Consolidated Financial Statements
Three months ended March 31, 2008 and 2007

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2008 AND 2007

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PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2008 and 2007
(Expressed in rupiah)

	Notes	2008	2007
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2c,3	563,407,376,672	86,513,219,849
Time deposits	2c	5,194,044,138	8,067,848,706
Short-term investments	2d	-	2,770,950,000
Trade receivables	2e,4		
Related party	2f,23	11,150,715,540	60,971,894,946
Third parties - net of allowance for doubtful accounts of Rp12,784,975,199 in 2008 and Rp11,210,612,391 in 2007	24l	744,139,985,708	557,838,647,562
Other receivables from third parties - net of allowance for doubtful accounts of Rp5,883,135,875 in 2008 and Rp7,371,980,358 in 2007	2e,5,11	7,673,582,547	6,500,891,354
Inventories - net	2g,6	1,223,722,073,294	921,214,186,005
Advances and deposits	6,24a,24e	112,871,259,722	102,294,023,781
Prepaid taxes	11	8,159,565,427	17,733,015,096
Prepaid expenses	2h	14,253,776,701	16,763,467,511
TOTAL CURRENT ASSETS		2,690,572,379,749	1,780,668,144,810
NON-CURRENT ASSETS			
Due from related parties	2f,23	38,064,711,363	46,889,042,925
Deferred tax assets - net	2r,11	10,980,735,361	6,797,718,944
Long-term investments and advances to associated company - net of allowance for doubtful accounts of Rp13,720,944,026 in 2008 and 2007	2b,2f,7,23	50,972,621,834	51,275,799,728
Fixed assets - net of accumulated depreciation, amortization and depletion of Rp4,997,997,834,907 in 2008 and Rp4,454,485,460,272 in 2007	2i,2j,2k, 2l,8	7,496,634,219,936	7,619,385,949,387
Restricted cash and time deposits	13	-	479,000,000
Other non-current assets	2h,2m,8	89,483,571,872	73,462,124,438
TOTAL NON-CURRENT ASSETS		7,686,135,860,366	7,798,289,635,422
TOTAL ASSETS		**10,376,708,240,115**	**9,578,957,780,232**

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

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
March 31, 2008 and 2007
(Expressed in rupiah)

	Notes	2008	2007
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term loan	9	-	45,590,000,000
Trade payables to third parties	10	270,248,013,169	102,088,005,643
Other payables to third parties	8,17,24k	156,729,722,119	132,971,932,492
Accrued expenses	20	148,322,904,960	148,875,632,729
Taxes payable	2r,11	128,802,320,616	47,940,778,829
Current maturities of long-term debts			
Loans from banks and financial institutions	2f,12,23	1,382,550,000,000	256,304,049,660
Obligations under capital lease	2k,8,13	56,201,926,913	2,953,637,895
TOTAL CURRENT LIABILITIES		2,142,854,887,777	736,724,037,248
NON-CURRENT LIABILITIES			
Long-term debts - net of current maturities			
Loans from banks and financial institutions	2f,12,23	-	1,929,168,661,555
Obligations under capital lease	2k,8,13	74,271,708,918	5,194,044,142
Long-term derivative liability	2q,25	42,195,167,924	56,594,185,952
Due to related parties	2f,23	3,574,789,175	2,204,815,100
Deferred tax liabilities - net	2r,11	679,821,394,983	611,620,857,604
Estimated liability for employee benefits	2o,22	65,348,122,879	57,760,930,547
Estimated liability for post-retirement healthcare benefits	2o,22	10,830,397,502	8,209,419,897
Provision for recultivation	24s	28,150,981,626	17,632,817,688
Deferred gain on sale-and-leaseback transactions - net	2k	5,743,721,330	6,886,988,985
TOTAL NON-CURRENT LIABILITIES		909,936,284,337	2,695,272,721,470
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY	2b	21,966,762,695	-

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

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
March 31, 2008 and 2007
(Expressed in rupiah)

	Notes	2008	2007
SHAREHOLDERS' EQUITY			
Capital stock - Rp500 par value per share			
Authorized - 8,000,000,000 shares			
Issued and fully paid - 3,681,231,699 shares	14	1,840,615,849,500	1,840,615,849,500
Additional paid-in capital	2t,15	1,194,236,402,048	1,194,236,402,048
Other paid-in capital	16	338,250,000,000	338,250,000,000
Revaluation increment in fixed assets	2i	229,970,296,236	229,970,296,236
Differences arising from restructuring transactions among entities under common control	2b	1,165,715,376,569	1,165,715,376,569
Differences arising from changes in the equity of Subsidiaries	2b	19,883,208,338	2,674,681,975
Retained earnings			
Appropriated	18	175,000,000,000	150,000,000,000
Unappropriated		2,338,279,172,615	1,225,498,415,186
TOTAL SHAREHOLDERS' EQUITY		7,301,950,305,306	6,146,961,021,514
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**10,376,708,240,115**	**9,578,957,780,232**

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Three months ended March 31, 2008 and 2007
(Expressed in rupiah)

	Notes	2008	2007
NET REVENUES	2f,2n,19, 23,24l,24n	2,052,487,954,329	1,480,598,532,258
COST OF REVENUES	2f,2n,20,23, 24g,24o, 24p,24q	1,195,345,036,192	1,007,334,429,873
GROSS PROFIT		**857,142,918,137**	**473,264,102,385**
OPERATING EXPENSES	2f,2n,21,22, 23,24k,24m		
Delivery and selling		266,056,390,341	218,398,970,755
General and administrative		45,304,417,597	41,662,745,727
Total Operating Expenses		**311,360,807,938**	**260,061,716,482**
INCOME FROM OPERATIONS		**545,782,110,199**	**213,202,385,903**
OTHER INCOME (EXPENSES)			
Interest income		6,859,479,322	2,117,268,262
Foreign exchange gain (loss) - net	2p,2q,25	10,918,695,555	(4,842,643,772)
Interest expense and other financial charges	12,13,23	(35,071,644,616)	(55,780,934,507)
Others - net	2d,2f,2i,2m, 2n,23,24d	7,631,306,314	7,447,695,454
Other Expenses - Net		**(9,662,163,425)**	**(51,058,614,563)**
EQUITY IN NET EARNINGS OF ASSOCIATED COMPANIES - NET	2b,7	2,164,803,441	2,024,603,805
INCOME BEFORE CORPORATE INCOME TAX EXPENSE		**538,284,750,215**	**164,168,375,145**
CORPORATE INCOME TAX EXPENSE	2r,11		
Current		160,829,248,600	47,221,181,400
Deferred		(82,771,467)	4,449,251,990
Total Corporate Income Tax Expense		**160,746,477,133**	**51,670,433,390**
INCOME BEFORE MINORITY INTEREST		**377,538,273,082**	**112,497,941,755**
MINORITY INTEREST	2b	(511,067,428)	-
NET INCOME		**377,027,205,654**	**112,497,941,755**
BASIC EARNINGS PER SHARE	2u	**102.42**	**30.56**

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Three months ended March 31, 2008 and 2007
(Expressed in rupiah)

	Notes	Capital Stock	Additional Paid-in Capital * (Notes 15 and 16)	Revaluation Increment in Fixed Assets	Differences Arising from Restructuring Transactions among Entities under Common Control	Differences Arising from Changes in the Equity of Subsidiaries	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total Shareholders' Equity
Balance as of December 31, 2006		**1,840,615,849,500**	**1,532,486,402,048**	**229,970,296,236**	**1,165,715,376,569**	**973,936,686**	**150,000,000,000**	**1,113,000,473,431**	**6,032,762,334,470**
Net income		-	-	-	-	-	-	112,497,941,755	112,497,941,755
Change in the equity of a Subsidiary arising from foreign currency translation adjustment	2b	-	-	-	-	230,445,289	-	-	230,445,289
Changes 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	-	-	-	-	1,470,300,000	-	-	1,470,300,000
Balance as of March 31, 2007		**1,840,615,849,500**	**1,532,486,402,048**	**229,970,296,236**	**1,165,715,376,569**	**2,674,681,975**	**150,000,000,000**	**1,225,498,415,186**	**6,146,961,021,514**
Balance as of December 31, 2007		**1,840,615,849,500**	**1,532,486,402,048**	**229,970,296,236**	**1,165,715,376,569**	**20,967,649,981**	**175,000,000,000**	**1,961,251,966,961**	**6,926,007,541,295**
Net income		-	-	-	-	-	-	377,027,205,654	377,027,205,654
Change in the equity of a Subsidiary arising from foreign currency translation adjustment	2b	-	-	-	-	(1,084,441,643)	-	-	(1,084,441,643)
Balance as of March 31, 2008		**1,840,615,849,500**	**1,532,486,402,048**	**229,970,296,236**	**1,165,715,376,569**	**19,883,208,338**	**175,000,000,000**	**2,338,279,172,615**	**7,301,950,305,306**

* including Other Paid–in Capital

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

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three months ended March 31, 2008 and 2007
(Expressed in rupiah)

	Notes	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Collections from customers		2,279,913,813,015	1,609,890,242,538
Payments to suppliers and contractors, and for salaries and other employee benefits		(1,579,579,601,929)	(1,237,238,265,980)
Cash provided by operations		700,334,211,086	372,651,976,558
Receipts of interest income		6,134,609,304	1,365,798,093
Proceeds from claims for tax refund	11	2,998,251,227	5,849,216,775
Payment of taxes		(381,637,874,871)	(166,829,905,481)
Payment of interest expense and other financial charges		(35,762,842,548)	(70,162,842,786)
Net receipts from other operating activities		5,722,646,989	17,772,266,221
Net Cash Provided by Operating Activities		**297,789,001,187**	**160,646,509,380**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale-and-leaseback transactions		10,509,090,900	-
Net withdrawals of time deposits		718,451,142	718,451,142
Proceeds from sale of fixed assets		2,100,000	95,000,000
Purchases of fixed assets		(53,865,249,447)	(50,763,128,792)
Net Cash Used in Investing Activities		**(42,635,607,405)**	**(49,949,677,650)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceed from (payment for) derivative transactions		292,000,000	(4,075,890,000)
Payment of obligations under capital lease		(11,380,093,028)	(921,366,026)
Payment of cash dividends	17	(5,749,200)	(3,723,000)
Proceeds from short-term loan		-	45,450,000,000
Payment of short-term loan and long-term borrowings		-	(109,032,693,683)
Net Cash Used in Financing Activities		**(11,093,842,228)**	**(68,583,672,709)**
NET EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		11,589,069,416	1,013,796,081
NET INCREASE IN CASH AND CASH EQUIVALENTS		**255,648,620,970**	**43,126,955,102**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3	307,758,755,702	43,386,264,747
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3	**563,407,376,672**	**86,513,219,849**

1. GENERAL

PT Indocement Tunggal Prakarsa Tbk. (the "Company") was incorporated in Indonesia on January 16, 1985 based on notarial deed No. 227 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. 946 of State Gazette No. 57 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. 3 dated May 3, 2007 of Amrul Partomuan Pohan, S.H., LLM concerning, among others, the change in the limits of authority of the Company's board of directors. This amendment has been reported to and recorded in the Department of Laws and Human Rights of the Republic of Indonesia under registration No. W7-HT.01.04-7590 dated May 29, 2007.

The Company started its commercial operations in 1985.

As stated in Article 3 of the Company's articles of association, the scope of its activities comprises, among others, the manufacture of cement and building materials, 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, and aggregates quarrying.

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 17.1 million tons of cement. The manufacture of ready mix concrete and aggregates quarrying businesses comprise the operations of the Company's three subsidiaries.

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 59,888,100 shares to the public.

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. 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 on 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 trillion, 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)

1. GENERAL (continued)

In the EGMS held on June 25, 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 fully paid 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.

In the EGMS held on June 26, 2000, the shareholders approved the increase in the Company's authorized capital stock from Rp2 trillion divided into 4 billion shares with par value of Rp500 per share to Rp4 trillion divided into 8 billion shares with the same par value. Such increase in the Company's authorized capital stock was approved by the Ministry of Law and Legislation in its decision letter No. C-13322 HT.01.04.TH.2000 dated July 7, 2000.

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 Warrants C if the shareholders did not exercise their rights under certain terms and conditions.

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 Warrants C totaled 8,180 shares.

As of March 31, 2008 and 2007, the members of the Company's boards of commissioners and directors are as follows:

<u>Board of Commissioners</u>	
President	Daniel Hugues Jules Gauthier
Vice President	Sudwikatmono
Vice President	I Nyoman Tjager
Independent Commissioner	Sri Prakash
Commissioner	Lorenz Naeger
Commissioner	Bernhard Scheifele
Commissioner	Ali Emir Adiguzel
<u>Board of Directors</u>	
President	Daniel Eugene Antoine Lavalle
Vice President	Tedy Djuhar
Director	Hans Oivind Hoidalen
Director	Nelson G. D. Borch
Director	Christian Kartawijaya
Director	Kuky Permana Kumalaputra
Director	Benny Setiawan Santoso
Director	Ernest Gerard Jelito

(Expressed in rupiah, unless otherwise stated)

1. GENERAL (continued)

Total salaries and other compensation benefits paid to the Company's boards of commissioners and directors amounted to Rp4.3 billion and Rp3.9 billion for the three months ended March 31, 2008 and 2007, respectively. As of March 31, 2008 and 2007, the Company and Subsidiaries have a total of 6,375 and 6,594 permanent employees, respectively.

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 and Financial Institutions Supervisory Agency's (BAPEPAM-LK) regulations, and Guidelines for Financial Statements Presentation and Disclosures for publicly listed companies issued by the BAPEPAM-LK 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 March 31, 2008	Effective Percentage of Ownership (%) as of March 31, 2008
Direct					
PT Dian Abadi Perkasa (DAP)	Cement distribution	Indonesia	1998/1999	598,345,845,418	99.99
PT Indomix Perkasa (Indomix)	Ready mix concrete manufacturing	Indonesia	1992/1992	71,935,958,360	99.99
Indocement (Cayman Islands) Limited	Investment in associated company	Cayman Islands	1991/1991	56,853,980,128	100.00
PT Gunung Tua Mandiri (GTM)	Aggregates quarrying	Indonesia	2006/2007	51,337,791,171	51.00
Indirect					
PT Pionirbeton Industri (PBI)	Ready mix concrete manufacturing	Indonesia	1996/1996	128,800,639,253	99.99
PT Multi Bangun Galaxy (MBG)	Trading	Indonesia	1999	1,311,101,806	99.99
PT Mandiri Sejahtera Sentra (MSS)	Aggregates quarrying	Indonesia	1998	5,000,000	99.00

(Expressed in rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

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

MBG was acquired in 2004 and is a company which has obtained the right to use ("hak pengelolaan") the Lembar port in Lombok (where the Company built its terminal), for a period of 20 years from PT (PERSERO) Pelabuhan Indonesia III starting January 1, 2001.

As of March 31, 2008, MBG has not yet started its commercial operations.

On July 25, 2007, the Company acquired 51% ownership in GTM through the subscription of 3,060 new shares of GTM with par value of Rp1,000,000 per share at the total acquisition cost of Rp42,840,000,000.

The details of the shares acquisition from GTM are as follows:

Acquisition cost	42,840,000,000
Fair value of net assets	40,766,747,355
Difference between the acquisition cost and fair value of net assets	**2,073,252,645**

Since the difference between the acquisition cost and fair value of net assets of GTM is considered immaterial, the management of the Company decided to charge the difference to current period operations.

GTM started its commercial operations in November 2007.

On March 28, 2008, the Company transferred its 99% ownership of PT Mandiri Sejahtera Sentra (MSS) to DAP, a Subsidiary. On the same date, PT Handi Perkasa (HP), a third party, acquired 1% ownership of MSS from Indomix. Based on the Notarial deed No. 90 of Popie Savitri Martosuhardjo Pharmanto, S.H, dated March 28, 2008, MSS's authorized capital was increased from 400 shares to 1,000,000 shares. The registered scope of business activities of MSS is engage primarily in the mining, trading, construction and transportation. As of March 31, 2008, the amendment of articles association of MSS is still in the process of obtaining approval from the Ministry Laws and Human Rights of the Republic of Indonesia.

The consolidated financial statement of the Company for the three months ended March 31, 2008 included the financial statements of MSS. Previously, the investment in MSS was carried at cost since the total cost of the investment in MSS is immaterial.

MSS is a company which assigned by the Company to purchase the aggregates quarry owned by HP located in West Java, covering a total area of not less than 125 hectares; local mining rights, mining license, land-use permit and other related rights over the above land; buildings and infrastructures; and machineries as described in the agreement in Note 24*a*.

As of March 31, 2008, MSS has not yet started its commercial operations.

(Expressed in rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

The Company also has four (4) other subsidiaries, all with effective percentages of ownership of 99.99%. The total cost of investments in these entities amounted to Rp15,000,000. 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 Company" in the consolidated balance sheets. The details of these subsidiaries are as follows:

	Year of Incorporation	Country of Domicile	Total Assets as of March 31, 2008
PT Bhakti Sari Perkasa Abadi	1998	Indonesia	5,000,000
PT Lentera Abadi Sejahtera	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.

The proportionate share of the minority shareholder in the equity of GTM is presented as "Minority Interest in Net Assets of Subsidiary" in the consolidated balance sheets. When cumulative losses applicable to minority interest exceed the minority shareholder's interest in the Subsidiary's equity, the excess is charged against the majority shareholder's interest and is not reflected as an asset, except in rare cases when the minority shareholder has a binding obligation to make good in such losses. Subsequent profits earned by the Subsidiary under such circumstances that are applicable to the minority interest shall be allocated to the majority interest to the extent minority losses have been previously absorbed.

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 fair 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 Shareholders' Equity section of the consolidated balance sheets.

All other investments are carried at cost.

In compliance with PSAK No. 38 (Revised 2004), "Accounting for Restructuring of Entities under Common Control", the differences between the cost in connection with restructuring transactions among entities under common control and 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. This PSAK also provides for the realization of the restructuring differences to current year operations if the conditions stated in the PSAK are fulfilled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

In compliance with PSAK No. 40, “Accounting for Changes in the Value of Equity of a Subsidiary/ Associated Company”, the differences 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, are 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 change in the 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 as part of this account (see item *d* below).

c. Cash Equivalents

Time deposits with maturities of three months or less at the time of placement 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 part of “Unrealized Gains/Losses on Available-for-Sale Securities” under the Shareholders’ Equity section of the consolidated balance sheets. These are credited or charged to operations upon realization.

When a decline in the fair value of an available-for-sale equity securities has been recognized directly to equity and there is objective evidence that the equity securities are impaired, the cumulative losses that had been recognized directly in equity are removed from equity and recognized in profit and loss even though the equity securities have not been derecognized.

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 under terms and conditions similar to those granted to third parties, are disclosed in Note 23.

g. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method, except for spare parts which use the moving average method. Allowance for inventory losses is provided to reduce the carrying value of inventories to their net realizable value.

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.

(Expressed in rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 - 15
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. 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 constructed asset 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.

On May 29, 2007, the Indonesian Institute of Accountants issued PSAK No. 16 (Revised 2007), “Fixed Assets”, prescribes the accounting treatment for property, plant and equipment to enable the financial statements users to discern information about an entity’s investment in its property, plant and equipment and the changes in such investment. This standard provides for, among others, the recognition of the assets, determination of their carrying amounts and related depreciation and impairment losses. Under this standard, an entity shall choose between the cost model or revaluation model as the accounting policy for its property, plant and equipment. This revised standard supersedes PSAK No. 16 (1994), “Fixed Assets and Other Assets”, and PSAK No. 17 (1994), “Accounting for Depreciation”, and is effective for the preparation and presentation of financial statements beginning on or after January 1, 2008. The Company and Subsidiaries are presently evaluating the effects of the revised PSAK on the consolidated financial statements.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 on the basis of the methods and estimated useful lives used for similar fixed assets acquired under direct ownership.

Gain on sale-and-leaseback transactions is deferred and amortized using the same method and useful lives as mentioned above for depreciation.

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

On June 27, 2007, the Indonesian Institute of Accountants issued PSAK No. 30 (Revised 2007), “Leases”, prescribes for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases. This standard provides for the classification of leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee, and the substance of the transaction rather than the form of the contract. This revised standard supersedes PSAK No. 30 (1990), “Accounting for Leases”, and is effective for financial statements beginning on or after January 1, 2008. The Company and Subsidiaries are presently evaluating the effects of the revised PSAK on the consolidated financial statements.

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 2008 and 2007, no borrowing costs were capitalized.

m. Deferred Charges

In accordance with PSAK No. 47, “Accounting for Land”, costs incurred in connection with the acquisition/renewal of landrights, such as legal fees, land remeasurement fees, notarial fees and taxes, 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. Costs and expenses are generally recognized and charged to operations when they are incurred.

(Expressed in rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 determined in accordance with the existing Collective Labor Agreement (CLA). The unfunded employee benefit liability was 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 employer 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.

The Company also provided post-retirement healthcare benefits wherein employees who reach normal retirement age as of January 1, 2003 and onwards are entitled to receive healthcare benefits for 5 years from their normal retirement date. The amount of post-retirement healthcare benefits is equivalent to the benefits limited to reimbursement for in-patient hospital bills under the same standard as that which an employee used to have prior to his retirement, for a period not exceeding 60 days per year.

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

Under PSAK No. 24 (Revised 2004), the cost of providing employee benefits under the CLA/Law/post-retirement healthcare benefits are determined using the projected-unit-credit actuarial valuation method. Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses for each individual plan at the end of the previous reporting year exceed 10% of the present value of the defined benefit obligation 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 benefits payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

p. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in rupiah at the middle rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted to 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 any capitalization made under PSAK No. 26 (Note 2l).

As of March 31, 2008 and 2007, the rates of exchange used are as follows:

	2008	2007
Euro (EUR1)	14,558.72	12,154.30
U.S. dollar (US$1)	9,217.00	9,118.00
Japanese yen (JP¥100)	9,227.16	7,757.70

Transactions in other foreign currencies are insignificant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Derivative Instruments

PSAK No. 55, "Accounting for Derivative Instruments and Hedging Activities", established the accounting and reporting standards which require that every derivative instrument (including certain derivatives embedded in other contracts) be recorded in the balance sheets as either an asset or a 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 currency contract and cross currency interest rate swap 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 any of the assets is realized or any of the liabilities 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.

s. Segment Reporting

The Company and Subsidiaries' businesses are grouped into three major operating businesses: cement, ready mix concrete and aggregates quarry, and other businesses. Financial information on business segments is presented in Note 19.

t. Stock Issuance Costs

All costs related to the issuance of equity securities are offset against additional paid-in capital.

u. Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the year, which is 3,681,231,699 shares in 2008 and 2007.

v. Use of Estimates

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

(Expressed in rupiah, unless otherwise stated)

3. CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	2008	**2007**
Cash on hand	1,064,125,611	983,798,197
Cash in banks		
PT Bank Mandiri (Persero) Tbk		
Rupiah	21,508,561,102	9,342,996,513
U.S. dollar (US$73,193 in 2008 and US$257,312 in 2007)	674,621,540	2,346,166,986
Euro (EUR14,164 in 2008 and EUR43,361 in 2007)	206,212,039	527,018,591
PT Bank Central Asia Tbk		
Rupiah	15,725,458,831	12,931,474,871
U.S. dollar (US$197,216 in 2008 and US$65,616 in 2007)	1,817,740,333	598,287,327
Euro (EUR104,152 in 2008 and EUR113,074 in 2007)	1,516,313,545	1,374,341,152
ABN-AMRO Bank N.V.		
Euro (EUR349,342 in 2008 and EUR60,225 in 2007)	5,085,974,692	731,998,430
Rupiah	987,724,937	1,736,039,555
U.S. dollar (US$53,415 in 2008 and US$540,868 in 2007)	492,322,645	4,931,633,695
Japanese yen (JP¥865,746 in 2008 and JP¥200,056,817 in 2007)	79,883,769	15,519,807,692
Standard Chartered Bank		
U.S. dollar (US$48,974 in 2008 and US$45,401 in 2007)	451,394,833	413,966,409
Rupiah	307,647,549	523,346,237
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta Branch		
Rupiah	11,506,052,480	5,876,928,378
Others		
Rupiah	3,508,759,792	2,567,787,395
U.S. dollar (US$53,768 in 2008 and US$53,699 in 2007)	495,582,974	489,628,421
Rupiah time deposits		
ABN-AMRO Bank N.V.	316,000,000,000	-
Standard Chartered Bank	100,000,000,000	-
PT Bank Central Asia Tbk	81,500,000,000	16,500,000,000
PT Bank NISP Tbk	479,000,000	-
U.S. dollar time deposits		
ABN-AMRO Bank N.V. (US$1,000,000)	-	9,118,000,000
Total	**563,407,376,672**	**86,513,219,849**

(Expressed in rupiah, unless otherwise stated)

3. CASH AND CASH EQUIVALENTS (continued)

Ranges of interest rates per annum:

	2008	2007
Rupiah time deposits	6.00% - 7.30%	7.50% - 8.85%
U.S. dollar time deposits	3.00% - 4.50%	5.00% - 5.15%

4. TRADE RECEIVABLES

The details of trade receivables are as follows:

	2008	2007
Related Party (Note 23)		
Cement business		
HCT Services Asia Pte., Ltd., Singapore (US$1,209,799 in 2008 and US$6,686,981 in 2007)	**11,150,715,540**	**60,971,894,946**
Third Parties		
Cement business		
Rupiah	657,249,550,108	494,556,352,712
U.S. dollar (US$1,015,645 in 2008 and US$847,981 in 2007)	9,361,199,028	7,731,894,387
Ready mix conrete and aggregates quarry businesses	90,314,211,771	66,761,012,854
Allowance for doubtful accounts	(12,784,975,199)	(11,210,612,391)
Net	**744,139,985,708**	**557,838,647,562**

The movements of allowance for doubtful accounts are as follows:

	2007	2006
Balance at beginning of year	12,664,975,199	11,067,732,391
Provision during the period	120,000,000	142,880,000
Balance at end of period	**12,784,975,199**	**11,210,612,391**

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.

(Expressed in rupiah, unless otherwise stated)

4. TRADE RECEIVABLES (continued)

The aging of trade receivables based on their currency denominations as of March 31, 2008 and 2007 is as follows:

	2008		
	Currency		
	Rupiah	U.S. Dollar (Equivalent Rupiah)	Total
Current	678,838,086,679	15,192,162,739	694,030,249,418
Overdue:			
1 - 30 days	41,935,481,962	5,161,106,525	47,096,588,487
31 - 60 days	6,090,241,027	158,645,304	6,248,886,331
61 - 90 days	4,713,619,055	-	4,713,619,055
Over 90 days	15,986,333,156	-	15,986,333,156
Total	**747,563,761,879**	**20,511,914,568**	**768,075,676,447**

	2007		
	Currency		
	Rupiah	U.S. Dollar (Equivalent Rupiah)	Total
Current	496,813,490,531	53,422,603,080	550,236,093,611
Overdue:			
1 - 30 days	25,085,061,562	14,607,962,389	39,693,023,951
31 - 60 days	7,270,191,894	-	7,270,191,894
61 - 90 days	5,952,387,351	-	5,952,387,351
Over 90 days	26,869,458,092	-	26,869,458,092
Total	**561,990,589,430**	**68,030,565,469**	**630,021,154,899**

5. OTHER RECEIVABLES

The details of other receivables are as follows:

	2008	2007
Payments for tax assessments being contested	5,502,658,681	5,502,658,681
Others	8,054,059,741	8,370,213,031
Total	13,556,718,422	13,872,871,712
Allowance for doubtful accounts	(5,883,135,875)	(7,371,980,358)
Net	**7,673,582,547**	**6,500,891,354**

(Expressed in rupiah, unless otherwise stated)

5. OTHER RECEIVABLES (continued)

The movements of allowance for doubtful accounts are as follows:

	2008	2007
Balance at beginning of year	6,083,100,875	7,371,980,358
Reversal of allowance on doubtful accounts collected during the period	(199,965,000)	-
Balance at end of period	**5,883,135,875**	**7,371,980,358**

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:

	2008	2007
Finished goods	92,412,990,324	58,981,752,995
Work in process	117,353,958,459	89,990,614,204
Raw materials	247,623,117,951	227,074,022,782
Fuel and lubricants	231,066,215,555	121,605,766,820
Spare parts	580,929,440,343	472,080,344,557
Total	1,269,385,722,632	969,732,501,358
Allowance for losses	(45,663,649,338)	(48,518,315,353)
Net	**1,223,722,073,294**	**921,214,186,005**

With the exception of inventories owned by Indomix, PBI and GTM amounting to Rp14.85 billion, all of the inventories are insured against fire and other risks under a combined insurance policy package (Note 8).

The movements of allowance for inventory losses are as follows:

	2008	2007
Balance at beginning of year	45,914,886,856	50,661,601,995
Reversals during the period	(251,237,518)	(2,143,286,642)
Balance at end of period	**45,663,649,338**	**48,518,315,353**

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 March 31, 2008 and 2007 amounting to Rp29,044,060,562 and Rp49,495,983,311, 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

The details of this account are as follows:

	2008			
	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	30,024,000,000	(7,714,882,817)	22,309,117,183
Stillwater Shipping Corporation	50.00	105,500,000	19,227,931,728	19,333,431,728
PT Pama Indo Mining	40.00	1,200,000,000	8,096,922,923	9,296,922,923
PT Indo Clean Set Cement	90.00	464,787,500	(464,787,500)	-
b. Cost Method				
Various investees	various	33,150,000	-	33,150,000
Sub-total		31,827,437,500	19,145,184,334	50,972,621,834
Advances				
PT Indo Clean Set Cement				13,720,944,026
Allowance for doubtful accounts				(13,720,944,026)
Net advances				-
Total				**50,972,621,834**

	2007			
	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings (Losses) - Net	Carrying Value
Investments in Shares of Stock				
a. Equity Method				
Stillwater Shipping Corporation	50.00	105,500,000	21,461,483,201	21,566,983,201
PT Cibinong Center Industrial Estate	50.00	30,024,000,000	(9,287,185,812)	20,736,814,188
PT Pama Indo Mining	40.00	1,200,000,000	7,733,852,339	8,933,852,339
PT Indo Clean Set Cement	90.00	464,787,500	(464,787,500)	-
b. Cost Method				
Various investees	various	38,150,000	-	38,150,000
Sub-total		31,832,437,500	19,443,362,228	51,275,799,728
Advances				
PT Indo Clean Set Cement				13,720,944,026
Allowance for doubtful accounts				(13,720,944,026)
Net advances				-
Total				**51,275,799,728**

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

(Expressed in rupiah, unless otherwise stated)

7. LONG-TERM INVESTMENTS AND ADVANCES TO ASSOCIATED COMPANY (continued)

The details of the equity in net earnings (losses) of associated companies, net of goodwill amortization, for the three months ended March 31, 2008 and 2007 are as follows:

	2008	2007
Stillwater Shipping Corporation	2,179,383,302	120,889,062
PT Pama Indo Mining	405,175,815	982,338,410
PT Cibinong Center Industrial Estate	(419,755,676)	921,376,333
Total	**2,164,803,441**	**2,024,603,805**

In November 2007, the Company and Subsidiaries received cash dividends from PT Pama Indo Mining amounting to Rp2,281,197,757 and from Stillwater Shipping Corporation amounting to US$1,000,000 (equivalent to Rp9,103,000,000).

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 March 31, 2008, 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, 2007	Additions/ Reclassifications	Disposals/ Reclassifications	Balance as of March 31, 2008
2008 movements				
Carrying Value				
Direct Ownership				
Land and land improvements	225,291,739,262	-	-	225,291,739,262
Leasehold improvements	3,111,045,761	64,195,750	4,235,000	3,171,006,511
Quarry	98,371,922,619	4,039,312,601	-	102,411,235,220
Buildings and structures	2,912,895,462,275	2,367,479,484	-	2,915,262,941,759
Machinery and equipment	7,951,542,894,136	22,460,465,380	138,991,011	7,973,864,368,505
Transportation equipment	430,976,192,983	23,815,160,957	21,343,965,802	433,447,388,138
Furniture, fixtures and office equipment	261,373,101,744	5,500,278,451	354,131,750	266,519,248,445
Tools and other equipment	105,664,855,886	1,196,148,466	86,897,908	106,774,106,444
Sub-total	11,989,227,214,666	59,443,041,089	21,928,221,471	12,026,742,034,284
Assets under Capital Lease				
Machinery and equipment	253,252,365,107	-	-	253,252,365,107
Transportation equipment	52,118,443,722	18,875,555,171	-	70,993,998,893
Sub-total	305,370,808,829	18,875,555,171	-	324,246,364,000
Construction in progress	135,900,899,477	53,086,379,485	45,343,622,403	143,643,656,559
Total Carrying Value	12,430,498,922,972	131,404,975,745	67,271,843,874	12,494,632,054,843

(Expressed in rupiah, unless otherwise stated)

8. FIXED ASSETS (continued)

	Balance as of December 31, 2007	Additions/ Reclassifications	Disposals/ Reclassifications	Balance as of March 31, 2008
Accumulated Depreciation, Amortization and Depletion				
Direct Ownership				
Land improvements	27,721,181,071	588,494,368	-	28,309,675,439
Leasehold improvements	2,998,120,197	27,198,096	70,583	3,025,247,710
Quarry	21,317,215,174	648,326,107	-	21,965,541,281
Buildings and structures	912,481,391,171	24,145,651,180	-	936,627,042,351
Machinery and equipment	3,270,332,732,628	97,038,796,376	76,646,322	3,367,294,882,682
Transportation equipment	340,411,835,589	9,613,226,037	1,553,934,494	348,471,127,132
Furniture, fixtures and office equipment	204,963,026,801	5,771,650,713	338,298,978	210,396,378,536
Tools and other equipment	64,653,987,864	3,100,903,809	51,156,834	67,703,734,839
Sub-total	4,844,879,490,495	140,934,246,686	2,020,107,211	4,983,793,629,970
Assets under Capital Lease				
Machinery and equipment	2,329,464,778	3,435,985,743	-	5,765,450,521
Transportation equipment	5,781,792,230	2,656,962,186	-	8,438,754,416
Sub-total	8,111,257,008	6,092,947,929	-	14,204,204,937
Total Accumulated Depreciation, Amortization and Depletion	4,852,990,747,503	147,027,194,615	2,020,107,211	4,997,997,834,907
Net Book Value	**7,577,508,175,469**			**7,496,634,219,936**

	Balance as of December 31, 2006	Additions/ Reclassifications	Disposals/ Reclassifications	Balance as of March 31, 2007
2007 movements				
Carrying Value				
Direct Ownership				
Land and land improvements	225,592,282,841	-	-	225,592,282,841
Leasehold improvements	3,104,184,761	-	-	3,104,184,761
Quarry	75,196,165,196	-	-	75,196,165,196
Buildings and structures	2,884,173,419,302	3,514,586,818	-	2,887,688,006,120
Machinery and equipment	7,724,448,530,774	18,215,672,716	5,179,953,701	7,737,484,249,789
Transportation equipment	449,912,014,588	2,250,390,714	1,522,579,663	450,639,825,639
Furniture, fixtures and office equipment	237,761,538,141	6,680,899,892	1,117,456,136	243,324,981,897
Tools and other equipment	90,212,774,791	4,279,493,419	3,000,000	94,489,268,210
Sub-total	11,690,400,910,394	34,941,043,559	7,822,989,500	11,717,518,964,453
Assets under Capital Lease				
Transportation equipment	19,244,164,620	-	-	19,244,164,620
Construction in progress	298,412,768,646	68,814,328,546	30,118,816,606	337,108,280,586
Total Carrying Value	12,008,057,843,660	103,755,372,105	37,941,806,106	12,073,871,409,659
Accumulated Depreciation, Amortization and Depletion				
Direct Ownership				
Land improvements	25,367,203,600	441,494,368	-	25,808,697,968
Leasehold improvements	2,848,932,256	47,536,217	-	2,896,468,473
Quarry	19,310,196,578	490,253,730	-	19,800,450,308
Buildings and structures	816,931,175,051	23,817,350,417	-	840,748,525,468
Machinery and equipment	2,898,009,407,456	88,569,907,319	4,265,201,478	2,982,314,113,297
Transportation equipment	327,384,712,111	10,157,499,237	1,470,308,830	336,071,902,518
Furniture, fixtures and office equipment	185,179,642,028	5,236,682,618	1,112,237,497	189,304,087,149
Tools and other equipment	53,626,159,974	2,633,497,559	3,000,000	56,256,657,533
Sub-total	4,328,657,429,054	131,394,221,465	6,850,747,805	4,453,200,902,714
Assets under Capital Lease				
Transportation equipment	331,349,327	953,208,231	-	1,284,557,558
Total Accumulated Depreciation, Amortization and Depletion	4,328,988,778,381	132,347,429,696	6,850,747,805	4,454,485,460,272
Net Book Value	**7,679,069,065,279**			**7,619,385,949,387**

(Expressed in rupiah, unless otherwise stated)

8. FIXED ASSETS (continued)

Construction in progress consists of:

	2008	2007
Machineries under installation	114,483,254,877	316,154,234,808
Buildings and structures under construction	9,487,752,174	4,214,455,529
Others	19,672,649,508	16,739,590,249
Total	**143,643,656,559**	**337,108,280,586**

Below are the percentages of completion and estimated completion periods of the construction in progress as of March 31, 2008:

	Estimated Percentage of Completion	Estimated Completion Period
Machineries under installation	10 - 98%	1 to 24 months
Buildings and structures under construction	25 - 95	3 to 24 months
Others	75 - 95	1 to 12 months

The unpaid balances to contractors and suppliers for the construction, purchase, repairs and maintenance of fixed assets amounting to Rp3,838,705,267 and Rp23,371,362,145 as of March 31, 2008 and 2007, respectively, are presented as part of "Other Payables to Third Parties" in the consolidated balance sheets.

Depreciation, amortization and depletion charges amounted to Rp147,027,194,615 and Rp132,347,429,696 for the three months ended March 31, 2008 and 2007, respectively.

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 Rp127,785,217,550, US$9,240,132, EUR1,332,999,620 and JP¥60,930,000 as of March 31, 2008. 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.

The Company and Subsidiaries own building/construction rights or "Hak Guna Bangunan" (HGB), land use rights or "Hak Pakai" (HP) and land ownership rights or "Hak Milik" (HM) over land covering approximately 3,241.69 hectares, and local mining rights or "Surat Izin Penambangan Daerah" (SIPD) covering approximately 9,581.40 hectares at several locations in Indonesia, with legal terms ranging from 5 to 30 years. Management believes that such rights can be extended upon their expiration.

As of March 31, 2008, the Company is still in the process of obtaining the titles of ownership or rights over land covering a total area of approximately 392,714 square meters. The Company is also in the process of acquiring land rights covering a total area of approximately 2,545,695 square meters. The total expenditures amounting to Rp47,726,708,985 as of March 31, 2008 incurred in relation to the above land rights acquisition process 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 March 31, 2008 and 2007 amounting to Rp598,789,467 and Rp13,287,013,779, respectively, are presented as part of "Other Non-current Assets" in the consolidated balance sheets.

The assets under capital lease are collateralized to the related obligations under capital lease (Note 13).

(Expressed in rupiah, unless otherwise stated)

9. SHORT-TERM LOAN

This account represents the outstanding loan balance drawn from a revolving loan facility in 2007 amounting to U$$5,000,000 (consisting of US$2,500,000 from ABN-AMRO Bank N.V., Jakarta Branch and US$2,500,000 from Standard Chartered Bank, Jakarta), which is part of a syndicated loan facility as described in Note 12. The loan bore interest at the annual rate of 6.22% was due and fully repaid on April 10, 2007. The loan was guaranteed by a corporate guarantee of HeidelbergCement AG, the Company's majority shareholder.

10. TRADE PAYABLES TO THIRD PARTIES

This account consists of the following:

	2008	2007
Cement business		
Rupiah	200,869,336,014	66,187,934,899
U.S. dollar (US$2,210,240 in 2008 and US$1,468,537 in 2007)	20,371,783,186	13,390,116,429
Euro (EUR2,200,964 in 2008 and EUR1,169,647 in 2007)	32,043,223,702	14,216,242,234
Other foreign currencies	1,101,099,555	1,264,394,659
Ready mix concrete and aggregates quarry businesses		
Rupiah	15,862,570,712	7,029,317,422
Total Trade Payables to Third Parties	**270,248,013,169**	**102,088,005,643**

The aging analysis of trade payables based on their currency denomination as of March 31, 2008 and 2007 is as follows:

	2008		
	Rupiah	Foreign Currencies (Rupiah Equivalent)	Total
Current	140,709,428,218	30,638,618,470	171,348,046,688
Overdue:			
1 - 30 days	49,265,287,285	2,721,589,355	51,986,876,640
31 - 60 days	6,036,889,107	13,027,293,048	19,064,182,155
61 - 90 days	10,104,082,429	398,312,021	10,502,394,450
Over 90 days	10,616,219,687	6,730,293,549	17,346,513,236
Total	**216,731,906,726**	**53,516,106,443**	**270,248,013,169**

	2007		
	Rupiah	Foreign Currencies (Rupiah Equivalent)	Total
Current	53,371,369,539	14,141,675,349	67,513,044,888
Overdue:			
1 - 30 days	9,034,435,221	8,759,941,358	17,794,376,579
31 - 60 days	1,732,435,878	3,594,673,410	5,327,109,288
61 - 90 days	228,250,430	901,910,778	1,130,161,208
Over 90 days	8,850,761,253	1,472,552,427	10,323,313,680
Total	**73,217,252,321**	**28,870,753,322**	**102,088,005,643**

(Expressed in rupiah, unless otherwise stated)

10. TRADE PAYABLES TO THIRD PARTIES (continued)

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

Suppliers	Materials Supplied
Pertambangan Minyak dan Gas Bumi Negara (PERTAMINA)	Fuel
PT Adaro Indonesia	Coal
PT Baramulti Sugih Sentosa	Coal
PT Masa Jaya Perkasa	Coal
PT Trubaindo Coal Mining	Coal
PT Arutmin Indonesia	Coal
PT Politama Pakindo	Woven paper
Fujian Qingshan Paper Industry Co., Ltd.	Kraft paper
Billerud AB	Kraft paper
Mondi Packaging Paper	Kraft paper
Itochu Co.	Gypsum

11. TAXATION

a. Taxes Payable

	2008	2007
Income taxes		
Article 21	5,145,451,958	4,776,119,756
Article 22	1,536,384,163	1,146,308,844
Article 23	1,456,529,927	2,190,593,499
Article 25	28,041,955,244	15,610,175,461
Article 26	379,890,857	598,086,620
Article 29	83,721,688,558	68,594,037
Value added tax	8,513,122,449	23,550,900,612
Others	7,297,460	-
Total	**128,802,320,616**	**47,940,778,829**

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 three months ended March 31, 2008 and 2007 is as follows:

	2008	2007
Income before corporate income tax expense per consolidated statements of income	538,284,750,215	164,168,375,145
Income of Subsidiaries before corporate income tax expense - net	(4,350,583,298)	(4,474,754,784)
Reversal of inter-company eliminating entries during consolidation	(1,896,729,110)	(120,889,062)
Income before corporate income tax expense attributable to the Company	532,037,437,807	159,572,731,299

(Expressed in rupiah, unless otherwise stated)

11. TAXATION (continued)

	2008	**2007**
Add (deduct):		
Temporary differences		
Depreciation of fixed assets (including leased assets)	1,423,894,369	(18,517,491,661)
Provision for employee benefits - net	1,123,986,878	3,097,779,299
Provision for post-retirement healthcare benefits - net	578,359,882	651,811,898
Payments of obligations under capital lease	(10,567,768,216)	(718,451,141)
Provisions for doubtful accounts and inventory losses (write-off of accounts and inventories against allowance) - net	(451,202,518)	(2,143,286,642)
Provision for recultivation - net (Note 24s)	(101,815,201)	(211,096,250)
	(7,994,544,806)	(17,840,734,497)
Permanent differences		
Non-deductible expenses		
Employee benefits	3,287,286,179	9,600,930,131
Public relations	1,136,596,100	593,795,900
Donations	631,771,064	1,187,115,509
Others	275,208,965	178,830,656
Income already subjected to final tax	(5,306,662,618)	(746,786,869)
Equity in net losses (earnings) of associated companies - net	14,579,861	(1,903,714,743)
	38,779,551	8,910,170,584
Estimated taxable income of the Company	**524,081,672,552**	**150,642,167,386**

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

	2008	**2007**
Current		
Company	157,207,001,600	45,175,150,100
Subsidiaries	3,622,247,000	2,046,031,300
	160,829,248,600	47,221,181,400
Deferred		
Company	2,529,037,103	5,352,220,349
Subsidiaries	(2,611,808,570)	(902,968,359)
	(82,771,467)	4,449,251,990
Total	**160,746,477,133**	**51,670,433,390**

(Expressed in rupiah, unless otherwise stated)

11. TAXATION (continued)

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

	2008	**2007**
Current income tax expense		
Company	157,207,001,600	45,175,150,100
Subsidiaries	3,622,247,000	2,046,031,300
Total	160,829,248,600	47,221,181,400
Prepayments of income tax		
Company	73,485,313,042	47,016,170,929
Subsidiaries	4,980,220,844	3,527,123,180
Total	78,465,533,886	50,543,294,109
Estimated corporate income tax payable		
Company	83,721,688,558	-
Subsidiaries	-	68,594,037
Total	**83,721,688,558**	**68,594,037**
Estimated claims for income tax refund - presented as part of “Prepaid Taxes” in the consolidated balance sheets		
Company	-	1,841,020,829
Subsidiaries	1,357,973,844	1,549,685,917
Total for the current period	1,357,973,844	3,390,706,746
Claims for income tax refund from prior years:		
Company		
2005	-	10,414,347,316
Subsidiaries	3,205,737,805	3,388,423,817
Total	**4,563,711,649**	**17,193,477,879**

On March 26, 2007, the Company received tax assessment letter from the Tax Office for the overpayment of income tax article 29 for the fiscal year 2005 amounting to Rp10,414,347,319 and increase in the 2005 taxable income to Rp943,166,022,464. The difference between the amount of taxable income approved by the Tax Office and the amount reported was recognized as an adjustment to the Company’s tax loss carry-forward. The Company also received tax assessment letter from the Tax Office for the underpayment of income tax article 26 and value added tax for the fiscal year 2005 amounting to Rp8,842,309,507 and Rp74,369,322, respectively.

11. TAXATION (continued)

On April 16, 2007, the Company received a decision letter from the Tax Office wherein the Tax Office approved to refund the Company's overpayment of income tax article 29 for the fiscal year 2005 amounting to Rp10,414,347,319. This overpayment was offset against the outstanding assessments for the underpayment of income tax article 26 and value added tax for the fiscal year 2005 amounting to Rp8,842,309,507 and Rp74,369,322, respectively. The Company received the refund on April 27, 2007 amounting to Rp1,497,668,490.

On April 26, 2007, the Company filed an objection to the Tax Office for corrections made to the 2005 taxable income totaling Rp5,292,461,212 out of the total corrections of Rp16,328,657,367. As of March 31, 2008, the Tax Office has not rendered any decision on the matter.

On May 1, 2007, the Company also filed an objection to the assessment for underpayment of income tax article 26 and value added tax for the fiscal year 2005 as stated above. On October 8, 2007, the Company received a decision letter from the Directorate General of Taxation wherein it rejected the Company's objection relating to income tax article 26. In November 2007, the Company submitted an appeal to the Tax Court. As of March 31, 2008, the Tax Court has not rendered any decision on the matter.

In October 2007, the Company received a decision letter from the Tax Office wherein the Tax Office approved the Company's objection relating to the 2005 value added tax assessment and reduced the assessment for underpayment of value added tax from Rp74,369,322 to Rp4,727,226. The refund was received by the Company in November 2007.

On March 6, 2008, the DAP received a decision letter from the Tax Office wherein the Tax Office approved to refund the Company's overpayment of income tax article 29 for the fiscal year 2006 amounting to Rp2,998,251,227. The refund was received by the DAP in March 2008.

In February 2004, DAP received a decision letter from the Tax Office wherein the Tax Office approved to refund DAP's 2002 claim for tax refund amounting to Rp6,195,133,712, out of the total claim of Rp11,605,908,212. DAP contested the result of the tax assessment and the disapproved portion of the claim remained as part of "Prepaid Taxes" in the 2005 consolidated balance sheet. On August 16, 2006, the Tax Court issued a decision in favor of DAP and the refund was received by DAP in October 2006. The Tax Office, however, filed an objection to the Tax Court's decision and asked for a judicial review by the Supreme Court. As of March 31, 2008, the Supreme Court has not rendered any decision on the matter.

(Expressed in rupiah, unless otherwise stated)

11. TAXATION (continued)

e. The reconciliation between income before corporate income tax expense (after the reversal of inter-company eliminating entries during consolidation) multiplied by the applicable tax rate and corporate income tax expense as shown in the consolidated statements of income for the three months ended March 31, 2008 and 2007 is as follows:

	2008	**2007**
Income before corporate income tax expense	538,284,750,215	164,168,375,145
Reversal of inter-company eliminating entries during consolidation	(1,896,729,110)	(120,889,062)
Combined income, net of loss, before income tax of the Company and Subsidiaries	536,388,021,105	164,047,486,083
Tax expense at the applicable tax rate	160,881,405,940	49,161,745,722
Tax effects on permanent differences:		
Non-deductible expenses	1,684,271,852	3,525,015,581
Equity in net earnings of associated companies - net	4,373,958	(571,114,423)
Income already subjected to final tax	(1,913,552,022)	(445,213,490)
Others	89,977,405	-
Corporate income tax expense per consolidated statements of income	**160,746,477,133**	**51,670,433,390**

f. Deferred tax assets (liabilities) consist of:

	December 31, 2007	**Deferred Tax Benefit (Expense) Credited (Charged) to 2008 Profit and Loss**	**March 31, 2008**
Deferred Tax Assets:			
Company			
Estimated liability for employee benefits	16,919,319,494	337,196,063	17,256,515,557
Allowance for doubtful accounts and inventory losses	11,345,385,681	(135,360,755)	11,210,024,926
Reserve for recultivation	8,475,839,048	(30,544,560)	8,445,294,488
Obligation under capital lease	36,264,965,511	2,361,662,425	38,626,627,936
Estimated liability for post-retirement healthcare benefits	3,075,611,288	173,507,965	3,249,119,253
Others	833,851,800	-	833,851,800
Sub-total	76,914,972,822	2,706,461,138	79,621,433,960
Subsidiaries	9,384,935,111	2,788,801,750	12,173,736,861
Total	**86,299,907,933**	**5,495,262,888**	**91,795,170,821**

(Expressed in rupiah, unless otherwise stated)

11. TAXATION (continued)

	December 31, 2007	Deferred Tax Benefit (Expense) Credited (Charged) to 2008 Profit and Loss	March 31, 2008
Deferred Tax Liabilities:			
Company			
Difference in net book value of fixed assets between tax and accounting bases	(660,665,275,942)	(1,369,309,818)	(662,034,585,760)
Net book value of assets under capital lease	(88,193,803,047)	(3,866,188,423)	(92,059,991,470)
Sub-total	(748,859,078,989)	(5,235,498,241)	(754,094,577,230)
Fair value adjustment on acquisition	(5,348,251,713)	-	(5,348,251,713)
Subsidiaries	(1,016,008,320)	(176,993,180)	(1,193,001,500)
Total	**(755,223,339,022)**	**(5,412,491,421)**	**(760,635,830,443)**
Net Deferred Tax Assets:			
Subsidiaries	**8,368,926,791**	**2,611,808,570**	**10,980,735,361**
Net Deferred Tax Liabilities:			
Company	**(677,292,357,880)**	**(2,529,037,103)**	**(679,821,394,983)**

	December 31, 2006	Deferred Tax Benefit (Expense) Credited (Charged) to 2007 Profit and Loss	March 31, 2007
Deferred Tax Assets:			
Company			
Estimated liability for employee benefits	14,398,065,929	929,333,790	15,327,399,719
Allowance for doubtful accounts and inventory losses	13,156,064,068	(642,985,993)	12,513,078,075
Reserve for recultivation	5,353,174,181	(63,328,875)	5,289,845,306
Estimated liability for post-retirement healthcare benefits	2,267,282,321	195,543,570	2,462,825,891
Obligation under capital lease	2,635,889,954	(215,535,342)	2,420,354,612
Others	833,851,800	-	833,851,800
Sub-total	38,644,328,253	203,027,150	38,847,355,403
Subsidiaries	7,642,479,221	914,624,892	8,557,104,113
Total	**46,286,807,474**	**1,117,652,042**	**47,404,459,516**
Deferred Tax Liabilities:			
Company			
Difference in net book value of fixed assets between tax and accounting bases	(639,347,120,920)	(5,836,709,968)	(645,183,830,888)
Net book value of assets under capital lease	(5,565,844,588)	281,462,469	(5,284,382,119)
Sub-total	(644,912,965,508)	(5,555,247,499)	(650,468,213,007)
Subsidiaries	(1,747,728,636)	(11,656,533)	(1,759,385,169)
Total	**(646,660,694,144)**	**(5,566,904,032)**	**(652,227,598,176)**
Net Deferred Tax Assets:			
Subsidiaries	**5,894,750,585**	**902,968,359**	**6,797,718,944**
Net Deferred Tax Liabilities:			
Company	**(606,268,637,255)**	**(5,352,220,349)**	**(611,620,857,604)**

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

(Expressed in rupiah, unless otherwise stated)

12. LONG-TERM LOANS FROM BANKS AND FINANCIAL INSTITUTIONS

This account consists of loans from:

	2008	2007
Related party (Note 23)		
U.S. dollar	1,382,550,000,000	1,367,700,000,000
Third parties		
Rupiah	-	313,157,894,736
U.S. dollar	-	285,537,368,479
Japanese yen	-	219,077,448,000
Sub-total	-	817,772,711,215
Total	1,382,550,000,000	2,185,472,711,215
Less current maturities	1,382,550,000,000	256,304,049,660
Long-term maturities	**-**	**1,929,168,661,555**

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

		2008		2007
U.S. dollar				
Related party				
HC Finance B.V.	US$	150,000,000	US$	150,000,000
Third parties				
ABN-AMRO Bank N.V., Jakarta		-		15,657,895
Standard Chartered Bank, Jakarta		-		15,657,895
Total U.S dollar loans	**US$**	**150,000,000**	**US$**	**181,315,790**
Rupiah				
Third parties				
PT Bank Central Asia Tbk		-		313,157,894,736
Total rupiah loans		**-**		**313,157,894,736**
Japanese yen				
Third parties				
ABN-AMRO Bank N.V., Jakarta		-	JP¥	1,412,000,000
Calyon Deutschland, Germany		-		1,412,000,000
Total Japanese yen loans		**-**	**JP¥**	**2,824,000,000**

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

	2008	2007
U.S. dollar	5.04% - 6.33%	6.26% - 6.56%
Japanese yen	-	1.38% - 1.55%
Rupiah	-	10.50% - 12.36%

12. LONG-TERM LOANS FROM BANKS AND FINANCIAL INSTITUTIONS (continued)

Prior to their refinancing in April 2006, the Company's debts as described below represented restructured debts under a Post HZ Entry Master Facility Agreement (HZMFA) dated December 29, 2000.

On March 8, 2005, HeidelbergCement (HC) Finance B.V., a related party, purchased a portion amounting to US$150,000,000 of the restructured debt under the HZMFA.

The HC Finance B.V. loan has a term of four (4) years and will be fully repaid at the end of the fourth year (2009). This loan bears interest at the rate of 1.8% above the 3 Months' LIBOR with the same interest payment schedule as that of the other HZMFA creditors. Starting July 1, 2006, the interest rate was reduced from 3 Months' LIBOR + 1.80% per annum to 3 Months' LIBOR + 1.15% per annum.

To reduce the exposure to exchange rate fluctuations relating to the above-mentioned refinancing transaction with HC Finance B.V., the Company entered into a Cross Currency Interest Rate Swap (CCIRS) transaction with a notional amount of US$150 million with Standard Chartered Bank, Jakarta Branch. The CCIRS contract has the same period as the HC Finance B.V. loan (Note 25).

On March 29, 2006, the Company obtained the approval of independent shareholders to obtain a corporate guarantee from HeidelbergCement AG (HC), a majority shareholder, in connection with the Company's plan to refinance its debt under the HZMFA. The corporate guarantee is issued to:

- Standard Chartered Bank as Coordinating Lead Arranger of the syndicated loan with a total amount equivalent to US$158 million (consisting of US$60 million, Rp350 billion and JP¥7,068 million).

- Marubeni Corporation for the bilateral loan of JP¥1,178 million.

On April 7, 2006, the Company (as the Borrower) together with HeidelbergCement AG (as the Guarantor), signed the syndicated loan facility ("the Facility") agreement with Standard Chartered Bank (as the Coordinating Lead Arranger and Facility Agent), and with ABN-AMRO Bank N.V., Jakarta Branch, PT Bank Central Asia Tbk and Calyon Deutschland acting as the Lead Arrangers with a total amount equivalent to US$158 million. The Facility consists of the following:

(i) Term loan facility of US$35 million and revolving credit facility of US$25 million, with annual interest rate at US$ LIBOR plus 0.9%
(ii) Term loan facility of Rp350 billion, with annual interest rate at SBI plus 1%
(iii) Term loan facility of JP¥7,068 million, with annual interest rate at JP¥ LIBOR plus 0.9%.

The Facility will expire in five years from the date of the first drawdown. The term loans will be repaid in 19 equal quarterly installments with the first installment commencing six months from the first drawdown date, while for the revolving credit facility, each drawdown shall be repaid on the last day of its interest period, and may be re-borrowed during the credit facility period.

The Facility mentioned above was secured by the Corporate Guarantee of HC. The Company paid a guarantee fee of 0.2% per annum of the available loan facility balance as compensation to HC.

(Expressed in rupiah, unless otherwise stated)

12. LONG-TERM LOANS FROM BANKS AND FINANCIAL INSTITUTIONS (continued)

The above Facility agreement (the “agreement”) covers certain matters, among others:

(i) cross default between the Company and the Guarantor should the Company or the Guarantor not be able to pay any of its financial indebtedness with an outstanding amount in excess of US$25,000,000 on the due date

(ii) negative pledge whereby the Company shall not, among others:
   a. pledge, sell, transfer, dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by the Company
   b. sell, transfer, or otherwise dispose of any of its receivables or recourse them
   c. items (a) and (b) do not apply for transactions in the ordinary course of business.

On July 5, 2007, the agreement was amended concerning, among others, the minimum amount of the outstanding financial indebtedness in which cross default may occur, which was increased from US$25,000,000 to US$50,000,000.

On December 14, 2007, the Company fully repaid its outstanding loan from the Facility totaling Rp441,049,280,051 (consisting of US$17,789,474, JP¥1,108,000,000 and Rp 179,894,736,840).

13. OBLIGATIONS UNDER CAPITAL LEASE

The future minimum lease payments required under the lease agreements as of March 31, 2008 and 2007 are as follows:

Years	2008	2007
2007	-	2,853,773,053
2008	51,878,439,640	3,412,955,776
2009	51,491,751,516	3,208,944,509
2010	38,354,917,231	-
2011	853,445,613	-
Total	142,578,554,000	9,475,673,338
Add residual value	2,469,821,000	50,000,000
Less amounts applicable to interest	14,574,739,169	1,377,991,301
Present value of minimum lease payments	130,473,635,831	8,147,682,037
Current maturities	56,201,926,913	2,953,637,895
Long-term maturities	**74,271,708,918**	**5,194,044,142**

a. The Company

In November 2006, the Company entered into finance lease transaction with PT ABN-AMRO Finance Indonesia (AAFI) covering certain transportation equipment units for a total amount of Rp15,180,159,620. The lease period is for 36 months and the Company has an option to purchase the leased assets by payment of the residual value of Rp10 million for each equipment at the end of the lease period.

In December 2006, the Company entered into a sale-and-leaseback transaction with AAFI for the sale-and-leaseback of transportation equipment units for a total leaseback value of Rp3,650,660,000. The lease period is for 36 months and the Company has an option to purchase the leased assets by payment of the residual value of Rp10 million for each equipment at the end of the lease period.

13. OBLIGATIONS UNDER CAPITAL LEASE (Continued)

In July 2007, the Company entered into a finance lease transaction with AAFI covering certain transportation equipment units for a total amount of US$1,580,923 (equivalent to Rp14,761,401,186). The lease period is for 36 months and the Company has an option to purchase the leased assets by payment of the residual value of US$1,000 for each equipment at the end of the lease period.

In July 2007, the Company entered into a sale-and-leaseback transaction with AAFI for the sale and leaseback of certain machinery and transportation equipment units for a total leaseback value of US$5,213,754 (equivalent to Rp48,222,913,116). The lease period is for 36 months and the Company has an option to purchase the leased assets by payment of the residual value of US$1,000 for each equipment at the end of the lease period.

In August 2007 and October 2007, the Company entered into sale-and-leaseback transactions with AAFI for the sale-and-leaseback of certain machinery equipment units for a total leaseback value of Rp220,272,329,907. The lease period is for 36 months and the Company has an option to purchase the leased assets by payment of the residual value of Rp1,000,000,000 for each equipment at the end of the lease period.

In February 2008, the Company entered into a finance lease transaction with AAFI covering certain transportation equipment units for a total amount of US$924,369 (equivalent to Rp8,366,464,272). The lease period is for 36 months and the Company has an option to purchase the leased assets by payment of the residual value of US$1,000 for each equipment at the end of the lease period.

In March 2008, the Company entered into sale-and-leaseback transactions with AAFI for the sale-and-leaseback of certain machinery and transportation equipment units for a total leaseback value of Rp10,509,090,900. The lease period is for 36 months and the Company has an option to purchase the leased assets by payment of the residual value of Rp5,000,000 and Rp10,000,000 for each equipment at the end of the lease period.

Based on the lease agreements, the Company will not sell, assign or transfer any right or obligation under the lease agreements, or any lease created or contemplated therein or any right to the leased assets without AAFI's prior written consent.

The above obligations under capital lease are secured by the related leased assets (Note 8).

b. PBI

On 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 obligations under capital lease of PBI are secured by PBI's time deposits amounting to Rp479,000,000 in 2007 which are placed in PT Bank NISP Tbk (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 above lease obligations were fully repaid on their due dates.

c. GTM

In October 2007, GTM entered into a finance lease transaction with PT Tifa Finance covering certain machinery and equipment units for a total amount of Rp3,350,000,000. The lease period is for 36 months and GTM has an option to purchase the leased assets by payment of the residual value of Rp350,000,000 for all the equipment units at the end of the lease period.

The above obligations under capital lease are secured by the related leased assets. Based on the lease agreement, GTM is not permitted to sell or transfer its leased assets to other parties.

(Expressed in rupiah, unless otherwise stated)

14. CAPITAL STOCK

The details of share ownership as of March 31, 2008 and 2007 are as follows:

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
HeidelbergCement AG, 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	803,515,602	21.83	401,757,801,000
Total	**3,681,231,699**	**100.00%**	**1,840,615,849,500**

The Company's shares are listed on the Indonesia Stock Exchange (formerly Jakarta Stock Exchange and Surabaya Stock Exchange).

15. 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 stock issuance costs.

16. 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.

17. CASH DIVIDENDS

Based on the minutes of the shareholders' annual general meeting held on May 3, 2007, the shareholders agreed to distribute cash dividends amounting to Rp110,436,950,970 to be taken from the Company's retained earnings as of December 31, 2006. The cash dividends were paid in 2007. The unclaimed cash dividends amounting to Rp142,098,309 and Rp104,549,131 as of March 31, 2008 and 2007, respectively, are presented as part of "Other Payables to Third Parties" in the consolidated balance sheets.

18. 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 appropriation of the Company's retained earnings as general reserve during their annual general meetings held on May 3, 2007, June 28, 2006, June 16, 2005, June 23, 2004, June 26, 2003, June 24, 1997 and June 25, 1996 in the amount of Rp25 billion each.

(Expressed in rupiah, unless otherwise stated)

19. SEGMENT INFORMATION

BUSINESS SEGMENTS

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

The main activities of each operating business are as follows:

Cement	: Produce and sell several types of cement
Ready mix concrete and aggregates quarry	: Produce and sell ready mix concrete and aggregates
Other business	: Invest in associated companies

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

2008	Cement	Ready Mix Concrete and Aggregates Quarry*	Other Business	Elimination	Consolidation
REVENUES					
Sales to external customers	1,964,921,542,216	87,566,412,113	-	-	2,052,487,954,329
Inter-segment sales	46,380,575,088	-	-	(46,380,575,088)	-
Total Revenues	**2,011,302,117,304**	**87,566,412,113**	**-**	**(46,380,575,088)**	**2,052,487,954,329**
RESULTS					
Segment results	545,062,252,515	(8,942,305,741)	-	-	536,119,946,774
Equity in net earnings of associated companies - net	-	-	2,164,803,441	-	2,164,803,441
Corporate income tax expense					(160,746,477,133)
INCOME BEFORE MINORITY INTEREST					**377,538,273,082**
MINORITY INTEREST					(511,067,428)
NET INCOME					**377,027,205,654**
ASSETS AND LIABILITIES					
Segment assets	10,677,871,742,808	240,911,097,824	1,107,548,400	(613,295,071,539)	10,306,595,317,493
Long-term investments and advances to associated company - net	-	-	50,972,621,834	-	50,972,621,834
Net deferred tax assets and prepayments of income taxes	3,597,547,189	15,542,753,599	-	-	19,140,300,788
Total Assets	**10,681,469,289,997**	**256,453,851,423**	**52,080,170,234**	**(613,295,071,539)**	**10,376,708,240,115**
Segment liabilities	2,868,418,518,022	112,878,783,609	-	(614,071,245,830)	2,367,226,055,801
Net deferred tax liabilities	679,821,394,983	-	-	-	679,821,394,983
Total Liabilities - excluding deferred gain on sale-and-leaseback transactions - net	**3,548,239,913,005**	**112,878,783,609**	**-**	(614,071,245,830)	**3,047,047,450,784**
Capital expenditures	85,303,411,010	757,942,332	-	-	86,061,353,342
Depreciation, amortization and depletion expenses	144,999,524,988	2,027,669,627	-	-	147,027,194,615
Non-cash expenses other than depreciation, amortization and depletion expenses:					
Provision for post-retirement benefits	7,744,099,500	400,881,750	-	-	8,144,981,250
Provision for healthcare benefits	762,362,500	-	-	-	762,362,500
Provision for doubtful accounts	-	120,000,000	-	-	120,000,000

* The aggregates quarry business is the business of GTM which was acquired in July 2007.

(Expressed in rupiah, unless otherwise stated)

19. SEGMENT INFORMATION (continued)

BUSINESS SEGMENTS (continued)

2007	Cement	Ready Mix Concrete	Other Business	Elimination	Consolidation
REVENUES					
Sales to external customers	1,424,332,793,985	56,265,738,273	-	-	1,480,598,532,258
Inter-segment sales	24,567,963,002	-	-	(24,567,963,002)	-
Total Revenues	**1,448,900,756,987**	**56,265,738,273**	**-**	**(24,567,963,002)**	**1,480,598,532,258**
RESULTS					
Segment results	164,344,732,956	(2,200,961,616)	-	-	162,143,771,340
Equity in net earnings of associated companies	-	-	2,024,603,805	-	2,024,603,805
Corporate income tax expense					(51,670,433,390)
NET INCOME					**112,497,941,755**
ASSETS AND LIABILITIES					
Segment assets	9,782,910,188,519	117,967,980,550	2,795,707,064	(400,522,629,668)	9,503,151,246,465
Long-term investments and advances to associated companies - net	-	-	51,275,799,728	-	51,275,799,728
Net deferred tax assets and prepayments of income taxes	17,314,138,735	7,216,595,304	-	-	24,530,734,039
Total Assets	**9,800,224,327,254**	**125,184,575,854**	**54,071,506,792**	**(400,522,629,668)**	**9,578,957,780,232**
Segment liabilities	3,166,283,569,786	48,210,401,258	-	(401,005,058,915)	2,813,488,912,129
Net deferred tax liabilities	611,620,857,604	-	-	-	611,620,857,604
Total Liabilities - excluding deferred gain on sale-and-leaseback transactions - net	**3,777,904,427,390**	**48,210,401,258**	**-**	**(401,005,058,915)**	**3,425,109,769,733**
Capital expenditures	73,320,642,306	315,913,193	-	-	73,636,555,499
Depreciation, amortization and depletion expenses	130,590,901,152	1,756,528,544	-	-	132,347,429,696
Non-cash expenses other than depreciation, amortization and depletion expenses:					
Provision for post-retirement benefits	9,117,631,500	338,951,750	-	-	9,456,583,250
Provision for healthcare benefits	767,937,750	-	-	-	767,937,750
Provisions for doubtful accounts and inventory losses	-	142,880,000	-	-	142,880,000

GEOGRAPHICAL SEGMENTS

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

	2008	2007
REVENUES (based on sales area)		
Domestic		
Java	2,544,692,030,228	1,820,230,537,701
Outside Java	835,903,569,465	501,369,984,120
Export	183,482,316,838	199,002,857,307
Total	3,564,077,916,531	2,520,603,379,128
Elimination	(1,511,589,962,202)	(1,040,004,846,870)
Net	**2,052,487,954,329**	**1,480,598,532,258**

(Expressed in rupiah, unless otherwise stated)

19. SEGMENT INFORMATION (continued)

GEOGRAPHICAL SEGMENTS (continued)

	2008	2007
ASSETS (based on location of assets)		
Domestic	**10,306,595,317,493**	**9,503,151,246,465**
CAPITAL EXPENDITURE (based on location of assets)		
Domestic	**86,061,353,342**	**73,636,555,499**

Export sales were coursed through HCT, a related company which is domiciled in Singapore (Note 24n).

Most of the Company's sales are coursed through DAP's sub-distributors. There were no aggregate sales to any individual customer/sub-distributor which exceeded 10% of net revenues in 2008 and 2007 (Note 24l).

20. COST OF REVENUES

The details of cost of revenues are as follows:

	2008	2007
Raw materials used	201,997,101,428	158,630,678,057
Direct labor	75,016,203,660	76,785,306,617
Fuel and power	567,119,796,549	420,498,399,000
Manufacturing overhead	269,930,935,835	239,935,747,749
Total Manufacturing Cost	1,114,064,037,472	895,850,131,423
Work in Process Inventory		
At beginning of year	99,827,261,175	113,362,558,381
At end of period	(117,353,958,459)	(89,990,614,204)
Cost of Goods Manufactured	1,096,537,340,188	919,222,075,600
Finished Goods Inventory		
At beginning of year	71,194,385,497	66,209,610,931
Others	3,103,145,109	744,782,311
At end of period	(92,412,990,324)	(58,981,752,995)
Cost of Goods Sold before Packing Cost	1,078,421,880,470	927,194,715,847
Packing Cost	116,923,155,722	80,139,714,026
Total Cost of Revenues	**1,195,345,036,192**	**1,007,334,429,873**

Liabilities related to manufacturing cost which had been incurred but not yet billed to the Company and Subsidiaries amounting to Rp52,638,647,989 and Rp60,119,364,394 as of March 31, 2008 and 2007, respectively, 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.

(Expressed in rupiah, unless otherwise stated)

21. OPERATING EXPENSES

The details of operating expenses are as follows:

	2008	**2007**
Delivery and Selling Expenses		
Delivery, loading and transportation	243,239,213,540	192,360,286,455
Salaries, wages and employee benefits (Note 22)	8,252,891,262	9,212,656,980
Advertising and promotion	3,503,126,291	6,251,734,623
Rental	2,537,072,655	2,331,778,728
Depreciation	1,838,355,416	1,434,781,438
Taxes and licenses	1,558,865,413	1,424,325,782
Professional fees	1,480,611,715	1,586,199,278
Miscellaneous (each below Rp1 billion)	3,646,254,049	3,797,207,471
Total Delivery and Selling Expenses	266,056,390,341	218,398,970,755
General and Administrative Expenses		
Salaries, wages and employee benefits (Note 22)	23,745,039,059	21,411,687,937
Rental	3,861,923,557	4,279,853,556
Depreciation	2,730,736,385	1,366,270,274
Travelling and transportation	1,968,181,870	1,065,062,801
Repairs and maintenance	1,835,702,832	2,886,617,511
Training and seminars	1,408,309,709	1,944,219,789
Medical	1,403,295,818	1,356,700,745
Donations	1,330,824,316	2,098,733,254
Professional fees	1,243,854,694	1,182,538,901
Communication	1,239,666,645	842,610,233
Public relations	1,058,941,100	558,145,900
Miscellaneous (each below Rp1 billion)	3,477,941,612	2,670,304,826
Total General and Administrative Expenses	45,304,417,597	41,662,745,727
Total Operating Expenses	**311,360,807,938**	**260,061,716,482**

22. ESTIMATED LIABILITY FOR EMPLOYEE BENEFITS

a. Retirement 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. Total contributions paid by the Company to the plan amounted to Rp6.45 billion and Rp6.21 billion for the three months ended March 31, 2008 and 2007, respectively, which were charged to operations.

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 March 31, 2008 and 2007, the Plan net assets totaled Rp541 billion and Rp487 billion, respectively.

The Company and Subsidiaries have appointed PT Mercer Indonesia, an independent actuary, to calculate the expected obligation for post-employment, severance, gratuity and compensation benefits of their qualified permanent employees.

(Expressed in rupiah, unless otherwise stated)

22. ESTIMATED LIABILITY FOR EMPLOYEE BENEFITS (continued)

a. Retirement Benefits (continued)

The actuarial valuation was determined using the projected-unit-credit method which considered the following assumptions:

	Company	Subsidiaries
Discount rate	10.10% in 2008 and 11% in 2007	10.10% in 2008 and 11% in 2007
Wage and salary increase	8% in 2008 and 9% in 2007	8% in 2008 and 9% in 2007
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	Indonesian Mortality Table 1999 (TMI ’99) in 2008 and Commissioners Standard Ordinary 1980 (CSO ’80) in 2007	Indonesian Mortality Table 1999 (TMI ’99) in 2008 and Commissioners Standard Ordinary 1980 (CSO ’80) in 2007
Disability	10% of the mortality rate	10% at the mortality rate

The provisions for employee benefits recognized in the consolidated statements of income consisted of the following:

	2008	2007
Current service costs	2,279,590,250	2,566,188,750
Interest costs	3,772,526,750	4,575,429,750
Actuarial loss recognized	106,741,500	328,842,000
Amortization of past service costs	1,986,122,750	1,986,122,750
Total employee benefits expense	**8,144,981,250**	**9,456,583,250**

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

	2008	2007
Present value of defined benefit obligation	159,530,530,629	174,565,782,879
Unamortized balance of non-vested past service costs	(74,057,201,250)	(84,777,749,250)
Actuarial loss	(20,125,206,500)	(32,027,103,082)
Liability recognized in the consolidated balance sheets	**65,348,122,879**	**57,760,930,547**

(Expressed in rupiah, unless otherwise stated)

22. ESTIMATED LIABILITY FOR EMPLOYEE BENEFITS (continued)

a. Retirement Benefits (continued)

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

	2008	2007
Balance at beginning of year	64,279,212,681	54,187,223,918
Provision during the period	8,144,981,250	9,456,583,250
Payments during the period	(7,076,071,052)	(5,882,876,621)
Balance at end of period (presented as “Non-current Liabilities - Estimated Liability for Employee Benefits” in the consolidated balance sheets)	**65,348,122,879**	**57,760,930,547**

Non-vested past service costs are amortized over the average remaining years of service of active employees, which range from 10 - 18 years in 2008 and from 11 - 18 years in 2007.

b. Post-retirement Healthcare Benefits

Effective March 2005, the Company started to provide post-retirement healthcare benefits (the “Plan”) to all of its qualified permanent employees. The plan is not funded. The Company has appointed PT Watson Wyatt Purbajaga, an independent actuary, to calculate the expected obligations for the post-retirement healthcare benefits.

The actuarial valuation was determined using the projected-unit-credit method which considered the following assumptions:

Discount rate	: 10.10% in 2008 and 11.00% in 2007
Claim cost trend	: 8% in 2008 and 2007
Retirement age	: 55 years
Mortality rate	: TMI ’99 in 2008 and CSO ’80 in 2007
Disability rate	: 10% of mortality rate
Average employee turnover	: 1% for employees with ages from 20 years old up to 54 years old

The provision for post-retirement healthcare benefits recognized in the consolidated statements of income consisted of the following:

	2008	2007
Current service costs	205,636,250	198,666,000
Interest costs	401,297,500	404,372,000
Actuarial gains	(39,068,000)	(29,597,000)
Vested past service costs and amortization of non-vested past service costs	194,496,750	194,496,750
Total post-retirement healthcare benefits	**762,362,500**	**767,937,750**

(Expressed in rupiah, unless otherwise stated)

22. ESTIMATED LIABILITY FOR EMPLOYEE BENEFITS (continued)

b. Post-retirement Healthcare Benefits (continued)

A reconciliation of estimated liability for post-retirement healthcare benefits is as follows:

	2008	**2007**
Present value of defined benefit obligation	16,671,398,752	15,444,244,147
Unamortized balance of non-vested past service costs	(9,561,457,250)	(10,339,444,250)
Actuarial gains	3,720,456,000	3,104,620,000
Liability recognized in the consolidated balance sheets	**10,830,397,502**	**8,209,419,897**

Movements in the estimated liability for post-retirement healthcare benefits are as follows:

	2008	**2007**
Balance at beginning of year	10,252,037,620	7,557,608,000
Provision during the period	762,362,500	767,937,750
Payments during the period	(184,002,618)	(116,125,853)
Balance at end of period (presented as “Non-current Liabilities - Estimated Liability for Post-retirement Healthcare Benefits” in the consolidated balance sheets)	**10,830,397,502**	**8,209,419,897**

Non-vested past service costs are amortized over the remaining number of years of service of active employees, which is 13.66 years in 2008 and 13.84 years in 2007.

23. 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**	
	2008	**2007**	**2008**	**2007**
<u>Trade Receivables - Related Party</u>				
HCT Services Asia Pte., Ltd., Singapore	11,150,715,540	60,971,894,946	0.11%	0.64%
<u>Due from Related Parties</u>				
Officers and employees	32,931,369,789	44,502,659,536	0.32%	0.46%
HC Trading	3,713,639,052	131,518,725	0.04	0.01
PT Cibinong Center Industrial Estate	1,419,702,522	2,254,864,664	0.01	0.02
Total	38,064,711,363	46,889,042,925	0.37%	0.49%

(Expressed in rupiah, unless otherwise stated)

23. TRANSACTIONS AND ACCOUNTS WITH RELATED PARTIES (continued)

	Amount		Percentage to Total Assets/Liabilities and Related Income/Expenses	
	2008	**2007**	**2008**	**2007**
Long-term Investments in Associated Companies				
PT Cibinong Center Industrial Estate	22,309,117,183	20,736,814,188	0.21%	0.22%
Stillwater Shipping Corporation	19,333,431,728	21,566,983,201	0.19	0.22
PT Pama Indo Mining	9,296,922,923	8,933,852,339	0.09	0.09
Total	50,939,471,834	51,237,649,728	0.49%	0.53%
Due to Related Parties				
PT Pama Indo Mining	3,574,789,175	2,204,815,100	0.12%	0.06%
Long-term Loans				
HC Finance B.V., Netherlands	1,382,550,000,000	1,367,700,000,000	45.29%	39.85%
Net Revenues				
HCT Services Asia Pte., Ltd., Singapore	183,482,316,838	199,002,857,307	8.94%	13.44%
Cost of Revenues				
PT Pama Indo Mining	11,840,293,235	11,174,372,594	0.99%	1.11%
HeidelbergCement Technology Center GmbH	-	5,677,138,758	-	0.56
HCT Services Asia Pte., Ltd., Singapore	-	4,846,242,600	-	0.48
Total	11,840,293,235	21,697,753,952	0.99%	2.15%
Operating Expenses				
PT Bahana Indonor (Note 24h)	6,775,631,800	2,501,615,506	2.18%	0.96%
PT Cibinong Center Industrial Estate	42,413,706	65,755,411	0.01	0.02
HeidelbergCement Fuels	-	125,277,788	-	0.05
Stillwater Shipping Corporation (Note 24h)	-	9,090,000	-	0.01
Total	6,818,045,506	2,701,738,705	2.19%	1.04%
Other Income (Expenses)				
PT Cibinong Center Industrial Estate	1,462,116,229	1,154,894,615	15.13%	2.26%
HC Finance B.V., Netherlands	(18,805,904,498)	(22,202,331,448)	(194.63)	(43.48)
HeildelbergCement AG	-	(447,714,074)	-	(0.88)
Net	(17,343,788,269)	(21,495,150,907)	(179.50%)	(42.10%)

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.	HeidelbergCement AG	Shareholder	Guarantee fee
2.	HCT Services Asia Pte., Ltd., Singapore	Under common control	Sale of finished goods and purchase of raw materials
3.	HC Finance B.V., Netherlands	Under common control	Long-term loan
4.	HeidelbergCement Technology Center GmbH	Under common control	Professional fee
5.	Heidelberg Cement Fuels	Under common control	Professional fee
6.	PT Cibinong Center Industrial Estate	Associated company	Warehouse rental and sale of water and electricity

(Expressed in rupiah, unless otherwise stated)

23. TRANSACTIONS AND ACCOUNTS WITH RELATED PARTIES (continued)

No.	Related Parties	Nature of Relationship	Type of Transaction
7.	Stillwater Shipping Corporation	Associated company	Transportation fee
8.	PT Pama Indo Mining	Associated company	Mining service fee
9.	PT Bahana Indonor	Associated company	Transportation
10.	Officers and employees	Employees	Loan

In the EGMS held on February 23, 2005, the independent shareholders approved the proposals for recurring transactions (mainly purchase of raw materials) with HC Fuel Limited, HCT Services Asia Pte. Ltd., and HeidelbergCement Technology Center GmbH, the Company's related parties. Each of the transactions should be conducted on an arm's length basis and the total amount of the transactions in any one financial year will not exceed 5% of the Company's shareholders' equity based on the latest audited consolidated financial statements.

In the EGMS held on March 29, 2006, the independent shareholders approved the proposals to add 1 (one) affiliated company, namely Scancem Energy and Recovery AB (SEAR), as a new party for recurring transactions. SEAR is a company doing business in consultancy and management services, particularly on alternative energy technology. The transactions shall be conducted on an arm's length basis and the total amount of the transactions in any one financial year will not exceed 5% of the Company's shareholders' equity based on the latest audited consolidated financial statements.

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. On December 18, 2007, the Company entered into a "Conditional Sale and Purchase Agreement and Assignment Right on the Assets" (Agreement) with PT Handi Perkasa (HP), whereby the Company agreed to purchase the aggregates quarry owned by HP located in West Java, covering a total area of not less than 125 hectares; local mining rights, mining license, land-use permit and other related rights over the above land; buildings and infrastructures; and machineries, as described in the Agreement.

   In December 2007, the Company has paid the down payment amounting to US$1,250,000, which is recorded and presented as part of "Advances and Deposits" in the 2008 consolidated balance sheet. Final acquisition amount and other term of payments are subject to certain terms and conditions to be fulfilled by HP.

   On March 28, 2008, the above Agreement has been amended, whereby the Company and HP agreed to appoint MSS to purchase the aggregates quarry owned by HP and to operate the business as specified in the previous Agreement. In the amendment, it was agreed between the Company and HP to govern the capital injection and mechanism for MSS to acquire assets and quarry as well as mining right and license from HP.

b. In relation to the Company's coal grinding project in Citeureup Plantsite, on March 14, 2008, the Company and Polysius AG, Germany, signed a contract for the supply of equipment and engineering services for a total contract amount of EUR2,765,000, and supervisory services in the erection, installation, commissioning and testing of the equipment supplied for a total contract amount of approximately EUR282,000. As of March 31, 2008, the coal grinding project is in the initial commissioning stage.

c. In relation to the Company's clinker grinding project in Cirebon Plantsite, on December 6, 2007, the Company and Heibei Provincial Jidong Cement Group Ltd., China, signed a contract for the supply of equipment and engineering services for a total contract amount of US$9,978,284, and a contract for supervisory services in the erection and commissioning of the equipment for a total contract amount of approximately US$399,300. As of March 31, 2008, the clinker grinding project is in the initial commissioning stage.

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

d. On July 21, 2006, the Company and PT Drymix Indonesia (DI) entered into a cooperation agreement for producing skim coat mortar. Based on this agreement, the Company will modify its existing Plant 6 at its own cost for the manufacture of white skim coat products with monitoring and approval from DI, while DI shall provide the chemical formula and sell the products in the domestic market. This agreement is valid for six (6) years commencing from the date of the first commercial production of the products. The Company will receive manufacturing fee, investment fee and commission fee as compensation as defined in the agreement.

   On July 9, 2007, both parties signed a statement of commencement of commercial production of skim coat mortar. Total manufacturing fee, investment fee and commission fee received under the agreement in 2008 amounted to Rp30,041,684, Rp17,881,955 and Rp-, respectively, and are recorded as part of “Other Income (Expenses) - Others - Net” in the three months ended March 31, 2008 consolidated statement of income.

e. The Company and PT Indomix Perkasa (a Subsidiary) have entered into a conditional sale and purchase of shares agreement with Justinus Heru Tanaka and Ari Tejo Wibowo, for the latter two persons to sell their 250 shares representing 100% ownership of PT Sahabat Muliasakti (SMS) for a total purchase price of Rp1,800,000,000. The agreement was signed on July 24, 2006, but its effectivity is conditional upon the fulfillment of the conditions stated in the agreement, which include, among others, obtaining the mining license for SMS.

   As of March 31, 2008, certain conditions stated above have not yet been fulfilled. Therefore, the Company recorded the amount paid for the conditional purchase of the shares as part of “Advances and Deposits” in the consolidated balance sheets.

f. On July 12, 2006, the Company entered into a spare parts purchase contract with S.E.M.T. Pielstick for the conversion of two (2) power plant engines in the Company’s Citeureup plant from Heavy Fuel Oil (HFO) operation to gas operation. The total value of this contract amounted to EUR3,286,642. In relation to this contract, on the same date, the Company entered into a technical assistance contract with Centrales Diesel Export, a wholly-owned subsidiary of S.E.M.T. Pielstick, for a contract amount of EUR144,000. As of March 31, 2008, the conversion of one engine has been completed and the other will be initiated in May 2008.

g. On June 1, 2005, the Company entered into an agreement with PT Rabana Gasindo Makmur (RGM) for the supply of natural gas for the cement plants in Cirebon. The supply agreement provides 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 RGM. However, such payment can be treated as a prepayment and can be applied to the future gas consumption. On the other hand, if the Company’s consumption is higher than the annual contract volume, the Company should pay the excess consumed natural gas at 130% of the applicable price. This agreement is valid for 5 years.

   In relation to the above agreement, on the same date, the Company entered into a gas transportation agreement with PT Rabana Wahana Consorindo Utama (RWCU) wherein RWCU agreed to build and own the distribution and receiving facilities for natural gas from the tie-in point located at the Central Processing Plant in Bangadua to the Company’s natural gas receiving facilities at Cirebon. The Company will pay gas transportation fee as compensation of US$0.52 per MMBTU of natural gas delivered. This agreement shall remain valid in accordance with the natural gas supply agreement between the Company and RGM.

   For the three months ended March 31, 2008 and 2007, total purchases of natural gas from RGM amounted to US$268,170 (equivalent to Rp2,471,709,955) and US$233,231 (equivalent to Rp2,130,369,150), while total transportation fee incurred amounted to US$74,175 (equivalent to Rp683,664,468) and US$64,511 (equivalent to Rp589,251,018), respectively.

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

h. The Company has signed vessel charter agreements with Stillwater Shipping Corporation, Liberia, an associated company, for the charter of “M/V Tiga Roda” and “M/V Quantum One” vessels. On June 2, 2006 and September 5, 2006, the charter agreements for the “M/V Tiga Roda” and “M/V Quantum One” vessels were assigned by Stillwater Shipping Corporation to PT Bahana Indonor, an Indonesian company acquired by Stillwater Shipping Corporation in 2006. The charter agreement for the “M/V Tiga Roda” vessel is valid until May 2010, while the charter agreement for the “M/V Quantum One” vessel is valid until September 2010 (Note 23).

i. The Company and PT Multi Bangun Galaxy, a Subsidiary, have agreements with PT (Persero) Pelabuhan Indonesia for the lease of land for the cement terminals located at the Tanjung Priok Port, Tanjung Perak Port, and Lembar Port. The lease period will end in December 2012 for the Tanjung Priok Port, in July 2012 for the Tanjung Perak Port, and in December 2021 for the Lembar Port.

j. 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 agreed to undertake 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 (Blended Cement Project)
   - Use of alternative fuels in clinker burning (Alternative Fuel Project).

   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 with a total volume of 3 million tons at the price as stipulated in the Agreement.

   The Project was agreed to 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 has already been effective since the following conditions precedent had been fulfilled:

   - Indonesia has ratified the Kyoto Protocol on July 28, 2004.
   - Receipt by the Trustee of a Letter of Approval for the Project on December 23, 2005, 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.

(Expressed in rupiah, unless otherwise stated)

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

The two components of the Project (Blended Cement Project and Alternative Fuel Project) have been registered with the UNFCCC on October 27, 2006 and September 29, 2006, respectively. Verification of Certified Emission Reduction (CER's) for the years 2006 and 2005 had been finalized by the designated operational entity TUEV SUED, Germany. On 14 and 27 March 2008, UNFCCC issued 80,967 the CERs to the Company produced by Alternative Fuel Project undertaken by the Company during period of Year 2005 up to end of July 2007. With this certification, the Company becomes the first company in Indonesia to successfully complete a CDM project. Meanwhile, as of March 31, 2008, the certification for Blended Cement project is still in process and is expected to be completed soon.

k. The Company has one-year agreements with several land transporters for the distribution of the Company's cement in Indonesia. Transportation expenses incurred are recorded as part of "Delivery and Selling Expenses" in the consolidated statements of income, while the unpaid transportation expenses amounting to Rp39,218,109,206 and Rp28,891,169,493 as of March 31, 2008 and 2007, respectively, are presented as part of "Other Payables to Third Parties" in the consolidated balance sheets.

l. On June 18, 2004, DAP entered into new distributorship agreements with several companies for the non-exclusive area distribution of the Company's bagged cement and bulk cement for the domestic market. The 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.

Total gross sales by the Company and DAP to these sub-distributors for the three months ended March 31, 2008 and 2007 are as follows:

	2008	2007
PT Bangunsukses Niagatama Nusantara	223,065,440,160	136,165,842,130
PT Intimegah Mitra Sejahtera	137,620,813,143	86,579,767,102
PT Saka Agung Abadi	115,833,014,486	79,321,850,915
PT Samudera Tunggal Utama	114,310,738,959	80,359,238,460
PT Royal Inti Mandiri Abadi	110,429,113,281	94,675,315,258
PT Primasindo Cipta Sarana	109,553,258,382	77,990,204,851
PT Adikarya Maju Bersama	97,935,303,091	63,670,135,702
PT Kharisma Mulia Abadijaya	91,068,025,200	64,393,495,600
PT Nusa Makmur Perdana	89,864,566,150	62,860,926,150
PT Angkasa Indah Mitra	85,847,690,000	60,448,821,200
PT Citrabaru Mitra Perkasa	82,959,982,800	64,529,873,200
PT Sumber Abadi Sukses	77,277,076,000	53,771,267,200
PT Kirana Semesta Niaga	72,576,681,250	50,675,247,200
PT Cipta Pratama Karyamandiri	69,525,775,066	48,834,626,200
Total	**1,477,867,477,968**	**1,024,276,611,168**

The total outstanding receivables from these sub-distributors amounting to Rp497,290,044,765 and Rp379,657,739,639 as of March 31, 2008 and 2007, respectively, are presented as part of "Trade Receivables - Third Parties" in the consolidated balance sheets.

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

m. 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. The agreements will expire on November 16, 2009. Rental expenses charged to current operations amounted to Rp2,638,291,614 and Rp2,706,809,120 for the three months ended March 31, 2008 and 2007, respectively.

n. The Company has an exclusive export distribution agreement with HCT Services Asia Pte., Ltd. (formerly HC Trading International Inc.), an HC subsidiary, under the following terms and conditions (Note 19):

- HCT Services Asia Pte., Ltd. (HCT) will act as the Company's exclusive export distributor.
- The Company shall invoice HCT a net price equivalent to the U.S. dollar FOB sales price invoiced by HCT to its customers, less discount of:
  - 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 for the three months ended March 31, 2008 and 2007 amounted to approximately US$1.10 million and US$1.14 million, respectively.

o. 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 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$474,239 and US$357,322 for the three months ended March 31, 2008 and 2007, respectively.

p. 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. This agreement will expire in 2014. Total purchases of natural gas from PERTAMINA amounted to Rp32,610,577,014 and Rp23,204,568,958 for the three months ended March 31, 2008 and 2007, respectively.

q. The Company has an outstanding sale and purchase of electricity agreements with PT PLN (Persero) (PLN) wherein PLN agreed to deliver electricity to the Company's Citeureup and Cirebon plants with connection power of 80,000 KVA/150 kV and 45,000 KVA/70 kV, respectively. The price of the electricity charges will be based on government regulation and will follow terms and conditions as governed in amendments to the agreement to be made from time to time.

Total electricity purchased under the agreements amounted to Rp85.6 billion and Rp80.9 billion for the three months ended March 31, 2008 and 2007, respectively.

r. 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.

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

s. 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 Rp28,150,981,626 and Rp17,632,817,688 as of March 31, 2008 and 2007, respectively, which is presented as part of "Non-current Liabilities - Provision for Recultivation" in the consolidated balance sheets.

t. On March 6, 2008, the Company entered into an agreement with PT Kemitraan Energi Industri (KEI) for the supply of natural gas for the cement plants in Citeureup. The supply agreement is valid for the delivery of natural gas for 1,460,000 MMBTU in aggregate or in the term of 2 years from the commencement date.

25. DERIVATIVE INSTRUMENTS

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.

On March 8, 2005, the Company has entered into a Cross Currency Interest Rate Swap (CCIRS) transaction with Standard Chartered Bank, Jakarta Branch (SCB) to hedge its US$150 million debt to HC Finance B.V. Under the CCIRS, the Company will purchase U.S. dollars with a notional amount of US$150 million from SCB on March 8, 2009 (maturity date) for a fixed exchange rate of Rp9,358 to US$1. Also, SCB will pay the Company quarterly interest in U.S. dollars computed at the rate of 3 Months' LIBOR + 1.80% per annum in exchange for the Company paying quarterly interest to the SCB in rupiah computed at the rate of 3 Months' Sertifikat Bank Indonesia (SBI) + 1.99% per annum on the above-mentioned notional amount using the above exchange rate. The above interest payment period is the same with the interest payment period of the HC Finance B.V. loan. Based on an amendment to the CCIRS dated August 10, 2006, effective July 20, 2006, the quarterly interest to be paid by SCB to the Company will be at the rate of 3 Months' LIBOR + 1.15% per annum, while the interest to be paid by the Company to SCB will be at the rate of 3 Months' SBI + 1.33% per annum. As of March 31, 2008 and 2007, the Company recognized the net liability on the CCIRS contract at fair value of Rp42,195,167,924 and Rp56,594,185,952, respectively, which is presented as "Long-term Derivative Liability" in the consolidated balance sheets.

The CCIRS instrument can not be designated as a hedge for accounting purposes and accordingly, the gain (loss) arising from the changes in the fair value of the CCIRS amounting to (Rp19,015,969,662) and Rp19,344,815,208, is presented as part of "Foreign Exchange Gain (Loss) - Net" in the three months ended March 31, 2008 and 2007 consolidated statements of income.

26. LITIGATION

On February 24, 2004, Ati binti Sadim dkk ("Plaintiffs"), who represented themselves as the heirs of the owners of land properties with a total 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 properties with a total area of approximately 934,111 square meters of 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 amounted to Rp41,103,585,000.

(Expressed in rupiah, unless otherwise stated)

26. LITIGATION (continued)

Based on the decision of the District Court of Cibinong (the “Court”) dated August 16, 2004, the Court rejected all of the above claims. The Plaintiffs submitted an appeal to the High Court of West Java. On March 22, 2005, the High Court of West Java confirmed the decision of the District Court of Cibinong to reject all of the above claims. On June 27, 2005, the Plaintiffs submitted an appeal to the Supreme Court, and as of March 31, 2008, the Supreme Court has not rendered its decision on the case.

27. ECONOMIC CONDITIONS

The operations of the Company and its Subsidiaries may be affected by future economic conditions in Indonesia that may contribute to hike in inflation as food and commodity prices increase in the recent time, volatility in currency values, and increase in coal and fuel prices that is related to increase in world crude oil price, 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.

28. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

As of March 31, 2008, the Company and Subsidiaries have monetary assets and liabilities denominated in foreign currencies as follows:

	Foreign Currency		Equivalent in Rupiah
Assets			
Related Parties	US$	1,209,799	11,150,717,383
Third Parties	US$	1,452,311	13,385,950,487
	JP¥	865,746	79,883,769
	EUR	467,658	6,808,501,878
Total			31,425,053,517
Liabilities			
Related Parties	US$	151,840,641	1,399,515,188,097
Third Parties	US$	2,430,110	22,398,323,870
	JP¥	11,326,620	1,045,125,350
	EUR	2,336,013	34,009,359,183
Total			1,456,967,996,500
Net liabilities			**1,425,542,942,983**