

Annual Report 1991



PT. INDOCEMENT TUNGGAL PRAKARSA

Corporate Vision

- We will actively contribute to Indonesia's economic development .
- We will maintain our leadership in our core cement business and supply products of good quality and at reasonable prices to areas throughout the nation to help develop our country .
- We will utilize our strong financial resources efficiently and invest in profitable Indonesian non-cement businesses with strong market positions and growth potential .
- We will use the best management and the highest available, economically justifiable, levels of technology in all our businesses—to continuously improve our performance, our products, processes and impact on the environment .
- We will promote a culture of responsibility and accountability to develop executives capable of leading the growth and diversification of the Company .
- We will maximize stockholder value and provide attractive opportunities for the public to participate in our success .
- We will create the best opportunities for our employees to develop and achieve their full potential .
- We will be good corporate citizens in supporting the development of the community and public interest .

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Business Profile



Indocement was established in 1973 by the Liem Investors. Today we are Indonesia's leading cement producer with an annual installed capacity of 8.9 million tons. Our products are known by the TIGA RODA brand name and our domestic market share is now close to 50%.

You will see us everywhere in Indonesia. Our cement is being used each day to build cities, roads, factories and homes throughout the nation.

We carefully plan for the future to fulfill our role as a good corporate citizen. We are committed to contribute to Indonesia's economic development, maintain leadership in the cement industry and build long-term benefits for our stockholders, employees and the communities where we operate.

We are headquartered in Jakarta, and by the end of 1991 our total workforce numbered over five-thousand.

Highlights Of The Year

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The acquisition in October, 1991 of P.T. Tridaya Manunggal Perkasa Cement (TMPC) adds 1.2 million tons to Indocement's annual installed capacity



The Company's new distribution terminal in Surabaya, East Java will enable greater market penetration and reduce distribution costs



Indocement begins delivery of ready mixed concrete direct to customers in the Jakarta area



Indocement launches a new product—
Blended Cement—aimed at low-cost housing
projects in support of the Government's
effort to improve housing conditions



Indocement decides to integrate mining
of coal and shipping of raw materials and
finished products into its operations



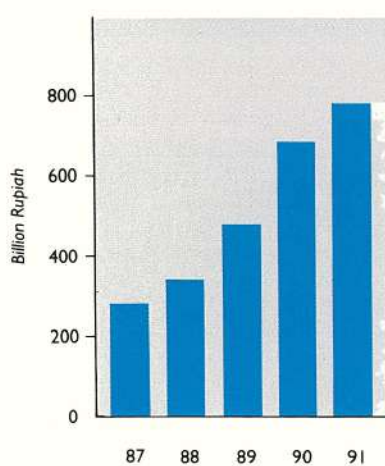
Indocement celebrates its sixteenth anniver-
sary in August with a Jakarta gala attended by
customers, suppliers and employees

Key Figures

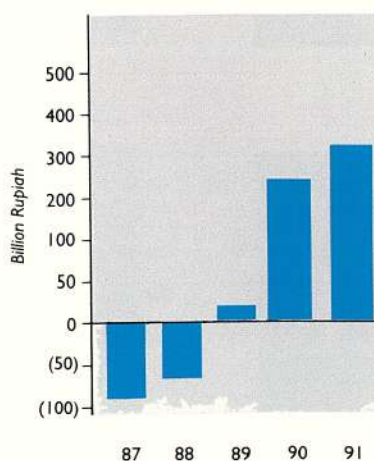
(Amounts in Billion Rupiah,
Except Per Share Data)

	1991	1990	%Change
Net Sales	771.3	671.3	+15%
Net Profit	308.7	250.1	+23%
Cash Generated from Operations	416.2	353.6	+18%
Return on Stockholders' Equity	22%	21%	+5%
Earnings Per Share Primary	515.42	417.65	+23%
Fully-Diluted	508.24	417.65	+22%

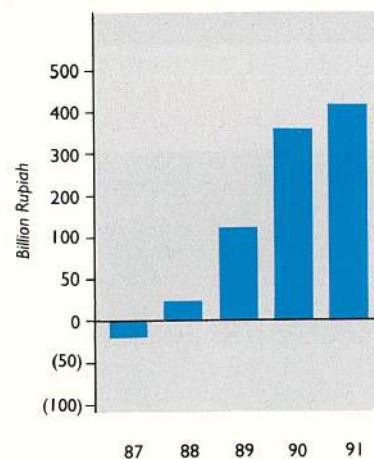
Net Sales



Net Profit



Cash Generated from Operations



Board Of Commissioners

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Soedono Salim



Djuhar Sutanto



H. Aang Kunaefi



E. Soekasah Somawidjaja



Henry Pribadi

Report To Stockholders



Report To Stockholders

Another Record Year

In our 1990 Annual Report, we stated that prospects for your Company for 1991 would improve remarkably. We are delighted to report that 1991 has indeed been an outstanding year, with both sales and earnings setting new records.

Sales revenue rose by 15% from Rp. 671 billion in 1990 to Rp. 771 billion in 1991. This includes three months' sales revenue of Rp. 37 billion from the newly acquired cement plant located in Cirebon (formerly owned by P.T. Tridaya Manunggal Perkasa Cement — TMPC). We are pleased with this performance — especially in view of the fact that exports, which accounted for nearly 19% of revenue in 1990, were limited to just 6% this year.

Net profit, likewise, increased to Rp. 308 billion from Rp. 250 billion last year. That is an increase of 23% and certainly above average for the industry.

Your Board has reviewed the financial statements of the Company for the year ended December 31, 1991, audited by Drs Utomo & Co., a member firm of the Arthur Andersen Worldwide Organization. The Board agrees with the audited financial statements, which we shall present for your approval and endorsement at the Annual General Meeting, together with a recommendation for a final dividend payment in respect of 1991. An interim cash dividend of Rp 70 per share has already been paid in March, 1991. We intend to

maintain a policy of balancing investment for growth with cash returns to stockholders.

Positive National Development

Our country enjoyed favorable growth in 1991. As our GDP increased by over 6%, inflation was tightly controlled. Our Government continues to emphasize infrastructure development, with the top priority on low-cost housing and road construction and improvement. These are all positive and encouraging indicators. We expect the economy can continue to grow at 6-8%.

For many of our customers, however, the continued tight-money policy is proving painful. Monetary restraints have also slowed activity on the Stock Exchange. We understand Bank Indonesia's prudence — but trust that the authorities will soon be able to loosen the reins.

Our country is fast approaching economic "take-off". We are already hearing references to Indonesia as the next Asian "tiger". Our Government has a challenging task in balancing growth against stability, welfare and harmony. We need to maintain the national well-being and we believe this can be done without stifling growth.



Report To Stockholders

Your Company is fortunately positioned. We serve a national need, we are committed to the welfare of the community and our own prudent financial management gives us the resources to play a key role in the development of Indonesia.

1991 - A Firm Foundation for the Future

1991 results fully justify your confidence in our strategy. Our far-sighted expansion programs of the mid-1980s are paying off in high-capacity utilization and strong market and financial performance.



In the past five years, our sales revenues increased at an average of 28% per annum from Rp. 289 billion to Rp. 771 billion. During this period, we improved our operating profit margin from 19% to 40%. This has allowed us to reduce our Debt/Equity Ratio from 108% to 42%, despite the additional debts incurred by the acquisition of the TMPC assets this year. Our cash flow would allow us to retire most of the TMPC liabilities in 1992.

Your Company is the national market leader. It has successfully integrated eight once-separate plants to create Southeast Asia's largest cement complex and has strengthened its balance sheet. In addition, it has a reliable and robust cash flow. The acquisition of the assets of TMPC has added 1.2 million tons of efficient capacity plus improved distribution efficiency and market coverage. We are therefore pleased to report that your Company is poised for continued strong growth and is building on a secure foundation.

As we enter 1992, we are confident that we have the leadership, the management and technical skills, the employee commitment and the financial capability to accelerate our growth.

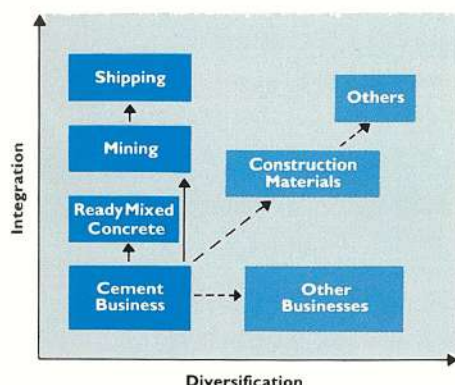
Our Strategy - Build on our Capabilities to Extend Growth

We believe Indocement's greatest capabilities are our access to new opportunities, our proven production discipline, our nationwide market reach and our responsible financial management. We will use these capabilities to maintain our leadership in cement — and to reach for new horizons.

In our opinion, your Company's capabilities certainly exceed the domestic cement market potential. We expect that export opportunities will continue to be volatile. We will, therefore, seek other attractive avenues of growth — to extend our core business into

Report To Stockholders

mining, shipping and direct bulk distribution and, when appropriate, beyond the core.



Our guiding vision, recently formalized by your Board, emphasizes these directions:

- "We will maintain our leadership in our core cement business and supply products of good quality and at reasonable prices to areas throughout the nation to help develop our country."
- "We will utilize our strong financial resources efficiently and invest in profitable Indonesian non-cement businesses with strong market positions and growth potential."

Secure the Core Business – Organize for the Future

Your Board invited the international management consulting firm of Booz•Allen & Hamilton to assist Indocement's management team in preparing for expansion.



The consultants formed a joint team with senior Indocement executives and began by reviewing the Company's objectives, accomplishments and organization. Their first conclusion: Indocement can further strengthen its cement business organization — and should enhance its capability to grow beyond cement.

Your Board has endorsed these initial recommendations. In 1992, our priority will be to refocus a part of the organization on the core business — and then to build the business development, strategic planning and supervisory structure to grow into a successful multi-business group. We will implement organizational changes during 1992.

Our Next Steps

We will continue and even accelerate the growth initiatives already begun by your Board.

Report To Stockholders

First, in order to meet strong demand and enhance our market leadership, we will increase capacity, either through acquisition or modification of existing plants. We have already completed the acquisition of the assets of TMPC.

We are proceeding with vertical integration to improve our overall operating margins. Coal mining, for example, will eventually reduce both our energy costs and our dependence on imported coal.

As a member of the Salim Group, and with the Government's stake in the Company, we also believe that there will be other attractive investment opportunities. Our goal is to diversify Indocement's profit base, while applying existing management expertise to industries outside of cement.

Our strategy is to seek out the most cost-effective routes to market growth. In our industry, new capacity takes about three years to build. Non-cement businesses, too, would be slow to start from scratch. We expect that acquisitions will continue to offer flexible and financially sound options.

We plan to announce significant new initiatives during the coming year.

The Outlook - Confidence and Enthusiasm

The coming year will be an exciting one. Your Company has already proven its ability to adapt itself to changing economic conditions and the continuing challenges of the business environment.



We are confident the Company will continue to set new performance records.

A Vote of Thanks

Our sincerest appreciation goes to our employees for their dedication and demonstrated capabilities; for the sustaining support of our customers, suppliers, bankers and the Indonesian Government; and for the continued confidence of our stockholders.



Jakarta, March 31, 1992

For and on Behalf of The Board of Commissioners and Board of Directors of P.T. Indocement Tunggal Prakarsa

Soedono Salim
President Commissioner

Sudwikatmono
President Director

Board Of Directors



Sitting from left to right :

Anthony Salim, Sudwikatmono

Standing from left to right :

Tedy Djuhar, Daddy Hariadi, Ibrahim Risjad, Judiono Tosin, Soepardjo, Iwa Kertiwa

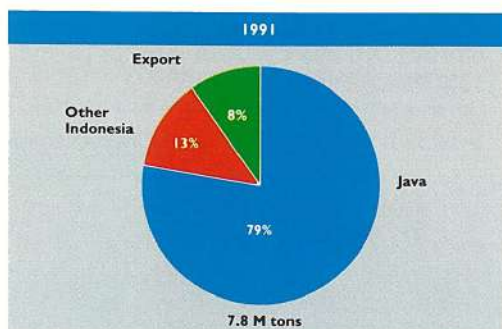
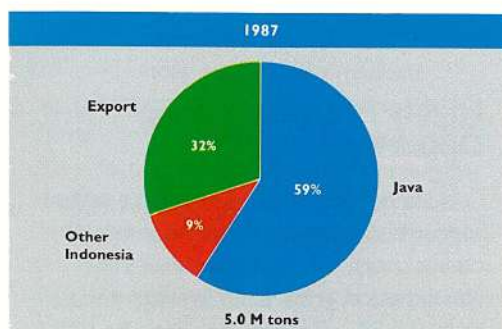
Review Of Operations



Sales

Total Sales for 1991 Set A New Record

Indocement achieved record net sales of Rp. 771 billion during 1991. Sales volume reached 7.8 million tons, an increase of 225 thousand tons over 1990 or an annual average growth rate of 12% during the past five years from 1987.



In a year when exports were restricted by Government decree from October, 1990, and when the total domestic demand grew by 13%, we are especially pleased to report revenue growth of 15%.

Our Domestic Sales

Domestic sales performance of the Company during 1991 was indeed impressive. Net sales reached Rp. 724 billion versus Rp. 550 billion in 1990. That is an increase of 32%.

Indocement's acquisition of the assets of TMPC in October, 1991 contributed Rp. 37 billion to overall sales during this period. Excluding the acquisition, sales increased by 25%.

Export Sales

Export sales during 1991 decreased by 61% (from Rp. 122 billion to Rp. 47 billion) due to export limitations imposed by the Government.

Without these restrictions, Indocement could have produced approximately 600 thousand additional tons last year. At average international FOB prices, this represents a loss of potential sales revenues totalling nearly Rp. 45 billion.

The Government's objectives in restricting exports are to ensure uninterrupted domestic supply and to minimize price fluctuations. Indocement fully supports these objectives. However, we firmly believe that international trade in cement should be liberalized. Our domestic prices are amongst the lowest in Asia. Although imports are unrestricted, the domestic cement industry supplies over 99% of Indonesia's demand. Since we have available capacity and are internationally competitive, we feel that we should be free to maximize exports.

Sales

Since domestic demand is traditionally seasonal, the first semester represents only 40-45% of annual cement usage, our plants are always able to produce a surplus for export during the early months of the year. Without huge and uneconomical increases in storage capacity and far greater inventory costs, we are forced to stop our lines. This downtime during 1991, had it been utilized for production, would have resulted in an 8% increase in volume.

Structurally, too, export bans limit our ability to expand capacity. Demand grows gradually, but new capacity has to be installed in large increments. We must therefore defer investments as far as possible in order not to suffer the costs of large capacity overhangs.

We trust that a more liberal policy on export sales will be reinstituted by the authorities soon.

Leading Shares in the Key Markets

We estimate our domestic market share for Ordinary Portland Cement at close to 50% after the TMPC acquisition. In 1990, our share was 40%. As other cement mills add capacity over the next three years, Indocement's share is likely to remain at around 45% through 1995. We may invest further to increase capacity in order to sustain this position.

Annual consumption on the island of Java is already 10.8 million tons of Ordinary Portland Cement, equivalent to

70% of the national market. Indocement supplies 54% of the Java demand.

Our "home" territory is the key West Java and Jakarta regions which alone consume 6.6 million tons. This is where our plants are located. We enjoy a distribution cost advantage over most major competitors. Indocement has successfully focused on and penetrated these key markets and achieved an 84% market share.

Highly Promising Long-Term Opportunities

Cement is a strategic product which supports the booming development of our country. In the 1980s, domestic consumption grew at an average annual rate of 8.5%. Growth was actually 13% in 1991. Demand is expected to increase by 10-11% in 1992 and most observers forecast continued growth rates of 10-13% through 1995.



Sales

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Domestic demand, estimated at 15.5 million tons in 1991, is forecast to reach 23 million tons by 1995. Per capita cement consumption in our country is still low, under 90 kg per year. The potential is therefore immense. For example, Malaysia and Thailand are both already at over 300 kg per capita per year.

Prices in Indonesia for delivered bagged Ordinary Portland Cement are 10-15% below major Asian markets, excepting only Malaysia. We are the lowest-cost producer in Indonesia and are able to maintain satisfactory margins despite close price regulation. We are confident that volume and profit opportunities will remain very attractive over the long term.

By helping maintain attractive price levels, Indocement contributes positively to the economic development of the nation. We also serve distant regions throughout the archipelago. Indocement thus helps avoid local shortages that have sometimes led to temporary price increases for the end user.

Market Initiatives

Indocement continues to promote and develop sales of cement products in bulk. This is more convenient and cost-effective for major users and allows Indocement to reduce packaging costs and improve profitability. Bulk has the potential to increase to 20-25% of domestic sales. We invested in 56 new

bulk trucks to increase our delivery capacity in the Jakarta area. We believe in the long-term potential of bulk and will increase efforts to further develop this segment.

The Company contributes actively to many prestigious high-profile projects across the country. These developers are demanding customers who require the highest standards of quality and reliability. In Bali, we supplied cement to



many of the new hotel resorts under construction and achieved a market share of over 60%. Sales to projects on Batam increased by 60% and we supplied over 50 thousand tons of cement during the year, including that required for the construction of the large new industrial estate called Batamindo.



Sales

During 1991, we also began delivery of ready-mixed concrete direct to end-users, mainly large construction projects in Jakarta. The Company will initially operate one batching plant and a fleet of ready-mixed concrete trucks.



customers in the most convenient and cost-effective ways and we will continue to expand the scope and variety of our services.

Indocement is the only Indonesian producer with the technology to produce White Cement and Fly Ash Cement. Moreover, we are the leading producer of Oil Well Cement. This product is used when drilling for oil or gas to seal the space between the bore hole and the steel casing. Because it must endure the high temperatures and pressure of drilling, quality Oil Well Cement is difficult to produce. Sales of these products reached about 250 thousand tons in 1991.

In February 1991, we introduced a new product known as Blended Cement (or Pozzolan Cement). This is aimed at low-cost housing projects and certain non-structural uses (for example, paving and hollow blocks, walls, flooring, and other surfaces). From an initial volume of approximately 300 tons in February,

Special Indocement Products

Indocement prides itself of its level of product innovation. We have the capability to provide our customers with the most exacting formulations and to serve national needs with affordable qualities.

Indocement regards its market leadership position as both a privilege and an obligation. We strive to serve our



Sales

by year end we sold a total volume of over five thousand tons, resulting in sales revenue of Rp 470 million. This type of cement is priced lower than Ordinary Portland Cement. In countries like Thailand, blended cement represents 50% of the total market. Our target is to sell over two- million tons by 1995.

Our Delivery Network

Indocement works closely with its customers to solve technical problems, develop new product applications and better serve the demands of a changing market. The Company is always searching for ways to make distribution more efficient and more cost-effective and to provide even more rapid response to customer demand.



We are now building a distribution terminal in Surabaya. It will enable us to increase supply, gain better market penetration and lower our distribution costs. Cement will be shipped in bulk from Jakarta to Surabaya, then bagged at our new terminal. We are also

studying the feasibility of other such terminals in various locations and expect to have two or three more opened within the next few years.

Partnership with Our Distributors

The Company values its close business ties with its distributors across Indonesia and continues to build on the strengths of these relationships, as it has since the beginning.

These independent entrepreneurs know their markets. They help to ensure a steady supply of our products to customers at fair prices. They are really the cornerstones of our success. For example, their assistance is vital when we introduce new products like Blended Cement. We help to support these distributors through ongoing information and education programs.

As we work out ways to deliver more quickly and cheaply, our partnership with these regional distributors become even more significant. The same is true as we introduce new products and expand our bulk delivery network. We are growing and profiting together.

Production

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Main Control Room of production lines 7 and 8 at the Citeureup plants

Production

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A Marked Increase in Manufacturing Capacity

Indocement operates Southeast Asia's largest cement complex in Citeureup with eight fully integrated plants.

In anticipation of continued strong market growth, Indocement acquired the TMPC plant in Cirebon. This added a further 1.2 million tons and increased our total annual installed capacity to 8.9 million tons.

Total industry capacity in Indonesia is now 17.4 million tons and is projected to rise to over 27 million tons by 1995. Indocement will make appropriate investments to maintain its leadership position in the industry.

Strong Operating Performance

Indocement produced 7.5 million tons of clinker and 7.1 million tons of cement during 1991. This includes three months of production at the Cirebon plant.

We were obliged to restrain production due to export restrictions. Our production lines at the Citeureup plants operated an average of 288 days, compared to an average of 310 in 1990. In 1992 we expect to return to normal levels as the Government reevaluates its export policies.

With efficiency improvements in Citeureup, we increased actual daily output for Ordinary Portland Cement by 362 tons to 24,290 tons. Our manufacturing team is dedicated to continuous

improvement in productivity through technical modifications and process and methods revisions.

Additional Improvements in Production Technology

Indocement operates its plants at international standards of efficiency. As industry leader in Indonesia we work diligently and make major investments to further upgrade our operating performance.

We think of manufacturing as a dynamic process and are determined to improve in areas such as fuel and power utilization, repair and maintenance costs and equipment uptime.

At our power plant in Citeureup a new installation for recovery of waste heat will result in the generating of an additional 10 MW. This required an investment of Rp. 20 billion. Fuel efficiency at the power plants will be further improved by modifying fuel injectors and glacier filters.

We have commissioned Holderbank of Switzerland to develop computer software for a new preventive maintenance system and an inventory tracking system. This will help us to guarantee equipment availability and permit a reduced inventory of spareparts.

Our Cirebon Plant

TMPC started commercial operations in 1986 with an annual installed capacity of 1.2 million tons. The plant is very

Production

efficient with 332 operating days and an output of 1.3 million tons in 1991. We will achieve synergies in 1992 by integrating this plant into our total operations. This will lead to substantial savings in purchasing, distribution and spare part inventories. We will convert the kiln burner from natural gas to coal-fired and save even more on fuel costs.

Total Production Integration

Today Indocement is a fully integrated company, all the way from the sourcing of raw materials to finished products. This includes the mining of limestone, the production of our own paper bags and the generation of our own power.



Limestone is the single most important component in our manufacturing process. Our annual requirement for limestone is now over 10 million tons at Citeureup. Current reserves in already developed mining areas are estimated to exceed 60 years' production at existing capacity. In order to ensure a steady and cost-effective supply we decided to

strengthen our mining operations through the procurement of additional new mining equipment.

We will install a new cement grinding mill with a capacity of 500 thousand tons at Citeureup to better balance clinker and grinding capacities. We have also decided to increase production capacity for Blended Cement to meet future demands.

A Genuine Commitment to a Clean Environment

Ever since we began operations back in 1975, we have been committed to protect the environment in the areas where we operate. And we have acted on that commitment. We have reduced dust emission significantly over the last ten years. In May, 1991 we signed new contracts for the replacement and upgrading of the dust collection system at five plants in Citeureup at a total cost of Rp. 28 billion.

Strong Support from Employees

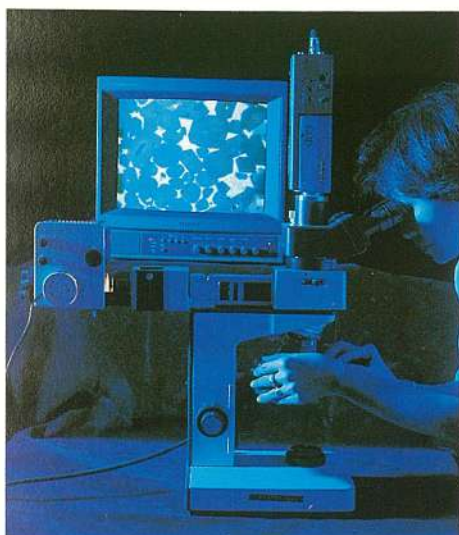
Our Total Quality Control program was again successful in 1991. New TQC - related training programs were organized and promotional activities were carried out through the year. Discussions in small groups involving a total of 2,200 employees resulted in over 1,200 ideas for quality improvements. Plaques of recognition and cash rewards were given to outstanding groups. These ideas helped us to improve safety, increase reliability and reduce costs.

Other Significant Activities

The Extension of Our Core Business

In line with our corporate strategy to extend our core business, we made a decision to start our own coal mining operations. Indocement's annual consumption of coal now exceeds one million tons. We commenced exploration in Kalimantan during the year. In the short term, we plan to supply part of our own coal requirements, and ultimately be self-sufficient. We expect significant cost savings as a result.

We also decided to go ahead with integrating shipping activities. We will ship bulk cement to Surabaya and other new terminals. We will also ship coal and other raw materials to the plants, as well as cement and clinker to Asian export markets. Total shipping volumes carried out by third parties on behalf of Indocement exceeded two million tons during 1991.



Quality Assurance and Research

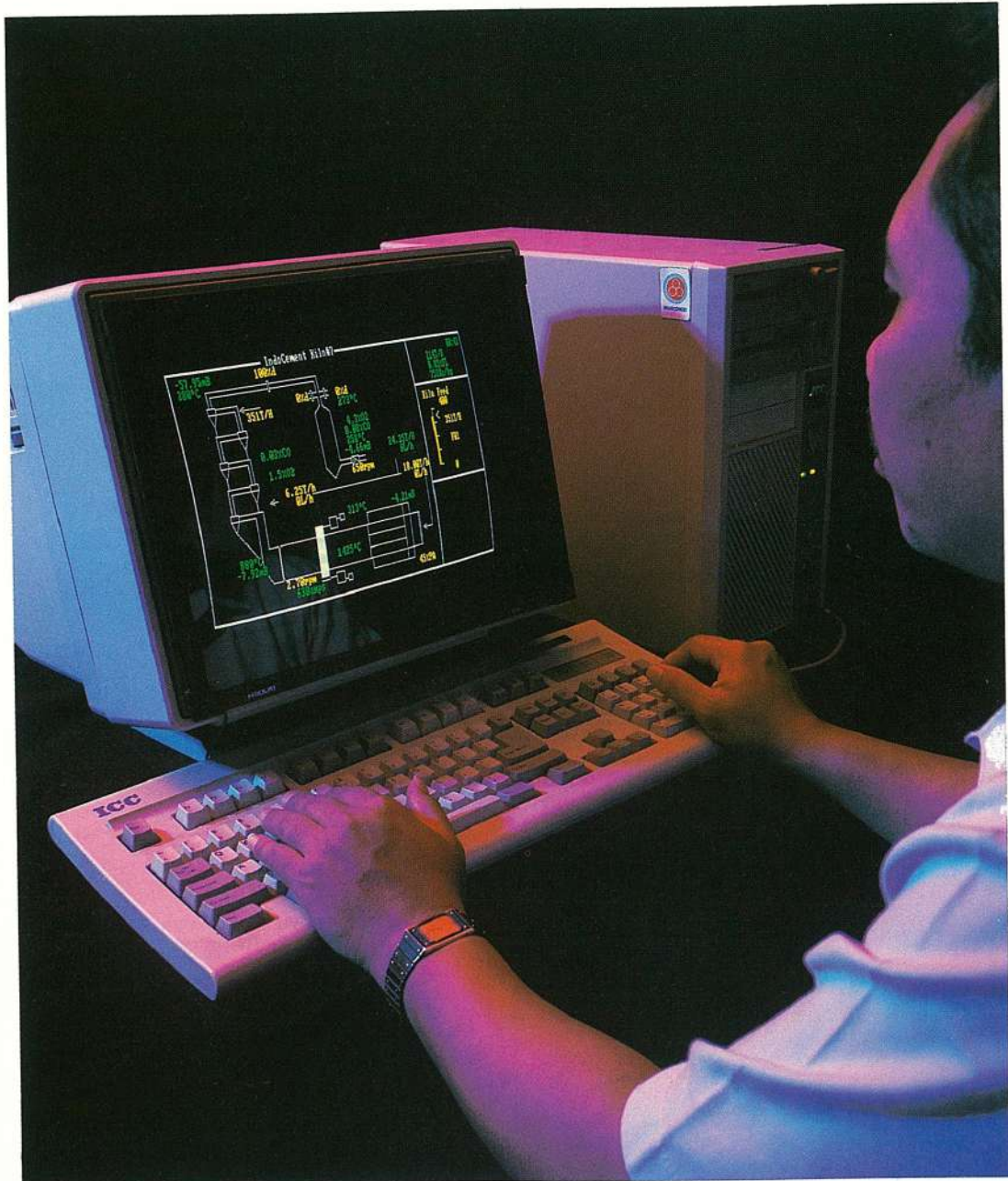
An aggressive quality assurance program helped to ensure the consistent high quality of our products in 1991.

Talented specialists in our research division helped us to maintain our technological lead and competitiveness as well as develop new products. One tangible result of this research was our launch of Blended Cement during the year.

Our Subsidiaries Provide a Good Base for Expansion

Indocement's three joint-venture subsidiaries are still in the early stages of development but will provide a foundation for further diversification and expansion:

- P.T. Cibinong Center Industrial Estate operates an industrial estate next to the Citeureup plants utilizing the depleted quarry area. The tenants are labour intensive industries (e.g., electronic and toy producers). Turnover exceeded Rp. 1.8 billion during the year.
- P.T. Indotek Engico provides engineering design and construction management services. Turnover reached Rp. 1.3 billion for 1991.
- P.T. Indo Clean Set Cement is developing a new cement product to be used as a soil stabilizer for road construction. This company will start operations in 1992.



Personnel Development

Our Employees

The total number of Indocement employees reached 5,069 at the end of 1991. This includes 499 employees at the Cirebon plant.

Our employee turnover remained low at 2.4%. Fifty-percent of our employees have been with the Company for over ten years and over eighty-percent for five years or longer.

During 1991, a total of 246 candidates successfully passed our recruitment tests and were employed.



An Increased Commitment to Training

We recognize that a capable workforce is critical to the accomplishment of our goals. In recognizing the importance of our people to our present and future success, we increased time spent for training and development to 223 thousand hours during 1991. This represents an increase of 33% over 1990 figures.

We carry out training programs at all levels. At each plant site, all employees go through annual training for a minimum of 40 hours. Training is conducted both in-house and by outside parties. Our training initiative includes sending middle managers abroad to improve their overall knowledge and managerial capabilities.

We employ a number of expatriate advisors. At the same time there is a successful ongoing program to indigenise technical positions.



Personnel Development

A Highly Successful Accident Prevention Program

Our industrial safety program was successful in further reducing the number of accidents through increased awareness of safety.

A New Pension Plan

During 1991 we adopted a funded and contributory pension plan for our employees. The employee contribution represents five percent of salary base while the Company contributes ten percent. This plan is administered by Yayasan Dana Pensiun Karyawan P.T. Indocement Tunggal Prakarsa.

Participation in Community Development

Indocement's program to assist and help develop local cottage industries and small stores near the plant site in Citeureup was further expanded during the year.

During the year Indocement selected and granted scholarships to a total of 323 students with good performance in school.

Indocement also offered vocational training for out-of-school youths, provided medical services and contributed in many other ways to community improvement. We are committed to be a good corporate citizen and to support the development of the communities where we operate.

Organizational Changes to Further Develop our Employees

We developed a plan for organizational changes jointly with Booz•Allen & Hamilton during the year to further strengthen the cement business organization. We are committed to promote a culture of responsibility and accountability to develop executives capable of leading the growth and diversification of the Company.

We will introduce organizational changes during 1992. These will be supported by a planning process which includes defining responsibilities, setting goals, developing business and operational plans and monitoring performance.

Five - Year Summary

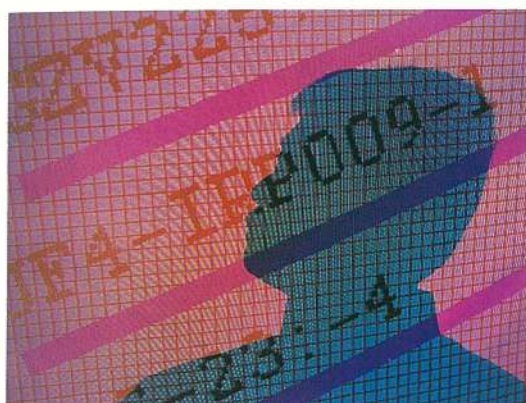
(Amounts in Million Rupiah,
Except Per Share Data)

	1991	1990	1989	1988	1987
Quantity Sold (in '000 Tons)					
Domestic	7,204	5,786	4,114	3,579	3,443
Export	636	1,828	3,038	2,299	1,570
Total	7,840	7,614	7,152	5,878	5,013
Average Operating Days	291	310	289	261	230
Average Capacity Utilization	95%	99%	90%	72%	65%
Net Sales					
Domestic	724,104	549,561	331,278	248,011	230,693
Export	47,215	121,698	155,328	91,055	58,529
Total	771,319	671,259	486,606	339,066	289,222
Operating Profit	310,181	282,355	144,985	66,585	54,106
Net Interest	1,942	(32,232)	(132,397)	(144,564)	(149,117)
Net Profit	308,674	250,123	12,588	(77,979)	(95,011)
Cash Generated from Operations	416,245	353,644	111,144	23,377	(12,414)
Stockholders' Funds	1,517,189	1,298,347	1,048,225	549,853	627,833
Net Borrowings (Cash)	139,684	(134,211)	65,902	468,827	543,148
Capital Employed	2,007,054	1,369,254	1,153,303	951,612	1,087,288
Long-Term Investments	3,003	3,963	68	6,500	1,600
Capital Expenditures					
Fixed Assets (including in progress)	61,136	21,308	12,131	9,855	15,637
Acquisitions	542,996	—	—	—	—
Issued Ordinary Shares ('000)	598,881	598,881	598,881	342,100	342,100
Earnings per Share					
Primary	515.42	417.65	48.72	(227.94)	(277.73)
Fully-Diluted	508.24	417.65	48.72	(227.94)	(277.73)
Dividends per Share	70 (*)	80	—	—	—
Book Value per Share	2,533	2,168	1,750	1,607	1,835
Current Ratio	461%	675%	179%	36%	46%
Net Gearing (Net Borrowings as a Percentage of Stockholders' Funds)	9%	(10%)	6%	85%	86%
Return on Capital Employed	15%	18%	1%	(8%)	(9%)
Return on Stockholders' Equity	22%	21%	1%	(13%)	(16%)
Number of Employees (Year End)	5,067	4,415	4,076	3,886	3,808

(*) Before final dividends for 1991



Stock and Market Performance



Indocement Stock

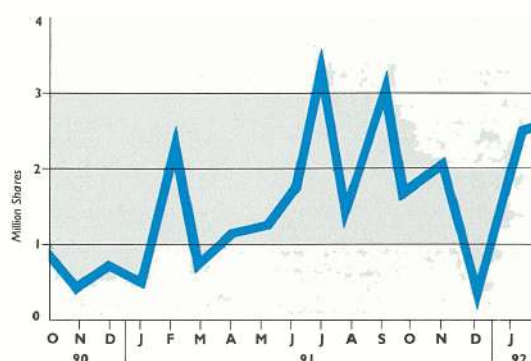
Indocement has listed on the Indonesian Stock Exchange a total of 89,832,150 common shares with a par value of Rp. 1,000 per share. The number of Public Stockholders was approximately 4,000 on December 31, 1991. Foreigners are allowed to own up to 49% of total listed shares (or 44 million shares).

Turnover

An aggregate of 31.2 million Indocement shares valued at Rp. 316 billion were traded on the Stock Exchange in 1991. During the year Indocement shares traded at prices ranging between a low of Rp. 7,150 and a high of Rp. 14,700 per share, closing at Rp. 9,400 by year-end. The overall performance of Indocement stock was stronger than the market as a whole since it retreated by only 23%, while the Indonesian Stock Exchange lost 40% overall.

Market capitalization of total shares amount to Rp.5.6 trillion as of December 31, 1991 and we are the second most actively traded stock on the Stock Exchange.

Monthly volume traded :

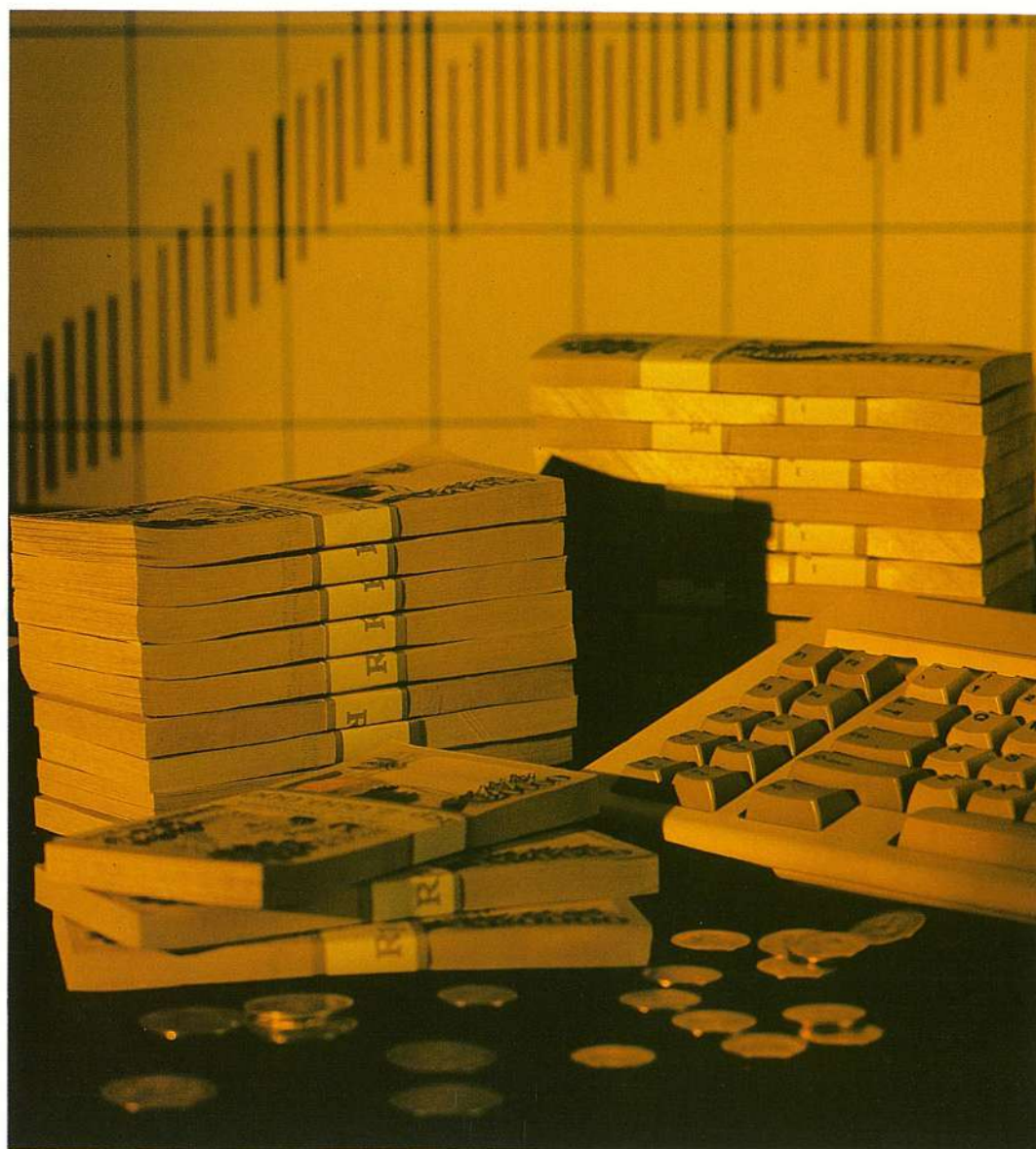


Convertible Bonds

To help finance the cement plant acquisition, Indocement issued Convertible Debenture Bonds in the amount of US\$75 million in June 1991. The Bonds will be due in year 2001. If full conversion takes place, the total number of shares will increase from 598,881,000 to 608,981,346.

Prospect

As we expand our core business, pursue selected acquisitions and maintain our strong financial structure, we are convinced that stockholders will see an appreciation in the value of their investments.



Auditors' Report



DRS UTOMO & CO.
REGISTERED PUBLIC ACCOUNTANTS
ARTHUR ANDERSEN & CO, SC

Chase Plaza
Jl. Jend. Sudirman Kav. 21
Jakarta 12920, Indonesia

Report No. 16064 S

The Stockholders and Board of Directors
P.T. Indocement Tunggul Prakarsa

We have examined the balance sheets of P.T. Indocement Tunggul Prakarsa as at December 31, 1991 and 1990, and the related statements of income and retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of P.T. Indocement Tunggul Prakarsa as at December 31, 1991 and 1990, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles in Indonesia applied on a consistent basis.

DRS UTOMO & CO.

Drs M.P. Sibarani
Registered Accountant No. D-514

January 31, 1992

Balance Sheets

December 31,
1991 and 1990

Assets

	Notes	1991 Rp	1990 Rp
Current Assets			
Cash on hand and in banks		5,341,133,239	1,466,566,711
Time deposits	5	404,239,137,673	242,604,821,479
Marketable securities	4,6	12,114,645,000	12,510,000,000
Accounts receivable	14,23		
Trade		35,527,025,987	24,762,763,643
Related companies		5,160,640,111	10,541,882,660
Officers, employees and others		2,615,093,769	2,830,126,048
Inventories	4,7	168,796,791,027	128,374,375,176
Advances and deposits		19,877,113,613	17,598,917,403
Prepaid expenses and other current assets	4,13	10,161,074,687	8,100,470,016
Total Current Assets		663,832,655,106	448,789,923,136
Long -Term Investments			
Investments in and advances to subsidiaries	4,8	15,203,693,939	12,200,849,349
Property, Plant and Equipment			
- Net of Accumulated Depreciation, Amortization and Depletion	4,9	1,356,478,863,454	859,132,167,079
Other Assets			
Goodwill	4,10	30,399,072,004	31,665,700,004
Preoperating expenses	4	21,659,950,223	34,007,752,551
Construction in progress	4	18,802,626,500	4,487,732,638
Deferred foreign exchange difference	4,11	15,203,161,215	28,405,895,433
Deferred charges	4	11,922,797,065	6,152,194,629
Other noncurrent assets	4	17,688,811,955	10,908,258,972
Total Other Assets		115,676,418,962	115,627,534,227
Total Assets		2,151,191,631,461	1,435,750,473,791

The Accompanying Notes are an Integral Part of the Financial Statements.

Balance Sheets

December 31,
1991 and 1990

Liabilities and Stockholders' Equity

	Notes	1991 Rp	1990 Rp
Current Liabilities			
Short-term loans	12	34,607,000,000	—
Accounts payable			
Trade		16,658,863,002	11,169,891,093
Related companies	23	2,259,705,620	780,147,658
Others		5,362,524,582	4,639,013,093
Accrued expenses	4,23	15,662,752,328	4,524,415,124
Accrued taxes	13	10,187,334,953	6,429,384,730
Portion of long-term debt currently due	14	59,398,895,607	38,953,283,682
Total Current Liabilities		144,137,076,092	66,496,135,380
Long - Term Debt			
- Net of Portion Currently Due	14	340,465,912,190	70,907,096,512
Convertible Bonds			
6.75% Convertible bonds due 2001	15	149,400,000,000	—
Stockholders' Equity			
Capital stock - Rp 1,000 par value	16		
Authorized - 750,000,000 shares			
Issued - 598,881,000 shares		598,881,000,000	598,881,000,000
Additional paid-in capital	17	650,090,196,497	650,090,196,497
Retained earnings		268,217,446,682	49,376,045,402
Total Stockholders' Equity		1,517,188,643,179	1,298,347,241,899
Total Liabilities and Stockholders' Equity		2,151,191,631,461	1,435,750,473,791

The Accompanying Notes are an Integral Part of the Financial Statements.

Statements Of Income and Retained Earnings

For The Years Ended
December 31, 1991 and 1990

	Notes	1991 Rp	1990 Rp
Net Sales	4,18,23	771,318,618,536	671,258,761,512
Cost Of Goods Sold	4,19,22	418,272,665,909	352,536,014,870
Gross Profit		353,045,952,627	318,722,746,642
Operating Expenses	4,20,23		
Delivery and selling		15,465,927,284	17,370,353,772
General and administrative		27,398,701,644	18,997,430,046
Total Operating Expenses		42,864,628,928	36,367,783,818
Income From Operations		310,181,323,699	282,354,962,824
Other Income (Charges)			
Interest income	5,6	71,355,662,512	25,234,965,698
Interest and related charges	12,21	(27,746,767,681)	(15,245,359,281)
Amortization of:			
Deferred foreign exchange difference	4	(13,202,734,218)	(19,717,597,719)
Preoperating expenses and goodwill	4	(13,614,430,328)	(13,614,430,328)
Foreign exchange losses	4	(18,331,951,214)	(7,906,742,065)
Others - net		32,448,510	(983,223,955)
Other Charges - Net		1,507,772,419	32,232,387,650
Income Before Provision For Income Tax		308,673,551,280	250,122,575,174
Provision For Income Tax	4,13	—	—
Net Income		308,673,551,280	250,122,575,174
Retained Earnings (Deficit) At Beginning Of Year		49,376,045,402	(200,746,529,772)
Cash Dividends	24	(89,832,150,000)	—
Retained Earnings At End Of Year		268,217,446,682	49,376,045,402
Earnings Per Share	4		
Primary		515.42	417.65
Fully-Diluted		508.24	417.65

The Accompanying Notes are an Integral Part of the Financial Statements.

Statements Of Changes In Financial Position

For The Years Ended
December 31, 1991 and 1990

	1991 Rp	1990 Rp
Working Capital Was Provided From		
Operations		
Net income	308,673,551,280	250,122,575,174
Add (deduct) items not affecting working capital:		
Depreciation, amortization and depletion	66,197,941,313	58,107,136,329
Amortizations of deferred foreign exchange difference, preoperating expenses and goodwill	26,817,164,546	33,332,028,047
Foreign exchange adjustment to long-term debts	15,068,340,465	13,509,272,225
Other non-working capital items	(511,530,587)	(1,426,497,893)
Total from Operations	416,245,467,017	353,644,513,882
Additions to long-term debt	317,151,870,820	—
Proceeds from issuance of convertible bonds	146,137,500,000	—
Proceeds from disposal of property and equipment	2,459,563,324	1,749,199,606
Total Working Capital Provided	881,994,401,161	355,393,713,488
Working Capital Was Used For		
Additions to property, plant and equipment	564,830,078,252	21,646,056,820
Cash dividends payment	89,832,150,000	—
Portion of long-term debt currently due	59,398,895,607	38,953,283,682
Increase (decrease) in construction in progress	14,314,893,862	(337,289,201)
Increase in other noncurrent assets	16,216,592,182	15,196,577,907
Total Working Capital Used	744,592,609,903	75,458,629,208
Increase In Working Capital	137,401,791,258	279,935,084,280
Working Capital Increased (Decreased) By		
Cash on hand and in banks	3,874,566,528	156,058,786
Time deposits	161,634,316,194	166,184,356,735
Marketable securities	(395,355,000)	12,510,000,000
Accounts receivable	5,167,987,516	7,848,779,651
Inventories	40,422,415,851	21,264,693,739
Advances and deposits	2,278,196,210	5,771,183,090
Prepaid expenses and other current assets	2,060,604,671	2,875,492,007
Short-term loans	(34,607,000,000)	32,744,719,911
Accounts payable	(7,692,041,360)	9,550,786,381
Accrued expenses	(11,138,337,204)	15,266,853,321
Accrued taxes	(3,757,950,223)	(2,566,667,737)
Portion of long-term debt currently due	(20,445,611,925)	8,328,828,396
Increase In Working Capital	137,401,791,258	279,935,084,280
Transaction Not Affecting Working Capital		
Equity in net earnings (losses) of subsidiary companies	(662,592,173)	26,911,043

The Accompanying Notes are an Integral Part of the Financial Statements.

Notes To Financial Statements

I. General

P.T. Indocement Tunggal Prakarsa (the Company) was incorporated on January 16, 1985 and its incorporation deed approved by the Ministry of Justice on May 17, 1985. Since then, several amendments were made to the Company's Articles of Incorporation to reflect significant corporate changes in relation to the acquisition of six cement companies operating eight production plants (one of which has been existing since 1973) in June 1985, equity participation of the Government of the Republic of Indonesia in July 1985, merger of the acquired cement companies into the Company as of January 1, 1986, and initial public offering of the Company's shares in October 1989. The latest amendment to the Articles of Incorporation was in March 1991 during the Extraordinary General Meeting of Stockholders wherein the stockholders approved to broaden the Company's scope of business activities and effect other amendments to conform with Capital Market Supervisory Board (BAPEPAM) requirements.

Also during the same Meeting, the stockholders approved the plan to acquire a cement company as part of the overall capacity expansion program for its core business and issue convertible bonds to partly finance the acquisition. As realization of the above plan, the Company issued a US\$ 75 million 6.75% Euro-convertible bonds in June 1991 (See Note 15) and purchased as at September 30, 1991 a substantial portion of the operating assets of P.T. Tridaya Manunggal Perkasa Cement (See Note 2).

At present, the Company operates eight integrated cement plants at its Citeureup - Bogor site and one integrated cement plant at its new Palimanan - Cirebon site (formerly owned by P.T. Tridaya Manunggal Perkasa Cement) which have a total installed capacity of 8.9 million tons per year, consisting of 8.7 million tons of portland cement and 0.2 million tons of specialty cements (white and oil well).

2. Acquisition Of The Operating Assets Of P.T. Tridaya Manunggal Perkasa Cement (TMPC)

On November 27, 1991, the Company formally signed the Sale and Purchase Agreement for the purchase of a substantial portion of the operating assets as at September 30, 1991 of P.T. TMPC, a related party, as approved by the Board

of Commissioners on October 7, 1991. The Rp 542.9 billion acquisition cost, Rp 415.8 billion liabilities assumed and Rp 127.1 billion cash payment were derived as follows:

	Amount
	Rp
Property, plant and equipment	518,009,402,338
Inventories, other current assets and other asset items	24,986,221,313
Total Operating Assets Acquired	542,995,623,651
Long-term debt (including portion currently due)	317,151,870,820
Other current liabilities and other liability items	98,694,572,054
Total Liabilities Assumed	415,846,442,874
Net Cash Payment	127,149,180,777

Notes To Financial Statements

The results of operations of the above acquisition for the three months ended December 31, 1991 which are included in the accompanying statements of income and retained earnings are: Net

sales (397,293 tons) of Rp 37,590,785,093; Cost of goods sold of Rp 25,039,949,643; Operating expenses of Rp 926,938,118; and Income from operations of Rp 11,623,897,332.

3. Basis Of Presentation

The accompanying financial statements are prepared on the basis of historical cost, except for certain investments in shares of stock which are accounted for under the equity method and certain property, plant and equipment which are stated at revalued amounts.

The statements of changes in financial position adopt the "all financial resources" concept of funds using the working capital approach.

Certain accounts in the 1990 financial statements were reclassified to conform with the 1991 presentation.

4. Summary Of Significant Accounting Policies

Marketable Securities

Marketable securities are carried at the lower of aggregate cost or market determined at balance sheet date.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the average method.

The Company provides allowance for obsolescence on spare parts inventory based on a periodic review of their usability.

Prepaid Expenses

Prepaid expenses are amortized based on the future periods to be benefited. Prepayments with benefits extending beyond one year are presented under "Other Noncurrent Assets" in the balance sheet.

Investments in Shares of Stock

The Company adopts the cost method of accounting for its investments in shares of stock on ownership with investee companies of 20% or less; equity method for those exceeding 20% but not more than 50%; and on the consolidated basis for those with over 50% equity interest.

Property, Plant and Equipment

Property, plant and equipment are stated at cost except for certain property, plant and equipment which were revalued in accordance with Government Regulation No. 45 dated October 2, 1986.

Landrights are not amortized while machinery and equipment are depreciated based on the unit-of-production method. Depreciation, amortization and depletion of the other property, plant and equipment items are computed at the start of commercial production (start of actual mining for quarry) using the straight-line method based on the estimated useful lives of the assets (estimated duration of mine deposits for quarry) as follows:

Notes To Financial Statements

- Land improvements, quarry (limestone, sand and clay deposits) and buildings and structures 30 years
- Leasehold improvements, transportation equipment, furniture, fixtures and office equipment, and tools and other equipment 5 years

The cost of maintenance is charged to operations as incurred; significant replacements and betterments are capitalized. When assets are retired or disposed, their carrying values and related accumulated depreciation, amortization or depletion are removed from the accounts and the resulting gains or losses are credited or charged to current operations.

Goodwill

Goodwill is stated at cost and being amortized to operations over a period of 30 years starting January 1, 1986.

Preoperating Expenses

Preoperating expenses have been capitalized and are being amortized to operations from the start of commercial production of the respective plants over a period ranging from 5 to 10 years extending up to 1996.

Construction in Progress

Construction in progress is stated at cost and will be transferred to the appropriate property, plant and equipment accounts upon completion of the project.

Deferred Charges

Significant costs, mainly re-bricking and bond issue expenses, are deferred and amortized to operations over the estimated future periods to be benefited ranging from 1 to 3 years.

Revenue and Expense Recognition

Revenues are generally recognized upon delivery of the product or earning of other revenue items, while expenses are recognized upon incurrence.

Pension Benefits

In August 1991, the Company accrued for pension costs under a funded and contributory pension plan covering substantially all of its full-time employees. Pension benefits are generally based on the employees' years of service and compensation near retirement. Previously, pension benefits are recognized in the accounts upon the employees' reaching the specified retirement age and length of service.

Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah amounts at the respective rates of exchange prevailing at transaction date. At balance sheet date, assets and liabilities denominated in foreign currencies are adjusted to reflect the approximate exchange rates of Rupiah prevailing at such date and, except for foreign exchange losses arising from devaluation which are deferred and amortized on the basis of actual realization, the resulting gains or losses are credited or charged to current operations.

Provision for Income Tax

The Company follows the taxes payable method in computing its income tax expense. Under this method, income tax expense is determined on the basis of estimated taxable income for the year. No deferred tax is provided for the timing difference in the recognition of income and expenses for financial reporting and taxation purposes.

Earnings per Share

Primary earnings per share is computed based on net income divided by the weighted average number of shares outstanding during the year.

Earnings per share assuming full dilution is determined by dividing net income (adjusted for the dilutive effects of convertible bonds issued in June 1991) by the weighted average number of shares outstanding during the year assuming conversion of the bonds.

Notes To Financial Statements

5. Time Deposits

These represent time deposits, in Rupiah currency, placed with the following banks:

	1991	1990
	Rp	Rp
Bank Central Asia	323,500,000,000	189,000,000,000
Bank Ekspor Impor Indonesia	48,739,137,673	46,604,821,479
Bank Risjad Salim International	10,000,000,000	7,000,000,000
Bank Industri	10,000,000,000	—
Other local banks (with balances of Rp 5 billion each or less)	12,000,000,000	—
Total	404,239,137,673	242,604,821,479

These time deposits with 21.00% to 25.00% annual interest rates earned interest income of

Rp 69,128,043,735 in 1991 and Rp 24,413,105,482 in 1990.

6. Marketable Securities

These represent short-term investments in the following security papers:

	Number of Shares		Amount	
	1991	1990	1991	1990
			Rp	Rp
Listed Equity Shares				
P.T. Perusahaan Rokok Tjap Gudang Garam Kediri	600,000	500,000	5,535,000,000	5,125,000,000
P.T. Indonesian Nickel Corporation	500,000	500,000	4,900,000,000	4,900,000,000
P.T. Inti Indorayon Utama	300,000	200,000	1,970,000,000	1,970,000,000
P.T. Sahid Jaya International	484,300	—	944,385,000	—
Bank Duta	75,000	75,000	600,000,000	600,000,000
	1,959,300	1,275,000	13,949,385,000	12,595,000,000
Less allowance for decline in market value of securities			6,834,740,000	5,085,000,000
			7,114,645,000	7,510,000,000
Bearer Bond Due 1996				
Bank Pembangunan Indonesia (coupon of 16.125% per annum)			5,000,000,000	5,000,000,000
Total			12,114,645,000	12,510,000,000

For listed equity shares, the Company earned cash dividends of Rp 367,500,000 in 1991 and Rp 356,025,000 in 1990 and received a 50% stock

dividend on its investment in P.T. Inti Indorayon Utama in 1991. Interest income on the bond amounted to Rp 806,250,000 in 1991 and Rp 490,468,750 in 1990.

Notes To Financial Statements

7. Inventories

Inventories consist of:	1991 Rp	1990 Rp
Finished goods	11,994,395,613	8,436,839,529
Work in process	19,143,807,345	12,666,931,095
Raw materials	3,257,634,088	3,799,182,382
Fuel and lubricants	33,205,388,934	22,274,013,803
Operating supplies	22,426,914,313	21,304,036,751
Spare parts (net of allowance for inventory obsolescence of Rp 1,000,000,000)	78,605,538,024	59,768,503,943
Other inventories	163,112,710	124,867,673
Total	168,796,791,027	128,374,375,176

A portion of inventories is used as collateral for the short-term loans and long-term debt (See also Notes 12 and 14).

8. Investments In And Advances To Subsidiaries

These consist of permanent investments in shares of stock and advances to certain subsidiaries for

future stock subscriptions and working capital requirements, the details of which are as follows:

Investments in Shares of Stock	Ownership Interest		Amount	
	1991	1990	1991 Rp	1990 Rp
At Cost :				
P.T. Cibinong Center Industrial Estate	50.0%	50.0%	60,000,000	60,000,000
P.T. Indotek Engico	50.0%	50.0%	60,000,000	60,000,000
P.T. Indo Clean Set Cement	47.5%	—	464,787,500	—
P.T. Citra Marga Nusaphala Persada	11.7%	11.7%	8,000,000,000	8,000,000,000
Other investee companies	—	—	170,000,000	170,000,000
			8,754,787,500	8,290,000,000
Cumulative Equity in Net Earnings (Losses) :				
P.T. Cibinong Center Industrial Estate			(670,444,112)	—
P.T. Indotek Engico			34,762,982	26,911,043
			(635,681,130)	26,911,043
Advances				
P.T. Cibinong Center Industrial Estate			6,808,085,704	3,579,062,761
P.T. Indotek Engico			271,770,085	271,770,085
P.T. Indo Clean Set Cement			4,731,780	33,105,460
			7,084,587,569	3,883,938,306
Total			15,203,693,939	12,200,849,349

Notes To Financial Statements

P.T. Cibinong Center Industrial Estate is a property company which operates an industrial estate in Bogor, West Java, while P.T. Indotek Engico engages in engineering and construction management services. P.T. Indo Clean Set Cernent (ICSC), a specialty cement company in its project development stage, is expected to operate commercially in 1992. Based on the joint venture agreement with foreign

partners, the Company's shareholding in P.T. ICSC will gradually increase to 100% over a period of 10 years.

P.T. Citra Marga Nusaphala Persada is a company engaged in toll road and highway constructions under a "Build, Operate and Transfer" arrangement. Investments in other investee companies represent mainly proprietary shares in companies engaged in sports activities.

9. Property, Plant And Equipment

A summary of the Company's property, plant and equipment is presented below:

	1991	1990
	Rp	Rp
Carrying Value		
Landrights and land improvements	89,167,888,305	53,614,903,042
Leasehold improvements	1,131,754,460	1,130,703,460
Quarry	15,987,160,416	4,103,553,975
Buildings and structures	400,950,244,151	309,295,946,459
Machinery and equipment	1,126,680,027,089	734,229,707,877
Transportation equipment	64,064,403,812	38,877,654,350
Furniture, fixtures and office equipment	14,748,055,749	11,419,467,353
Tools and other equipment	9,841,232,554	7,719,630,498
	1,722,570,766,536	1,160,391,567,014
Accumulated Depreciation, Amortization and Depletion		
Land improvements	5,758,196,421	4,886,845,964
Leasehold improvements	620,882,352	394,566,493
Quarry	995,187,920	776,556,556
Buildings and structures	72,106,719,336	60,972,964,528
Machinery and equipment	241,856,717,124	196,129,608,548
Transportation equipment	28,933,092,682	24,308,517,737
Furniture, fixtures and office equipment	9,114,483,826	7,728,832,100
Tools and other equipment	6,706,623,421	6,061,508,009
	366,091,903,082	301,259,399,935
Net Book Value		
Landrights and land improvements	83,409,691,884	48,728,057,078
Leasehold improvements	510,872,108	736,136,967
Quarry	14,991,972,496	3,326,997,419
Buildings and structures	328,843,524,815	248,322,981,931
Machinery and equipment	884,823,309,965	538,100,099,329
Transportation equipment	35,131,311,130	14,569,136,613
Furniture, fixtures and office equipment	5,633,571,923	3,690,635,253
Tools and other equipment	3,134,609,133	1,658,122,489
Total	1,356,478,863,454	859,132,167,079

Notes To Financial Statements

Certain property, plant and equipment are used as collateral for the short-term loans and long-term debt (See Notes 12 and 14).

Depreciation, amortization and depletion

charges totalled Rp 66,197,941,313 in 1991 and Rp 58,107,136,329 in 1990, including charges to manufacturing cost accounts of Rp 64,472,241,900 in 1991 and Rp 56,999,410,477 in 1990.

10. Goodwill

Goodwill arose when the Company acquired the six cement companies in June 1985. Accumulated amortization as at December 31,

1991 and 1990 amounted to Rp 7,599,769,996 and Rp 6,333,139,996, respectively, at an annual amortization expense of Rp 1,266,628,000.

11. Deferred Foreign Exchange Difference

This represents the unamortized balance of deferred foreign exchange difference arising from rupiah devaluation relating to the Company's outstanding long-term debt.

Future amortization charges based on the loans repayment schedule amount to Rp 9,315,694,550 in 1992 and Rp 5,887,466,665 in 1993.

12. Short-Term Loans

As at December 31, 1991, this consists of outstanding loans from Bank Central Asia of Rp 31,500,000,000 and Bank Pembangunan Indonesia, Jakarta of Rp 3,107,000,000.

These loans bear interest at rates ranging from 23.00% to 27.60% per annum. The loan from Bank Central Asia, a related party, is covered by

personal guarantee from certain members of the Company's Boards of Directors and Commissioners. The loan from Bank Pembangunan Indonesia is collateralized by property, plant and equipment and inventories, which are likewise used as collateral to the long-term debt obtained from the same bank (See Note 14).

13. Taxation

Accrued taxes consist of:

	1991 Rp	1990 Rp
Corporate income tax		
Other taxes accrued and withheld		
Income tax - Article 21	1,843,773,471	703,872,033
Income tax - Article 23	12,595,671	955,441
Income tax - Article 26	1,182,948,877	254,145,848
Value Added Tax	7,148,016,934	5,470,411,408
Total	10,187,334,953	6,429,384,730

Notes To Financial Statements

For each of the years ended December 31, 1991 and 1990, no corporate income tax has been provided by the Company since it has sufficient tax losses available for carry forward.

The calculation of this tax loss carryforward, including the reconciliation between income before provision for income tax and estimated taxable income, is presented as follows:

	1991	1990
	Rp	Rp
Income before provision for income tax per statements of income and retained earnings	308,673,551,280	250,122,575,174
Timing differences, mainly excess of tax over book depreciation	(96,797,370,803)	(5,196,858,711)
Non deductible expenses, mainly employees' benefits and public relations	6,876,625,397	8,994,019,304
Interest income on time deposits already subjected to final tax	(63,165,702,647)	(19,178,506,106)
Estimated taxable income before tax loss carryforward	155,587,103,227	234,741,229,661
Available tax loss carryforward at beginning of year	(426,851,206,428)	(661,592,436,089)
Available tax loss carryforward at end of year	(271,264,103,201)	(426,851,206,428)

Prepayments for corporate income tax as at December 31, 1991 and 1990 amounted to Rp

1,378,363,356 and Rp 765,198,788, respectively, the details of which are as follows :

	1991	1990
	Rp	Rp
Income tax - Article 22 (arising mainly on importations of materials and supplies)	1,032,408,261	629,017,696
Income tax - Article 23 (arising mainly on dividends and interest income on bank accounts earned locally)	345,955,095	136,181,092
Total	1,378,363,356	765,198,788

Notes To Financial Statements

14. Long-Term Debt

Long-term debt consists of:

	1991		1990
	Foreign Currency	Rp	Rp
Domestic Loans			
Bank Pembangunan Indonesia			
- Cirebon		115,018,145,467	—
- Jakarta		5,100,000,000	5,100,000,000
Pertamina Unit EP III, Cirebon	US\$ 14,262,995	28,411,886,549	—
Consortium of local banks (with Bank Duta as lead manager)		22,000,000,000	22,000,000,000
		170,530,032,016	27,100,000,000
Foreign Loans			
Fuji Bank Ltd., Japan	¥ 11,672,817,380	184,080,330,083	—
Credit Lyonnais, Paris	Ffr 105,497,564	40,457,260,830	67,090,366,834
Banco Exterior de Espana S.A., Spain	Ptas 232,986,151	4,797,184,868	9,193,634,030
	US\$ —	—	6,476,379,330
		229,334,775,781	82,760,380,194
Total Long-Term Debt		399,864,807,797	109,860,380,194
Less Portion Currently Due			
Domestic loans		8,487,089,174	—
Foreign loans		50,911,806,433	38,953,283,682
		59,398,895,607	38,953,283,682
Long-Term Portion		340,465,912,190	70,907,096,512

Notes To Financial Statements

The yearly debt repayments due after 1991 at their original currencies and total Rupiah equivalent

lents (using December 31, 1991 exchange rate) are presented below:

	Indonesian Rupiah	French Franc	Spanish Peseta	United States Dollar	Japanese Yen	Total Rupiah Equivalent
1992	3,420,000,000	60,046,785	232,986,151	2,543,719	1,464,000,000	59,398,895,607
1993	10,420,000,000	45,450,779	—	2,741,194	1,464,000,000	56,397,656,976
1994	13,497,800,000	—	—	2,954,000	1,464,000,000	42,469,448,105
1995	20,800,000,000	—	—	2,908,865	1,464,000,000	49,681,739,184
1996	21,300,000,000	—	—	3,115,217	1,464,000,000	50,592,792,375
1997	18,000,000,000	—	—	—	1,464,000,000	41,087,280,000
1998	19,000,000,000	—	—	—	1,464,000,000	42,087,280,000
1999	20,000,000,000	—	—	—	1,424,817,380	42,469,370,083
2000	15,680,345,467	—	—	—	—	15,680,345,467
Total	142,118,145,467	105,497,564	232,986,151	14,262,995	11,672,817,380	399,864,807,797

The loans with Bank Pembangunan Indonesia-Cirebon, Pertamina Unit EP III, Cirebon and Fuji Bank Ltd., Japan represent assumed liabilities resulting from the P.T. TMPC's assets acquisition (See Note 2).

The above loans with annual interest rates ranging from 10.00% to 22.00% for rupiah loans and 7.50% to 9.85% for foreign currency loans are collateralized by the Company's property, plant and equipment, inventories and trade receivables and guaranteed by certain stockholders, officers and other affiliates. The loan from Fuji Bank Ltd. is fully guaranteed by Marubeni Corporation.

Certain loan agreements provide, among others, terms and conditions on the incurrence of additional long-term liabilities, changes in the Company's legal status and board of directors, restructuring of equity sharing, incurrence of capital expenditures in excess of a specified limit, declaration of dividends, and maintenance of certain financial ratios. As at December 31, 1991, the Company has not yet obtained the formal approval from certain creditors with regard to the P.T. TMPC's asset acquisition.

The Assignment and Security Sharing Agreements in connection with the transfer of the Fuji Bank Ltd. loan from P.T. TMPC to the Company are still being finalized.

15. 6.75% Convertible Bonds Due 2001

On June 20, 1991, the Company issued and listed US\$ 75 million 6.75% Euro-convertible bonds (Bonds) due 2001 at the Luxembourg Stock Exchange at 100% issue price. A portion of the proceeds of the bond issuance was used to finance the P.T. TMPC acquisition (See Note 2). The Bonds are convertible starting August 1, 1991 to May 20, 2001 into common shares at the option of the bondholder. The initial conversion price at which the shares shall be issued is at Rp 14,450 per share

with a fixed rate of exchange applicable on conversion of US\$ 1 to Rp 1,946. The Bonds are redeemable in whole but not in part at any time at par in the event of certain changes relating to taxation and in whole or in part at the Company's option any time starting June 30, 1994 to June 20, 2001 at 100% of principal amount.

The Bond issuance provides certain restrictions relating to the encumbrance of the

Notes To Financial Statements

Company's assets to secure any future obligations of the Company which may be covered by issuance of certain types of debt securities. This Bond issuance has been permitted by the BAPEPAM with the understanding that shares issued on

the conversion of the Bonds will be listed at the Stock Exchanges in Indonesia.

As at December 31, 1991, no conversion has been exercised yet by any bondholder.

16. Capital Stock

The details of the Company's capital stock as at December 31, 1991 and 1990 are presented below:

	Percentage Holding		Amount	
	1991	1990	1991	1990
			Rp	Rp
P.T. Mekar Perkasa	42.40%	43.40%	253,903,000,000	259,903,000,000
Government of the Republic of Indonesia	25.93	30.38	155,282,095,000	181,932,300,000
Sudwikatmono	6.51	6.51	38,986,261,000	38,986,261,000
Ibrahim Risjad	6.50	6.50	38,985,261,000	38,985,261,000
P.T. Kaolin Indah Utama	4.45	—	26,650,205,000	—
Cooperatives	1.00	—	6,000,000,000	—
Publicly-traded	13.21	13.21	79,074,178,000	79,074,178,000
Total	100.00%	100.00%	598,881,000,000	598,881,000,000

As at December 31, 1991 and 1990, the Company's listed shares represent 15% of the total issued shares or 89,832,150 shares.

The following changes in the Company's capital stock accounts occurred in 1991:

- (a) On March 31, 1991, the Government of the Republic of Indonesia sold 26,650,205 shares of its unlisted shares to P.T. Kaolin Indah Utama.

- (b) On June 8, 1991, P.T. Mekar Perkasa sold 6,000,000 shares of its unlisted shares to various cooperatives pursuant to the Government's program to give cooperatives an opportunity to participate in the share ownership of private companies. In compliance with BAPEPAM regulation, the Company is preparing to list such shares at the Stock Exchanges in Indonesia.

Notes To Financial Statements

17. Additional Paid-In Capital

The details of this account are as follows:

	Amount
	Rp
Excess of net amount received over par value of shares issued to the Government of the Republic of Indonesia	225,777,430,247
Excess of carrying value of convertible debentures over par value of capital stock issued	40,281,000,000
Excess of amount received over par value of shares issued to public, net of shares issuance costs	384,031,766,250
Total	650,090,196,497

Shares issuance costs related to the public offering in 1989, net of portion charged to divesting stockholders, were set off against the resulting

"Additional paid-in capital" on the basis that these costs are directly associated with the acquisition of corporate capital.

18. Net Sales

The details of net sales are presented as follows:

	Quantity (in Tons)		Amount	
	1991	1990	1991	1990
			Rp	Rp
Domestic	7,203,723	5,786,513	724,103,829,914	549,560,973,657
Export	636,086	1,827,864	47,162,044,606	120,074,843,060
Export drawback	—	—	52,744,016	1,622,944,795
Total	7,839,809	7,614,377	771,318,618,536	671,258,761,512

Notes To Financial Statements

19. Cost Of Goods Sold

The details of cost of goods sold are presented as follows:

	1991	1990
	Rp	Rp
Direct materials used	57,277,809,651	49,878,663,346
Direct labor	25,543,495,382	18,328,657,555
Fuel and power	197,470,691,725	180,048,730,449
Manufacturing overhead	94,796,073,522	73,280,751,284
Net inventory change	(4,422,776,345)	(12,122,924,112)
Packaging cost	47,607,371,974	43,122,136,348
Total	418,272,665,909	352,536,014,870

20. Pension Plan

The Company adopted a contributory pension plan based on the Board of Directors' Decision Letter No. 08/KPTS/DIR/ITP/VIII/91 dated July 31, 1991 effective August 1, 1991. Pension contributions for Company and its employees amount to 10 % and 5 %, respectively, of the yearly pension salary base. The pension plan is being administered by Yayasan Dana Pensiun Karyawan P.T. Indocement Tunggal Prakarsa, the establishment of which was approved by

the Ministry of Finance on November 12, 1991.

In October 1991, the Company made an initial funding of Rp 1.5 billion for the past service liability under the plan. Based on the actuarial computation, as at December 31, 1991, the Company's past service liability amounted to about Rp 21.1 billion. Pension costs, including initial funding of past service liability, charged to operations for the year ended December 31, 1991 amounted to Rp 2,365,275,395.

21. Interest And Related Charges

The details of interest and related charges are presented as follows:

	1991	1990
	Rp	Rp
Interest charges		
Domestic loans	12,344,250,274	5,554,800,889
Foreign loans	14,881,975,038	8,506,371,689
Bank and other related charges	520,542,369	1,184,186,703
Total	27,746,767,681	15,245,359,281

Notes To Financial Statements

22. Technical Assistance Agreement

The Company has technical assistance agreement with foreign consultants which are generally renewable upon mutual consent by both parties. These services essentially cover consultations and assistance on matters pertaining

to quality control and operational techniques.

Technical consultant fees incurred for the years ended December 31, 1991 and 1990 totalled Rp 465,240,000 and Rp 456,185,215, respectively.

23. Transactions And Account Balances With Related Companies

The Company, in the normal course of business, transacts with related companies (defined as owned or partly-owned by the Company's private stockholders, directors or by their immediate kins) under terms and conditions similar to those with non-related companies. The significant transactions and related account balances with these companies are as follows:

Sales

- (a) A substantial portion of the Company's portland cement domestic sales are passed through its main distributor, P.T. Semen Tiga Roda Prasetya. Total deliveries amounted to Rp 608,259,717,233 in 1991 and Rp 520,704,604,291 in 1990. Outstanding account balances as at December 31, 1991 and 1990 (presented under Accounts Receivable - Trade) amounted to Rp 13,125,349,664 and Rp 16,637,288,156, respectively.
- (b) Certain export sales were made to Indosin Pte., Ltd., totalling Rp 12,874,189,177 in 1991 and Rp 14,300,203,372 in 1990.

Reimbursable Charges

- (a) Certain intercompany transactions representing reimbursable charges, cost of utilities, etc. are being settled by the Company mainly on behalf of the following related companies: P.T. Semen Madura, P.T. Indosepamas Anggun, P.T. Bogasari Flour Mills and P.T. Tridaya

Manunggal Perkasa Cement. Outstanding reimbursable charges as at December 31, 1991 and 1990 (presented under Accounts Receivable - Related Companies) aggregated to Rp 2,653,961,922 and Rp 9,720,724,642, respectively.

- (b) Certain charges to be reimbursed by the Company are being paid by the following related companies: P.T. Sumber Kencana Expressindo, P.T. Tridaya Manunggal Perkasa Cement and P.T. Tasik Madu. Outstanding charges still to be reimbursed as at December 31, 1991 and 1990 (presented under Accounts Payable - Related Companies) aggregated to Rp 1,556,831,155 and Rp 423,129,523, respectively.

Insurance Coverage

Certain insurance coverage for the Company's insurable assets, with an average annual premium payment of about Rp 1.2 billion, are being arranged by P.T. Asuransi Central Asia. Outstanding accounts (presented under Accrued Expenses) as at December 31, 1991 and 1990 amounted to Rp 168,700,937 and Rp 239,344,278, respectively.

Head Office Facility

The Company leases its Head Office premises from P.T. Perwick Agung. Total rental and related service charges incurred amounted to Rp 3,501,828,198 in 1991 and Rp 3,232,820,521 in 1990.

Notes To Financial Statements

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24. Dividends

On January 25, 1991, the Board of Directors declared a Rp 150 per share cash dividend for years 1990/1991. This was paid by the Company on March 15, 1991 based on shares outstanding as at February 21, 1991.

During the Annual General Meeting of Stockholders on March 18, 1991, the stockholders ratified the cash dividends earlier declared by the Board of Directors as follows : Rp 80 per share as final cash dividend for 1990, and Rp 70 per share as interim cash dividend for 1991.

25. Other Matters

- | | |
|---|---|
| <p>(a) As a result of the merger on January 1, 1986, the six acquired cement companies have to be liquidated. The liquidation process is awaiting formalization of the tax clearance for each of these companies as basis for their legal dissolution by the Ministry of Justice.</p> | <p>(b) As at December 31, 1991, the Company has outstanding unused letters of credit facilities amounting to about Rp 53 billion incurred for the purchase of certain production materials.</p> |
|---|---|

Corporate Information

Major Stockholders

P.T. Mekar Perkasa	42.40%
Government of The Republic of Indonesia	25.93%
Sudwikatmono	6.51%
Ibrahim Risjad	6.50%

Share Listing :

Fifteen percent (15%) of the Company's outstanding and issued shares are listed at the Main Board of the Stock Exchanges in Indonesia
– Reuters JKSK

Board Of Commissioners

President Commissioner	Soedono Salim
Commissioner	Djuhar Sutanto
Commissioner	H. Aang Kunaefi
Commissioner	E. Soekasah Somawidjaja
Commissioner	Henry Pribadi

Board Of Directors

President Director	Sudwikatmono
Vice-President Director	Anthony Salim
Director	Ibrahim Risjad
Director	Tedy Djuhar
Director	Judiono Tosin
Director	Iwa Kartiwa
Director	Daddy Hariadi
Director	Soepardjo

Auditors

Drs Utomo & Co.

(A Member Firm of Arthur Andersen Worldwide Organization)
8 th Floor, Chase Plaza
Jl. Jend. Sudirman Kav. 21
Jakarta 12920, Indonesia

Corporate Lawyers

Mochtar, Karuwin & Komar

14th Floor, Wisma Metropolitan II
Jl. Jend. Sudirman Kav. 31
Jakarta 12920, Indonesia

Share Registrar And Transfer Agent

Risjad Salim International Bank

Ground Floor, Central Plaza
Jl. Jend. Sudirman Kav. 44-48
Jakarta 12920, Indonesia

Corporate Information

Major Bankers

Bank Central Asia
Bank Eksim
Bank BNI
BAPINDO
Bank Duta
Bank Bumi Daya
Bank Dagang Negara
Bank Niaga
Fuji Bank Ltd., Japan
Credit Lyonnais, Paris
Banco Exterior de Espana S.A., Spain

Main Distributors

P.T. Semen Tiga Roda Prasetya
4th Floor, Gedung Bank Windu Kencana
Jl. Asemka 25-26
Jakarta Pusat, Indonesia
Phones : 62-21-674417,6907016
Telex : 42682 STRODA IA
Facsimile : 62-21-675607

P.T. Indo Sahid Perdana
4th Floor, Gedung Bank Windu Kencana
Jl. Asemka 25-26
Jakarta Pusat, Indonesia
Phones : 62-21-674417,6907016
Telex : 42682 STRODA IA
Facsimile : 62-21-675607

P.T. Elektronika Nusantara
Jl. S. Parman No. 105
Jakarta Barat, Indonesia
Phones : 62-21-597155,592025
Telex : 44337,45324 ENJKT IA
Facsimile: 62-21-5603672

P.T. Karsa Bhakti Nusa
Jl. Walter Monginsidi No. 122
Jakarta, Indonesia
Phones : 62-21-714233,7394888
Telex : 47162 BHAKTI IA
Facsimile : 62-21-772889

Corporate Information

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Company Head Office

13th Floor, Wisma Indocement
 Jl. Jend.Sudirman Kav.70-71
 Jakarta 12910, Indonesia
 Phone : 62-21-5712211 (10 lines)
 P.O. Box : 4018 Jakarta 10001
 Cable : INDOCEMENT
 Telex : 44044, 44505, 46884 INCEM IA
 Facsimile : 62-21-571 0222 / 571 1777 /
 5710063 / 571 1100 / 5710095

Cement Factory Sites

Citeureup-Cibinong, Bogor
 West Java, Indonesia
 Phone : 62-21-8072812 (7 lines)
 Facsimile : 62-21-8072956

Palimanan, Cirebon
 West Java, Indonesia
 Phone : (62-231) 23232
 Facsimile : (62-231) 29617

Other Stockholder Information

Annual General Meeting

The Annual General Meeting of Stockholders
 will be held at Wisma Indocement, 21st Floor,
 Jl. Jend.Sudirman Kav. 70-71, Jakarta 12910,
 at 10 : 00 a.m. on May 19, 1992

Investor Inquiries

Investor inquiries may be directed to :
 Investor Relations
 c/o Corporate Secretariate
 P.T. Indocement Tunggal Prakarsa
 Wisma Indocement, 8 th Floor
 Jl. Jend. Sudirman Kav. 70-71
 Jakarta 12910, Indonesia



