damage to several fishery nets in the vicinity, leading to an unlawful blockade of the Tarjun port by local fishermen. This incident is currently

being resolved through a fact-finding committee, called The Combined Research Team on the Effects of Solid Wastes Disposal, consisting of Indocement, the regional government of the Kotabaru Regent, the fisheries faculty of the University of Lambung Mangkurat, village leaders, and representatives of the fishermen community.

In September 2004, Indocement participated in the Tree Bank Program of the Ministry of Environment that aims to restore the ecological balance of certain critical areas in Java, Madura and Bali. During the initial stage of the program, Indocement donated 30,000 seedlings of seven tree varieties which were planted over roughly 36 hectares of denuded land in the village of Sinarancang in Cirebon, West Java.

corporate governance

Good Corporate Governance continues to define every decision and action taken by Indocement, and we remain committed to the exercise of transparent reporting and management accountability.

In addition to transparency and accountability, corporate governance at Indocement remains as a viable means of fostering clear lines and delegation of authority, as well as responsibility, accountability and fair conduct within an open environment in which integrity is expected to flourish and prevail at all levels.

The key points of our corporate governance policies and implementation remain as follows:

- 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

These guidelines have enabled Indocement to ensure sound management and control of the Company's assets and shareholders' equity. Thus, we continue to rely on sound corporate governance tenets in order to ensure sustainable development and to build and enhance long-term stakeholder value.

"We continue to rely on good corporate governance in order to ensure sustainable development and to build and enhance long term stakeholder value."

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

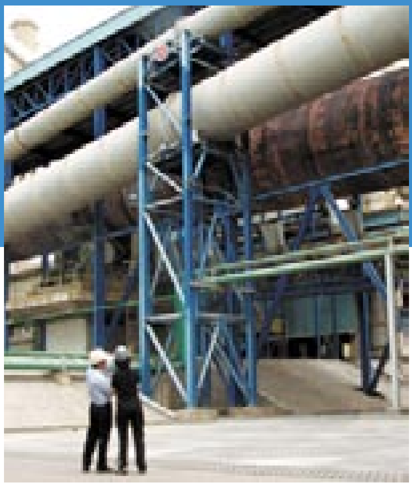
- Sudwikatmono
- I Nyoman Tjager
- Parikesit Suprapto

In addition, the Board of Commissioners has formed an Audit Committee consisting of independent professionals, whose members as at year-end 2004 were as follows:

- I Nyoman Tjager
- F. Antonius Alijoyo
- Phil Leifermann

Risk Management

Indocement has developed a comprehensive risk management framework as an integral part of its business. Evaluative and anticipative measures at the earliest stage of a potential risk are the cornerstones of Indocement's rigorous risk management process. The major risk categories of importance to Indocement are strategic, operational and finance. The indicators and parameters of all risk elements attributable to the risk categories have been and continue to be systematically identified and analyzed from time to time. The identified risk elements are then closely and constantly monitored at all levels of management. This highly organized and bottom-up approach to risk management provides reasonable assurances towards the business continuity and sustainability of Indocement as a going concern.



Indocement Audit Committee Report 2004

The Audit Committee report has been prepared in accordance with the applicable regulations of the Capital Market Supervisory Agency (Bapepam) No. IX.I.5 concerning The Formation and Guidance for Audit Committee and the regulation of the Jakarta Stock Exchange (KEP-305/BEJ/07-2004) No. IA concerning General Provision on the Listing of Shares (Stock) Equity – Type Securities at the Exchange.

For the financial period ended 31 December 2004, the Audit Committee met six times to fulfill their roles and responsibilities in the following areas:

- Financial reporting and audit
- Corporate governance
- Risk management
- Internal audit
- Business planning

In relation to financial reporting and audit, the Audit Committee was involved in the appointment of a public accounting firm to act as external auditors. In this regard, the Audit Committee considered the scope and methodology of the audit, as well as the independence, objectivity and qualifications of the auditors themselves. In addition, the Audit Committee conducted regular reviews of the external audit process during the audit, focusing on the audit planning and reporting aspects. The Audit Committee concluded that the financial reporting and audit were satisfactory, in compliance with Generally Accepted Accounting Principles in Indonesia.

In relation to corporate governance, the Audit Committee conducted a review of Indocement's self-assessment of corporate governance practices, based on the checklist developed by the Forum for Corporate Governance in Indonesia (FCGI). The Audit Committee concluded that corporate governance was satisfactory. As management recognized the importance of corporate governance, and while current corporate governance practices are already above national standards, some minor improvements to corporate governance practices were still required to achieve international standards.

In relation to risk management, the Audit Committee conducted a review of Indocement's enterprise risk management approach, based on the HeidelbergCement Group risk management framework. The Audit Committee concluded that risk management was satisfactory, as management had identified the major risks affecting Indocement, including both financial and operational risks.

In relation to internal audit, the Audit Committee conducted a review of Indocement's risk-based internal audit approach, based on the best practices developed by the Institute of Internal Auditors, as well as the relationship between the risk-based internal audit and enterprise risk management approaches. As referred to above, the Audit Committee concluded that internal audit was satisfactory, as management had assessed and mitigated the major risks affecting Indocement, including the establishment of adequate internal controls.

In relation to business planning, the Audit Committee conducted a high-level review of business plans through discussions with senior management. The Audit Committee concluded that business planning was satisfactory, as management understood the challenges faced by Indocement in meeting its corporate goals and objectives.

Finally, following the independent shareholders' approval during the Extraordinary General Meeting of Shareholders on 23 February 2005 of the Company's transactions with related companies, the Audit Committee plans to review all "related-party transactions" commencing 1 January 2005 to ensure that transactions are on an arms-length basis.

I Nyoman Tjager

Chairman of Audit Committee

See page 9.

F. Antonius Alijoyo

Member of Audit Committee

Indonesian citizen, age 41. Member of Audit Committee of Indocement since 6 December 2001. Currently, he is a senior partner of AAJ Associates, a member firm of RSM International. He holds a Bachelor of Economics degree from Parahyangan Catholic University, and a Master of Business Administration from IPPM, Jakarta.

Phil Leifermann

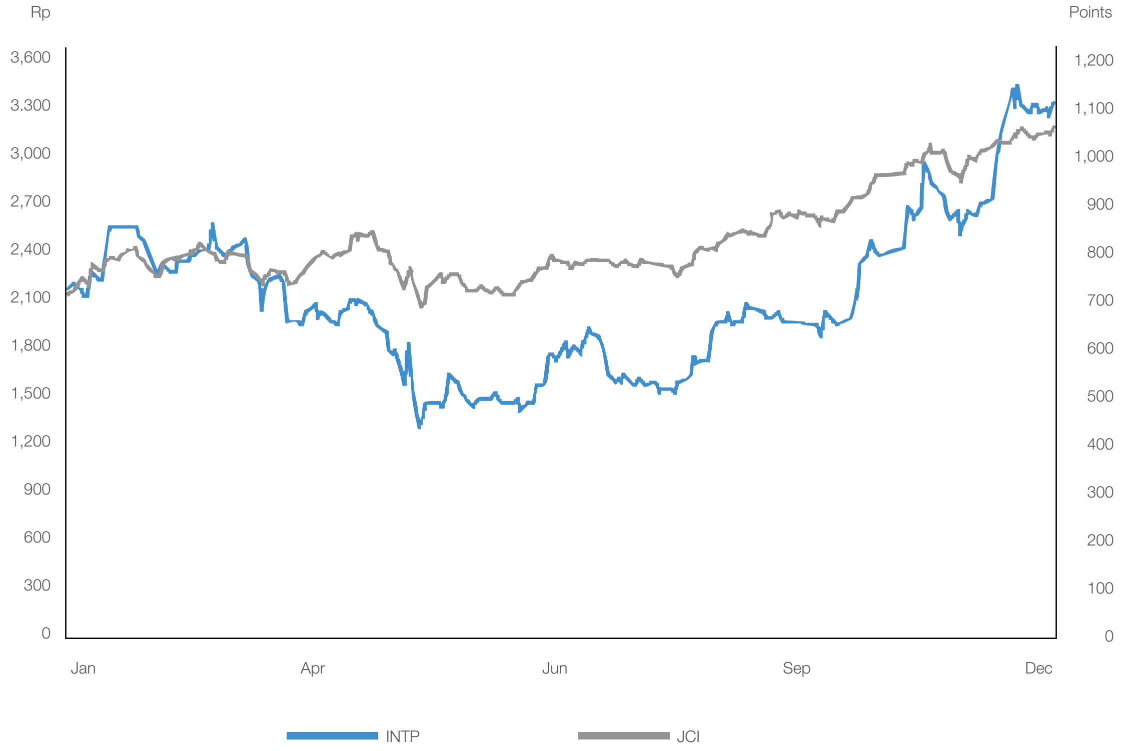
Member of Audit Committee

Australian citizen, age 42. Member of Audit Committee of Indocement since 5 March 2002. Currently, he is the President Director of Insight Consulting. He holds a Master of Business Administration degree from the University of Western Australia, Perth.

stock market information

"The Company's share price increased by approximately 45% in 2004, reflecting the growing confidence of investors in the Company."

INTP vs JCI in 2004



- Indocement had a total of 3,681,231,699 shares listed on the stock exchanges of Jakarta and Surabaya as at year-end 2004
- Total traded volume of Indocement shares in 2004 reached 1,084,929,000 shares
- These shares were traded at Rp2,125 per share on 2 January 2004 and Rp3,075 per share on 30 December 2004, an increase of 44.7%
- In 2004, the Jakarta Composite Index (JCI) opened at 691.9 and closed at 1,000.23, an increase of 44.6%
- The number of registered Indocement shareholders was 1,516 as at 31 December 2004

Share Price

in Rupiah

	2004		2003	
	Highest	Lowest	Highest	Lowest
First Quarter	2,525	1,900	875	600
Second Quarter	2,050	1,275	1,250	825
Third Quarter	2,025	1,450	1,825	1,250
Fourth Quarter	3,075	1,825	2,150	1,700

plant locations

Tarjun Factory, South Kalimantan
Plant 12

Citeureup Factory, West Java
Plant 1-8 & 11

Cirebon Factory, West Java
Plant 9 & 10

subsidiaries and other investments

Revenues Billion Rupiah

	2004	2003
Subsidiaries		
PT Indomix Perkasa	44.5	86.4
PT Pionirbeton Industri	137.2	126.1
PT Dian Abadi Perkasa	2,917.7	3,009.2
PT Multi Bangun Galaxy	-	-
Other Investments		
PT Cibinong Center Industrial Estate	3.6	7.7
PT Pama Indo Mining	35.5	32.1
Stillwater Shipping Corporation	2.7	24.2

PT Indomix Perkasa
Produces and sells ready-mix concrete

PT Pionirbeton Industri
Produces and sells ready-mix concrete

PT Dian Abadi Perkasa
Domestic distributor of cement

PT Multi Bangun Galaxy
Terminal-Land Operation

PT Indo Clean Set Cement
Produces clean set cement. Under liquidation

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

PT Pama Indo Mining
Engages in clay and limestone mining services

Indocement (Cayman Island) Limited
Investment

Stillwater Shipping Corporation
Owns and operates “MV Tiga Roda” and floating terminal “Quantum I”

consolidated
financial statements

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This report is originally issued in Indonesian language.

Independent Auditors' Report

Report No. RPC-3477

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

We have audited the consolidated balance sheets of PT Indocement Tunggal Prakarsa Tbk. (the "Company") and Subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years 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 audits. 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 0.44% and 0.24% of the total consolidated assets as of December 31, 2004 and 2003, respectively, while the related equity in net earnings of these associated companies amounted to Rp13,342,851,763 in 2004 and Rp1,256,450,475 in 2003.

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

In our opinion, the 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, 2004 and 2003, and the results of their operations, and their cash flows for the years then ended in conformity with generally accepted accounting principles in Indonesia.

Prasetio, Sarwoko & Sandjaja

Drs. Soemarso S. Rahardjo, ME
Public Accountant License No. 98.1.0064

January 28, 2005,
except for Note 26c, as to which the date is
February 23, 2005

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.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2004 and 2003
(Expressed in rupiah)

ASSETS	Notes	2004	2003
CURRENT ASSETS			
Cash and cash equivalents	2c,3	307,432,518,403	300,084,754,453
Short-term investments	2d	5,969,712,650	5,946,452,150
Trade receivables	2e,4,11		
Related party	2f,21	30,985,951,840	22,748,551,497
Third parties - net of allowance for doubtful accounts of Rp13,822,091,743 in 2004 and Rp13,332,091,743 in 2003	22e	411,847,154,062	294,566,141,368
Other receivables from third parties - net of allowance for doubtful accounts of Rp8,503,980,725 in 2004 and Rp1,389,089,659 in 2003	2e,2q, 5,22m	14,374,272,817	15,218,462,652
Inventories - net	2g,6,11	711,899,494,405	709,065,286,248
Advances and deposits	6	54,940,907,583	57,943,015,022
Prepaid taxes	10	43,529,803,250	48,965,252,314
Prepaid expenses	2h	13,739,936,494	12,560,871,406
TOTAL CURRENT ASSETS		**1,594,719,751,504**	**1,467,098,787,110**
NON-CURRENT ASSETS			
Due from related parties	2f,21	67,104,149,319	68,129,247,479
Deferred tax assets - net	2r,10	4,193,566,217	7,278,466,766
Long-term investments and advances to associated companies - net of allowance for doubtful accounts of Rp13,720,944,026 in 2004 and Rp13,431,144,026 in 2003	2b,2f,7	42,595,860,242	24,864,880,556
Fixed assets - net of accumulated depreciation, amortization and depletion of Rp3,390,873,271,384 in 2004 and Rp2,910,855,783,693 in 2003	2i,2j,2k,2l, 8,11	7,761,254,118,072	8,140,674,858,601
Restricted cash and time deposits	11,12	238,423,284,643	368,504,768,694
Other non-current assets	2h,2m,8	62,721,088,443	68,514,825,152
TOTAL NON-CURRENT ASSETS		8,176,292,066,936	8,677,967,047,248
TOTAL ASSETS		**9,771,011,818,440**	**10,145,065,834,358**

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

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (continued)

December 31, 2004 and 2003
(Expressed in rupiah)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2004	2003
CURRENT LIABILITIES			
Trade payables	9		
Third parties	22i	187,310,122,104	106,900,353,070
Related party	2f,21	-	796,852,775
Other payables to third parties	8,22d	51,057,320,380	43,169,864,325
Accrued expenses	2f,11,18,21	91,436,981,678	76,994,864,638
Taxes payable	2r,10	48,275,070,877	46,388,550,615
Current maturities of long-term liabilities			
Loans from banks and financial institutions	2f,11,21	729,265,000,000	497,318,750,000
Obligations under capital lease	2k,8,12	2,350,111,368	1,752,355,760
Others	2o,20,22l	9,226,363,250	6,062,667,633
Other current liabilities		7,757,166,956	5,663,122,589
TOTAL CURRENT LIABILITIES		1,126,678,136,613	785,047,381,405
NON-CURRENT LIABILITIES			
Due to related parties	2f,21	1,805,083,198	1,819,921,011
Deferred tax liabilities - net	2r,10	61,494,499,224	290,799,555
Long-term liabilities - net of current maturities			
Loans from banks and financial institutions	2f,11,21	3,880,090,365,405	4,792,846,759,308
Obligations under capital lease	2k,8,12	1,593,683,485	3,504,711,520
Others	2o,20,22l	34,097,499,205	17,495,856,555
Deferred gain on sale-and-leaseback transactions - net	2k	9,459,341,210	10,602,608,865
TOTAL NON-CURRENT LIABILITIES		3,988,540,471,727	4,826,560,656,814
SHAREHOLDERS' EQUITY			
Capital stock - Rp500 par value per share			
Authorized - 8,000,000,000 shares			
Issued and fully paid - 3,681,231,699 shares	13	1,840,615,849,500	1,840,615,849,500
Additional paid-in capital	2t,14	1,194,236,402,048	1,194,236,402,048
Other paid-in capital	15	338,250,000,000	338,250,000,000
Differences arising from changes in the equity of Subsidiaries	2b	5,447,335,825	(841,391,078)
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	(3,045,917,820)	(3,069,178,320)
Retained earnings			
Appropriated	16	100,000,000,000	75,000,000,000
Unappropriated		1,511,088,739,055	1,420,065,312,497
NET SHAREHOLDERS' EQUITY		4,655,793,210,100	4,533,457,796,139
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9,771,011,818,440**	**10,145,065,834,358**

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

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2004 and 2003
(Expressed in rupiah)

	Notes	2004	2003
NET REVENUES	2f,2n,17, 21,22e,22g	4,615,507,373,678	4,157,683,466,642
COST OF REVENUES	2f,2n,18, 20, 21,22h,22i,22j	3,092,419,178,929	2,761,761,751,105
GROSS PROFIT		**1,523,088,194,749**	**1,395,921,715,537**
OPERATING EXPENSES	2f,2n,19,20, 21,22d,22f		
Delivery and selling		520,806,841,198	422,933,060,351
General and administrative		166,044,812,687	158,612,350,562
Total Operating Expenses		**686,851,653,885**	**581,545,410,913**
INCOME FROM OPERATIONS		**836,236,540,864**	**814,376,304,624**
OTHER INCOME (EXPENSES)			
Interest income	3	18,532,478,876	22,343,305,301
Gain on debt buy-back	11,28	1,102,258,416	164,291,843,757
Gain on disposal of fixed assets - net	2i,8	21,945,206	123,100,441,406
Foreign exchange gain (loss) - net	2p,2q,22m	(498,186,881,680)	38,208,746,252
Interest expense	11	(185,488,392,919)	(233,967,826,486)
Gain on disposal of long-term investment - net		-	101,972,978,186
Others - net	2b,2d,2m	(990,751,906)	(48,015,621,862)
Other Income (Expenses) - Net		**(665,009,344,007)**	**167,933,866,554**

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

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (continued)

Years ended December 31, 2004 and 2003
(Expressed in rupiah)

	Notes	2004	2003
EQUITY IN NET EARNINGS OF ASSOCIATED COMPANIES - NET	2b,7	**13,342,851,763**	**1,256,450,475**
INCOME BEFORE CORPORATE INCOME TAX EXPENSE		**184,570,048,620**	**983,566,621,653**
CORPORATE INCOME TAX EXPENSES	2r,10		
Current		4,258,021,844	4,105,138,210
Deferred		64,288,600,218	309,171,757,909
Total Corporate Income Tax Expense		**68,546,622,062**	**313,276,896,119**
NET INCOME		**116,023,426,558**	**670,289,725,534**
BASIC EARNINGS PER SHARE	2u	**31.52**	**182.08**

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

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended December 31, 2004 and 2003
(Expressed in rupiah)

	Notes	Capital Stock	Additional Paid-in Capital * (Notes 14 and 15)	Differences Arising from Changes in the Equity of Subsidiaries
Balance as of December 31, 2002		**1,840,611,759,500**	**1,532,479,040,048**	**(55,633,848,147)**
Net income		-	-	-
Issuance of common stock arising from the exercise of warrants by shareholders	13	4,090,000	7,362,000	-
Appropriation of retained earnings for general reserve	16	-	-	-
Decline in market values of investments in available-for-sale securities	2d	-	-	-
Change in the equity of a Subsidiary arising from the revaluation of its fixed assets	2b,8	-	-	18,550,195,620
Change in the equity of a Subsidiary arising from realized loss on sale of its investment in available-for-sale securities	2b,2d	-	-	10,842,722,096
Change in the equity of a Subsidiary arising from the recovery from decline in market values of its investments in available-for-sale securities	2b,2d	-	-	25,399,539,353
Balance as of December 31, 2003		**1,840,615,849,500**	**1,532,486,402,048**	**(841,391,078)**
Net income		-	-	-
Changes in the equity of a Subsidiary arising from foreign currency translation adjustment	2b	-	-	6,278,731,152
Recovery from decline in market values of investments in available-for-sale securities	2d	-	-	-
Appropriation of retained earnings for general reserve	16	-	-	-
Changes in the equity of a Subsi0diary arising from the recovery from decline in market values of its investments in available-for-sale securities	2b,2d	-	-	9,995,751
Balance as of December 31, 2004		**1,840,615,849,500**	**1,532,486,402,048**	**5,447,335,825**

* Including Other Paid-in Capital

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

	Differences Arising from Restructuring Transactions Among Entities Under Common Control	Unrealized Losses on Available-for-Sale Securities - Net	Retained Earnings - Appropriated	Retained Earnings - Unappropriated	Net Shareholders' Equity
	(330,799,198,508)	**(3,038,715,970)**	**50,000,000,000**	**774,775,586,963**	**3,808,394,623,886**
	-	-	-	670,289,725,534	670,289,725,534
	-	-	-	-	11,452,000
	-	-	25,000,000,000	(25,000,000,000)	-
	-	(30,462,350)	-	-	(30,462,350)
	-	-	-	-	18,550,195,620
	-	-	-	-	10,842,722,096
	-	-	-	-	25,399,539,353
	(330,799,198,508)	**(3,069,178,320)**	**75,000,000,000**	**1,420,065,312,497**	**4,533,457,796,139**
	-	-	-	116,023,426,558	116,023,426,558
	-	-	-	-	6,278,731,152
	-	23,260,500	-	-	23,260,500
	-	-	25,000,000,000	(25,000,000,000)	-
	-	-	-	-	9,995,751
	(330,799,198,508)	**(3,045,917,820)**	**100,000,000,000**	**1,511,088,739,055**	**4,655,793,210,100**

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

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2004 and 2003
(Expressed in rupiah)

	Notes	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Collections from customers		4,911,529,233,595	4,472,855,641,795
Payments to suppliers and contractors, and for salaries and other employees' benefits		(3,344,350,056,027)	(2,825,942,446,699)
Cash provided by operations		1,567,179,177,568	1,646,913,195,096
Proceeds from claims for tax refund	10	15,872,718,682	13,270,822,761
Receipts of interest income		13,345,976,519	17,427,738,508
Payments of taxes		(317,521,602,112)	(335,211,814,611)
Net receipts from other operating activities		25,090,069,938	45,019,911,782
Net Cash Provided by Operating Activities		**1,303,966,340,595**	**1,387,419,853,536**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received	7	1,601,788,549	17,951,109,674
Proceeds from sale of fixed assets	8	105,700,000	219,457,254,400
Purchases of fixed assets		(69,633,378,368)	(113,641,572,724)
Acquisition of a subsidiary	2b	(1,000,000,000)	-
Proceeds from sale of marketable securities		-	42,179,214,093
Proceeds from sale-and-leaseback transaction		-	5,173,904,800
Refund of investment in associated company	7	-	3,500,000,000
Net proceeds from other investing activities		-	2,287,159,904
Net Cash Provided by (Used in) Investing Activities		**(68,925,889,819)**	**176,907,070,147**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from (payment of) derivative transactions		7,270,772,250	(9,368,600,000)
Payment of obligations under capital lease	12	(2,186,013,733)	(1,756,355,760)
Proceeds from issuance of capital stock arising from the exercise of warrants by shareholders	13	-	11,452,000
Net Cash Provided by (Used in) Financing Activities		**5,084,758,517**	**(11,113,503,760)**
NET EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		19,827,774,102	(5,256,476,958)
NET RECLASSIFICATION OF CASH AND CASH EQUIVALENTS TO OTHER ASSETS (RESTRICTED CASH AND TIME DEPOSITS)		(1,252,605,219,445)	(1,521,481,320,098)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,347,763,950**	**26,475,622,867**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3	300,084,754,453	273,609,131,586
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	**307,432,518,403**	**300,084,754,453**

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

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Years ended December 31, 2004 and 2003
(Expressed in rupiah)

	Notes	2004	2003
Activities not affecting cash and cash equivalents:			
Payment of bank loans from restricted cash accounts (including debt buy-back of Rp355,904,265,452 in 2004 and Rp1,267,460,477,784 in 2003)	11	1,238,168,011,605	1,781,412,162,430
Payment of interest using restricted cash accounts	11	174,098,391,477	233,059,896,224
Interest earned on restricted cash accounts	11	2,277,442,403	4,462,847,868
Acquisitions of assets under capital lease through the incurrence of obligation under capital lease	8,12	480,000,000	7,013,423,040
Proceeds from sale of long-term investments deposited to restricted cash accounts		-	287,145,153,434
Recognition of revaluation increment in fixed assets	8	-	18,550,195,620
Payments to facility and security agents using restricted cash accounts	11	-	2,359,395,000

The accompanying notes form an integral part of these 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 Supplement No. 57 of State Gazette No. 946 dated July 16, 1985. The Company's articles of association has been amended from time to time, the latest amendment of which was covered by notarial deed No. 2 dated December 2, 2004 of Amrul Partomuan Pohan, S.H., LLM. concerning, among others, the change in the members of the Company's boards of commissioners and directors. Such amendments were registered with the Ministry of Justice and Human Rights on December 10, 2004.

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, building materials, construction and trading. Currently, the Company and Subsidiaries are involved in several businesses consisting of the manufacture and sale of cement (as core business) and ready mix concrete.

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 cement business includes the operations of the Company's twelve (12) plants located in three different sites: nine at the Citeureup - Bogor site, two at the Palimanan - Cirebon site and one at the Tarjun - South Kalimantan site, with a total combined annual production capacity of approximately 15.4 million tons of clinker. The ready mix concrete manufacturing business comprises the operation of the Company's two subsidiaries. Prior to 2004, the Company also owned Wisma Indocement which operates and leases a 23-storey office tower (with over 19,000 square meters of rentable space and two basement car parks). The Company sold this office tower in November 2003 (see Note 8).

Based on the minutes of the extraordinary general meeting of the Company's shareholders (EGMS) held on October 2, 1989, which were 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 minutes of the EGMS held on March 18, 1991, which were 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 US$75 million worth of 6.75% Euro Convertible Bonds (the "Euro Bonds") on the Luxembourg Stock Exchange at 100% issue price, with an original maturity in 2001 if these were not converted into shares. The Euro Bonds were convertible into common shares starting August 1, 1991 up to May 20, 2001 at the option of the bondholders at the initial conversion price of Rp14,450 per share, with a fixed rate of exchange upon conversion of US$1 to Rp1,946.

In 1994, the Company issued 8,555,640 shares 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 Rp8,555,640,000 to capital stock and Rp67,320,100,000 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.

In the EGMS held on June 15, 1994, the shareholders approved the increase in the Company's authorized capital stock from Rp750 billion to Rp2,000 billion, and the issuance of one bonus share for every share held by the shareholders as of August 23, 1994, or a total of 599,790,020 bonus shares.

(Expressed in rupiah, unless otherwise stated)

In the EGMS held on June 26, 1996, the shareholders resolved to split the par value of the Company's shares from Rp1,000 per share to Rp500 per share. Accordingly, the number of issued and paid-in capital stock was 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 shares to Marubeni Corporation as a result of the conversion into equity of the latter's receivable from the Company (debt-to-equity swap).

In the EGMS held on March 29, 2001, the shareholders approved the rights issue offering with pre-emptive rights to purchase new shares at Rp1,200 per share. The total number of shares allocated for the rights issue was 1,895,752,069 shares with an option to receive Warrant C if the shareholders did not exercise their rights under certain terms and conditions stated in Note 13.

As of May 1, 2001 (the last exercise date), the total shares issued for rights exercised were as follows:

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

The number of shares issued for the exercise of Warrant C totaled 8,180 shares.

As of December 31, 2004 and 2003, the members of the Company's boards of commissioners and directors are as follows:

	2004	2003
Board of Commissioners		
President	Jean-Claude Thierry A. Dosogne	Paul Marie Vanfrachem
Vice President	Sudwikatmono	Sudwikatmono
Vice President	I Nyoman Tjager	I Nyoman Tjager
Commissioner	Hans Erwin Bauer	Hans Erwin Bauer
Commissioner	Parikesit Suprapto	Parikesit Suprapto
Commissioner	Daniel Hugues Jules Gauthier	Hans Hakan Fernvik
Commissioner	Lorenz Naeger	Horst Robert Wolf
Commissioner	-	Ibrahim Risjad
Commissioner	-	Jean-Claude Thierry A. Dosogne
Board of Directors		
President	Daniel Eugene Antoine Lavalle	Daniel Eugene Antoine Lavalle
Vice President	Tedy Djuhar	Tedy Djuhar
Director	Thomas Willi Kern	Thomas Willi Kern
Director	Hans Oivind Hoidalen	Hans Oivind Hoidalen
Director	Iwa Kartiwa	Iwa Kartiwa
Director	Nelson G. D. Borch	Nelson G. D. Borch
Director	Benny Setiawan Santoso	Benny Setiawan Santoso
Director	Christian Kartawijaya	Bradley Reginald Taylor
Director	Philippe Albert Kaplan	-

(Expressed in rupiah, unless otherwise stated)

Total salaries and other compensation benefits paid to the Company's boards of commissioners and directors amounted to Rp29 billion and Rp24 billion for the years ended December 31, 2004 and 2003, respectively. As of December 31, 2004 and 2003, the Company and Subsidiaries have a total of 6,851 and 7,107 permanent employees, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the 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 Presentation and Disclosures for publicly listed companies issued by the Bapepam for manufacturing and investment companies. The consolidated financial statements have been prepared on the accrual basis using the historical cost concept of accounting, except for inventories which are valued at the lower of cost or net realizable value (market), derivative instruments and short-term investments which are stated at market values, certain investments in shares of stock which are accounted for under the equity method, and certain fixed assets which are stated at revalued amounts.

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

The reporting currency used in the preparation of the consolidated financial statements is the Indonesian 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, 2004	Effective Percentage of Ownership (%)
Direct					
PT Dian Abadi Perkasa (DAP)	Cement distribution	Indonesia	1998/1999	356,856,253,256	99.99
PT Indomix Perkasa (Indomix)	Ready mix concrete manufacturing	Indonesia	1992/1992	62,778,944,648	99.99
Indocement (Cayman Islands) Limited	Investing	Cayman Islands	1991/1991	32,586,375,560	100.00
Indirect					
PT Pionirbeton Industri (PBI) (formerly PT Pioneer Beton Industri)	Ready mix concrete manufacturing	Indonesia	1996/1996	89,195,175,119	99.99
PT Multi Bangun Galaxy (MBG)	Trading	Indonesia	1999	1,688,907,109	99.99

(Expressed in rupiah, unless otherwise stated)

DAP was established in 1998 for the purpose of acting as the Company's main domestic distributor of certain cement products.

On July 9, 2004, DAP and Indomix, subsidiaries, acquired 1,000 shares of MBG at book value, representing 100% ownership from PT Total Galaxy and Mr. Freddysun, third parties. MBG is a company which has obtained the right to use ("hak pengelolaan") the Lembar port (Lombok), where the Company built its terminal, for 20 years from PT (PERSERO) Pelabuhan Indonesia III since January 1, 2001.

As of December 31, 2004, MBG has not yet started its commercial operations.

The Company also has five (5) other subsidiaries, all with effective percentages of ownership of 99.99%. The total cost of investments in these entities amounted to Rp20,000,000. Since these entities have no activities and the total cost of the investments in these subsidiaries is immaterial, their accounts were no longer consolidated into the consolidated financial statements. Instead, the investments in these subsidiaries are presented as part of "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, 2004
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	-

All significant intercompany accounts and transactions have been eliminated.

Investments in associated companies wherein 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' share in the net earnings (losses) of the investees since the date of acquisition and are reduced by cash dividends received by the Company or Subsidiaries from the investees. The share in net earnings (losses) of the investees is 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 share in the book value of the underlying net assets of investees at date of acquisition (goodwill).

A subsidiary's investment in an associated company which uses the U.S. dollar as its functional and reporting currency is translated into rupiah using the exchange rate prevailing at balance sheet date, while the equity in the net earnings (losses) of the associated company is translated using the average rate during the year. Exchange differences arising from the translation of the investment are recorded by the Company as "Differences Arising from Changes in the Equity of Subsidiaries" account which is presented under the Stockholders' Equity section of the consolidated balance sheets.

All other investments are carried at cost.

In compliance with PSAK No. 38, "Accounting for Restructuring Transactions Among Entities under Common Control", the differences between the cost/proceeds of net assets acquired/disposed in connection with restructuring transactions among entities under common control compared to their net book values are recorded and presented as "Differences Arising from Restructuring Transactions Among Entities under Common Control" under the Shareholders' Equity section of the consolidated balance sheets.

In compliance with PSAK No. 40, “Accounting for Changes in the Value of Equity of a Subsidiary/ Associated Company”, 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 the Equity of Subsidiaries” 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 on the stock exchanges are classified as “Short-term Investments”.

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

e. Allowance for Doubtful Accounts

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

f. Transactions with Related Parties

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

All significant transactions and balances with related parties, whether or not conducted using terms and conditions similar to those granted to third parties, are disclosed in Note 21.

g. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the moving average method. Allowance for inventory losses is provided to reduce the carrying value of inventories to their net realizable values.

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

h. Prepaid Expenses

Prepaid expenses are amortized over the periods benefited using the straight-line method. The non-current portion of prepaid expenses is shown as part of “Other Non-current Assets” in the consolidated balance sheets.

i. Fixed Assets

Fixed assets are stated at cost, except for certain assets revalued in accordance with government regulations, less accumulated depreciation, amortization and depletion. Certain machinery and equipment related to the production of cement are depreciated using the unit-of-production method, while all other fixed assets 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 is not depreciated.

Construction in progress is stated at cost (see item l below). Cost is reduced by the amount of revenue generated from the sale of finished products during the trial production run less the related cost of production. The accumulated cost will be reclassified to the appropriate fixed assets account when the construction is substantially completed and the asset constructed is ready for its intended use.

The costs of maintenance and repairs are charged to operations as incurred; significant renewals and betterments which meet the capitalization criteria under PSAK No. 16, “Fixed Assets”, 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 any resulting gains or losses are credited or charged to current operations.

j. Impairment of Assets

The recoverable amount of an asset is estimated whenever events or changes in circumstances indicate that its carrying amount may not be fully recoverable. Impairment in asset value, if any, is recognized as a loss in the current year’s statement of income.

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 as part of “Fixed Assets” 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 the methods and estimated useful lives used for similar fixed assets acquired under direct ownership.

Gain on sale-and-leaseback transaction is deferred and amortized using the same basis and methods as mentioned above.

Obligations under capital lease are presented at the present value of the remaining lease payments to be made.

l. Capitalization of Borrowing Costs

In accordance with revised PSAK No. 26, "Borrowing Costs", interest charges and foreign exchange differences incurred on borrowings and other related costs to finance the construction or installation 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. In 2004 and 2003, no borrowing costs were capitalized.

m. Deferred Charges

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

o. Provision for Employee Benefits

The Company has a defined contribution retirement plan (Pension Plan) covering all of its qualified permanent employees and an unfunded employee benefit liability in accordance with the existing Company's Collective Labor Agreement (CLA). The provision for the CLA has been calculated by comparing the benefit that will be received by an employee at normal pension age from the Pension Plan with the benefit as stipulated in the CLA after deducting the accumulated employee contribution and the related investment results. If the employer-funded portion of the Pension Plan benefit is less than the benefit as required by the CLA, the Company provides for such shortage. Prior to January 1, 2004, the Company determined its employee benefit liability under the CLA based on an actuarial valuation and amortized unrecognized past service costs over the estimated average remaining years of service of qualified employees.

On the other hand, the Subsidiaries do not maintain any pension plan for the benefit of their employees. However, retirement benefit expenses for those Subsidiaries are accrued based on Labor Law No. 13/2003 dated March 25, 2003 ("the Law").

Effective January 1, 2004, the Company decided to early adopt PSAK No. 24 (Revised 2004) - Employee Benefits, on a retrospective basis and changed its previous accounting method for employee benefits to the method required under this revised PSAK.

Under PSAK No. 24 (Revised 2004), the cost of providing employee benefits under the CLA/Law is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting year exceeds the higher of 10% of the present value of defined benefit obligation and the fair value of plan assets at that date. These gains or losses are amortized on a straight-line basis over the expected average remaining working lives of the employees. Further, past service costs arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

Since the difference between the benefits under this revised PSAK and the benefits previously recognized prior to 2004 is immaterial, the Company recorded the difference in the 2004 consolidated statement of income (see Note 20).

(Expressed in rupiah, unless otherwise stated)

p. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in rupiah 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 quoted at the closing of the last banking day of the year. The resulting gains or losses are credited or charged to current operations, except for those capitalized under PSAK No. 26.

As of December 31, 2004 and 2003, the rates of exchange used are as follows:

	2004	2003
Euro (EUR1)	12,652.06	10,643.06
U.S. dollar (US$1)	9,290.00	8,465.00
Japanese yen (JP¥100)	9,042.26	7,916.77

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 balance sheets 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 statements of income. PSAK No. 55 also requires that an entity formally document, designate, and assess the effectiveness of transactions that are accounted for under the hedge accounting treatment.

The accounting for changes in the fair value of a derivative depends on the documented use of the derivative and the resulting designation. The Company has entered into forward and option currency contracts to hedge market risks arising from fluctuations in exchange rates relating to its foreign currency denominated loans. However, based on the specific requirements for hedge accounting under PSAK No. 55, the said instruments can not be designated as hedge activities for accounting purposes and accordingly, changes in the fair value of such instruments are recorded directly in earnings.

r. Corporate Income Tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to 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.

Amendment to a tax obligation is recorded when an assessment is received or, if appealed, when the result of the appeal is determined.

(Expressed in rupiah, unless otherwise stated)

s. Segment Reporting

The Company and Subsidiaries' businesses are grouped into three major operating businesses: cement, ready mix concrete and other businesses. Financial information on business segments is presented in Note 17.

A business segment is a distinguishable component based on the industry or group of products or services and is subject to risks and returns that are different from those of other segments.

t. Stock Issuance Cost

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

u. Net Earnings per Share

Basic earnings per share is computed by dividing net earnings by the weighted average number of shares outstanding during the year, which is 3,681,231,699 shares in 2004 and 3,681,229,010 shares in 2003.

In accordance with PSAK No. 56, "Earnings per Share", the Company did not consider the dilutive effects of its outstanding warrants issued in computing earnings per share since the exercise price of the outstanding warrants is higher than the market price of the Company's shares listed on the stock exchange.

3. CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	2004	2003
Cash on hand	674,759,397	666,075,457
Cash in banks		
ABN-AMRO Bank N.V.		
U.S. dollar		
(US$3,907,038 in 2004 and		
US$6,635,805 in 2003)	36,296,381,627	56,172,090,341
Rupiah	3,305,942,080	881,323,157
PT Bank Mandiri (Persero) Tbk.		
Rupiah	12,921,074,530	5,790,124,744
U.S. dollar		
(US$298,459 in 2004 and		
US$1,304,204 in 2003)	2,772,682,717	11,040,084,829
Euro		
(EUR47,893 in 2004 and		
EUR1,422 in 2003)	605,949,411	15,133,899
PT Bank Central Asia Tbk.		
Rupiah	6,923,632,809	15,329,849,669
Euro		
(EUR478,496 in 2004 and		
EUR6,385 in 2003)	6,053,961,240	67,958,280
U.S. dollar		
(US$258,212 in 2004 and		
US$142,612 in 2003)	2,398,787,344	1,207,207,617

(Expressed in rupiah, unless otherwise stated)

	2004	2003
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta Branch		
Rupiah	7,778,332,514	4,200,913,392
PT Bank Lippo Tbk.		
Rupiah	1,470,388,067	2,475,341,084
PT Bank Multicor		
U.S. dollar (US$2,229 in 2004 and US$28,173 in 2003)	20,705,552	238,486,731
Others		
Rupiah	1,774,777,649	404,217,051
U.S. dollar (US$53,124 in 2004 and US$52,932 in 2003)	493,521,960	447,119,814
Other foreign currencies	89,071,506	148,828,388
Rupiah time deposits		
ABN-AMRO Bank N.V.	105,612,550,000	35,000,000,000
PT Bank Mandiri (Persero) Tbk.	59,500,000,000	163,000,000,000
PT Bank Central Asia Tbk.	3,000,000,000	3,000,000,000
U.S. dollar time deposits (US$6,000,000)		
ABN-AMRO Bank N.V.	55,740,000,000	-
Total	**307,432,518,403**	**300,084,754,453**

Interest rates per annum ranged from 4.75% to 7.93% in 2004 and from 6.00% to 13.00% in 2003 for the rupiah time deposits and 1.20% in 2004 for the U.S. dollar time deposits.

4. TRADE RECEIVABLES

The details of trade receivables are as follows:

	2004	2003
Related Party (see Note 21)		
Cement business		
HCT Services Asia Pte., Ltd. (formerly HC Trading International Inc.), Singapore (US$3,335,409 in 2004 and US$2,687,366 in 2003)	**30,985,951,840**	**22,748,551,497**
Third Parties		
Cement and ready mix concrete business	425,669,245,805	306,664,591,682
Other businesses	-	1,233,641,429
Total	425,669,245,805	307,898,233,111
Allowance for doubtful accounts	(13,822,091,743)	(13,332,091,743)
Net	**411,847,154,062**	**294,566,141,368**

(Expressed in rupiah, unless otherwise stated)

The movements of allowance for doubtful accounts are as follows:

	2004	2003
Balance at beginning of year	13,332,091,743	16,392,497,190
Provision during the year	490,000,000	561,569,728
Receivables written off during the year	-	(3,621,975,175)
Balance at end of year	**13,822,091,743**	**13,332,091,743**

Based on the review of the 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 for the long-term loans from banks and financial institutions (see Note 11).

The aging of trade receivables based on their currency denominations as of December 31, 2004 and 2003 is as follows:

	2004		
	Currency		
	Rupiah	U.S. Dollar (In Equivalent Rupiah)	Total
Current	360,362,818,067	30,336,209,240	390,699,027,307
Overdue:			
1 - 30 days	28,219,480,165	-	28,219,480,165
31 - 60 days	8,520,332,618	-	8,520,332,618
61 - 90 days	4,941,620,680	-	4,941,620,680
Over 90 days	18,541,095,032	5,733,641,843	24,274,736,875
Total	**420,585,346,562**	**36,069,851,083**	**456,655,197,645**

	2003		
	Currency		
	Rupiah	U.S. Dollar (In Equivalent Rupiah)	Total
Current	243,202,243,193	22,748,551,497	265,950,794,690
Overdue:			
1 - 30 days	23,894,526,202	-	23,894,526,202
31 - 60 days	13,881,188,250	-	13,881,188,250
61 - 90 days	8,656,702,955	-	8,656,702,955
Over 90 days	13,179,673,267	5,083,899,244	18,263,572,511
Total	**302,814,333,867**	**27,832,450,741**	**330,646,784,608**

5. OTHER RECEIVABLES

The details of other receivables are as follows:

	2004	2003
Claim to the Tax Office	5,502,658,681	5,502,658,681
Market value of option and forward exchange contracts (see Note 22m)	11,541,667,148	-
Others	5,833,927,713	11,104,893,630
Total	22,878,253,542	16,607,552,311
Allowance for doubtful accounts	(8,503,980,725)	(1,389,089,659)
Net	**14,374,272,817**	**15,218,462,652**

(Expressed in rupiah, unless otherwise stated)

The movements of allowance for doubtful accounts are as follows:

	2004	2003
Balance at beginning of year	1,389,089,659	1,389,089,659
Provision during the year	7,114,891,066	-
Balance at end of year	**8,503,980,725**	**1,389,089,659**

Based on the review of the 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.

6. INVENTORIES

Inventories consist of:

	2004	2003
Finished goods	35,836,142,073	55,054,132,871
Work in process	75,301,148,375	87,803,081,247
Raw materials	33,809,948,672	27,069,939,368
Fuel and lubricants	89,007,779,655	65,041,549,522
Spare parts	521,885,328,752	514,025,317,304
Materials in transit and others	134,338,359	134,338,359
Total	755,974,685,886	749,128,358,671
Allowance for inventory losses	(44,075,191,481)	(40,063,072,423)
Net	**711,899,494,405**	**709,065,286,248**

With the exception of inventories owned by Indomix and PBI amounting to Rp8.88 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 the long-term loans from banks and financial institutions (see Note 11).

The movements of allowance for inventory losses are as follows:

	2004	2003
Balance at beginning of year	40,063,072,423	14,171,601,861
Provisions during the year	8,076,472,458	29,402,108,626
Obsolete inventory sold during the year	(4,064,353,400)	-
Inventories written off during the year	-	(3,510,638,064)
Balance at end of year	**44,075,191,481**	**40,063,072,423**

Management believes that the above allowance for inventory losses is sufficient to reduce the carrying amounts of inventories to their net realizable values.

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, 2004 and 2003 amounting to Rp30,538,307,522 and Rp42,622,773,986, respectively, are presented as part of "Advances and Deposits" in the consolidated balance sheets.

(Expressed in rupiah, unless otherwise stated)

7. LONG-TERM INVESTMENTS AND ADVANCES TO ASSOCIATED COMPANY

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

	2004			
	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	36,624,000,000	(16,109,069,629)	20,514,930,371
Stillwater Shipping Corporation	50.00	105,500,000	14,303,327,160	14,408,827,160
PT Pama Indo Mining	40.00	1,200,000,000	6,452,102,711	7,652,102,711
PT Indo Clean Set Cement	90.00	464,787,500	(464,787,500)	-
b. *Cost Method*				
Various investees	various	20,000,000	-	20,000,000
Sub-total		38,414,287,500	4,181,572,742	42,595,860,242
Advances				
PT Indo Clean Set Cement				13,720,944,026
Allowance for doubtful accounts				(13,720,944,026)
Net advances				-
Total				**42,595,860,242**

	2003			
	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	36,624,000,000	(22,728,004,740)	13,895,995,260
Stillwater Shipping Corporation	50.00	105,500,000	3,737,427,491	3,842,927,491
PT Pama Indo Mining	40.00	1,200,000,000	5,616,157,805	6,816,157,805
PT Indo Clean Set Cement	90.00	464,787,500	(464,787,500)	-
b. *Cost Method*				
Various investees	various	20,000,000	-	20,000,000
Sub-total		38,414,287,500	(13,839,206,944)	24,575,080,556
Advances				
PT Indo Clean Set Cement				13,720,944,026
Allowance for doubtful accounts				(13,431,144,026)
Net advances				289,800,000
Total				**24,864,880,556**

(Expressed in rupiah, unless otherwise stated)

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
Stillwater Shipping Corporation	Liberia	Shipping
PT Pama Indo Mining	Indonesia	Mining
PT Indo Clean Set Cement	Indonesia	Production of clean set cement

The details of the equity in net earnings (losses) of associated companies, net of goodwill amortization, for the years ended December 31, 2004 and 2003 are as follows:

	2004	2003
PT Cibinong Center Industrial Estate	6,618,935,111	(3,036,704,057)
Stillwater Shipping Corporation	4,287,168,517	2,559,250,999
PT Pama Indo Mining	2,436,748,135	1,544,962,479
PT Indotek Engico	-	188,941,054
Total	**13,342,851,763**	**1,256,450,475**

Based on the minutes of the shareholders' extraordinary meeting of PT Cibinong Center Industrial Estate (CCIE) held on June 3, 2003, which was covered by notarial deed No. 7 of Notary Popie Savitri Martosuhardjo Pharmanto, S.H. of the same date, the shareholders of CCIE agreed to reduce the issued and paid-up capital from Rp80,248,000,000 to Rp73,248,000,000. As a result, the Company's investment in CCIE was reduced by Rp3,500,000,000.

The Company and Subsidiaries received cash dividends from PT Pama Indo Mining amounting to Rp1,600,803,229 in 2004 and Rp881,109,674 in 2003, and from Stillwater Shipping Corporation amounting to US$2,000,000 (equivalent to Rp17,070,000,000) in 2003.

Based on the minutes of the shareholders' extraordinary meeting held on December 30, 2002, which were covered by notarial deed No. 2 dated January 7, 2003 of Notary Deni Thanur, S.E., S.H., M.Kn, the shareholders approved to liquidate PT Indo Clean Set Cement (ICSC). As of December 31, 2004, the liquidation process of ICSC is still ongoing. The additional equity in net losses of ICSC after 2002 has not been recognized in the consolidated financial statements since ICSC has ceased operations and the effects of the additional equity are immaterial to the consolidated financial statements.

8. FIXED ASSETS

Fixed assets consist of:

	Balance as of December 31, 2003	Additions/ Reclassifications	Disposals/ Reclassifications	Balance as of December 31, 2004
2004 movements				
Carrying Value				
Direct Ownership				
Land and land improvements	199,336,944,132	10,117,545,759	-	209,454,489,891
Leasehold improvements	2,778,978,661	325,206,100	-	3,104,184,761
Quarry	71,572,756,395	2,911,696,301	-	74,484,452,696
Buildings and structures	2,869,715,188,338	3,942,098,474	-	2,873,657,286,812
Machinery and equipment	7,229,921,005,652	53,248,362,774	118,785,591	7,283,050,582,835
Transportation equipment	339,364,488,980	10,782,282,380	5,271,624,348	344,875,147,012
Furniture, fixtures and office equipment	182,527,745,485	15,215,543,788	958,268,179	196,785,021,094
Tools and other equipment	50,459,505,482	7,806,179,718	103,591,779	58,162,093,421
Sub-total	10,945,676,613,125	104,348,915,294	6,452,269,897	11,043,573,258,522

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003
(Expressed in rupiah, unless otherwise stated)

	Balance as of December 31, 2003	Additions/ Reclassifications	Disposals/ Reclassifications	Balance as of December 31, 2004
Assets under capital lease				
Machinery and equipment	366,518,240	-	-	366,518,240
Transportation equipment	6,646,904,800	480,000,000	-	7,126,904,800
Sub-total	7,013,423,040	480,000,000	-	7,493,423,040
Construction in-progress	98,840,606,129	55,703,331,367	53,483,229,602	101,060,707,894
Total Carrying Value	11,051,530,642,294	160,532,246,661	59,935,499,499	11,152,127,389,456
Accumulated Depreciation, Amortization and Depletion				
Direct Ownership				
Land improvements	19,943,913,602	1,811,480,325	-	21,755,393,927
Leasehold improvements	1,978,944,982	287,825,406	-	2,266,770,388
Quarry	13,498,356,128	1,922,243,147	-	15,420,599,275
Buildings and structures	531,991,259,186	94,840,090,444	-	626,831,349,630
Machinery and equipment	1,921,180,277,928	337,123,947,233	84,706,029	2,258,219,519,132
Transportation equipment	265,776,028,288	20,913,102,840	4,750,304,865	281,938,826,263
Furniture, fixtures and office equipment	120,497,102,926	22,918,217,060	934,562,246	142,480,757,740
Tools and other equipment	35,989,900,653	5,171,041,486	92,564,990	41,068,377,149
Sub-total	2,910,855,783,693	484,987,947,941	5,862,138,130	3,389,981,593,504
Assets under capital lease				
Machinery and equipment	-	45,814,780	-	45,814,780
Transportation equipment	-	845,863,100	-	845,863,100
Sub-total	-	891,677,880	-	891,677,880
Total Accumulated Depreciation, Amortization and Depletion	2,910,855,783,693	485,879,625,821	5,862,138,130	3,390,873,271,384
Net Book Value	**8,140,674,858,601**			**7,761,254,118,072**

	Balance as of December 31, 2002	Additions/ Reclassifications	Disposals/ Reclassifications	Appraisal Increase	Balance as of December 31, 2003
2003 movements					
Carrying Value					
Direct Ownership					
Land and land improvements	218,778,353,598	40,000,000	19,481,409,466	-	199,336,944,132
Leasehold improvements	2,375,602,386	403,376,275	-	-	2,778,978,661
Quarry	70,426,599,801	1,146,156,594	-	-	71,572,756,395
Buildings and structures	2,870,794,512,673	84,152,666,841	85,231,991,176	-	2,869,715,188,338
Machinery and equipment	7,190,000,788,532	56,715,671,711	23,819,278,369	7,023,823,778	7,229,921,005,652
Transportation equipment	303,386,212,236	34,602,738,475	10,150,833,573	11,526,371,842	339,364,488,980
Furniture, fixtures and office equipment	155,154,625,667	32,012,803,567	4,639,683,749	-	182,527,745,485
Tools and other equipment	44,396,470,489	6,439,463,829	376,428,836	-	50,459,505,482
Sub-total	10,855,313,165,382	215,512,877,292	143,699,625,169	18,550,195,620	10,945,676,613,125

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003
(Expressed in rupiah, unless otherwise stated)

	Balance as of December 31, 2002	Additions/ Reclassifications	Disposals/ Reclassifications	Appraisal Increase	Balance as of December 31, 2003
Assets under capital lease					
Machinery and equipment	-	366,518,240	-	-	366,518,240
Transportation equipment	-	6,646,904,800	-	-	6,646,904,800
Sub-total	-	7,013,423,040	-	-	7,013,423,040
Construction in-progress	206,286,678,289	74,117,478,808	181,563,550,968	-	98,840,606,129
Total Carrying Value	11,061,599,843,671	296,643,779,140	325,263,176,137	18,550,195,620	11,051,530,642,294
Accumulated Depreciation, Amortization and Depletion					
Direct Ownership					
Land improvements	18,933,262,087	1,953,329,875	942,678,360	-	19,943,913,602
Leasehold improvements	1,752,134,471	226,810,511	-	-	1,978,944,982
Quarry	11,591,235,022	1,907,121,106	-	-	13,498,356,128
Buildings and structures	481,648,219,682	96,519,474,859	46,176,435,355	-	531,991,259,186
Machinery and equipment	1,628,431,263,360	308,305,590,830	15,556,576,262	-	1,921,180,277,928
Transportation equipment	240,180,937,272	31,901,360,290	6,306,269,274	-	265,776,028,288
Furniture, fixtures and office equipment	105,829,303,100	18,489,904,781	3,822,104,955	-	120,497,102,926
Tools and other equipment	31,778,347,517	4,586,022,188	374,469,052	-	35,989,900,653
Total Accumulated Depreciation, Amortization and Depletion	2,520,144,702,511	463,889,614,440	73,178,533,258	-	2,910,855,783,693
Net Book Value	**8,541,455,141,160**				**8,140,674,858,601**

Construction in progress consists of:

	2004	2003
Machineries under installation	74,843,711,677	80,295,187,163
Buildings and structures under construction	11,883,211,701	10,015,875,575
Others	14,333,784,516	8,529,543,391
Total	**101,060,707,894**	**98,840,606,129**

Below are the percentage of completion and estimated completion period of the construction in progress as of December 31, 2004:

	Estimated Percentage of Completion	Estimated Completion Period
Machineries under installation	5 - 95%	6 to 36 months
Buildings and structures under construction	5 - 98	2 to 24 months
Others	5 - 90	1 to 24 months

Fixed assets are used as collateral to secure the long-term loans from banks and financial institutions (see Note 11).

Depreciation, amortization and depletion charges amounted to Rp485,879,625,821 in 2004 and Rp463,889,614,440 in 2003.

The Company and Subsidiaries insured their fixed assets and inventories against losses from fire and other insurable risks under several combined policies, with a total insurance coverage of Rp159,900,679,300 and US$2,792,690,737 as of December 31, 2004. In management's opinion, the above insurance coverage is adequate to cover any possible losses that may arise from such risks.

Based on the review of asset values at the end of the year, management believes that there is no potential impairment in the values of the assets included in the consolidated financial statements.

In 2003, the Company sold two of its properties (Wisma Indocement and employee housing in Pondok Indah) for a net selling price of Rp202,237,101,000 (see Note 17). The gain arising from the sales of these properties amounted to Rp135.3 billion.

In March 2003, PT Pionirbeton Industri, a Subsidiary, received a decision letter from the Tax Office which approved the revaluation of its machinery and transportation equipment. The difference between the revalued amount and the net book value of Rp18,550,195,620 was recognized as an addition to the carrying value of fixed assets while the difference between the revalued amount and the fiscal book value of Rp20,254,205,519 was compensated against PBI's tax loss carryforward. The remaining useful lives of the revalued machinery and transportation equipment have been extended by 3 to 5 years.

The Company and Subsidiaries own building/construction rights or "Hak Guna Bangunan" (HGB), land use rights or "Hak Pakai" (HP) and land ownership or "Hak Milik" (HM) over land covering approximately 3,161.59 hectares, and local mining rights or "Surat Izin Penambangan Daerah" (SIPD) covering approximately 11,022.05 hectares at several locations in Indonesia, with legal terms ranging from 5 to 30 years. Management believes that such titles of land rights ownerships can be extended upon their expiration.

As of December 31, 2004, the Company is still in the process of obtaining the titles of ownership or rights over land covering a total area of approximately 932,364 square meters. In addition, the Company is also in the process of acquiring land rights covering a total area of approximately 610,750 square meters. The total expenditures incurred in relation to the above land rights acquisition process amounting to Rp18,332,378,438 as of December 31, 2004, are recorded as part of "Other Non-current Assets" in the consolidated balance sheets.

The Company made advance payments for the purchase of certain machinery, equipment and spare parts from several suppliers. The outstanding balances of the purchase advances as of December 31, 2004 and 2003 amounting to Rp9,269,819,000 and Rp5,239,288,918, respectively, are presented as part of "Other Non-current Assets" in the consolidated balance sheets.

On the other hand, the unpaid balances to contractors and suppliers for the construction, purchase, repairs and maintenance of fixed assets amounting to Rp978,756,129 and Rp3,513,696,747 as of December 31, 2004 and 2003, respectively, are recorded as part of "Other Payables to Third Parties" in the consolidated balance sheets.

(Expressed in rupiah, unless otherwise stated)

9. TRADE PAYABLES

This account consists of the following:

	2004	2003
Third Parties		
Cement and ready mix		
concrete business		
Rupiah	172,743,223,210	70,328,693,490
U.S. dollar		
(US$166,200 in 2004 and		
US$3,510,766 in 2003)	1,543,998,804	29,716,938,459
Other foreign currencies	13,022,900,090	6,634,028,756
Sub-total	187,310,122,104	106,679,660,705
Other businesses	-	220,692,365
Total - Third Parties	187,310,122,104	106,900,353,070
Related Party - Cement business (see Note 21)	-	796,852,775
Total Trade Payables	**187,310,122,104**	**107,697,205,845**

The aging analysis of trade payables based on their currency denomination as of December 31, 2004 and 2003 is as follows:

	2004		
	Rupiah	Foreign Currencies (In Rupiah Equivalent)	Total
Current	150,950,427,513	654,210,629	151,604,638,142
Overdue:			
1 - 30 days	13,314,335,760	3,448,140,908	16,762,476,668
31 - 60 days	1,987,679,930	566,021,536	2,553,701,466
61 - 90 days	3,946,633,675	-	3,946,633,675
Over 90 days	2,544,146,332	9,898,525,821	12,442,672,153
Total	**172,743,223,210**	**14,566,898,894**	**187,310,122,104**

	2003		
	Rupiah	Foreign Currencies (In Rupiah Equivalent)	Total
Current	28,987,770,155	24,272,837,305	53,260,607,460
Overdue:			
1 - 30 days	33,371,183,639	6,474,538,441	39,845,722,080
31 - 60 days	4,371,392,765	963,935,228	5,335,327,993
61 - 90 days	2,355,376,409	915,786,025	3,271,162,434
Over 90 days	1,463,662,887	4,520,722,991	5,984,385,878
Total	**70,549,385,855**	**37,147,819,990**	**107,697,205,845**

(Expressed in rupiah, unless otherwise stated)

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 Associates Pte., Ltd.	Gypsum
PT Baramulti Sugih Sentosa (formerly PT Baramulti Suksessarana)	Coal
PT Bahari Cakrawala Sebuku	Coal
PT Adaro Indonesia	Coal
RHI A.G.	Fire bricks
Pertambangan Minyak dan Gas Bumi Negara (PERTAMINA)	Fuel
PT Sumberkencana Ekspressindo	Iron sand and silica sand
Billerud AB.	Kraft paper
Frantschach Pulp & Paper Sweden	Kraft paper

10. TAXATION

a. *Taxes Payable*

	2004	2003
Income taxes		
Article 21	4,209,382,028	11,109,140,629
Article 22	976,144,978	707,621,929
Article 23	1,822,359,955	2,395,358,741
Article 26	2,544,504,540	3,286,127,125
Value added tax	38,722,679,376	28,890,302,191
Total	**48,275,070,877**	**46,388,550,615**

b. The reconciliation between income before corporate income tax expense, as shown in the consolidated statements of income, and estimated taxable income of the Company for the years ended December 31, 2004 and 2003 is as follows:

	2004	2003
Income before corporate income tax expense per consolidated statements of income	184,570,048,620	983,566,621,653
Less:		
Income of Subsidiaries before corporate income tax expense - net	(13,402,684,318)	(103,017,877,593)
Net income of other businesses already subjected to final tax	-	(7,764,114,040)
Income before tax expense attributable to the Company	171,167,364,302	872,784,630,020
Add (deduct):		
Temporary differences		
Provision for employee benefits - net	14,764,543,824	16,364,684,995
Provision for trade discount	13,543,264,140	-
Provisions for doubtful accounts and inventory losses	5,624,351,443	25,891,440,562
Provision for recultivation - net (see Note 22l)	3,858,455,725	5,817,891,007
Depreciation of fixed assets	(190,831,150,447)	(294,821,953,242)
Others	-	2,779,506,000
	(153,040,535,315)	(243,968,430,678)

(Expressed in rupiah, unless otherwise stated)

	2004	2003
Permanent differences		
Non-deductible expenses		
Employees' benefits	36,104,695,727	27,975,655,658
Donations	10,767,003,860	10,441,164,003
Public relations	7,060,114,343	4,559,415,744
Tax expense	5,502,658,681	-
Others	1,912,248,766	653,175,208
Cash dividend income	(9,500,000,000)	-
Income already subjected to final tax	(9,308,295,848)	(16,145,981,191)
Equity in net losses (earnings) of associated companies - net	(9,055,683,246)	1,302,800,524
Gain on sale of investments in shares of stock	-	88,228,474,448
	33,482,742,283	117,014,704,394
Estimated taxable income of the Company	51,609,571,270	745,830,903,736
Estimated tax loss carryforward at beginning of year	(1,692,713,302,871)	(2,478,226,185,667)
Corrections by the Tax Office	13,418,912,977	39,681,979,060
Estimated tax loss carryforward at end of year	**(1,627,684,818,624)**	**(1,692,713,302,871)**

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

c. The details of corporate income tax expense are as follows:

	2004	2003
Current income tax expense		
Company	-	-
Subsidiaries	4,258,021,844	4,105,138,210
Total current income tax expense	4,258,021,844	4,105,138,210
Deferred income tax expense (benefit)		
Company	65,420,705,869	308,844,394,041
Subsidiaries	(1,132,105,651)	327,363,868
Net income tax expense	64,288,600,218	309,171,757,909
Total	**68,546,622,062**	**313,276,896,119**

(Expressed in rupiah, unless otherwise stated)

d. The calculation of estimated claims for tax refund is as follows:

	2004	2003
Current income tax expense		
Company	-	-
Subsidiaries	4,258,021,844	4,105,138,210
Total	4,258,021,844	4,105,138,210
Prepayments of income tax		
Company	8,383,878,232	22,561,403,965
Subsidiaries	7,259,831,101	8,008,493,311
Total	15,643,709,333	30,569,897,276
Estimated claims for tax refund - presented as part of "Prepaid Taxes" in the consolidated balance sheets		
Company	8,383,878,232	22,561,403,965
Subsidiaries	3,001,809,257	3,903,355,101
Total for current year	11,385,687,489	26,464,759,066
Claims for prior years:		
Company		
2003	22,561,403,965	-
2002	-	10,372,367,241
Subsidiaries	9,582,711,796	11,620,431,450
Total	**43,529,803,250**	**48,457,557,757**

As of the independent auditors' report date, the Company has not yet submitted its 2004 income tax return, however, management represents that its 2004 corporate income tax return will be prepared based on the computation as stated above. The Company's estimated taxable income for 2003, as stated above, conforms with the amounts reported in its 2003 corporate income tax return.

As of the independent auditors' report date, the Tax Office is currently conducting an examination of the Company's 2003 income tax return.

In March 2004, the Company received a decision letter from the Tax Office wherein the Tax Office approved the Company's 2002 claim for tax refund amounting to Rp9,677,584,970 (net of additional taxes and penalties) and increased the taxable income to Rp1,080,012,260,671. The difference between the amount of taxable income approved by the Tax Office and the amount reported of Rp13,418,912,977 was recognized as an adjustment to the Company's tax loss carryforward in 2004.

In March 2003, the Company received a decision letter from the Tax Office wherein the Tax Office approved the Company's 2001 claim for tax refund amounting to Rp13,270,822,761 (net of additional taxes and penalties) and reduced the tax loss to Rp435,282,619,580. The difference between the amount of taxable income approved by the Tax Office and the amount reported of Rp39,681,979,060 was recognized as an adjustment to the Company's tax loss carryforward in 2003.

In February 2004, DAP received a decision letter from the Tax Office wherein the Tax Office approved DAP's 2002 claim for tax refund amounting to Rp6,195,133,712, out of total claim of Rp11,605,908,212. DAP has contested the result of the tax assessment and the unapproved amount has remained a part of "Prepaid Taxes" in the consolidated balance sheets.

(Expressed in rupiah, unless otherwise stated)

e. The reconciliation between income before corporate income tax expense multiplied by the applicable tax rate and corporate income tax expense as shown in the consolidated statements of income for the years ended December 31, 2004 and 2003 is as follows:

	2004	2003
Income before corporate income tax expense	184,570,048,620	983,566,621,653
Tax expense at the applicable rate	57,468,735,147	296,087,048,567
Tax effects on permanent differences (mainly consisting of employees' benefits, donations and public relations expenses)	17,260,191,797	16,065,098,637
Cash dividend income	(2,850,000,000)	-
Tax corrections	4,025,673,893	11,904,593,718
Income already subjected to final tax	(4,641,273,801)	(6,438,785,414)
Equity in net losses (earnings) of associated companies - net	(2,716,704,974)	390,840,157
Gain on sale of investments in shares of stock	-	(5,339,182,666)
Others	-	607,283,120
Tax expense per consolidated statements of income	**68,546,622,062**	**313,276,896,119**

f. Deferred tax assets (liabilities) consist of:

	2003	Deferred Tax Benefit (Expense) Credited (Charged) to 2004 Profit and Loss	2004
Deferred Tax Assets:			
Company			
Tax loss carryforward	507,813,990,861	(19,508,545,274)	488,305,445,587
Allowance for doubtful accounts and inventory losses	11,608,313,004	1,687,305,433	13,295,618,437
Estimated liability for employee benefits	4,909,405,499	4,429,363,147	9,338,768,646
Reserve for recultivation	1,745,367,302	1,157,536,717	2,902,904,019
Accrual for trade discount	-	4,062,979,242	4,062,979,242
Others	833,851,800	-	833,851,800
Sub-total	526,910,928,466	(8,171,360,735)	518,739,567,731
Subsidiaries	3,659,625,735	1,403,484,025	5,063,109,760
Total	**530,570,554,201**	**(6,767,876,710)**	**523,802,677,491**
Deferred Tax Liabilities:			
Company			
Difference in net book value of fixed assets between tax base and accounting base	(522,984,721,821)	(57,249,345,134)	(580,234,066,955)
Subsidiaries	(598,165,169)	(271,378,374)	(869,543,543)
Total	**(523,582,886,990)**	**(57,520,723,508)**	**(581,103,610,498)**

(Expressed in rupiah, unless otherwise stated)

	2003	Deferred Tax Benefit (Expense) Credited (Charged) to 2004 Profit and Loss	2004
Net Deferred Tax Assets:			
Company	3,926,206,645	(3,926,206,645)	-
Subsidiaries	3,352,260,121	841,306,096	4,193,566,217
Net	**7,278,466,766**	**(3,084,900,549)**	**4,193,566,217**
Net Deferred Tax Liabilities:			
Company	-	(61,494,499,224)	(61,494,499,224)
Subsidiaries	(290,799,555)	290,799,555	-
Net	**(290,799,555)**	**(61,203,699,669)**	**(61,494,499,224)**

	2002	Deferred Tax Benefit (Expense) Credited (Charged) to 2003 Profit and Loss	2003
Deferred Tax Assets:			
Company			
Tax loss carryforward	743,467,855,700	(235,653,864,839)	507,813,990,861
Allowance for doubtful accounts and inventory losses	3,840,880,835	7,767,432,169	11,608,313,004
Estimated liability for employee benefits	-	4,909,405,499	4,909,405,499
Reserve for recultivation	-	1,745,367,302	1,745,367,302
Others	-	833,851,800	833,851,800
Sub-total	747,308,736,535	(220,397,808,069)	526,910,928,466
Subsidiaries	3,308,435,496	351,190,239	3,659,625,735
Total	**750,617,172,031**	**(220,046,617,830)**	**530,570,554,201**
Deferred Tax Liabilities:			
Company			
Difference in net book value of fixed assets between tax base and accounting base	(434,538,135,849)	(88,446,585,972)	(522,984,721,821)
Subsidiaries	-	(598,165,169)	(598,165,169)
Total	**(434,538,135,849)**	**(89,044,751,141)**	**(523,582,886,990)**
Net Deferred Tax Assets:			
Company	312,770,600,686	(308,844,394,041)	3,926,206,645
Subsidiaries	3,388,824,434	(36,564,313)	3,352,260,121
Net	**316,159,425,120**	**(308,880,958,354)**	**7,278,466,766**
Net Deferred Liabilities:			
Subsidiaries	**-**	**(290,799,555)**	**(290,799,555)**

Management believes that the above deferred tax assets can be fully recovered in future periods.

(Expressed in rupiah, unless otherwise stated)

11. LONG-TERM LOANS FROM BANKS AND FINANCIAL INSTITUTIONS

This account consists of loans from:

	2004	2003
Third parties		
Japanese yen	2,481,917,412,890	2,807,964,677,250
U.S. dollar	1,912,359,144,805	2,232,925,944,652
Rupiah	116,007,200,033	140,176,222,939
Sub-total	4,510,283,757,728	5,181,066,844,841
Related parties (see Note 21)		
U.S. dollar	99,071,607,677	109,098,664,467
Total	4,609,355,365,405	5,290,165,509,308
Less portions currently due	729,265,000,000	497,318,750,000
Long-term portion	**3,880,090,365,405**	**4,792,846,759,308**

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

	2004*		2003*	
Japanese yen				
Third parties				
Marubeni Corporation, Tokyo	JP¥	23,289,333,141	JP¥	29,646,459,041
Japan Bank for International Corporation, Tokyo		4,158,643,503		5,822,105,503
Total Japanese yen loans	**JP¥**	**27,447,976,644**	**JP¥**	**35,468,564,544**
U.S. dollar				
Third parties				
PT Bank Central Asia Tbk. (BCA)	US$	50,535,649	US$	40,201,310
Barclays Bank PLC		25,899,203		8,285,494
Mizuho Global, Ltd., Tokyo		24,051,708		29,067,302
BNP Paribas, Singapore Branch		14,449,511		17,462,732
Mizuho Trust & Banking Co., Ltd., Tokyo		13,846,536		16,734,123
Credit Industriel et Commercial, Singapore		10,609,077		12,821,541
Other creditors (each below US$10 million)		66,459,678		139,210,835
Related parties				
WestLB AG, Tokyo		9,046,642		10,933,156
WestLB Asia Pacific Ltd., Singapore		1,617,685		1,955,050
Total U.S. dollar loans	**US$**	**216,515,689**	**US$**	**276,671,543**
Rupiah				
Third parties				
PT Bank Central Asia Tbk. (BCA)		83,271,615,665		89,671,055,874
PT Bank Mandiri (Persero) Tbk.		32,735,584,368		39,555,739,395
JPMorgan Europe Ltd., London		-		10,949,427,670
Total rupiah loans		**116,007,200,033**		**140,176,222,939**

* based on the confirmation from JPMorgan Chase Bank, N.A., as the facility agent

(Expressed in rupiah, unless otherwise stated)

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

	2004	2003
Japanese yen	2.30% - 3.80%	2.30% - 3.70%
U.S. dollar	3.12% - 4.42%	3.16% - 4.49%
Rupiah	7.81% - 9.38%	9.38% - 15.00%

The above debts represent restructured debts under the Post HZ Entry Master Facility Agreement (HZMFA) dated December 29, 2000. The HZMFA provides for, among others, the 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 HZMFA, the Company, and all the lenders appointed BA Asia Limited (BAAL) to act as the Facility Agent, JPMorgan Chase Bank, N.A. (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, N.A., 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, N.A. that starting on December 10, 2002, the role of Facility Agent had been transferred from BAAL to JPMorgan Chase Bank, N.A.

The HZMFA also requires the Company to:

- Establish and maintain escrow accounts in JPMorgan Chase Bank, N.A. Usages or withdrawals of funds from these escrow accounts shall be subjected to strict monitoring and review by the monitoring accountants.
- Maintain an aggregate balance for all other current bank accounts (other than the current bank accounts agreed by the lenders) in an amount not exceeding the working capital buffers as defined in the HZMFA.

In compliance with the above requirements, the Company opened and maintains eleven (11) escrow accounts with JPMorgan Chase Bank, N.A. The balances of deposits maintained in such escrow accounts amounted to Rp232,687,217,363 (consisting of Rp3,678,516, US$21,299,337 and JP¥385,000,001) as of December 31, 2004, and Rp363,247,701,414 (consisting of Rp9,147,189 and US$42,910,638) as of December 31, 2003 which are presented as part of "Restricted Cash and Time Deposits" in the consolidated balance sheets.

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

(i) Fixed quarterly installment payments totaling 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 (final).

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

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

- All of the above-mentioned escrow accounts maintained in JPMorgan Chase Bank, N.A., including all time deposit and demand deposit placements made 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 where cement plants 1 and 2 are located
    - Quarry and the expansion of 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.
- Shares of Indomix and DAP.

Total principal payments made amounted to Rp540,177,486,834 in 2004 and Rp298,868,359,077 in 2003.

Total interest payments made by the Company through its escrow accounts amounted to Rp174,098,391,477 (consisting of US$9,000,980, JP¥1,002,920,366 and Rp11,162,759,749) in 2004 and Rp233,059,896,224 (consisting of US$15,787,982, JP¥1,030,389,442 and Rp20,055,059,549) in 2003, while the unpaid interest charges amounting to Rp29,685,047,977 and Rp32,362,435,599 as of December 31, 2004 and 2003, respectively, are presented as part of “Accrued Expenses” in the consolidated balance sheets.

As of December 31, 2003, the outstanding balance of the restructured debt amounted to Rp5,290,165,509,308 (equivalent to US$624,945,719). Since the Company was able to reduce its debt below the target debt level (equivalent to US$700 million) before December 31, 2003 and as confirmed by the Facility Agent on December 24, 2003, the Company, among others, can use at its own discretion, 50% of any excess money in the escrow account after the prepayments of the principal loan installments and interest payments. The remaining 50% of the excess should be used in the early repayment of the debt (prepayment). In addition, the Monitoring Accountant’s role has been limited to only performing monthly reviews of the Company’s cash sweep mechanism to the escrow account. In 2004, total prepayments made amounted to US$39,523,500 (equivalent to Rp352,956,439,436).

Prior to the achievement of the target debt level, any excess money in the escrow accounts after the principal loan installment repayments plus interest payments should be used as the early repayment of the debt (prepayment) with the maximum annual prepayment of 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 amounted to US$25,500,000 (equivalent to Rp227,536,762,873) in 2003. Any excess funds available in the escrow accounts after the above maximum annual prepayment will be used for debt buy-back.

In December 2004, the Company bought back portions of its restructured debt amounting to US$12,452,464 and JP¥2,800,000,000 from the creditors at a discount of US$122,229 (equivalent to Rp1,102,258,416).

In 2003, the Company bought back portions of its restructured debt amounting to US$166,095,618 from the creditors at an average discount rate of 11.38% or US$18,904,363 (equivalent to Rp164,291,843,757).

The discounts were recognized as “Gain on Debt Buy-back” in the consolidated statements of income.

(Expressed in rupiah, unless otherwise stated)

12. OBLIGATIONS UNDER CAPITAL LEASE

On December 23, 2003 and August 23, 2004, PBI entered into sale-and-leaseback agreements with PT Central Sari Finance (CSF) involving certain machineries and transportation equipment with lease terms of 3 years.

The future minimum lease payments required under the lease agreements as of December 31, 2004 and 2003 are as follows:

Years	2004	2003
2004	-	2,208,324,203
2005	2,231,367,248	2,033,672,750
2006	2,037,986,970	1,856,885,606
2007	125,792,516	-
Total	4,395,146,734	6,098,882,559
Less amount applicable to interest	451,351,881	841,815,279
Present value of minimum lease payments	3,943,794,853	5,257,067,280
Current maturities	2,350,111,368	1,752,355,760
Long-term portion	**1,593,683,485**	**3,504,711,520**

The obligations under capital lease are secured by PBI's time deposits amounting to Rp5,736,067,280 in 2004 and Rp5,257,067,280 in 2003 which were placed in PT Bank NISP (presented as part of "Restricted Cash and Time Deposits"), and the related leased assets. Based on the lease agreements, PBI is not permitted to sell or transfer its leased assets to other parties.

The gain arising from the sale-and-leaseback transactions amounting to Rp241,528,137 was credited directly to 2003 operations, instead of amortizing it over the term of the lease, since management considers the gain to be immaterial.

13. CAPITAL STOCK

a. *Share Ownership*

The details of share ownership as of December 31, 2004 and 2003 are as follows:

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
HC Indocement GMBH, Germany	2,397,980,863	65.14 %	1,198,990,431,500
PT Mekar Perkasa	479,735,234	13.03	239,867,617,000
Public and cooperatives	803,515,602	21.83	401,757,801,000
Total	3,681,231,699	100.00 %	1,840,615,849,500

On November 20, 2003, the Company received a copy of a letter from HC Indocement GMBH to the Chairman of the Badan Pengawas Pasar Modal (Bapepam) regarding the transfer of 2,254,739,197 shares of the Company from Kimmeridge Enterprise Pte., Ltd., to HC Indocement GMBH.

On December 1, 2003, the Company received a copy of a letter from HC Indocement GMBH to the Chairman of the Bapepam which states that HC Indocement GMBH has purchased 143,241,666 shares from the Government of the Republic Indonesia (GOI) through the exercise of the put option of GOI on October 30, 2003. After this acquisition, the number of shares owned by HC Indocement GMBH totaled 2,397,980,863 shares.

The Company's shares are listed on the Jakarta and Surabaya Stock Exchanges.

(Expressed in rupiah, unless otherwise stated)

b. *Warrants A and Warrants C*

As of December 31, 2004 and 2003, the Company has 153,382,977 Warrants A issued and outstanding. Up to December 31, 2004, no Warrant A has been exercised.

Warrants A were issued to the creditors of the Company in connection with the debt restructuring at a fixed realization price of Rp3,600 per share, while Warrants C were issued to the shareholders who did not exercise their pre-emptive rights during the rights issue process in 2001.

The period of realization of Warrants A shall be from two (2) to four (4) years and nine (9) months after the effective date of the debt restructuring which was on December 29, 2000, while Warrants C have a two-year exercise period starting from May 1, 2001 with an exercise price of Rp1,200 per share for the first year and Rp1,400 for the second year.

As of May 1, 2003 (the last exercise date for Warrants C), 8,180 shares were subscribed by the holders of Warrants C at Rp1,400 per share. A total of 698,836,302 Warrants C was forfeited.

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

14. 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.

15. OTHER PAID-IN CAPITAL

This account represents 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.

16. RETAINED EARNINGS

In compliance with Corporation Law No. 1 of 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 23, 2004, June 26, 2003, June 24, 1997 and June 25, 1996 in the amount of Rp25 billion each.

17. SEGMENT INFORMATION

BUSINESS SEGMENTS

The Company and Subsidiaries' businesses are grouped into three major operating businesses: cement, ready mix concrete and other business.

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 business	:	Investing activity

(Expressed in rupiah, unless otherwise stated)

The Company and Subsidiaries' business segment information is as follows:

2004	Cement	Ready Mix Concrete	Other Business	Elimination	Consolidation
REVENUES					
Sales to external customers	4,433,802,920,543	181,704,453,135	-	-	4,615,507,373,678
Inter-segment sales	66,941,789,364	-	-	(66,941,789,364)	-
Total Revenues	**4,500,744,709,907**	**181,704,453,135**	**-**	**(66,941,789,364)**	**4,615,507,373,678**
RESULTS					
Segment results	180,684,669,558	1,938,765,030	(1,092,891)	(11,395,144,840)	171,227,196,857
Equity in net earnings of associated companies	-	-	13,342,851,763	-	13,342,851,763
Corporate income tax expense					(68,546,622,062)
NET INCOME					**116,023,426,558**
ASSETS AND LIABILITIES					
Segment assets	9,842,663,860,938	130,006,204,250	2,796,455,509	(294,773,931,966)	9,680,692,588,731
Long-term investments and advances to associated companies - net	-	-	42,595,860,242	-	42,595,860,242
Net deferred tax assets and prepayments of income taxes	43,794,227,703	3,929,141,764	-	-	47,723,369,467
Total Assets	**9,886,458,088,641**	**133,935,346,014**	**45,392,315,751**	**(294,773,931,966)**	**9,771,011,818,440**
Segment liabilities	5,285,626,663,422	52,988,022,748	690,000,000	(295,039,918,264)	5,044,264,767,906
Net deferred tax liabilities	61,494,499,224	-	-	-	61,494,499,224
Total Liabilities (excluding deferred gain on sale-and- leaseback transaction - net)	**5,347,121,162,646**	**52,988,022,748**	**690,000,000**	**(295,039,918,264)**	**5,105,759,267,130**
Capital expenditure	103,495,931,976	1,873,085,078	1,680,000,000	-	107,049,017,054
Depreciation, amortization and depletion expenses	478,824,652,974	7,054,972,847	-	-	485,879,625,821
Non-cash expenses other than depreciation, amortization and depletion expenses					
Provisions for doubtful accounts and inventory losses	15,481,163,524	490,000,000	-	-	15,971,163,524
Provision for employee benefits	27,522,966,412	1,303,211,719	-	-	28,826,178,131
Provision for recultivation	4,498,728,508	-	-	-	4,498,728,508

(Expressed in rupiah, unless otherwise stated)

2003	Cement	Ready Mix Concrete	Other Business	Elimination	Consolidation
REVENUES					
Sales to external customers	3,932,900,756,605	212,542,062,605	12,240,647,432	-	4,157,683,466,642
Inter-segment sales	66,640,436,803	-	9,669,956,627	(76,310,393,430)	-
Total Revenues	**3,999,541,193,408**	**212,542,062,605**	**21,910,604,059**	**(76,310,393,430)**	**4,157,683,466,642**
RESULTS					
Segment results	879,280,943,620	4,137,735,005	7,764,114,040	(13,625,105,673)	877,557,686,992
Equity in net earnings of associated companies-net	-	-	1,256,450,475	-	1,256,450,475
Others	-	-	104,752,484,186	-	104,752,484,186
Corporate income tax expense					(313,276,896,119)
NET INCOME					**670,289,725,534**
ASSETS AND LIABILITIES					
Segment assets	10,036,617,280,917	128,230,274,967	4,033,371,846	(104,415,998,451)	10,064,464,929,279
Long-term investments and advances to associated companies - net	-	-	24,864,880,556	-	24,864,880,556
Net deferred tax assets and prepayments of income taxes	52,859,602,785	2,876,421,738	-	-	55,736,024,523
Total Assets	**10,089,476,883,702**	**131,106,696,705**	**28,898,252,402**	**(104,415,998,451)**	**10,145,065,834,358**
Segment liabilities	5,778,017,904,988	43,316,578,854	517,534,397	(221,137,388,440)	5,600,714,629,799
Net deferred tax liabilities	-	290,799,555	-	-	290,799,555
Total Liabilities (excluding deferred gain on sale-and- leaseback transaction - net)	**5,778,017,904,988**	**43,607,378,409**	**517,534,397**	**(221,137,388,440)**	**5,601,005,429,354**
Capital expenditure	106,270,097,841	7,737,724,612	1,072,405,719	-	115,080,228,172
Depreciation, amortization and depletion expenses	452,361,206,636	7,329,622,164	4,198,785,640	-	463,889,614,440
Non-cash expenses other than depreciation, amortization and depletion expenses					
Provisions for doubtful accounts and inventory losses	29,402,108,626	561,569,728	-	-	29,963,678,354
Provision for employee benefits	16,364,685,000	155,605,312	-	-	16,520,290,312
Provision for recultivation	5,817,891,007	-	-	-	5,817,891,007

In 2003, the Company sold its investment in PT Wisma Nusantara International and its property, Wisma Indocement, to third parties in connection with its plan to dispose of its non-core assets and businesses. After these sale transactions, the Company ceased to engage in the property business. Since the financial effects of the property business are immaterial, the management decided not to segregate the presentation of the related financial position, results of operations and cash flows of this property business.

(Expressed in rupiah, unless otherwise stated)

Below are certain financial data on the property business prior to its disposal in 2003:

Total assets	2,925,823,446
Total liabilities	517,534,397
Revenues	21,910,604,059
Cost of revenues	14,879,645,460
Net income	7,764,114,040
Cash flows from:	
Operating activities	(10,315,559,589)
Investing activities	(554,415,848)

GEOGRAPHICAL SEGMENTS

The Company and the Subsidiaries' geographical segment information is as follows:

	2004	2003
REVENUES (based on sales area)		
Domestic		
Java	6,014,216,769,642	5,800,941,946,530
Outside Java	934,791,134,285	976,423,327,016
Export	605,289,238,675	424,043,332,619
	7,554,297,142,602	7,201,408,606,165
Elimination	(2,938,789,768,924)	(3,043,725,139,523)
Net	**4,615,507,373,678**	**4,157,683,466,642**
ASSETS (based on location of assets)		
Domestic	**9,680,692,588,731**	**10,064,464,929,279**
CAPITAL EXPENDITURE (based on location of assets)		
Domestic	**107,049,017,054**	**115,080,228,172**

Export sales were coursed through HCT, a related company, which is domiciled in Singapore (see Note 22g).

Most of the Company's sales are coursed through DAP's sub-distributors. Sales of more than 10% of net revenues were made only to PT Jabotabek Niagatama Sukses in 2004, and to PT Jabotabek Niagatama Sukses, PT Jabar Multindo Perkasa and PT Jateng Kencana Abadimulia in 2003 (see Note 22e).

(Expressed in rupiah, unless otherwise stated)

18. COST OF REVENUES

The details of cost of revenues are as follows:

	2004	2003
Raw materials used	475,718,562,279	433,518,997,536
Direct labor	249,499,085,410	252,177,795,685
Fuel and power	1,273,757,404,715	990,544,854,273
Manufacturing overhead	806,608,441,317	769,021,138,798
Total Manufacturing Cost	2,805,583,493,721	2,445,262,786,292
Work in Process Inventory		
At beginning of year	87,803,081,247	143,146,246,942
At end of year	(75,301,148,375)	(87,803,081,247)
Cost of Goods Manufactured	2,818,085,426,593	2,500,605,951,987
Finished Goods Inventory		
At beginning of year	55,054,132,871	79,369,841,822
Others	91,680,850	(312,223,154)
At end of year	(35,836,142,073)	(55,054,132,871)
Cost of Goods Sold before Packing Cost	2,837,395,098,241	2,524,609,437,784
Packing Cost	255,024,080,688	222,272,667,861
Total Cost of Goods Sold	3,092,419,178,929	2,746,882,105,645
Cost of Services		
Direct costs	-	11,211,814,195
Indirect costs	-	3,667,831,265
Total Cost of Services	-	14,879,645,460
Total Cost of Revenues	**3,092,419,178,929**	**2,761,761,751,105**

Liabilities related to manufacturing costs which had been incurred but not yet billed to the Company and Subsidiaries amounted to Rp24,190,114,651 and Rp36,676,849,494 as of December 31, 2004 and 2003, respectively, and are presented as part of "Accrued Expenses" in the consolidated balance sheets.

There are no aggregate purchases from any individual supplier which exceeded 10% of consolidated revenues.

19. OPERATING EXPENSES

The details of operating expenses are as follows:

	2004	2003
Delivery and Selling Expenses		
Delivery, loading and transportation	425,107,511,483	344,546,884,782
Advertising and promotion	32,503,498,629	26,215,225,849
Salaries, wages and employees' benefits (see Note 20)	26,706,216,790	23,552,113,480
Rental	6,269,197,371	2,635,700,861
Professional fees	5,321,069,298	4,547,642,287
Depreciation	4,956,816,706	4,571,473,055
Repairs and maintenance	4,154,388,502	2,761,412,080
Taxes and licences	2,796,318,145	320,794,202
Electricity and water	2,531,340,854	2,621,081,187
Research and testing	2,221,085,790	3,307,691,773
Communication	1,171,878,549	814,903,802
Business travel	1,058,652,106	1,031,124,148
Miscellaneous (each below Rp1 billion)	6,008,866,975	6,007,012,845
Total Delivery and Selling Expenses	520,806,841,198	422,933,060,351

(Expressed in rupiah, unless otherwise stated)

	2004	2003
General and Administrative Expenses		
Salaries, wages and employees' benefits (see Note 20)	93,327,460,088	89,754,972,386
Rental	15,429,089,729	8,888,078,685
Professional fees	7,381,055,766	17,359,217,092
Public relations	6,279,729,061	3,409,916,535
Depreciation	6,120,337,164	6,531,900,327
Donations	5,407,284,012	3,256,254,295
Training and seminars	5,299,035,360	4,545,202,654
Travelling and transportation	3,529,216,187	2,360,530,612
Repairs and maintenance	3,153,710,417	3,352,137,806
Communication	3,037,384,182	2,743,367,100
Provision for doubtful accounts	2,392,032,385	569,296,228
Medical	2,296,271,571	1,865,931,303
Insurance	2,221,347,529	3,447,045,694
Publications and sponsorships	1,946,146,805	1,207,758,664
Taxes and licenses	1,517,952,349	2,281,755,837
Printing and photocopying	1,223,170,101	1,385,444,208
Stationery and office supplies	1,064,816,363	985,856,374
Miscellaneous (each below Rp1 billion)	4,418,773,618	4,667,684,762
Total General and Administrative Expenses	166,044,812,687	158,612,350,562
Total Operating Expenses	**686,851,653,885**	**581,545,410,913**

20. ESTIMATED LIABILITY FOR EMPLOYEE BENEFITS

The Company has a defined contribution retirement plan covering 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. Retirement benefits charged to operations amounted to approximately Rp20.3 billion in 2004 and Rp27.7 billion in 2003.

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. As of December 31, 2004 and 2003, the Plan assets totaled Rp359.9 billion and Rp303.2 billion, respectively.

The Company and Subsidiaries have appointed PT Watson Wyatt Purbajaga (WWP), an independent actuary, to calculate the expected obligation for post-employment, severance, gratuity and compensation benefits of its qualified permanent employees for the years ended December 31, 2004 and 2003.

(Expressed in rupiah, unless otherwise stated)

The actuarial valuation was determined using the "Projected Unit Credit" method which considered the following assumptions:

	Company	Subsidiaries
Discount rate	10% in 2004 and 9% in 2003	10% in 2004 and 9% in 2003
Wage and salary increase	9% in 2004 and 8% in 2003	9% in 2004 and 8% in 2003
Retirement age	55 years	55 years
Average employee turnover	1% for employees with ages from 20 years old up to 54 years old	2% - 5% for employees with ages from 20 years old, decreasing linearly to 0% at age 45
Table of mortality	Commissioner's Standard Ordinary 1980	Commissioner's Standard Ordinary 1980
Disability	10% of the mortality rate	10% at the mortality rate

Provisions for employee benefits recognized in the consolidated statements of income are as follows:

	2004	2003
Current service costs	9,040,141,000	5,865,873,000
Interest costs	12,640,194,000	6,549,738,000
Amortization of past service costs and actuarial gains	7,145,843,131	4,104,679,312
Net employees' benefits expenses	**28,826,178,131**	**16,520,290,312**

A reconciliation of estimated liability for employee benefits is as follows:

	2004	2003
Present value of defined benefit obligation	152,363,252,000	130,879,570,000
Unamortized balance of the non-vested past service costs	(102,652,854,000)	(104,659,854,000)
Actuarial loss	(16,062,882,277)	(9,070,286,819)
Translation liability	-	591,204,000
Liability should be recognized in consolidated balance sheets	33,647,515,723	17,740,633,181
Current maturity of estimated liability for employee benefits	6,214,292,069	3,580,283,310
Long-term portion	**27,433,223,654**	**14,160,349,871**

Movements in the estimated liability for employee benefits are as follows:

	2004	2003
Balance at beginning of year	17,740,633,181	1,383,198,297
Provision during the year	28,826,178,131	16,520,290,312
Payment during the year	(12,919,295,589)	(162,855,428)
Balance at end of year (recorded as part of "Long-term Liabilities - Others" account in the consolidated balance sheets)	**33,647,515,723**	**17,740,633,181**

(Expressed in rupiah, unless otherwise stated)

The balance of the non-vested past service costs is amortized over the average remaining number of years of service of active employees, which ranges from 12.19 - 16.02 years in 2004 and from 13.19 - 16.49 years in 2003.

21. TRANSACTIONS AND ACCOUNTS WITH RELATED PARTIES

In the normal course of business, the Company and Subsidiaries entered into transactions with related parties. The significant transactions and related account balances with related parties are as follows:

	Amount		Percentage to Total Assets/Liabilities and Related Income/Expenses	
	2004	2003	2004	2003
Trade Receivables - Related Party				
HCT Services Asia Pte., Ltd., Singapore	30,985,951,840	22,748,551,497	0.32%	0.22%
Due from Related Parties				
Officers and employees	66,757,782,857	67,140,391,307	0.68%	0.66%
Others (each below Rp1 billion)	346,366,462	988,856,172	0.01%	0.01%
Total	67,104,149,319	68,129,247,479	0.69%	0.67%
Trade Payables - Related Party				
HCT Services Asia Pte., Ltd., Singapore	-	796,852,775	-	0.01%
Accrued Expenses				
Stillwater Shipping Corporation	-	1,732,650,907	-	0.03%
Due to Related Parties				
PT Pama Indo Mining	1,565,186,507	1,819,921,011	0.03%	0.03%
HCT Services Asia Pte., Ltd., Singapore	239,896,691	-	0.01%	-
Total	1,805,083,198	1,819,921,011	0.04%	0.03%
Long-term Loans				
WestLB AG, Tokyo	84,043,308,360	92,549,164,778	1.64%	1.65%
WestLB Asia Pacific Ltd., Singapore	15,028,299,317	16,549,499,689	0.29%	0.29%
Total	99,071,607,677	109,098,664,467	1.93%	1.94%
Net Revenues				
HCT Services Asia Pte., Ltd., Singapore	605,113,845,195	423,584,651,307	13.11%	10.19%
Cost of Revenues				
PT Pama Indo Mining	35,966,968,923	32,076,272,574	1.16%	1.16%
HCT Services Asia Pte., Ltd., Singapore	13,250,696,699	5,419,933,620	0.43%	0.20%
Total	49,217,665,622	37,496,206,194	1.59%	1.36%
Operating Expenses				
Stillwater Shipping Corporation	24,036,557,926	39,291,595,990	3.50%	6.76%
Other Income (Expenses)				
PT Cibinong Center Indutrial Estate	2,648,347,296	2,350,374,127	0.40%	1.40%

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

Nature of relationship and type of transaction with the above related parties are as follows:

No.	Related Parties	Nature of Relationship	Type of Transaction
1.	HCT Services Asia Pte., Ltd., Singapore	Under Common Control	Sale of finished goods and purchase of raw materials
2.	PT Cibinong Center Industrial Estate	Associated Company	Rental of industrial estate and sale of water and electricity
3.	Stillwater Shipping Corporation	Associated Company	Transportation
4.	PT Pama Indo Mining	Associated Company	Mining service
5.	WestLB AG, Tokyo	Affiliated Company	Long-term debt
6.	WestLB Asia Pacific Ltd., Singapore	Affiliated Company	Long-term debt
7.	Officers and employees	Employees	Loan

22. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. On November 30, 2004, the Company entered into two contracts for the supply of Retrofit and automated laboratory system (autolab), and the supply of services for erection supervision and commissioning of autolab with ABB Switzerland Ltd. (contractor). Based on these contracts, the contractor agreed to supply the equipment for the installation of the Company's autolab and to provide the supervision of the erection and commissioning of all parts of equipment purchased from the contractor. The total value of these contracts amounted to EUR1,510,000.

b. In June 2004, a group of fishermen in Rampa Village, Kotabaru, South Kalimantan, blockaded the Company's jetty in Tarjun in protest for the loss of their livelihood due to the illegal dumping of dredging materials. Based on the claims submitted to the Company, the fisherman alleged that the Company illegally dumped materials outside the approved dumping locations which resulted in damage to their fishing equipment and the decrease in their catch.

   Accordingly, the Company has tried to pass on the claim to PT Boskalis International Indonesia (Boskalis), the contractor appointed by the Company to dredge the jetty for its alleged misconduct and improper dumping of dredging materials beyond the approved dumping location.

   A fact-finding committee consisting of representatives from the Company, the association of fishermen and other related parties has been established to investigate the claim that Boskalis has dumped the dredging materials beyond the approved dumping location. Also, according to the management, the Company has sent two warning letters to Boskalis due to its failure to fulfill the "Safety, Security and Protection of Environment" clause as stated under the Contract Dredging of Berthing Pocket and Turning Basin Tarjun Port Facility. Thus, the management believes that the claims and all costs, if any, of moving the dredging materials to the designated dumping site, should be borne by Boskalis. As of independent auditors' report date, the Company was not able to determine the estimated liability that would be shouldered by the Company.

c. On June 9, 2004, the Company entered into a "Prototype Carbon Fund Emission Reductions Purchase Agreement" (Agreement) with the International Bank for Reconstruction and Development, in its capacity as a trustee ("Trustee") of the Prototype Carbon Fund (PCF). The PCF is a World Bank-administered fund representing six (6) governments and seventeen (17) companies.

   As stated in the Agreement, the Company undertakes to carry out a project which is expected to result in the reduction of greenhouse gas emissions (the Project). The Project is composed of two components as follows:

   - Introduction of new type of cement which contains a higher proportion of additive materials
   - Use of alternative fuels in clinker burning.

Subject to the terms and conditions of the Agreement, the Company shall generate a minimum number of Greenhouse Gases (GHG) Reductions from the Project and transfer the Emission Reductions (ERs) corresponding to these GHG Reductions to the Trustee at a price of US$3.60 for each ER.

The Project shall commence in January 2005 and shall be terminated in 2011 or upon full delivery of the ERs to be generated by the Project.

The Project should be implemented in a manner consistent with, or upon entry of the Kyoto Protocol in accordance with the applicable International UNFCCC/Kyoto Protocol Rules.

The agreement will be effective after all the following conditions precedent are fulfilled:

- Indonesia has ratified the Kyoto Protocol on or before December 31, 2005
- Receipt by the Trustee of a Letter of Approval for the Project on or before March 1, 2006 which includes authorization of the Company's and the Trustee's participation in the Project, and in the reasonable opinion of the Trustee meets all other requirements of approval under the International UNFCCC/Kyoto Protocol Rules.

As of independent auditors' report date, the Project has not been started.

d. In 2004 and 2003, the Company entered into one-year agreements with several land transporters for the distribution of the Company's cement in Indonesia. Transportation expense incurred is recorded as part of "Delivery and Selling Expenses" (Delivery, loading and transportation) account in the consolidated statements of income, while the unpaid transportation expenses amounting to Rp24,188,039,656 and Rp18,208,615,389 as of December 31, 2004 and 2003, respectively, are shown as part of "Other Payables to Third Parties" in the consolidated balance sheets.

e. DAP entered into several distributorship agreements with PT Jabotabek Niagatama Sukses, PT Jabar Multindo Perkasa, PT Jateng Kencana Abadimulia, PT Bangunsukses Niaga Nusantara, PT Royal Inti Mega Utama, and PT Saka Agung Abadi. Pursuant to these agreements, DAP, as the Company's non-exclusive main domestic distributor, has appointed these companies to act as area distributors of bagged cement and bulk cement for the domestic market (see Note 17).

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 were originally valid until July 14, 2004, and were automatically renewable for another five (5) years, subject to the same terms and conditions, except for the requirement to submit written termination notice three (3) months prior to the expiration of the agreement by any party who wished not to renew or extend its distribution rights.

On April 6, 2004, DAP submitted written termination notices to the above sub-distributors. On June 18, 2004, DAP entered into new distributorship agreements with PT Bangunsukses Niagatama Nusantara, PT Cipta Pratama Karyamandiri, PT Intimegah Mitra Sejahtera, PT Nusa Makmur Perdana, PT Royal Inti Mandiri Abadi, PT Saka Agung Abadi, PT Adikarya Maju Bersama, PT Angkasa Indah Mitra, PT Citrabaru Mitra Perkasa, PT Kharisma Mulia Abadijaya, PT Kirana Semesta Niaga, PT Primasindo Cipta Sarana, PT Samudera Tunggal Utama, and PT Sumber Abadi Sukses. Under the agreements, DAP appointed these companies to be non-exclusive area distributors to sell bagged cement and bulk cement for the 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 effective from July 14, 2004 until December 31, 2008, and may be extended for an additional period of three (3) years upon written agreement by both parties.

(Expressed in rupiah, unless otherwise stated)

Total gross sales by the Company and DAP to these sub-distributors in 2004 and 2003 are as follows:

	2004	2003
PT Jabotabek Niagatama Sukses	622,439,113,655	1,114,234,822,240
PT Jabar Multindo Perkasa	424,390,722,806	763,972,268,928
PT Jateng Kencana Abadimulia	294,181,720,430	561,787,336,992
PT Bangunsukses Niaga Nusantara	192,255,610,283	288,717,674,942
PT Bangunsukses Niagatama Nusantara	177,670,345,471	-
PT Saka Agung Abadi	171,562,401,040	131,976,999,153
PT Samudera Tunggal Utama	159,583,841,936	-
PT Nusa Makmur Perdana	154,196,367,165	-
PT Primasindo Cipta Sarana	132,280,785,739	-
PT Royal Inti Mandiri Abadi	129,657,009,477	-
PT Intimegah Mitra Sejahtera	121,468,901,304	-
PT Royal Inti Mega Utama	119,565,032,363	253,334,247,039
PT Kharisma Mulia Abadijaya	112,002,495,185	-
PT Kirana Semesta Niaga	106,650,099,685	-
PT Adikarya Maju Bersama	106,524,582,126	-
PT Angkasa Indah Mitra	102,993,224,037	-
PT Sumber Abadi Sukses	99,475,157,117	-
PT Citrabaru Mitra Perkasa	92,160,302,035	-
PT Cipta Pratama Karyamandiri	76,155,955,234	-
Total	**3,395,213,667,088**	**3,114,023,349,294**

The total outstanding receivables from these sub-distributors amounting to Rp287,340,021,786 and Rp197,832,649,664 as of December 31, 2004 and 2003, respectively, are recorded as part of “Trade Receivables - Third Parties” account in the consolidated balance sheets.

f. In 2004, the Company and DAP entered into lease agreements with PT Serasi Tunggal Mandiri for the lease of office space and car park located at Wisma Indocement. Rental expenses charged to current operations amounted to Rp10,168,243,720 in 2004.

g. In the EGMS held on March 29, 2001, the independent shareholders approved the exclusive export distribution agreement between the Company and HCT Services Asia Pte., Ltd. (formerly HC Trading International Inc.), an HC subsidiary, under the following terms and conditions (see Note 17):

- HCT Services Asia Pte., Ltd. (HCT) will act as the Company’s exclusive export distributor.
- The Company shall invoice HCT at a net price equivalent to the U.S. dollar FOB sales price invoiced by HCT to its customers, less:
  - 5.5% on the first one million tons shipments per year.
  - 3.0% on shipments in excess of one million tons per year.
- The export distribution agreement is effective for twenty (20) years.

Total sales discounts granted to HCT amounted to approximately US$2.6 million in 2004 and US$2.0 million in 2003.

h. The Company has an outstanding agreement with PT Rabana Gasindo Usama (Rabana) whereby Rabana will build and own the distribution and receiving facilities for natural gas at Tegal Gede - Citeureup with a capacity of 18 MMSCFD. The Company will pay compensation of US$0.45 per MMBTU of natural gas delivered as gas transportation fee and US$0.02 per MMBTU of natural gas delivered as technical fee. The agreement also provides for a minimum annual delivery of natural gas by the Company. If the Company is unable to utilize the minimum volume as stated in the agreement, Rabana will claim from the Company payment of gas transportation fee for the unconsumed volume. Such amount claimed should be agreed to by both parties within one month after the end of the year. This minimum purchase requirement will not be valid if the total payments made for the gas transportation fee exceed US$10,000,000 plus interest and Rabana's overhead. The agreement will expire in 2014 or may be terminated if the total volume of natural gas consumed reaches the contractual volume as stipulated in the agreement. Total transportation fee and technical fee paid to Rabana amounted to US$1,096,149 in 2004 and US$767,771 in 2003.

i. The Company also has agreements with PERTAMINA for the purchase of natural gas which provide for an annual minimum purchase quantity. If the Company is unable to consume the agreed volume of natural gas, the Company should pay for the unconsumed volume to PERTAMINA. However, such payment can be treated as prepayment and can be applied to future gas consumption. Such agreements expired in 2004 for the cement plants in Citeureup and will expire in 2014 for the power plant in Citeureup. Total purchases of natural gas from PERTAMINA amounted to Rp77,277,348,563 in 2004 and Rp44,861,430,481 in 2003. The related outstanding payables arising from these purchases amounting to US$70,421 (equivalent to Rp654,210,629) and US$197,563 (equivalent to Rp1,672,371,022) as of December 31, 2004 and 2003, respectively, are presented as part of "Trade Payables - Third Parties" in the consolidated balance sheets.

j. The Company has an outstanding sale and purchase of electricity agreement with PT PLN (Persero) (PLN) wherein PLN agreed to deliver electricity to the Company's Citeureup plants with connection power of 80,000 KVA/150 kV at a certain rate with a minimum consumption of 8,000,000 kWh per month. Under the agreement, the Company is required to pay connection fee of Rp8,000,000,000, build its own main tower and an incoming bay for PLN based on the standards and specifications of PLN. The price of the electricity will be based on government regulation.

   The Company also has an outstanding sale and purchase of electricity agreement with PLN wherein PLN agreed to deliver electricity to the Company's Cirebon plants with connection power of 45,000 KVA/70 kV. Under the agreement, the Company was required to pay connection fee of Rp2,300,000,000. The price of the electricity will be based on the government regulation.

   Total purchase of electricity under the agreements amounted to Rp181.0 billion in 2004 and Rp166.3 billion in 2003.

k. The Company has an outstanding agreement with the Forestry Department (FD) for the exploitation of raw materials for cement, construction of infrastructure and other supporting facilities over 3,733.97 hectares of forest located in Pantai - Kampung Baru, South Kalimantan. Based on the agreement, the FD agreed to grant a license to 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 the unproductive area each year, to maintain the forest area borrowed by the Company and to develop local community livelihood. Such license is not transferable and will expire in May 2019.

l. In compliance with the mining regulations issued by the government, the Company is obliged to restore the mined area by preparing and submitting an annual restoration plan "Mining Exploitation Plan Book" for a period of 5 years to the Mining Department. The Company has made provision for recultivation amounting to Rp9,676,346,732 and Rp5,817,891,007 as of December 31, 2004 and 2003, respectively, which is presented as part of "Long-term Liabilities - Others" in the consolidated balance sheets.

m. The Company is exposed to market risks, primarily changes in currency exchange rates, and uses derivative instruments to hedge the risks in such exposures in connection with its risk management activities. The Company does not hold or issue derivative instruments for trading purposes.

   As of December 31, 2004, the Company has outstanding forward exchange contracts with Standard Chartered Bank, Jakarta Branch, JPMorgan Chase Bank, N.A., Jakarta Branch (JPMorgan) and ABN-AMRO Bank N.V., Jakarta Branch, with notional amounts aggregating to JP¥1,975 million and US$25 million which will mature in various dates in 2005, at fixed exchange rates ranging fromRp85.43 to Rp89.24 to JP¥1 and Rp8,990 to Rp9,477 to US$1. In addition, the Company also has outstanding option contracts with JPMorgan, with notional amounts aggregating to JP¥105 million and US$1.5 million, whereby JPMorgan and the Company have the right to “call and put” at the exchange rates of Rp8,500 and Rp9,800 to US$1 and Rp79.4 and Rp90.29 to JP¥1 (see Note 26c). As of December 31, 2004, the Company recognized the net receivables on the forward and option contracts at market value of Rp11,541,667,148, which is presented as part of “Other Receivables from Third Parties” in the 2004 consolidated balance sheet.

   The gain arising from the derivative transactions amounted to Rp18,812,439,398 and is recorded as part of “Foreign Exchange Gain (Loss) - Net” in the 2004 consolidated statement of income.

23. LITIGATION

On February 24, 2004, Ati binti Sadim dkk (“Plaintiffs”), who represented themselves as the heirs of the owners of land with an area of 2,665,044 square meters located in Cipulus and Pasir Kores, Lulut Village - West Java, filed a lawsuit against the Company for alleged unfair practices employed by the Company in acquiring the aforementioned land, specifically for the following reasons:

- The land price is too low and inappropriate.
- The purchase price was determined only by the Company.
- The Company did not involve the Plaintiffs in the land measurement process.
- The Company has not paid the price for land with an area of approximately 934,111 square meters which it has taken possession.

The total loss being claimed by the Plaintiffs due to their inability to use the land for a 30-year period amounts to Rp41,103,585,000.

Based on the decision of the District Court of Cibinong (the “Court”) dated August 10, 2004, the Court rejected all of the above claims. The Plaintiffs have submitted an appeal to the High Court of West Java and as of the independent auditors’ report date, the High Court of West Java has not yet rendered its final decision. Management believes that the outcome of the lawsuit will be in favor of the Company since the claims have no basis and are invalid.

24. ECONOMIC CONDITIONS

The operations of the Company and its Subsidiaries may be affected by future economic conditions in Indonesia that may contribute to volatility in currency values and negatively impact economic growth. Economic improvements and sustained recovery are dependent upon several factors such as fiscal and monetary actions being undertaken by the Government and others, actions that are beyond the control of the Company and its Subsidiaries.

(Expressed in rupiah, unless otherwise stated)

25. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

As of December 31, 2004, the Company and Subsidiaries have monetary assets and liabilities denominated in foreign currencies as follows:

	Foreign Currency		Equivalent in Rupiah: December 31, 2004 (Balance Sheet Date)	Equivalent in Rupiah: January 28, 2005 (Auditors' Report Date)
Assets				
Related Parties	US$	3,335,409	30,985,949,610	30,502,315,305
Third Parties	US$	31,818,398	295,592,917,420	290,979,249,710
	JP¥	385,985,059	34,901,772,596	34,215,452,563
	EUR	526,389	6,659,905,211	6,270,735,296
Total			368,140,544,837	361,967,752,874
Liabilities				
Related Parties	US$	10,858,631	100,876,681,990	99,302,180,495
Third Parties	US$	207,678,900	1,929,336,981,000	1,899,223,540,500
	JP¥	27,598,130,093	2,495,494,678,147	2,446,422,443,029
	EUR	835,242	10,567,531,899	9,950,020,783
Total			4,536,275,873,036	4,454,898,184,807
Net liabilities			**4,168,135,328,199**	**4,092,930,431,933**

The rupiah currency has increased in value based on the middle rates of exchange published by Bank Indonesia as shown below:

Foreign Currency	December 31, 2004	January 28, 2005
Euro (EUR1)	12,652.06	11,912.74
U.S. dollar (US$1)	9,290.00	9,145.00
Japanese yen (JP¥100)	9,042.26	8,864.45

Had the assets and liabilities denominated in foreign currencies as of December 31, 2004 been reflected using the above middle rates of exchange as of January 28, 2005 (the independent auditors' report date), the net foreign currency denominated liabilities, as presented above, would have decreased by approximately Rp75 billion.

26. SUBSEQUENT EVENTS

a. On January 20, 2005, the Company paid the quarterly installments on its long-term loan from banks and financial institutions amounting to US$7,882,695, JP¥837,298,520 and Rp4,223,478,514 and its obligations for interest covering the period October 20, 2004 to January 20, 2005 amounting to US$2,078,717, JP¥179,224,412 and Rp2,334,644,901 (see Note 11).

b. On January 10, 2005, all of the Company's outstanding option contracts as of December 31, 2004 matured. The Company did not exercise any of these option contracts since the strike prices were within the range of the ceiling and floor prices.

c. Based on the EGMS held on February 23, 2005, it was resolved as follows:

(i) Approval from the independent shareholders for the proposed refinancing transaction by the Company through the partial purchase of a loan under the HZMFA (see Note 11) by HeidelbergCement Finance B.V. (HC Finance B.V.).

In order to be effective, the above proposed refinancing transaction will be subjected to:

(a) Approval of all of the following by existing creditors under the HZMFA:

- Accession of HC Finance B.V. to the HZMFA (with pari passu rank to the security under the HZMFA and with different terms of payment)
- Amendment of the HZMFA to allow the Company to engage in currency hedges for tenures of up to four (4) years, and to enter into swap transactions under International Swap and Derivative Association documentation in relation to the planned refinancing transaction
- Amendment of the HZMFA to reduce the scheduled principal repayments to be US$40 million per annum or to be US$10 million quarterly starting April 2005 until January 2008.

(b) Acceptance by the swap provider of the terms and conditions of a comfort letter to be issued by HeidelbergCement AG pursuant to the planned refinancing transaction.

(ii) Approval from the independent shareholders for the proposed recurring transactions with the Company's related parties.

(iii) Approval from shareholders for the change in the board of commissioners.

27. NEW ACCOUNTING STANDARD

In July 2004, the Indonesian Institute of Accountants revised PSAK No. 38, "Accounting for Restructuring of Entities under Common Control", which provides for the realization of the restructuring difference to gain or loss if the conditions therein are fulfilled. This PSAK No. 38 (Revised 2004) becomes effective for the financial statements covering periods beginning on or after January 1, 2005. The Company has not evaluated the effects of this revised PSAK to its consolidated financial statements.

28. RECLASSIFICATION OF ACCOUNT

The extraordinary item in the 2003 consolidated statement of income has been reclassified to "Gain on Debt Buy-back" account to conform with the presentation of the same account in the 2004 consolidated statement of income.

29. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the consolidated financial statements that were completed on January 28, 2005

corporate information

Condensed List of Shareholders (%)

HC Indocement GmbH	65.14
PT Mekar Perkasa	13.03
Public	21.83

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

Corporate Address

PT Indocement Tunggal Prakarsa Tbk.
Wisma Indocement, Level 8
Jl. Jenderal Sudirman Kav.70 - 71
Jakarta 12910, Indonesia
Phone : +62 21 251 2121
Facsimile : +62 21 251 0066
http://www.indocement.co.id

Other Shareholder Information

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will be held on 16 June 2005

For further information, please contact:

Corporate Secretariat Division
PT Indocement Tunggal Prakarsa Tbk.
Wisma Indocement, Level 8
Jl. Jenderal Sudirman Kav.70 - 71
Jakarta 12910, Indonesia
Phone : +62 21 251 2121
Facsimile : +62 21 251 0066
E-mail : corpsec@indocement.co.id

Investor Inquiries:

Investor inquiries may be directed to:

Corporate Finance Division
PT Indocement Tunggal Prakarsa Tbk.
Wisma Indocement, Level 9
Jl. Jenderal Sudirman Kav. 70 - 71
Jakarta 12910, Indonesia
Phone : +62 21 251 2121 ext 2921
Facsimile : +62 21 251 2076
E-mail : investor_relations@indocement.co.id

Professionals and Bankers

Auditors

Prasetio, Sarwoko & Sandjaja
(A member of Ernst & Young)
Jakarta Stock Exchange Building, Tower II, Level 7
Jl. Jenderal Sudirman Kav. 52 - 53
Jakarta 12190, Indonesia

Share Registrar

PT Raya Saham Registra
Sentral Plaza Building, Level 4
Jl. Jenderal Sudirman Kav. 47 - 48
Jakarta 12930, Indonesia

Major Bankers

PT Bank Central Asia Tbk.
Japan Bank for International Corporation
Barclays Bank PLC
Mizuho Global, Ltd. Tokyo
BNP Paribas, Singapore Branch
Mizuho Trust and Banking Co., Ltd.
Credit Industriel et Commercial Singapore
Westdeutsche Landesbank Girozentrale, Tokyo Branch
Deutsche Bank, AG London