

Consolidated Financial Statements
Nine months ended September 30, 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
NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**

Table of Contents

	Page
Consolidated Balance Sheets	1-3
Consolidated Statements of Income	4
Consolidated Statements of Changes in Shareholders' Equity	5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	7-52

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2008 and 2007
(Expressed in rupiah)

	Notes	2008	2007
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2c,3	262,003,956,090	443,633,589,486
Time deposits	2c	3,757,141,854	6,630,946,422
Short-term investments	2d	-	4,594,200,000
Trade receivables	2e,4		
Related party	2f,23	20,692,675,163	90,157,225,980
Third parties - net of allowance for doubtful accounts of Rp11,599,454,346 in 2008 and Rp11,295,820,287 in 2007	24l	1,001,305,069,405	777,405,259,153
Other receivables from third parties - net of allowance for doubtful accounts of Rp169,499,194 in 2008 and Rp7,271,980,358 in 2007	2e,5,11	5,313,867,645	6,986,911,881
Derivative assets - net	2q,25	470,513,016	555,700,005
Inventories - net	2g,6	1,518,680,430,928	1,018,664,896,929
Advances and deposits	6,24a,24e	129,361,074,123	92,208,904,218
Prepaid taxes	11	9,758,957,686	11,279,157,012
Prepaid expenses	2h	21,814,260,745	16,666,472,391
TOTAL CURRENT ASSETS		2,973,157,946,655	2,468,783,263,477
NON-CURRENT ASSETS			
Due from related parties	2f,23	29,147,258,145	40,925,539,315
Deferred tax assets - net	2r,11	17,605,737,466	7,915,003,829
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	57,452,724,118	56,859,114,011
Fixed assets - net of accumulated depreciation, amortization and depletion of Rp5,287,738,451,152 in 2008 and Rp4,705,429,225,651 in 2007	2i,2j,2k,2l,8	7,504,499,044,568	7,597,512,992,481
Other non-current assets	2h,2m,8	124,466,496,144	75,619,896,958
TOTAL NON-CURRENT ASSETS		7,733,171,260,441	7,778,832,546,594
TOTAL ASSETS		10,706,329,207,096	10,247,615,810,071

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

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
September 30, 2008 and 2007
(Expressed in rupiah)

	Notes	2008	2007
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term loan	9	234,450,000,000	-
Trade payables	10		
Third parties		292,085,573,784	135,881,357,434
Related party	2f,23	-	3,596,068,380
Other payables to third parties	8,17,24k	234,211,427,095	150,774,228,271
Accrued expenses	20	183,614,982,326	155,324,074,632
Taxes payable	2r,11	328,183,986,064	186,581,950,613
Current maturities of long-term debts			
Loans from banks and financial institutions	2f,12,23	468,900,000,000	259,085,547,260
Obligations under capital lease	2k,8,13	62,262,538,930	74,709,893,085
TOTAL CURRENT LIABILITIES		1,803,708,508,199	965,953,119,675
NON-CURRENT LIABILITIES			
Long-term debts - net of current maturities			
Loans from banks and financial institutions	2f,12,23	-	1,805,302,555,170
Obligations under capital lease	2k,8,13	61,112,942,298	55,445,742,269
Long-term derivative liability	2q,25	-	54,669,110,579
Due to related parties	2f,23	8,658,829,757	2,631,480,659
Deferred tax liabilities - net	2r,11	693,575,578,769	637,299,673,984
Estimated liability for employee benefits	2o,22	62,225,258,130	58,884,294,439
Estimated liability for post-retirement healthcare benefits	2o,22	11,730,011,277	9,563,811,208
Provision for recultivation	24s	27,860,135,226	17,347,462,188
Deferred gain on sale-and-leaseback transactions - net	2k	5,172,087,502	6,315,355,158
TOTAL NON-CURRENT LIABILITIES		870,334,842,959	2,647,459,485,654
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY	2b	22,081,184,750	2,940,000,000

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

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
September 30, 2008 and 2007
(Expressed in rupiah)

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
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	21,042,424,443	10,444,446,850
Retained earnings			
Appropriated	18	200,000,000,000	175,000,000,000
Unappropriated		3,020,374,322,392	1,677,030,833,539
TOTAL SHAREHOLDERS' EQUITY		<u>8,010,204,671,188</u>	<u>6,631,263,204,742</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>10,706,329,207,096</u>	<u>10,247,615,810,071</u>

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

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah)

	Notes	2008	2007
NET REVENUES	2f,2n,19, 23,24l,24n	7,249,214,707,724	5,306,267,415,743
COST OF REVENUES	2f,2n,20,23, 24g,24o, 24p,24q	4,283,825,487,719	3,326,824,546,675
GROSS PROFIT		2,965,389,220,005	1,979,442,869,068
OPERATING EXPENSES	2f,2n,21,22, 23,24k,24m		
Delivery and selling		991,209,060,686	695,693,257,756
General and administrative		186,865,482,920	161,888,163,295
Total Operating Expenses		1,178,074,543,606	857,581,421,051
INCOME FROM OPERATIONS		1,787,314,676,399	1,121,861,448,017
OTHER INCOME (EXPENSES)			
Interest income		26,166,995,150	8,453,598,169
Foreign exchange gain (loss) - net	2p,2q,25	14,866,425,240	(10,897,418,049)
Interest expense and other financial charges	12,13,23	(101,261,618,948)	(150,638,512,466)
Others - net	2d,2f,2i,2m, 2n,23,24d	23,232,385,127	30,102,866,767
Other Expenses - Net		(36,995,813,431)	(122,979,465,579)
EQUITY IN NET EARNINGS OF ASSOCIATED COMPANIES - NET	2b,7	7,203,189,620	7,555,826,125
INCOME BEFORE CORPORATE INCOME TAX EXPENSE		1,757,522,052,588	1,006,437,808,563
CORPORATE INCOME TAX EXPENSE	2r,11		
Current		518,478,529,500	277,959,714,000
Deferred		7,046,410,214	29,010,783,485
Total Corporate Income Tax Expense		525,524,939,714	306,970,497,485
INCOME BEFORE MINORITY INTEREST		1,231,997,112,874	699,467,311,078
MINORITY INTEREST	2b	(625,489,483)	-
NET INCOME		1,231,371,623,391	699,467,311,078
BASIC EARNINGS PER SHARE	2u	334.50	190.01

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

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Nine months ended September 30, 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		Total Shareholders' Equity
							Appropriated	Unappropriated	
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		-	-	-	-	-	-	699,467,311,078	699,467,311,078
Appropriation of retained earnings for general reserve	18	-	-	-	-	-	25,000,000,000	(25,000,000,000)	-
Distribution of cash dividend	17	-	-	-	-	-	-	(110,436,950,970)	(110,436,950,970)
Change in the equity of a Subsidiary arising from foreign currency translation adjustment	2b	-	-	-	-	282,537,252	-	-	282,537,252
Change in the equity of a Subsidiary arising from the realization of loss for decline in market values of Its investments in available-for-sale securities	2b,2d	-	-	-	-	4,041,922,912	-	-	4,041,922,912
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	-	-	-	-	5,146,050,000	-	-	5,146,050,000
Balance as of September 30, 2007		1,840,615,849,500	1,532,486,402,048	229,970,296,236	1,165,715,376,569	10,444,446,850	175,000,000,000	1,677,030,833,539	6,631,263,204,742
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		-	-	-	-	-	-	1,231,371,623,391	1,231,371,623,391
Appropriation of retained earnings for general reserve	18	-	-	-	-	-	25,000,000,000	(25,000,000,000)	-
Distribution of cash dividend	17	-	-	-	-	-	-	(147,249,267,960)	(147,249,267,960)
Change in the equity of a Subsidiary arising from foreign currency translation adjustment	2b	-	-	-	-	74,774,462	-	-	74,774,462
Balance as of September 30, 2008		1,840,615,849,500	1,532,486,402,048	229,970,296,236	1,165,715,376,569	21,042,424,443	200,000,000,000	3,020,374,322,392	8,010,204,671,188

* including Other Paid-in Capital

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

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah)

	Notes	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Collections from customers		7,699,405,333,474	5,522,758,575,577
Payments to suppliers and contractors, and for salaries and other employee benefits		(5,713,466,553,996)	(4,099,230,222,770)
Cash provided by operations		1,985,938,779,478	1,423,528,352,807
Receipts of interest income		24,869,914,846	6,314,631,710
Proceeds from claims for tax refund	11	2,998,251,227	6,710,309,372
Payment of taxes		(956,331,668,665)	(554,564,876,522)
Payment of interest expense and other financial charges		(112,934,249,733)	(168,027,450,755)
Net receipts from other operating activities		11,865,997,182	96,679,451,035
Net Cash Provided by Operating Activities		956,407,024,335	810,640,417,647
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		1,032,200,350	8,426,380,000
Proceeds from sale-and-leaseback transactions		42,579,783,900	173,156,452,044
Net withdrawals of time deposits		2,155,353,423	2,155,353,423
Purchases of fixed assets		(170,922,052,921)	(205,191,732,211)
Advances to associated company		(3,000,000,000)	-
Investment in shares of stock		(282,500,000)	-
Net Cash Used in Investing Activities		(128,437,215,248)	(21,453,546,744)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term loan		228,825,000,000	90,720,000,000
Net proceed from (payment for) derivative transactions		292,000,000	(4,075,890,000)
Payment of short-term loan and long-term borrowings		(937,575,000,000)	(325,607,680,532)
Payment of cash dividends	17	(129,942,633,884)	(97,433,119,863)
Payment of obligations under capital lease		(51,223,051,210)	(55,603,862,660)
Net Cash Used in Financing Activities		(889,623,685,094)	(392,000,553,055)
NET EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		15,899,076,395	(371,242,941)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(45,754,799,612)	396,815,074,907
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3	307,758,755,702	43,386,264,747
CASH AND CASH EQUIVALENTS OF NEWLY ACQUIRED SUBSIDIARY	2b	-	3,432,249,832
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3	262,003,956,090	443,633,589,486

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

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

1. GENERAL

PT Indocement Tunggol 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. 23 dated June 10, 2008 of DR. Amrul Partomuan Pohan, S.H., LL.M. concerning, among others, the amendment of the Company's articles of association pursuant to addition of the objectives, purposes and business lines of the Company and in compliance with the Law No. 40/2007 concerning Limited Liability Company (the "Company Law"). Such amendments were approved by the Ministry of Laws and Human Rights of the Republic of Indonesia in its decision letter No. AHU-38881.AH.01.02.Tahun 2008 dated July 7, 2008.

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., LL.M., 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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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 preemptive 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 September 30, 2008 and 2007, the members of the Company's boards of commissioners and directors are as follows:

	2008	2007
<u>Board of Commissioners</u>		
President	Albert Scheuer	Daniel Hugues Jules Gauthier
Vice President	Sudwikatmono	Sudwikatmono
Vice President	I Nyoman Tjager	I Nyoman Tjager
Commissioner	Sri Prakash	Sri Prakash
Commissioner	Lorenz Naeger	Lorenz Naeger
Commissioner	Bernhard Scheifele	Bernhard Scheifele
Commissioner	Daniel Hugues Jules Gauthier	Ali Emir Adiguzel
<u>Board of Directors</u>		
President	Daniel Eugene Antoine Lavallo	Daniel Eugene Antoine Lavallo
Vice President	Tedy Djuhar	Tedy Djuhar
Director	Hasan Imer	Hans Oivind Hoidalen
Director	Nelson G. D. Borch	Nelson G. D. Borch
Director	Christian Kartawijaya	Christian Kartawijaya
Director	Kuky Permana Kumalaputra	Kuky Permana Kumalaputra
Director	Benny Setiawan Santoso	Benny Setiawan Santoso
Director	Ernest Gerard Jelito	Ernest Gerard Jelito

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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 Rp24.9 billion and Rp19.7 billion for the nine months ended September 30, 2008 and 2007, respectively. As of September 30, 2008 and 2007, the Company and Subsidiaries have a total of 6,229 and 6,339 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 September 30, 2008	Effective Percentage of Ownership (%) as of September 30, 2008
<u>Direct</u>					
PT Dian Abadi Perkasa (DAP)	Cement distribution	Indonesia	1998/1999	787,143,687,152	99.99
PT Indomix Perkasa (Indomix)	Ready mix concrete manufacturing	Indonesia	1992/1992	79,160,729,340	99.99
Indocement (Cayman Islands) Limited	Investment in associated company	Cayman Islands	1991/1991	59,937,911,849	100.00
PT Gunung Tua Mandiri (GTM)	Aggregates quarrying	Indonesia	2006/2007	52,779,669,773	51.00
<u>Indirect</u>					
PT Pionirbeton Industri (PBI)	Ready mix concrete manufacturing	Indonesia	1996/1996	167,737,466,488	99.99
PT Multi Bangun Galaxy (MBG)	Trading	Indonesia	1999	1,699,765,895	99.99
PT Mandiri Sejahtera Sentra (MSS)	Aggregates quarrying	Indonesia	1998	44,453,300,785	99.99

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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 September 30, 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	<u>2,073,252,645</u>

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. The amendment of articles association of MSS was approved by the Ministry Laws and Human Rights of the Republic of Indonesia in its decision letter No. AHU-24774.AH.01.02.Th.2008 dated May 13, 2008.

On June 2, 2008, the Company entered an amendment with regards to the new arrangement of shares ownership of MSS with HP. However, there is no change of the control status of MSS. Since the Company has full control over MSS indirectly through DAP, the consolidated financial statement of the Company for the nine months ended September 30, 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 24a.

As of September 30, 2008, MSS has not completed the above purchase plan and not yet started its commercial operations.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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 Rp50,000,000. 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 September 30, 2008
PT Bhakti Sari Perkasa Abadi	1998	Indonesia	12,500,000
PT Lentera Abadi Sejahtera	1998	Indonesia	12,500,000
PT Sari Bhakti Sejati	1998	Indonesia	12,500,000
PT Makmur Abadi Perkasa Mandiri	1998	Indonesia	12,500,000

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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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 2I).

As of September 30, 2008 and 2007, the rates of exchange used are as follows:

	<u>2008</u>	<u>2007</u>
Euro (EUR1)	13,751.44	12,938.00
U.S. dollar (US\$1)	9,378.00	9,137.00
Japanese yen (JP¥100)	8,853.03	7,935.22

Transactions in other foreign currencies are insignificant.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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	1,181,877,117	981,958,097
Cash in banks		
PT Bank Central Asia Tbk		
Rupiah	14,040,965,543	26,935,442,779
Euro (EUR448,208 in 2008 and EUR793,756 in 2007)	6,163,508,445	10,269,611,635
U.S. dollar (US\$483,822 in 2008 and US\$786,659 in 2007)	4,537,281,497	7,187,703,374
PT Bank Mandiri (Persero) Tbk		
Rupiah	26,337,808,895	25,690,659,681
U.S. dollar (US\$58,163 in 2008 and US\$68,118 in 2007)	545,452,614	622,397,181
Euro (EUR1,820 in 2008 and EUR12,093 in 2007)	25,028,033	156,457,293
ABN-AMRO Bank N.V.		
Singapore dollar (Sin\$683,827)	4,508,855,409	-
Japanese yen (JP¥25,611,812 in 2008 and JP¥2,273,756 in 2007)	2,267,421,400	180,427,541
Rupiah	2,009,498,861	1,868,516,803
U.S. dollar (US\$180,727 in 2008 and US\$1,638,286 in 2007)	1,694,854,055	14,969,023,568
Euro (EUR81,815 in 2008 and EUR1,321,193 in 2007)	1,125,069,663	17,093,589,212
Standard Chartered Bank		
U.S. dollar (US\$217,757 in 2008 and US\$88,255 in 2007)	2,042,127,866	806,383,742
Rupiah	100,519,145	372,039,179
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta Branch		
Rupiah	1,261,826,695	3,011,570,683
Others		
Rupiah	5,078,755,234	4,901,955,166
U.S. dollar (US\$53,821 in 2008 and US\$53,667 in 2007)	504,730,618	490,353,552
Rupiah time deposits		
PT Bank Central Asia Tbk	96,500,000,000	61,500,000,000
ABN-AMRO Bank N.V.	47,000,000,000	225,000,000,000
PT Bank Mandiri (Persero) Tbk	640,000,000	-
PT Bank NISP Tbk	479,000,000	479,000,000
U.S. dollar time deposits		
PT Bank Central Asia Tbk (US\$4,687,500)	43,959,375,000	-
ABN-AMRO Bank N.V. (US\$4,500,000)	-	41,116,500,000
Total	262,003,956,090	443,633,589,486

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

3. CASH AND CASH EQUIVALENTS (continued)

Ranges of interest rates per annum:

	<u>2008</u>	<u>2007</u>
Rupiah time deposits	6.00% - 9.65%	6.25% - 8.85%
U.S. dollar time deposits	2.25% - 4.50%	5.00% - 5.15%

4. TRADE RECEIVABLES

The details of trade receivables are as follows:

	<u>2008</u>	<u>2007</u>
<u>Related Party (Note 23)</u>		
Cement business		
HCT Services Asia Pte., Ltd., Singapore (US\$2,206,513 in 2008 and US\$9,867,268 in 2007)	20,692,675,163	90,157,225,980
<u>Third Parties</u>		
Cement business		
Rupiah	853,657,228,619	698,357,514,783
U.S. dollar (US\$1,362,582 in 2008 and US\$811,326 in 2007)	12,778,289,307	7,413,086,850
Ready mix concrete and aggregates quarry businesses	146,469,005,825	82,930,477,807
Allowance for doubtful accounts	(11,599,454,346)	(11,295,820,287)
Net	1,001,305,069,405	777,405,259,153

The movements of allowance for doubtful accounts are as follows:

	<u>2008</u>	<u>2007</u>
Balance at beginning of year	12,664,975,199	11,067,732,391
Provision during the period	360,000,000	360,000,000
Reversal of allowance on doubtful accounts during the period	(1,425,520,853)	-
Receivables written off during the period	-	(131,912,104)
Balance at end of period	11,599,454,346	11,295,820,287

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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

4. TRADE RECEIVABLES (continued)

The aging of trade receivables based on their currency denominations as of September 30, 2008 and 2007 is as follows:

	2008		
	Currency		
	Rupiah	U.S. Dollar (Equivalent Rupiah)	Total
Current	786,925,463,850	23,716,810,089	810,642,273,939
Overdue:			
1 - 30 days	144,960,932,616	9,754,154,381	154,715,086,997
31 - 60 days	36,354,130,539	-	36,354,130,539
61 - 90 days	17,380,635,601	-	17,380,635,601
Over 90 days	14,505,071,838	-	14,505,071,838
Total	1,000,126,234,444	33,470,964,470	1,033,597,198,914
	2007		
	Currency		
	Rupiah	U.S. Dollar (Equivalent Rupiah)	Total
Current	721,321,639,657	85,166,015,254	806,487,654,911
Overdue:			
1 - 30 days	27,131,994,697	12,404,297,576	39,536,292,273
31 - 60 days	3,698,052,903	-	3,698,052,903
61 - 90 days	4,398,699,996	-	4,398,699,996
Over 90 days	24,737,605,337	-	24,737,605,337
Total	781,287,992,590	97,570,312,830	878,858,305,420

5. OTHER RECEIVABLES

The details of other receivables are as follows:

	2008	2007
Payments for tax assessments being contested	-	5,502,658,681
Others	5,483,366,839	8,756,233,558
Total	5,483,366,839	14,258,892,239
Allowance for doubtful accounts	(169,499,194)	(7,271,980,358)
Net	5,313,867,645	6,986,911,881

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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
Receivables written off during the period	(5,502,658,681)	-
Reversal of allowance on doubtful accounts collected during the period	(410,943,000)	(100,000,000)
Balance at end of period	169,499,194	7,271,980,358

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	142,753,374,477	69,820,281,242
Work in process	200,880,413,960	86,968,218,414
Raw materials	347,533,842,495	244,608,116,184
Fuel and lubricants	347,856,341,256	137,585,380,935
Spare parts	524,980,911,142	526,463,149,886
Total	1,564,004,883,330	1,065,445,146,661
Allowance for losses	(45,324,452,402)	(46,780,249,732)
Net	1,518,680,430,928	1,018,664,896,929

With the exception of inventories owned by Indomix, PBI and GTM amounting to Rp15.97 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	(590,434,454)	(3,881,352,263)
Balance at end of period	45,324,452,402	46,780,249,732

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 September 30, 2008 and 2007 amounting to Rp64,903,683,980 and Rp22,091,925,072, respectively, are presented as part of "Advances and Deposits" in the consolidated balance sheets.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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
<u>Investments in Shares of Stock</u>				
<i>a. Equity Method</i>				
PT Cibinong Center Industrial Estate	50.00	30,024,000,000	(5,597,779,381)	24,426,220,619
Stillwater Shipping Corporation	50.00	105,500,000	22,311,863,449	22,417,363,449
PT Pama Indo Mining	40.00	1,200,000,000	9,093,490,050	10,293,490,050
PT Indo Clean Set Cement	90.00	464,787,500	(464,787,500)	-
<i>b. Cost Method</i>				
Various investees	various	315,650,000	-	315,650,000
Sub-total		<u>32,109,937,500</u>	<u>25,342,786,618</u>	<u>57,452,724,118</u>
<u>Advances</u>				
PT Indo Clean Set Cement				13,720,944,026
Allowance for doubtful accounts				(13,720,944,026)
Net advances				-
Total				<u>57,452,724,118</u>
2007				
	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings (Losses) - Net	Carrying Value
<u>Investments in Shares of Stock</u>				
<i>a. Equity Method</i>				
Stillwater Shipping Corporation	50.00	105,500,000	24,999,179,576	25,104,679,576
PT Cibinong Center Industrial Estate	50.00	30,024,000,000	(8,750,298,226)	21,273,701,774
PT Pama Indo Mining	40.00	1,200,000,000	9,242,582,661	10,442,582,661
PT Indo Clean Set Cement	90.00	464,787,500	(464,787,500)	-
<i>b. Cost Method</i>				
Various investees	various	38,150,000	-	38,150,000
Sub-total		<u>31,832,437,500</u>	<u>25,026,676,511</u>	<u>56,859,114,011</u>
<u>Advances</u>				
PT Indo Clean Set Cement				13,720,944,026
Allowance for doubtful accounts				(13,720,944,026)
Net advances				-
Total				<u>56,859,114,011</u>

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

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

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

The details of the equity in net earnings of associated companies, net of goodwill amortization, for the nine months ended September 30, 2008 and 2007 are as follows:

	2008	2007
Stillwater Shipping Corporation	4,104,098,918	3,606,493,474
PT Cibinong Center Industrial Estate	1,697,347,760	1,458,263,919
PT Pama Indo Mining	1,401,742,942	2,491,068,732
Total	7,203,189,620	7,555,826,125

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 September 30, 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 September 30, 2008
2008 movements				
<u>Carrying Value</u>				
Direct Ownership				
Land and land improvements	225,291,739,262	10,281,440,850	-	235,573,180,112
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	4,330,977,945	183,153,000	2,917,043,287,220
Machinery and equipment	7,951,542,894,136	169,407,766,410	1,351,234,675	8,119,599,425,871
Transportation equipment	430,976,192,983	49,361,719,001	25,779,568,405	454,558,343,579
Furniture, fixtures and office equipment	261,373,101,744	22,833,777,755	1,372,573,966	282,834,305,533
Tools and other equipment	105,664,855,886	3,781,265,547	627,448,351	108,818,673,082
Sub-total	11,989,227,214,666	264,100,455,859	29,318,213,397	12,224,009,457,128
Assets under Capital Lease				
Machinery and equipment	253,252,365,107	28,282,927,500	-	281,535,292,607
Transportation equipment	52,118,443,722	22,589,370,672	-	74,707,814,394
Sub-total	305,370,808,829	50,872,298,172	-	356,243,107,001
Construction in progress	135,900,899,477	262,259,352,125	186,175,320,011	211,984,931,591
Total Carrying Value	12,430,498,922,972	577,232,106,156	215,493,533,408	12,792,237,495,720

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

8. FIXED ASSETS (continued)

	Balance as of December 31, 2007	Additions/ Reclassifications	Disposals/ Reclassifications	Balance as of September 30, 2008
<u>Accumulated Depreciation, Amortization and Depletion</u>				
Direct Ownership				
Land improvements	27,721,181,071	1,387,380,269	-	29,108,561,340
Leasehold improvements	2,998,120,197	77,368,266	70,583	3,075,417,880
Quarry	21,317,215,174	1,906,976,303	-	23,224,191,477
Buildings and structures	912,481,391,171	73,030,779,176	183,153,000	985,329,017,347
Machinery and equipment	3,270,332,732,628	293,464,501,477	1,278,384,785	3,562,518,849,320
Transportation equipment	340,411,835,589	27,951,363,513	4,565,495,797	363,797,703,305
Furniture, fixtures and office equipment	204,963,026,801	16,566,489,648	1,306,947,351	220,222,569,098
Tools and other equipment	64,653,987,864	9,247,599,007	586,963,810	73,314,623,061
Sub-total	4,844,879,490,495	423,632,457,659	7,921,015,326	5,260,590,932,828
Assets under Capital Lease				
Machinery and equipment	2,329,464,778	10,094,425,390	-	12,423,890,168
Transportation equipment	5,781,792,230	8,941,835,926	-	14,723,628,156
Sub-total	8,111,257,008	19,036,261,316	-	27,147,518,324
Total Accumulated Depreciation, Amortization and Depletion	4,852,990,747,503	442,668,718,975	7,921,015,326	5,287,738,451,152
Net Book Value	7,577,508,175,469			7,504,499,044,568
	Balance as of December 31, 2006	Additions/ Reclassifications	Disposals/ Reclassifications	Balance as of September 30, 2007
2007 movements				
<u>Carrying Value</u>				
Direct Ownership				
Land and land improvements	225,592,282,841	3,041,638,413	-	228,633,921,254
Leasehold improvements	3,104,184,761	6,861,000	-	3,111,045,761
Quarry	75,196,165,196	-	-	75,196,165,196
Buildings and structures	2,884,173,419,302	19,174,482,421	-	2,903,347,901,723
Machinery and equipment	7,724,448,530,774	121,160,548,301	5,211,359,696	7,840,397,719,379
Transportation equipment	449,912,014,588	7,358,528,730	29,211,602,115	428,058,941,203
Furniture, fixtures and office equipment	237,761,538,141	19,219,320,789	1,798,659,360	255,182,199,570
Tools and other equipment	90,212,774,791	11,327,470,904	157,469,352	101,382,776,343
Sub-total	11,690,400,910,394	181,288,850,558	36,379,090,523	11,835,310,670,429
Assets under Capital Lease				
Machinery and equipment	-	154,293,285,000	-	154,293,285,000
Transportation equipment	19,244,164,620	20,728,947,916	-	39,973,112,536
Sub-total	19,244,164,620	175,022,232,916	-	194,266,397,536
Construction in progress	298,412,768,646	115,122,692,620	140,170,311,099	273,365,150,167
Total Carrying Value	12,008,057,843,660	471,433,776,094	176,549,401,622	12,302,942,218,132
<u>Accumulated Depreciation, Amortization and Depletion</u>				
Direct Ownership				
Land improvements	25,367,203,600	1,324,483,103	-	26,691,686,703
Leasehold improvements	2,848,932,256	119,392,859	-	2,968,325,115
Quarry	19,310,196,578	1,470,761,189	-	20,780,957,767
Buildings and structures	816,931,175,051	71,540,302,700	-	888,471,477,751
Machinery and equipment	2,898,009,407,456	276,887,729,224	4,291,841,946	3,170,605,294,734
Transportation equipment	327,384,712,111	30,260,499,038	26,692,067,640	330,953,143,509
Furniture, fixtures and office equipment	185,179,642,028	16,075,401,052	1,790,375,670	199,464,667,410
Tools and other equipment	53,626,159,974	8,167,382,681	148,097,352	61,645,445,303
Sub-total	4,328,657,429,054	405,845,951,846	32,922,382,608	4,701,580,998,292
Assets under Capital Lease				
Transportation equipment	331,349,327	3,516,878,032	-	3,848,227,359
Total Accumulated Depreciation, Amortization and Depletion	4,328,988,778,381	409,362,829,878	32,922,382,608	4,705,429,225,651
Net Book Value	7,679,069,065,279			7,597,512,992,481

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

8. FIXED ASSETS (continued)

Construction in progress consists of:

	2008	2007
Machineries under installation	134,887,574,331	195,519,660,443
Buildings and structures under construction	46,004,421,717	54,373,796,114
Others	31,092,935,543	23,471,693,610
Total	211,984,931,591	273,365,150,167

Below are the percentages of completion and estimated completion periods of the construction in progress as of September 30, 2008:

	Estimated Percentage of Completion	Estimated Completion Period
Machineries under installation	20 - 95%	1 to 12 months
Buildings and structures under construction	25 - 95	1 to 24 months
Others	50 - 95	1 to 12 months

The unpaid balances to contractors and suppliers for the construction, purchase, repairs and maintenance of fixed assets amounting to Rp2,143,140,182 and Rp23,187,289,909 as of September 30, 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 Rp442,668,718,975 and Rp409,362,829,878 for the nine months ended September 30, 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 Rp117,015,928,675, US\$9,208,812, EUR1,332,999,620 and JP¥60,930,000 as of September 30, 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 3,277.33 hectares, and local mining rights or "Surat Izin Penambangan Daerah" (SIPD) covering approximately 9,681.40 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 September 30, 2008, the Company is still in the process of obtaining the titles of ownership or rights over land covering a total area of approximately 440,076 square meters. The Company is also in the process of acquiring land rights covering a total area of approximately 2,548,507 square meters. The total expenditures amounting to Rp66,155,329,829 as of September 30, 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 September 30, 2008 and 2007 amounting to Rp6,941,878,739 and Rp5,788,923,007, 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).

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

9. SHORT-TERM LOAN

This account represents the outstanding loan balance drawn from a revolving loan facility in 2008 amounting to U\$25,000,000 (consisting of US\$12,500,000 from ABN-AMRO Bank N.V., Jakarta Branch and US\$12,500,000 from Standard Chartered Bank, Jakarta), which is part of a syndicated loan facility as described in Note 12. The revolving loan bore interest at the annual rate of 3.72% and was due on December 17, 2008. The loan was guaranteed by a corporate guarantee of HeidelbergCement AG, the Company's majority shareholder.

10. TRADE PAYABLES

This account consists of the following:

	2008	2007
<u>Third Parties</u>		
Cement business		
Rupiah	185,168,845,859	99,278,342,441
Euro (EUR4,614,939 in 2008 and EUR1,033,702 in 2007)	63,462,054,149	13,374,030,266
U.S. dollar (US\$1,508,898 in 2008 and US\$783,393 in 2007)	14,150,449,477	7,157,860,928
Other foreign currencies	1,326,973,503	721,059,116
Ready mix concrete and aggregates quarry businesses		
Rupiah	27,977,250,796	15,350,064,683
Total - Third Parties	292,085,573,784	135,881,357,434
<u>Related Party</u>		
Cement business (Note 23)	-	3,596,068,380
Total Trade Payables	292,085,573,784	139,477,425,814

The aging analysis of trade payables based on their currency denomination as of September 30, 2008 and 2007 is as follows:

	2008		
	Rupiah	Foreign Currencies (Rupiah Equivalent)	Total
Current	117,969,928,802	22,769,169,507	140,739,098,309
Overdue:			
1 - 30 days	69,051,757,466	20,193,635,497	89,245,392,963
31 - 60 days	14,297,164,934	26,303,997,805	40,601,162,739
61 - 90 days	1,538,615,896	266,541,136	1,805,157,032
Over 90 days	10,288,629,557	9,406,133,184	19,694,762,741
Total	213,146,096,655	78,939,477,129	292,085,573,784

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

10. TRADE PAYABLES TO THIRD PARTIES (continued)

	2007		
	Rupiah	Foreign Currencies (Rupiah Equivalent)	Total
Current	88,151,167,069	-	88,151,167,069
Overdue:			
1 - 30 days	18,137,497,668	10,417,169,287	28,554,666,955
31 - 60 days	1,853,987,457	4,058,040,159	5,912,027,616
61 - 90 days	1,799,999,037	4,078,578,335	5,878,577,372
Over 90 days	4,685,755,893	6,295,230,909	10,980,986,802
Total	114,628,407,124	24,849,018,690	139,477,425,814

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
Hagihara West Java Industries	Woven paper
Fujian Qingshan Paper Industry Co., Ltd.	Kraft paper
Billerud AB	Kraft paper
Mondi Packaging Paper	Kraft paper
Itochu Co.	Gypsum
Topniche Maritime Pte. Ltd.	Gypsum
Refratechnik Asia Ltd.	Fire Bricks

11. TAXATION

a. Taxes Payable

	2008	2007
Income taxes		
Article 21	14,165,730,845	16,372,193,411
Article 22	1,871,089,443	1,492,289,852
Article 23	2,656,117,411	1,958,498,542
Article 25	28,216,348,816	15,610,175,461
Article 26	191,178,078	549,588,002
Article 29	252,114,645,705	122,772,430,625
Value added tax	28,853,335,707	27,826,774,720
Others	115,540,059	-
Total	328,183,986,064	186,581,950,613

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 nine months ended September 30, 2008 and 2007 is as follows:

	2008	2007
Income before corporate income tax expense per consolidated statements of income	1,757,522,052,588	1,006,437,808,563
Income of Subsidiaries before corporate income tax expense - net	(12,470,944,533)	(16,071,959,804)

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

11. TAXATION (continued)

	2008	2007
Reversal of inter-company eliminating entries during consolidation	(5,083,807,329)	(3,606,493,474)
Income before corporate income tax expense attributable to the Company	1,739,967,300,726	986,759,355,285
Add (deduct):		
Temporary differences		
Provision for post-retirement healthcare benefits - net	1,477,973,652	2,006,203,208
Payments of obligations under capital lease	(48,786,076,774)	(53,929,229,865)
Depreciation of fixed assets (including leased assets)	(3,091,326,951)	(50,828,107,914)
Provision for employee benefits - net	(2,796,415,541)	3,515,817,032
Provisions for doubtful accounts and inventory losses (write-off of accounts and inventories against allowance) - net	(1,001,377,454)	(3,981,352,263)
Provision for recultivation - net (Note 24s)	(392,661,601)	(496,451,750)
	(54,589,884,669)	(103,713,121,552)
Permanent differences		
Non-deductible expenses		
Employee benefits	18,372,075,652	19,551,608,631
Public relations	3,882,534,967	4,095,389,800
Donations	1,715,848,544	2,377,455,316
Others	1,439,834,810	811,077,745
Income already subjected to final tax	(21,235,354,092)	(4,332,500,626)
Equity in net earnings of associated companies - net	(3,099,090,702)	(3,949,332,651)
	1,075,849,179	18,553,698,215
Estimated taxable income of the Company	1,686,453,265,236	901,599,931,948

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

	2008	2007
Current		
Company	505,918,479,500	270,462,479,300
Subsidiaries	12,560,050,000	7,497,234,700
	518,478,529,500	277,959,714,000
Deferred		
Company	16,283,220,889	31,031,036,729
Subsidiaries	(9,236,810,675)	(2,020,253,244)
	7,046,410,214	29,010,783,485
Total	525,524,939,714	306,970,497,485

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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	505,918,479,500	270,462,479,300
Subsidiaries	12,560,050,000	7,497,234,700
Total	518,478,529,500	277,959,714,000
Prepayments of income tax		
Company	253,822,724,182	148,070,814,639
Subsidiaries	14,479,414,301	10,451,873,808
Total	268,302,138,483	158,522,688,447
Estimated corporate income tax payable		
Company	252,095,755,318	122,391,664,661
Subsidiaries	18,890,387	380,765,964
Total	252,114,645,705	122,772,430,625
Estimated claims for income tax refund - presented as part of "Prepaid Taxes" in the consolidated balance sheets		
Company	-	-
Subsidiaries	1,938,254,688	3,335,405,072
Total for the current period	1,938,254,688	3,335,405,072
Claims for income tax refund from prior years:		
Company	-	-
Subsidiaries	3,205,737,805	3,027,171,528
Total	5,143,992,493	6,362,576,600

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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

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. On April 3, 2008, the Company received a decision letter from the Tax Office wherein the Tax Office approved the Company's objection on 2005 taxable income amounting to Rp5,292,461,212.

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 September 30, 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 September 30, 2008, the Supreme Court has not rendered any decision on the matter.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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 nine months ended September 30, 2008 and 2007 is as follows:

	2008	2007
Income before corporate income tax expense	1,757,522,052,588	1,006,437,808,563
Reversal of inter-company eliminating entries during consolidation	(5,083,807,329)	(3,606,493,474)
Combined income, net of loss, before income tax of the Company and Subsidiaries	<u>1,752,438,245,259</u>	<u>1,002,831,315,089</u>
Tax expense at the applicable tax rate	525,584,873,823	300,796,893,888
Tax effects on permanent differences:		
Non-deductible expenses	8,335,854,296	9,429,357,274
Income already subjected to final tax	(7,304,353,971)	(1,988,054,145)
Equity in net earnings of associated companies - net	(929,727,211)	(1,184,799,795)
Others	(161,707,223)	(82,899,737)
Corporate income tax expense per consolidated statements of income	<u>525,524,939,714</u>	<u>306,970,497,485</u>

- f. Deferred tax assets (liabilities) consist of:

	December 31, 2007	Deferred Tax Benefit (Expense) Credited (Charged) to 2008 Profit and Loss	September 30, 2008
Deferred Tax Assets:			
Company			
Obligation under capital lease	36,264,965,511	719,610,931	36,984,576,442
Estimated liability for employee benefits	16,919,319,494	(838,924,662)	16,080,394,832
Allowance for doubtful accounts and inventory losses	11,345,385,681	(300,413,236)	11,044,972,445
Reserve for recultivation	8,475,839,048	(117,798,480)	8,358,040,568
Estimated liability for post-retirement healthcare benefits	3,075,611,288	443,392,096	3,519,003,384
Others	833,851,800	-	833,851,800
Sub-total	<u>76,914,972,822</u>	<u>(94,133,351)</u>	<u>76,820,839,471</u>
Subsidiaries	9,384,935,111	9,863,147,793	19,248,082,904
Total	<u>86,299,907,933</u>	<u>9,769,014,442</u>	<u>96,068,922,375</u>

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

11. TAXATION (continued)

	December 31, 2007	Deferred Tax Benefit (Expense) Credited (Charged) to 2008 Profit and Loss	September 30, 2008
Deferred Tax Liabilities:			
Company			
Difference in net book value of fixed assets between tax and accounting bases	(660,665,275,942)	(6,544,057,730)	(667,209,333,672)
Net book value of assets under capital lease	(88,193,803,047)	(9,645,029,808)	(97,838,832,855)
Sub-total	(748,859,078,989)	(16,189,087,538)	(765,048,166,527)
Fair value adjustment on acquisition	(5,348,251,713)	-	(5,348,251,713)
Subsidiaries	(1,016,008,320)	(626,337,118)	(1,642,345,438)
Total	(755,223,339,022)	(16,815,424,656)	(772,038,763,678)
Net Deferred Tax Assets:			
Subsidiaries	8,368,926,791	9,236,810,675	17,605,737,466
Net Deferred Tax Liabilities:			
Company	(677,292,357,880)	(16,283,220,889)	(693,575,578,769)
	December 31, 2006	Deferred Tax Benefit (Expense) Credited (Charged) to 2007 Profit and Loss	September 30, 2007
Deferred Tax Assets:			
Company			
Obligation under capital lease	2,635,889,954	36,410,800,652	39,046,690,606
Estimated liability for employee benefits	14,398,065,929	1,054,745,110	15,452,811,039
Allowance for doubtful accounts and inventory losses	13,156,064,068	(1,194,405,679)	11,961,658,389
Reserve for recultivation	5,353,174,181	(148,935,525)	5,204,238,656
Estimated liability for post-retirement healthcare benefits	2,267,282,321	601,860,962	2,869,143,283
Others	833,851,800	-	833,851,800
Sub-total	38,644,328,253	36,724,065,520	75,368,393,773
Subsidiaries	7,642,479,221	2,056,178,243	9,698,657,464
Total	46,286,807,474	38,780,243,763	85,067,051,237
Deferred Tax Liabilities:			
Company			
Difference in net book value of fixed assets between tax and accounting bases	(639,347,120,920)	(16,289,995,784)	(655,637,116,704)
Net book value of assets under capital lease	(5,565,844,588)	(51,465,106,465)	(57,030,951,053)
Sub-total	(644,912,965,508)	(67,755,102,249)	(712,668,067,757)
Subsidiaries	(1,747,728,636)	(35,924,999)	(1,783,653,635)
Total	(646,660,694,144)	(67,791,027,248)	(714,451,721,392)
Net Deferred Tax Assets:			
Subsidiaries	5,894,750,585	2,020,253,244	7,915,003,829
Net Deferred Tax Liabilities:			
Company	(606,268,637,255)	(31,031,036,729)	(637,299,673,984)

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

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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	468,900,000,000	1,370,550,000,000
Third parties		
Rupiah	-	276,315,789,472
U.S. dollar	-	252,469,736,958
Japanese yen	-	165,052,576,000
Sub-total	-	693,838,102,430
Total	468,900,000,000	2,064,388,102,430
Less current maturities	468,900,000,000	259,085,547,260
Long-term maturities	-	1,805,302,555,170

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

	2008	2007
U.S. dollar		
<u>Related party</u>		
HC Finance B.V.	US\$ 50,000,000	US\$ 150,000,000
<u>Third parties</u>		
ABN-AMRO Bank N.V., Jakarta	-	13,815,789
Standard Chartered Bank, Jakarta	-	13,815,789
Total U.S dollar loans	US\$ 50,000,000	US\$ 177,631,578
Rupiah		
<u>Third parties</u>		
PT Bank Central Asia Tbk	-	276,315,789,472
Total rupiah loans	-	276,315,789,472
Japanese yen		
<u>Third parties</u>		
ABN-AMRO Bank N.V., Jakarta	-	JP¥ 1,040,000,000
Calyon Deutschland, Germany	-	1,040,000,000
Total Japanese yen loans	-	JP¥ 2,080,000,000

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

	2008	2007
U.S. dollar	3.94% - 6.33%	6.22% - 6.56%
Japanese yen	-	1.38% - 1.68%
Rupiah	-	8.83% - 12.36%

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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).

On September 16, 2008 and September 17, 2008, the Company made prepayments of a portion of the HC Finance B.V. loan for a total amount of US\$100,000,000, while the remaining balance of US\$50,000,000 will be due on March 8, 2009. On the same date, the Company has partially terminated the CCIRS contract with Standard Chartered Bank, Jakarta Branch with a notional amount of US\$100 million which relating to the above-mentioned HC Finance B.V loan (Note 25).

13. OBLIGATIONS UNDER CAPITAL LEASE

The future minimum lease payments required under the lease agreements as of September 30, 2008 and 2007 are as follows:

Years	2008	2007
2007	-	56,538,140,319
2008	27,126,161,510	34,278,487,294
2009	58,523,688,693	31,782,354,731
2010	44,054,096,099	19,905,773,405
2011	4,493,393,784	-
Total	134,197,340,086	142,504,755,749
Add residual value	2,510,670,000	1,095,685,000
Less amounts applicable to interest	13,332,528,858	13,444,805,395
Present value of minimum lease payments	123,375,481,228	130,155,635,354
Current maturities	62,262,538,930	74,709,893,085
Long-term maturities	61,112,942,298	55,445,742,269

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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

13. OBLIGATIONS UNDER CAPITAL LEASE (Continued)

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.

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.

In April 2008, the Company entered into sale-and-leaseback transactions with AAFI for the sale-and-leaseback of certain transportation equipment units for a total leaseback value of Rp2,182,615,500. 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 Rp10,000,000 for each equipment at the end of the lease period.

In April 2008, 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 US\$3,239,900 (equivalent to Rp29,888,077,500). 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.

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).

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

13. OBLIGATIONS UNDER CAPITAL LEASE (Continued)

b. 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.

14. CAPITAL STOCK

The details of share ownership as of September 30, 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 14, 2008 and May 3, 2007, the shareholders agreed to distribute cash dividends amounting to Rp147,249,267,960 and Rp110,436,950,970 to be taken from the Company's retained earnings as of December 31, 2007 and 2006. The cash dividends were paid on June 24, 2008 and July 16, 2007. The unclaimed cash dividends amounting to Rp205,512,389 and Rp148,483,909 as of September 30, 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 14, 2008, 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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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:

<u>2008</u>	<u>Cement</u>	<u>Ready Mix Concrete and Aggregates Quarry</u>	<u>Other Business</u>	<u>Elimination</u>	<u>Consolidation</u>
REVENUES					
Sales to external customers	6,920,138,126,592	329,076,581,132	-	-	7,249,214,707,724
Inter-segment sales	173,856,992,353	-	-	(173,856,992,353)	-
Total Revenues	7,093,995,118,945	329,076,581,132	-	(173,856,992,353)	7,249,214,707,724
RESULTS					
Segment results	1,779,322,722,778	(29,003,859,810)	-	-	1,750,318,862,968
Equity in net earnings of associated companies - net	-	-	7,203,189,620	-	7,203,189,620
Corporate income tax expense					(525,524,939,714)
INCOME BEFORE MINORITY INTEREST					1,231,997,112,874
MINORITY INTEREST					(625,489,483)
NET INCOME					1,231,371,623,391
ASSETS AND LIABILITIES					
Segment assets	11,114,782,458,507	325,808,075,088	1,107,548,400	(820,186,294,169)	10,621,511,787,826
Long-term investments and advances to associated company - net	-	-	57,452,724,118	-	57,452,724,118
Net deferred tax assets and prepayments of income taxes	6,164,408,402	21,200,286,750	-	-	27,364,695,152
Total Assets	11,120,946,866,909	347,008,361,838	58,560,272,518	(820,186,294,169)	10,706,329,207,096
Segment liabilities	2,621,076,927,243	174,498,951,591	-	(820,280,193,947)	1,975,295,684,887
Net deferred tax liabilities	693,575,578,769	-	-	-	693,575,578,769
Total Liabilities - excluding deferred gain on sale-and-leaseback transactions - net	3,314,652,506,012	174,498,951,591	-	(820,280,193,947)	2,668,871,263,656
Depreciation, amortization and depletion expenses	436,899,882,971	5,768,836,004	-	-	442,668,718,975
Capital expenditures	389,579,896,264	1,476,889,881	-	-	391,056,786,145
Non-cash expenses other than depreciation, amortization and depletion expenses:					
Provision for post-retirement benefits	23,232,298,500	1,202,645,250	-	-	24,434,943,750
Provision for healthcare benefits	2,287,087,500	-	-	-	2,287,087,500
Provision for doubtful accounts	-	360,000,000	-	-	360,000,000

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

19. SEGMENT INFORMATION (continued)

BUSINESS SEGMENTS (continued)

2007	Cement	Ready Mix Concrete and Aggregates Quarry	Other Business	Elimination	Consolidation
REVENUES					
Sales to external customers	5,086,670,209,856	219,597,205,887	-	-	5,306,267,415,743
Inter-segment sales	101,629,512,802	-	-	(101,629,512,802)	-
Total Revenues	5,188,299,722,658	219,597,205,887	-	(101,629,512,802)	5,306,267,415,743
RESULTS					
Segment results	1,007,182,792,977	(8,300,810,539)	-	-	998,881,982,438
Equity in net earnings of associated companies	-	-	7,555,826,125	-	7,555,826,125
Corporate income tax expense	-	-	-	-	(306,970,497,485)
NET INCOME	-	-	-	-	699,467,311,078
ASSETS AND LIABILITIES					
Segment assets	10,653,731,226,055	148,708,568,235	2,795,707,064	(633,672,966,134)	10,171,562,535,220
Long-term investments and advances to associated companies - net	-	-	56,859,114,011	-	56,859,114,011
Net deferred tax assets and prepayments of income taxes	10,610,334,473	8,583,826,367	-	-	19,194,160,840
Total Assets	10,664,341,560,528	157,292,394,602	59,654,821,075	(633,672,966,134)	10,247,615,810,071
Segment liabilities	3,525,979,384,567	78,130,848,934	-	(634,312,657,313)	2,969,797,576,188
Net deferred tax liabilities	637,299,673,983	-	-	-	637,299,673,983
Total Liabilities - excluding deferred gain on sale-and-leaseback transactions - net	4,163,279,058,550	78,130,848,934	-	(634,312,657,313)	3,607,097,250,171
Depreciation, amortization and depletion expenses	403,991,539,555	5,371,290,323	-	-	409,362,829,878
Capital expenditures	329,393,645,385	1,869,819,610	-	-	331,263,464,995
Non-cash expenses other than depreciation, amortization and depletion expenses:					
Provision for post-retirement benefits	27,352,894,500	1,016,855,250	-	-	28,369,749,750
Provision for healthcare benefits	2,303,813,250	-	-	-	2,303,813,250
Provisions for doubtful accounts and inventory losses	-	360,000,000	-	-	360,000,000

GEOGRAPHICAL SEGMENTS

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

	2008	2007
REVENUES (based on sales area)		
Domestic		
Java	9,168,667,066,806	6,530,868,579,135
Outside Java	2,945,018,569,993	1,781,338,314,316
Export	562,588,212,240	732,521,344,320
Total	12,676,273,849,039	9,044,728,237,771
Elimination	(5,427,059,141,315)	(3,738,460,822,028)
Net	7,249,214,707,724	5,306,267,415,743

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

19. SEGMENT INFORMATION (continued)

GEOGRAPHICAL SEGMENTS (continued)

	<u>2008</u>	<u>2007</u>
ASSETS (based on location of assets)		
Domestic	<u><u>10,621,511,787,826</u></u>	<u><u>10,171,562,535,220</u></u>
CAPITAL EXPENDITURE (based on location of assets)		
Domestic	<u><u>391,056,786,145</u></u>	<u><u>331,263,464,995</u></u>

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 distributors. Except sales to PT Bangunsukses Niagatama Nusantara, 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:

	<u>2008</u>	<u>2007</u>
Raw materials used	715,964,846,629	547,587,698,678
Direct labor	327,786,670,044	308,988,529,240
Fuel and power	2,098,938,278,802	1,420,685,965,129
Manufacturing overhead	889,751,196,515	748,865,519,038
Total Manufacturing Cost	4,032,440,991,990	3,026,127,712,085
Work in Process Inventory		
At beginning of year	99,827,261,175	113,362,558,381
At end of period	(200,880,413,960)	(86,968,218,414)
Cost of Goods Manufactured	3,931,387,839,205	3,052,522,052,052
Finished Goods Inventory		
At beginning of year	71,194,385,497	66,209,610,931
Others	6,234,544,589	2,616,048,874
At end of period	(142,753,374,447)	(69,820,281,242)
Cost of Goods Sold before Packing Cost	3,866,063,394,844	3,051,527,430,615
Packing Cost	417,762,092,875	275,297,116,060
Total Cost of Revenues	<u><u>4,283,825,487,719</u></u>	<u><u>3,326,824,546,675</u></u>

Liabilities related to manufacturing cost which had been incurred but not yet billed to the Company and Subsidiaries amounting to Rp84,175,788,219 and Rp57,280,200,177 as of September 30, 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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

21. OPERATING EXPENSES

The details of operating expenses are as follows:

	2008	2007
<u>Delivery and Selling Expenses</u>		
Delivery, loading and transportation	904,553,483,257	609,066,773,641
Salaries, wages and employee benefits (Note 22)	36,799,898,734	34,912,758,184
Rental	11,496,149,586	7,055,652,753
Advertising and promotion	11,491,717,725	16,512,767,512
Depreciation	5,348,643,631	4,266,961,251
Taxes and licenses	5,073,566,040	4,565,585,126
Professional fees	4,877,520,540	5,170,452,178
Repairs and maintenance	1,736,355,817	3,121,005,199
Electricity and water	1,682,841,243	1,664,565,240
Spare bags	1,642,980,437	1,069,316,056
Research and testing	1,642,416,856	3,745,494,190
Medical	1,239,282,243	1,154,989,966
Communication	1,097,515,942	883,237,528
Miscellaneous (each below Rp1 billion)	2,526,688,635	2,503,698,932
Total Delivery and Selling Expenses	991,209,060,686	695,693,257,756
<u>General and Administrative Expenses</u>		
Salaries, wages and employee benefits (Note 22)	109,881,139,084	94,466,187,211
Rental	12,503,920,112	13,264,892,820
Depreciation	7,915,834,821	4,105,660,395
Travelling and transportation	7,238,977,552	4,070,232,258
Professional fees	5,958,612,267	8,594,366,310
Training and seminars	5,340,279,336	4,965,079,939
Donations	5,299,548,252	6,606,562,797
Repairs and maintenance	4,413,998,294	5,448,584,930
Communication	4,261,997,762	2,782,305,091
Medical	4,233,019,828	4,215,628,756
Public relations	3,550,177,324	3,816,343,300
Taxes and licenses	2,796,371,590	902,614,499
Publications and sponsorships	1,351,751,027	1,165,145,067
Stationery and office supplies	1,294,601,650	1,015,459,297
Miscellaneous (each below Rp1 billion)	10,825,254,021	6,469,100,625
Total General and Administrative Expenses	186,865,482,920	161,888,163,295
Total Operating Expenses	1,178,074,543,606	857,581,421,051

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 Rp20.1 billion and Rp18.9 billion for the nine months ended September 30, 2008 and 2007, respectively, which were charged to operations.

The plan's assets are administered by Dana Pensiun Karyawan Indocement Tunggul 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 September 30, 2008 and 2007, the Plan net assets totaled Rp524 billion and Rp518.2 billion, respectively.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

22. ESTIMATED LIABILITY FOR EMPLOYEE BENEFITS (continued)

a. Retirement Benefits (continued)

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.

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	6,838,770,750	7,698,566,250
Interest costs	11,317,580,250	13,726,289,250
Actuarial loss recognized	320,224,500	986,526,000
Amortization of past service costs	5,958,368,250	5,958,368,250
Total employee benefits expense	24,434,943,750	28,369,749,750

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

	2008	2007
Present value of defined benefit obligation	152,221,937,380	171,059,217,271
Unamortized balance of non-vested past service costs	(70,084,955,750)	(80,805,503,750)
Actuarial loss	(19,911,723,500)	(31,369,419,082)
Liability recognized in the consolidated balance sheets	62,225,258,130	58,884,294,439

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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	64,279,212,682	54,187,223,918
Provision during the period	24,434,943,750	28,369,749,750
Payments during the period	(26,488,898,302)	(23,672,679,229)
Balance at end of period (presented as "Non-current Liabilities - Estimated Liability for Employee Benefits" in the consolidated balance sheets)	62,225,258,130	58,884,294,439

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	616,908,750	595,998,000
Interest costs	1,203,892,500	1,213,116,000
Actuarial gains	(117,204,000)	(88,791,000)
Vested past service costs and amortization of non-vested past service costs	583,490,250	583,490,250
Total post-retirement healthcare benefits	2,287,087,500	2,303,813,250

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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	17,260,155,027	16,468,835,958
Unamortized balance of non-vested past service costs	(9,172,463,750)	(9,950,450,750)
Actuarial gains	3,642,320,000	3,045,426,000
Liability recognized in the consolidated balance sheets	11,730,011,277	9,563,811,208

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	2,287,087,500	2,303,813,250
Payments during the period	(809,113,843)	(297,610,042)
Balance at end of period (presented as "Non-current Liabilities - Estimated Liability for Post-retirement Healthcare Benefits" in the consolidated balance sheets)	11,730,011,277	9,563,811,208

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	20,692,675,163	90,157,225,980	0.19%	0.88%
<u>Due from Related Parties</u>				
Officers and employees	27,423,735,055	39,442,460,167	0.26%	0.38%
PT Cibinong Center Industrial Estate	1,657,782,162	1,483,079,148	0.01	0.01
HC Trading	65,740,928	-	0.01	-
Total	29,147,258,145	40,925,539,315	0.28%	0.39%

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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
<u>Long-term Investments in Associated Companies</u>				
PT Cibinong Center Industrial Estate	24,426,220,619	21,273,701,774	0.23%	0.21%
Stillwater Shipping Corporation	22,417,363,449	25,104,679,576	0.21	0.25
PT Pama Indo Mining	10,293,490,050	10,442,582,661	0.10	0.10
Total	57,137,074,118	56,820,964,011	0.54%	0.56%
<u>Trade Payables - Related Party</u>				
HCT Services Asia Pte., Ltd., Singapore	-	3,596,068,380	-%	0.10%
<u>Due to Related Parties</u>				
PT Pama Indo Mining	8,658,829,757	2,631,480,659	0.32%	0.07%
<u>Long-term Loans</u>				
HC Finance B.V., Netherlands	468,900,000,000	1,370,550,000,000	17.53%	37.93%
<u>Net Revenues</u>				
HCT Services Asia Pte., Ltd., Singapore	562,588,212,240	732,521,344,320	7.76%	13.80%
<u>Cost of Revenues</u>				
PT Pama Indo Mining	37,264,111,493	33,197,064,658	0.87%	1.00%
HCT Services Asia Pte., Ltd., Singapore	13,676,342,232	10,863,522,860	0.32	0.33
HeidelbergCement Technology Center GmbH	5,737,533,704	4,676,263,900	0.13	0.14
Total	56,677,987,429	48,736,851,418	1.32%	1.47%
<u>Operating Expenses</u>				
PT Bahana Indonor (Note 24h)	20,282,911,800	12,596,762,424	1.72%	1.47%
PT Cibinong Center Industrial Estate	125,509,014	181,529,553	0.01	0.02
HeidelbergCement Fuels	-	365,091,687	-	0.04
Stillwater Shipping Corporation (Note 24h)	-	9,090,000	-	0.01
Total	20,408,420,814	13,152,473,664	1.73%	1.54%
<u>Other Income (Expenses)</u>				
PT Cibinong Center Industrial Estate	7,563,977,607	4,760,700,135	20.44%	3.87%
HC Finance B.V., Netherlands	(42,957,497,769)	(67,432,125,301)	(116.11)	(54.83)
HeidelbergCement AG	-	(1,352,797,605)	-	(1.10)
Net	(35,393,520,162)	(64,024,222,771)	(95.67%)	(52.06%)

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

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(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.

In the EGMS held on May 14, 2008, the independent shareholders approved, among others:

1. The Certified Emission Reduction units ("CERs") sale recurring transactions which include:
 - a. Appointment of HC Fuels Limited, an affiliated party of HeidelbergCement AG, the company majority shareholder, as the Company's broker or marketing agent for the purpose of sale of the Company's CERs;
 - b. Proposed sale of the Company's CERs to affiliated parties of HeidelbergCement AG, whether or not through services of HC Fuel Limited; and
2. The addition of parties in the recurring transactions as previously agreed in the EGMS of the Company on February 23, 2005 and March 29, 2006.

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 and June 2, 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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

- 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 September 30, 2008, the coal grinding project is in the initial construction 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 September 30, 2008, the clinker grinding project is in the initial construction stage.
- 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 Rp109,879,560, Rp65,404,500 and Rp47,330,400, respectively, and are recorded as part of "Other Income (Expenses) - Others - Net" in the nine months ended September 30, 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 September 30, 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 September 30, 2008, the conversion of the engines are still in the final commissioning stage.
- 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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

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 nine months ended September 30, 2008 and 2007, total purchases of natural gas from RGM amounted to US\$1,005,824 (equivalent to Rp9,282,868,969) and US\$695,734 (equivalent to Rp6,340,519,224), while total transportation fee incurred amounted to US\$278,207 (equivalent to Rp2,567,601,998) and US\$192,437 (equivalent to Rp1,753,760,643), respectively.

- 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.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

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.

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. In June 2008, the Company received the first payment from The World Bank for the sale of above 80,967 CERs at US\$4.45. The payment was amounted to US\$40,303 net of the cost incurred for project preparation cost. Meanwhile, as of September 30, 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 Rp49,980,214,998 and Rp39,065,145,590 as of September 30, 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.

On May 15, 2008, DAP submitted written termination notices to the existing sub-distributors. On the same date, DAP entered into new distributorship agreements with PT Bangunsukses Niagatama Nusantara, PT Cipta Pratama Karyamandiri, PT Intimegah Mitra Sejahtera, PT Nusa Makmur Perdana, PT Royal Inti Mandiri Abadi, PT Saka Agung Abadi, PT Adikarya Maju Bersama, PT Angkasa Indah Mitra, PT Kharisma Mulia Abadijaya, PT Kirana Semesta Niaga, PT Primasindo Cipta Sarana and PT Samudera Tunggal Utama. Under the agreements, DAP appointed these companies to be non-exclusive distributors to sell bagged cement and bulk cement for the domestic market.

The above-mentioned distributorship agreements provide for, among others, delivery requirements, obligations and responsibilities of the 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 May 15, 2008 until December 31, 2013, and may be extended for an additional period of five (5) years upon written agreement by both parties.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

Total gross sales by the Company and DAP to these distributors for the nine months ended September 30, 2008 and 2007 are as follows:

	2008	2007
PT Bangunsukses Niagatama Nusantara	788,688,434,689	475,771,728,770
PT Intimegah Mitra Sejahtera	518,984,314,159	304,789,067,848
PT Saka Agung Abadi	449,210,717,431	253,163,195,975
PT Primasindo Cipta Sarana	436,201,577,829	314,318,701,866
PT Royal Inti Mandiri Abadi	397,994,815,307	334,494,150,611
PT Samudera Tunggul Utama	391,494,035,837	284,073,324,590
PT Angkasa Indah Mitra	388,128,598,200	208,334,375,600
PT Adikarya Maju Bersama	385,198,319,519	248,768,689,945
PT Kharisma Mulia Abadijaya	370,852,853,200	231,947,390,800
PT Kirana Semesta Niaga	323,255,006,400	220,081,793,900
PT Nusa Makmur Perdana	321,529,975,340	220,096,611,100
PT Cipta Pratama Karyamandiri	271,177,362,565	172,088,040,665
PT Citrabaru Mitra Perkasa	132,495,041,000	218,813,415,200
PT Sumber Abadi Sukses	121,607,335,200	182,681,289,600
Total	5,296,818,386,676	3,669,421,776,470

The total outstanding receivables from these distributors amounting to Rp628,163,700,821 and Rp549,072,385,465 as of September 30, 2008 and 2007, respectively, are presented as part of "Trade Receivables - Third Parties" in the consolidated balance sheets.

- m. The Company and DAP entered into lease agreements with PT Serasi Tunggul 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 Rp7,960,548,792 and Rp7,791,024,260 for the nine months ended September 30, 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 nine months ended September 30, 2008 and 2007 amounted to approximately US\$3.30 million and US\$3.21 million, respectively.

- o. The Company has an outstanding agreement with PT Rabana Gasindo Usama (Rabana) whereby Rabana 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.

In an amendment to the agreement with Rabana dated June 20, 2008, wherein Rabana agreed to transport more gas supplied by PT Kemitraan Energi Industri with lower gas transportation fee of US\$0.225 per MMBTU of natural gas delivered (Note 24f).

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

24. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

The agreement will expire in 2014 or may be terminated if the total volume of natural gas consumed reaches the contractual volume as stipulated in the agreement. Total transportation fee and technical fee paid to Rabana amounted to US\$1,315,849 and US\$1,143,377 for the nine months ended September 30, 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 Rp105,629,612,467 and Rp76,349,856,594 for the nine months ended September 30, 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 Rp269.6 billion and Rp260.9 billion for the nine months ended September 30, 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.
- 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 Rp27,860,135,226 and Rp17,347,462,188 as of September 30, 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.
- u. In relation to the Company's coal grinding project in P6, 7 and 8, Citeureup Plantsite, on July 28, 2008, the Company and FLSmidth A/S, Denmark, signed a contract for the supply of equipment and engineering services for a total contract amount of EUR7,105,000 and supervisory services in the erection, installation, commissioning and testing of the equipment supplied for a total contract amount of approximately EUR381,100. The effective date of equipment supply contract for P6, 7 and 8 Project as of September 24, 2008.
- v. The Company and PERTAMINA have signed a contract for the sale and purchase of fuel oil consists of gasoline, diesel oil, industrial diesel oil and marine fuel with the effective date as of September 1, 2008. The agreement stipulate among others, the base price of fuel oil, volume plan of fuel oil, specifications of fuel oil and term of payment. This agreement will expire on December 31, 2009.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

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. On September 16, 2008 and September 17, 2008, the Company has partially terminated the CCIRS contract with SCB with a notional amount of US\$100 million which relating to the prepayment of a portion of the HC Finance B.V loan (Note 12). The unwind cost incurred amounted to US\$1,650,000 (equivalent to Rp15,583,150,000) is presented as part of "Foreign Exchange Gain (Loss) - Net" in the nine months ended September 30, 2008 consolidated statements of income. As of September 30, 2008, the Company recognized the net assets on the CCIRS contract at fair value of Rp470,513,016, which is presented as "Derivative Assets" in the 2008 consolidated balance sheet. As of September 30, 2007, the Company recognized the net liability on the CCIRS contract at fair value of Rp54,669,110,579, which is presented as "Long-term Derivative Liability" in the 2007 consolidated balance sheets.

The CCIRS instrument can not be designated as a hedge for accounting purposes and accordingly, the gain arising from the changes in the fair value of the CCIRS amounting to Rp23,649,711,278 and Rp21,269,890,581, is presented as part of "Foreign Exchange Gain (Loss) - Net" in the nine months ended September 30, 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.

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. Furthermore, on February 4, 2008, the Supreme Court of the Republic of Indonesia in its decision letter No.1140 K/Pdt/2006 rejected the Plaintiffs' appeal.

These consolidated financial statements are originally issued in Indonesian language.

PT INDOCEMENT TUNGGAL PRAKARSA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended September 30, 2008 and 2007
(Expressed in rupiah, unless otherwise stated)

27. ECONOMIC CONDITIONS

The operations of the Company and its Subsidiaries may be affected by the current global financial turmoil that has negatively impact to the Indonesia's economic conditions. The current tight liquidity in the money market, hike in interest rate as well as hike in inflation as food and commodity prices increase will cause Indonesia economic slowdown. 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 September 30, 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\$	2,206,513	20,692,678,914
Third Parties	US\$	7,054,471	66,156,829,038
	JP¥	25,611,812	2,267,421,400
	EUR	531,843	7,313,607,104
Total			96,430,536,456
Liabilities			
Related Parties	US\$	51,015,418	478,422,590,004
Third Parties	US\$	26,556,911	249,050,711,358
	JP¥	14,386,403	1,273,632,573
	EUR	4,661,466	64,101,870,011
Total			792,848,803,946
Net liabilities			696,418,267,490