

ANNUAL REPORT 1993



PT. INDOCEMENT TUNGGAL PRAKARSA

CORPORATE VISION

We will actively contribute to Indonesia's economic development.

We will maintain our leadership in the cement and food industries and supply products of good quality at reasonable prices to customers throughout the nation.

We will continue to utilize our financial resources efficiently. And when the right opportunities arise, we will invest in profitable Indonesian businesses with strong market positions and good growth potential.

We will continue to improve our performance and our products by applying the best management expertise, along with the highest available levels of economically justifiable technology. In the same way, we will minimize our impact on the natural environment.

We will create the best opportunities for our employees to develop and achieve their full potential.

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 shareholder value and provide attractive opportunities for the public to participate in our success.

We will continue to be good corporate citizens by supporting the development of the community and upholding the public interest.

CONTENTS

	Page
Business Profile	1
Highlights of the Year	2
Financial Highlights	4
The Board of Commissioners	5
Report to Shareholders	6
The Board of Directors	11
Operations Review	
• Cement Business	12
• Food Business	18
• Property Business	24
Environmental Review and Community Involvement	26
Development of Human Resources	30
Five-Year Summary	32
Stock and Market Performance	34
Financial Report and Accounts	36
Corporate Structure	61
Corporate Information	62

The cover of Indocement's 1993 Annual Report represents the altogether positive business trends in our three divisions : Cement, Food and Property.

BUSINESS PROFILE



Indocement was established in 1973 by the Liem Investors. Today we are a multi-business group with three major divisions: Cement, Food and Property.

We are the leader of Indonesia's cement industry, with an annual capacity of almost 10 million tons.

Our cement products are sold under the Tiga Roda brand and our domestic market share is close to 50%. Our cement is being used to build roads, factories, homes and cities throughout the nation.

Our Food Division, established through acquisitions in 1992, consists of Bogasari, Indonesia's largest flour miller, and the Indofood Group. The Indofood Group, the largest processed food company in Indonesia, manufactures and distributes instant noodles, food seasonings, snacks, baby foods and beverages. It commands a 90% share of the domestic market for instant noodles and a 60% share of the domestic market for snacks and baby foods.

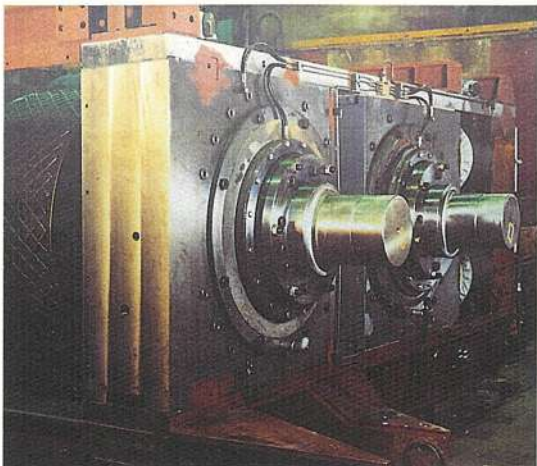
The principal asset of our Property Division, also established in 1992, is Wisma Indocement, the Central Jakarta office tower in which Indocement has its corporate headquarters. The 35% equity participation of Indocement in P.T. Wisma Nusantara International has brought another office tower, Wisma Nusantara, and a hotel complex, President Hotel, into the Division's portfolio.

Our total workforce numbered close to 26,000 at the end of 1993.

HIGHLIGHTS OF THE YEAR



The newly-installed cement-grinding facility at Plant 8 in Citeureup Plant, commissioned in June, 1993, adds 500,000 tons annually to production capacity.



A roller press, in the process of installation at Plant 8 in Citeureup Plant, will further increase cement-grinding capacity by 700,000 tons annually.



Installation of five electrostatic precipitators in Citeureup Plant ensures that dust emission levels remain well below those allowed by the Government.

HIGHLIGHTS OF THE YEAR



Indofood installs an additional 1.5 billion packs of instant noodle output, increasing capacity to 8.7 billion packs per year. This necessitates an increase in the number of production lines from 57 to 81.



Indofood's new seasoning plant in Cikampek, West Java, completed and officially inaugurated on February 18, 1993, assures self-sufficiency in seasoning for its instant noodle products.



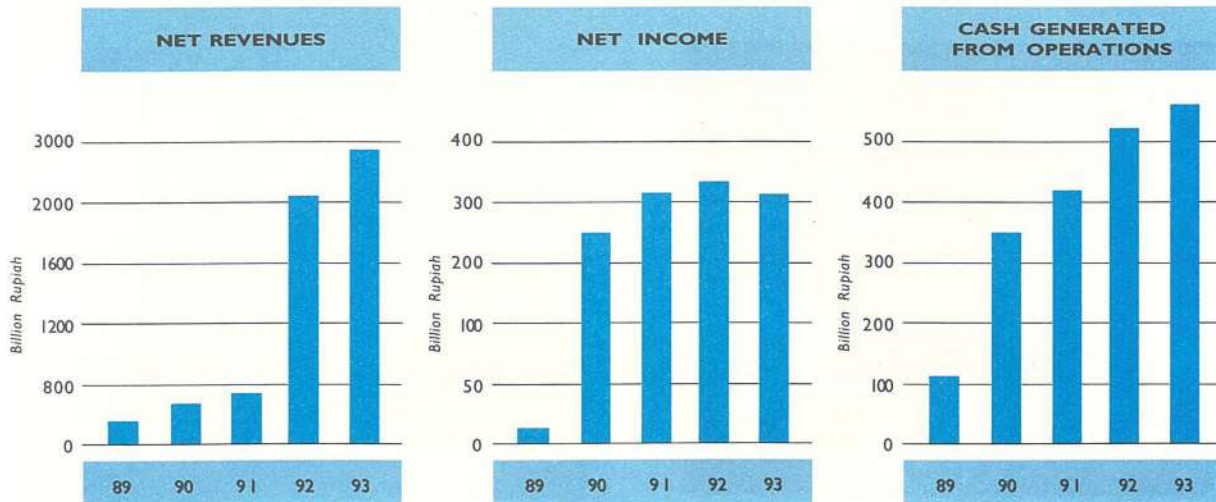
Bogasari adds two more production lines at its Jakarta factory, increasing overall milling capacity to 2.9 million tons of wheat annually.

FINANCIAL HIGHLIGHTS

(Amounts in Billions of Rupiah
Except Per Share Data)

	1993	1992	% Change
Net Revenues			
Cement Division	1,104.5	968.7	14%
Food Division (*)	1,779.5	1,234.7	44%
Property Division (*)	6.4	2.7	137%
Total	2,890.4	2,206.1	31%
Income from Operations			
Cement Division	441.4	361.9	22%
Food Division (*)	265.6	202.1	31%
Property Division (*)	(3.7)	(1.8)	-105%
Total	703.3	562.2	25%
Net Income	312.4	327.4	-5%
Cash Generated from Operations	538.9	521.6	3%
Total Assets	5,054.0	4,795.2	5%
Total Stockholders' Equity	1,902.4	1,739.8	9%
Primary Earnings Per Share	521.62	546.67	-5%

(*) The reported results of operation in 1993 for Bogasari under Food Division and Wisma Indocement under Property Division were for full year, whereas these were only for five months in 1992. Wisma Indocement's total revenue includes only those charged to third-party tenants.



THE BOARD OF COMMISSIONERS



Front row from left to right : E. Soekasah Somawidjaja, Soedono Salim, H. Aang Kunaefi
Back row from left to right : Djuhar Sutanto, John Djuhar

REPORT TO SHAREHOLDERS



Sudwikatmono

Soedono Salim

REPORT TO SHAREHOLDERS

Consolidated Results of Operations

Last year, we expressed confidence that as a result of our diversification into food and property businesses, we would continue to achieve new performance records.

We also stated our intention to strengthen our existing cement business through increased vertical integration, as well as cost and operational efficiency programs, to improve our overall operating margins.

We are delighted to report that 1993 was indeed an outstanding year, with both sales and operating earnings setting new records. At the same time, our businesses are stronger and poised for further sustainable and profitable growth.

Sales revenue rose by 31% from Rp 2.21 trillion in 1992 to Rp 2.89 trillion in 1993. Likewise, our income from operations increased to Rp 703 billion from Rp 562 billion in 1992, a gain of 25%.

Although interest expenses and related charges increased by Rp 112 billion as foreseen, due to the additional financing costs associated with our major acquisitions in 1992, we were able to maintain our net income as almost the same level as that for 1992.

The Board has reviewed the financial statements of the Company for the year ended December 31, 1993 as audited by Prasetyo, Utomo & Co., a member firm of the Arthur Andersen Worldwide Organization.

The Board agrees with the audited financial statements and will present these for your

approval and endorsement at the Annual General Meeting, together with a recommendation for payment of dividends for the year 1993.

Cement Division Operations

The Company sustained market leadership in the domestic cement industry with close to a 50% market share.

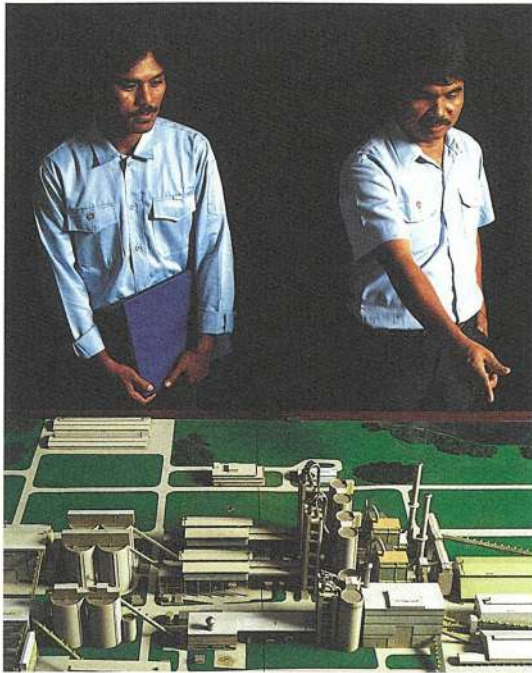
Sales volume grew to 9.8 million tons and sales revenue increased by 14% to Rp 1.1 trillion. Income from operations reached Rp 441 billion, an increase of 22%. Domestic sales volume grew by 11% to 8.9 million tons. As a result of increased domestic demand, which prompted the reimposition of export restrictions by the Government, exports reached only 0.9 million tons in 1993, as opposed to 1.6 million tons during 1992. However, with the expected increase in domestic cement production capacity, the Government may relax these restrictions in the future.

The Company initiated two major investment projects in order to maintain market leadership. One is the planned construction of a major new cement plant in Kalimantan, in partnership with Korea Development Company, Ltd. and Marubeni Corporation. The plant will have an annual production capacity of 2.3 million tons and will be one of the lowest-cost cement producers in the world. We will



REPORT TO SHAREHOLDERS

greatly benefit from fulfilling our own electricity requirements by using coal sourced nearby, as well as from reduced transportation costs in serving this region.



In addition, we intend to add 1.5 million tons of capacity at our Cirebon plant. This expansion will enable the Company to remain in the forefront of Indonesia's growing cement industry.

Other important programs are underway to improve capability and operating performance of the Cement Division. The Company continues its strategy of vertical integration into coal mining. Initial results of the exploration survey showed substantial coal deposits of acceptable quality. We are also moving into shipping through the establishment of a joint-venture shipping company. We also plan to further

develop our distribution of direct bulk cement and ready-mix concrete.

The Cement Division's commitment to overall product quality is reflected in management's decision to work toward fulfillment of requirements for ISO 9002 accreditation.

These activities are important components in the overall value chain stretching from production to distribution to end-user. As the Company exercises increased control in these areas, the level and security of the Cement Division's operating performance is being substantially enhanced.

Food Division Operations

We are delighted to report solid increases in volumes, sales revenues and earnings for both Bogasari and Indofood.

Bogasari sales volume increased 6% to 2.0 million tons of flour. Sales revenue grew to Rp 659 billion in 1993 from Rp 265 billion for five months in 1992 after Bogasari became a part of our Food Division. Income from operations increased from Rp 36 to Rp 85 billion.

Indofood also showed satisfactory growth in 1993. Sales volume for instant noodles reached 5.2 billion packs, up from 4.4 billion during 1992. Sales revenue topped Rp 1.1 trillion, an increase of 16%. Income from operations grew by 8% to Rp 180 billion.

We are happy to report that all product groups performed strongly in 1993.

REPORT TO SHAREHOLDERS

New product extensions in the areas of premium noodles, baby foods and snacks have



been well received by consumers. These new brands will form the basis of further growth in coming years.

Property Division Operations

During 1993, the Property Division's Wisma Indocement operations achieved gross revenues of Rp 6.4 billion, as compared to Rp 2.7 billion for 1992. The other operating units of the Division also reported increased revenues for 1993.

During the year, the Capital Investment Coordinating Board approved, subject to



ratification by the Ministry of Justice, the Company's 35% equity participation in P.T. Wisma Nusantara International.

Prospects

The Indonesian economy continued to perform well during 1993. Real GDP growth rose to 6.6% from 6.3% in 1992. This performance was achieved despite sluggish or negative growth in other major world economies. In 1994, we expect a further acceleration in Indonesia's economic growth.

Indonesia's economic environment provides the foundation for sustainable and profitable growth.

The Cement Division dominates the national cement industry and is one of the largest and best-integrated producers in the Asia-Pacific region. We are also one of the region's lowest-cost producers. Much has already been achieved. Yet much more can be achieved in the future since Indonesia's cement market is still developing. Per-capita consumption is still only about one-fourth that in Malaysia and Thailand, and only about one-tenth that in South Korea and Taiwan.

The Food Division dominates key sectors of the nation's processed food industry. These sectors are responsive to rising consumer affluence. Indonesia is already the world's second largest market for instant noodles. However, on a per-capita basis, consumption is only about 60% that in Japan and less than half the level of consumption

REPORT TO SHAREHOLDERS

in South Korea, implying significant future growth potential.

In combination with the recent refinancing of existing high-interest loans, the proposed flotation of Indofood shares on the Jakarta Stock Exchange in mid-1994 will help to significantly reduce interest costs. We also would like to explore other funding initiatives to finance our capacity expansion programs.

In the year ahead, we will continue to concentrate on strengthening the competitive position of our core businesses, as well as on improving their operational efficiency.

We are highly confident that the Company, with its diversified base of dominant businesses in defensible and growing markets, will be in a strong position to meet any challenges ahead and will continue to set new performance records.

Appreciation

We salute our employees, all of whom have played vital roles in the ongoing success of the Company. Our employees' dedication is the driving force behind the strong competitive position that we have achieved.

We also thank our customers, suppliers, bankers and the Government of Indonesia for their continued support.

We express sincere gratitude to our shareholders for their continued faith in our ability to drive the Company forward in the most appropriate direction.

Finally, we wish to extend our appreciation to our outgoing Director, Mr. Judiono Tosin, for his long service and valuable contribution to the growth of the Company.



Jakarta, April 27, 1994

For and on behalf of
The Board of Commissioners and The Board of Directors of P.T. Indocement Tungal Prakarsa

A handwritten signature in black ink, appearing to read 'Soedono Salim'.

SOEDONO SALIM
President Commissioner

A handwritten signature in black ink, appearing to read 'Sudwikatmono'.

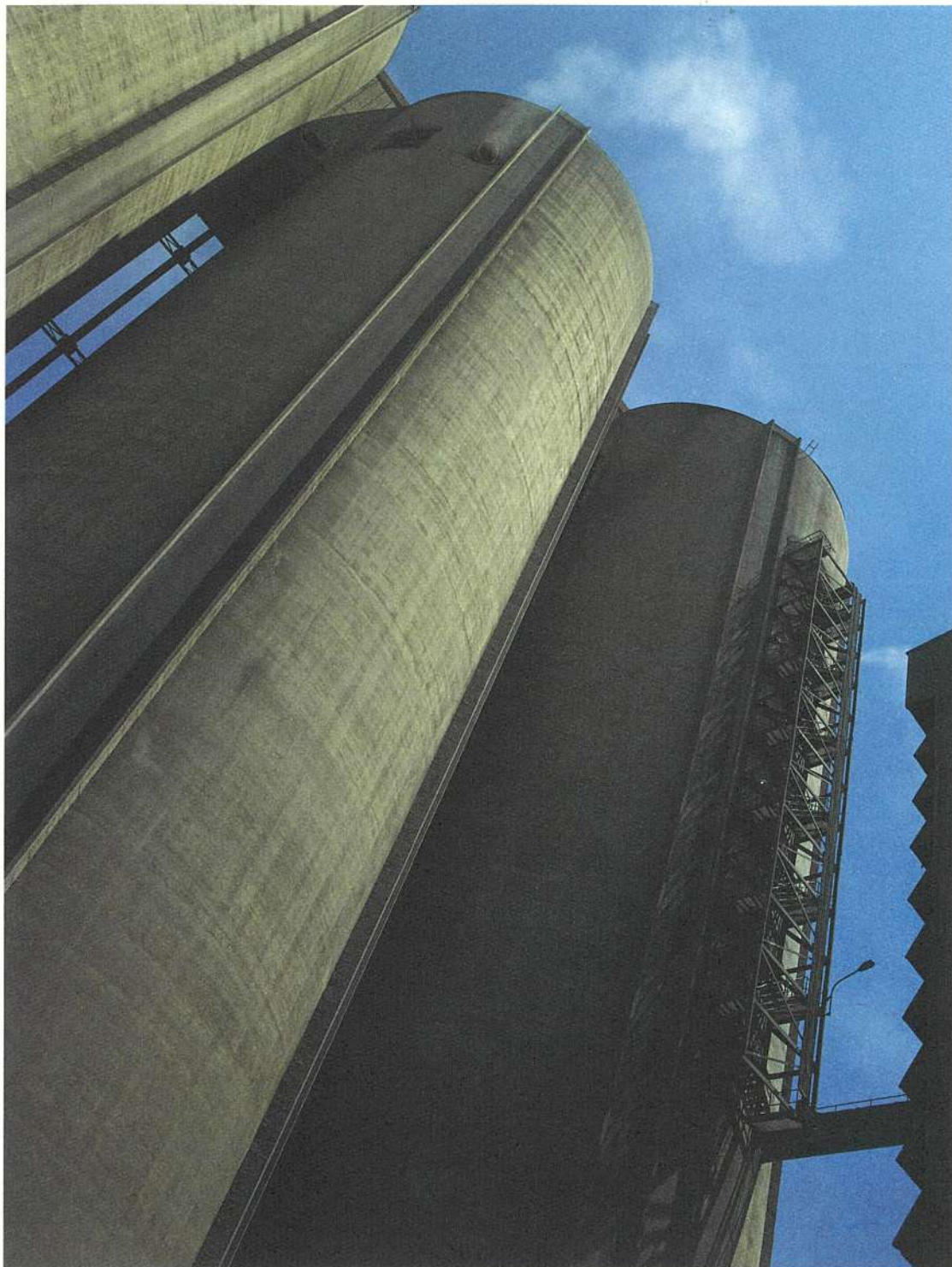
SUDWIKATMONO
President Director

THE BOARD OF DIRECTORS



Front row from left to right : Anthony Salim, Sudwikatmono, Franciscus Welirang
 Center row from left to right : Judiono Tosin, Ibrahim Risjad, Daddy Hariadi
 Back row from left to right : Tedy Djuhar, Soepardjo, Iwa Kartiwa

OPERATIONS REVIEW



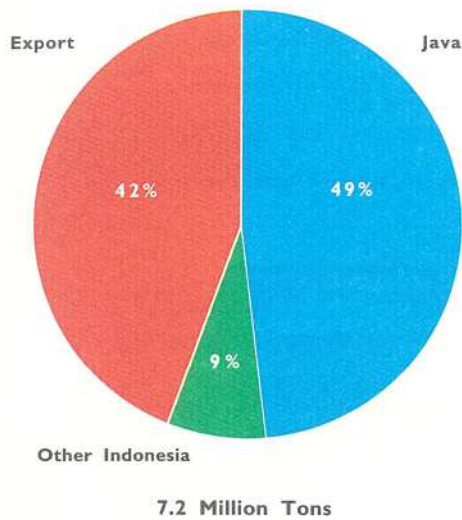
Cement Silos at Plant 6 - Citeureup Complex

CEMENT BUSINESS

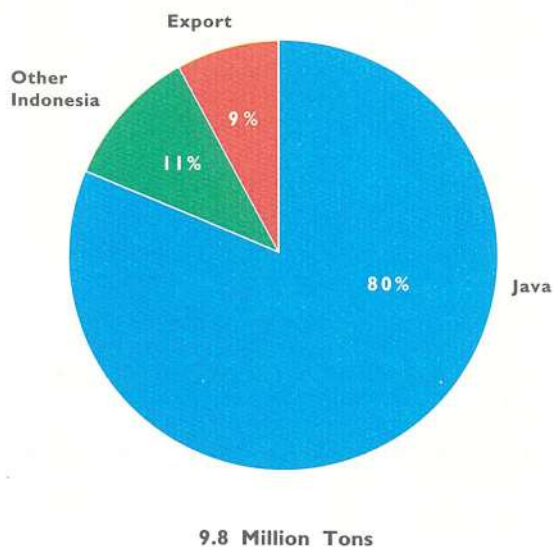
Overall Performance

The Cement Division achieved record net sales of Rp 1.1 trillion during 1993. Income

1989 SALES VOLUME



1993 SALES VOLUME



from operations increased by 22% to Rp 441 billion in 1993 from Rp 362 billion in 1992.

Sales volume reached 9.8 million tons, of which 8.9 million tons were absorbed by the domestic market for an increase of 11% from 8.0 million tons in 1992.

The domestic cement shortage in the latter part of 1993 prompted the Government's October decision to reimpose restrictions on cement exports. As a result, the Division's exports declined to 0.9 million tons from 1.6 million tons in 1992.

Strong Market Growth

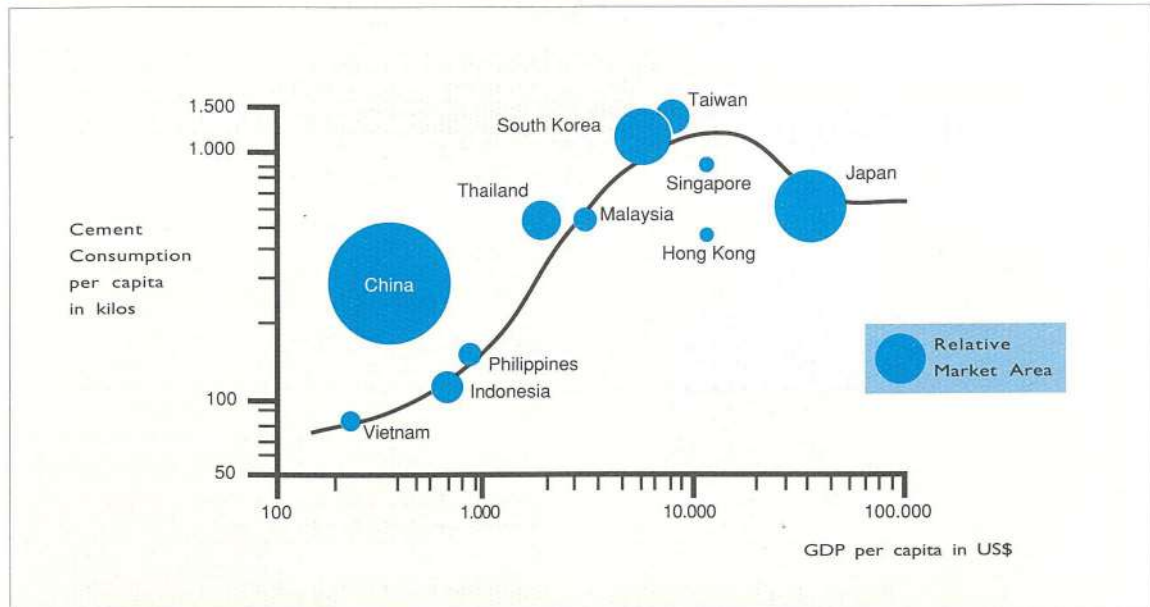
National economic recovery propelled a 13% growth in demand. This is three percentage points higher than what we had forecast for the year.

Further relaxation of monetary policy is expected to induce an increase in construction expenditures. This is expected to lead to a further 15% growth in national demand in 1994 and an average annual growth of 10% during both 1995 and 1996.

Domestic demand, estimated at 17.8 million tons in 1993, is forecast to exceed 33 million tons annually by the year 2000, since Indonesia's per-capita consumption of 100 kilograms is still far lower than that for other countries in the region.

CEMENT BUSINESS

Indonesia's Cement Market Development versus Other Asian Economies

**Marketing Initiatives****Bulk Sales**

Bulk deliveries are more cost-effective and convenient for major users. The Division's drive toward increasing bulk cement sales made some headway in 1993 as sales volume increased to over 1 million tons. It intends to continue with this effort until bulk sales represent 20% to 25% of total domestic sales.

Mixed Cement

The Division started commercial production and sale of its new cement product, Cap Rumah. Intended for non-structural uses, Cap Rumah gained market momentum in 1993 after its successful launching in the second quarter of the year.

Strategic Distribution Network

The Division's established distribution network across Indonesia enabled it to defend its strategic position in key market areas while, at the same time, build its strength in new areas with great potential. The Division will continue to strengthen its relationships with independent entrepreneurs to help ensure the steady supply of Indocement products at fair and competitive prices.

The operation of the Surabaya Distribution Terminal enabled the Cement Division to increase supply and achieve better market penetration in surrounding regions. The planned construction of another

CEMENT BUSINESS

distribution terminal on Batam Island will broaden Indocement's market base as it expands its production capacities in the near term.

Production Capacity

The Cement Division operates one of Southeast Asia's largest production complexes in Citeureup, West Java. This complex, together with the plant in Cirebon, West Java produced 9.3 million tons of clinker in 1993, an increase of 5.9% over 1992.

The modernization, together with innovative cost-reduction programs, enabled the Cement Division to achieve higher production volumes at lower cost, despite increases in fuel and material costs during 1993.

These initiatives include the recently implemented Waste Heat Recovery Program,



which resulted in the reutilization of 73 million KWH in spent-energy equivalent.

Vertical Integration

Coal Exploration

The exploration for coal initiated during 1992 in Bontang, East Kalimantan is consistent with



the Company's vertical integration strategy. Preparatory steps have been undertaken in 1993 for construction of a pilot coal processing plant and necessary infrastructure.

Production is targeted to reach 500,000 tons for the first full year of operation and gradually increase to 2.5 million tons annually thereafter. This will secure the Cement

CEMENT BUSINESS

Division's present coal requirement of over one million tons per year, as well as the increase of coal consumption, once its new cement plants come on stream.

Shipping

In October 1993, the Cement Division, through its wholly-owned subsidiary, entered into a joint venture with Gearbulk Terminals & Projects Limited to establish Stillwater Shipping Corporation on a 50-50 basis. This company,

which operates a specialized bulk cement carrier, is currently handling transportation of cement from Tanjung Priok to the new Surabaya Distribution Terminal. Revenues from this shipping operation amounted to Rp 5.5 billion during 1993.

Product Alliance

Ready-Mix Concrete

In synergy with its cement business, Indocement's subsidiary P.T. Indomix Perkasa initiated



CEMENT BUSINESS

delivery of ready-mix concrete directly to the construction sites of a number of its customers. Ready-mix concrete products contributed Rp 4.6 billion in sales revenue during the year. Strong overall growth in demand for these products is expected in 1994.

Cleanset Cement

Through its subsidiary P.T. Indo Clean Set Cement, the Cement Division began the commercial production of cleanset cement and realized sales revenue of Rp 0.8 billion in 1993.

Cleanset cement is a soil-stabilizer commonly used in road construction. The Division's production of cleanset cement in joint venture with Nihon Cement Corporation and Kawasho Corporation is consistent with the Company's strategy to meet growing customer demand for specialty cement products.

Promising Long-Term Opportunities

As the lowest-cost producer of cement in Indonesia, with plants strategically located in the key market regions of West Java

and Jakarta, the Cement Division is able to maintain market leadership in these regions at satisfactory profit margins.

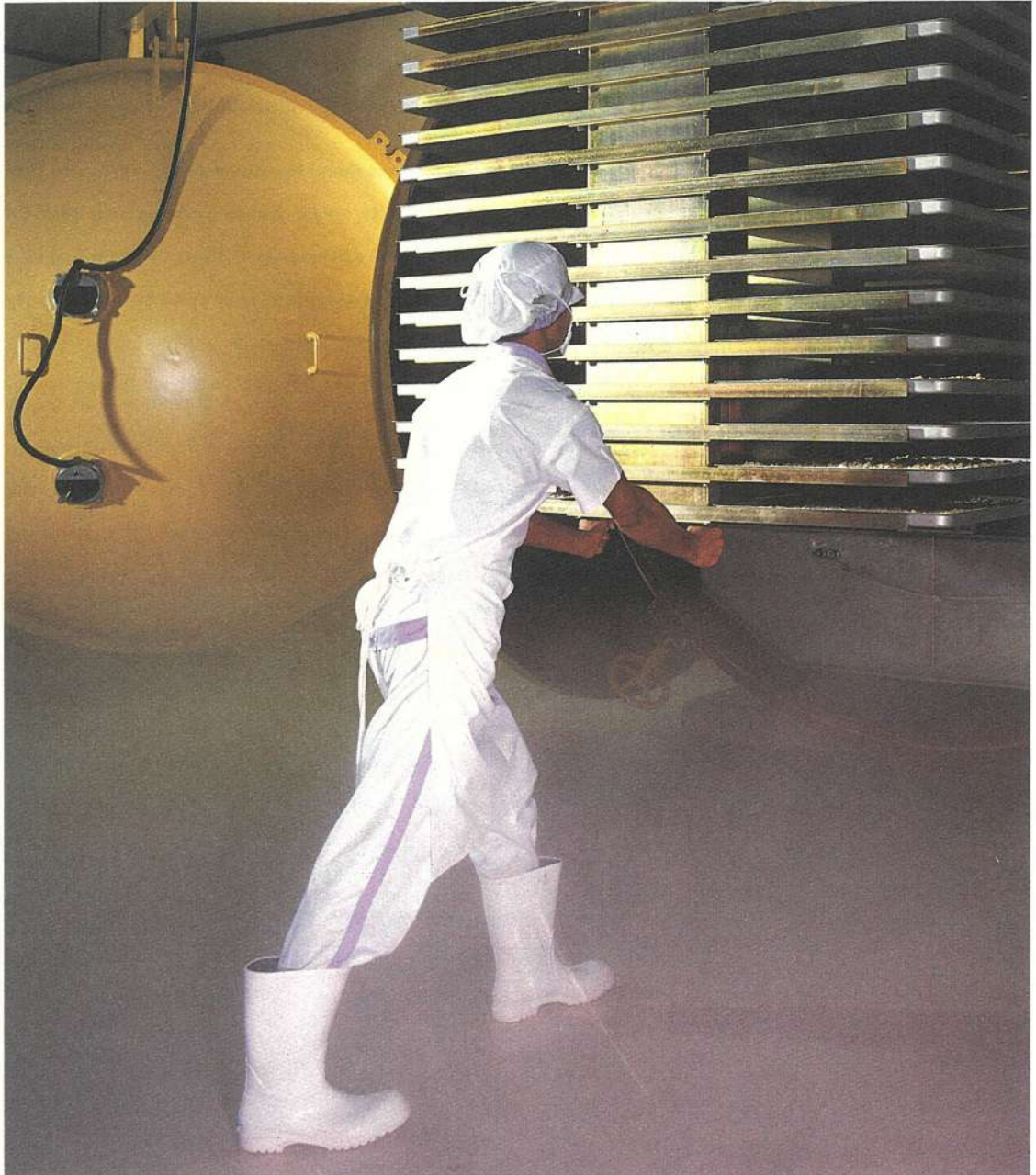
The reputation Indocement has built for consistently high-quality products is an important component in advancing its market position as it expands its supply capabilities.

The new joint-venture 2.3 million-ton capacity cement plant to be built in Kalimantan will be operational by 1997. This will be the first cement plant on this rapidly developing island.

Once the sufficiency of raw material sources has been verified, the new 1.5 million-ton capacity cement production line to be constructed in the Cirebon plant will bolster the Division's market leadership in West Java.

Together, these projects will increase annual capacity to approximately 14 million tons over the next three years, with profit opportunities remaining attractive over the long term.

OPERATIONS REVIEW



Freeze Dry Equipment - New Seasoning Plant in Cikampek

FOOD BUSINESS

Overall Performance

During its first full year of operation, Indocement's food business achieved record sales of Rp 1,779.5 billion. This is 44% higher than 1992 figures covering five months' sales of Bogasari and one full year's sales for the Indofood Group.

Sales volumes reached 2.0 million tons of flour (an increase of 16.7% over 1992's full-year sales) and 5.2 billion packs of noodles (an increase of 13% over 1992).

Income from operations totaled Rp 265 billion in 1993, a remarkable increase of 31% over income of Rp 202 billion for 1993.

Success Factors

With the strong market for Indofood products, the Food Division's well-entrenched distribution network enabled it to sustain leadership in key market areas and develop new market niches in high-growth areas outside Jakarta.

Aggressive product promotion campaigns pursued during the year increased customer awareness of Indofood products and enhanced Indofood's image generally.

To augment its supply capability in this expanding market, Indofood brought on-stream a number of new production facilities. It implemented projects and programs to reduce costs and increase production volumes.

The advancements made in production research and packaging technology, together with strong quality control procedures, enabled Indofood to meet changing customer preferences and far outpace its competitors.

Indofood's satellite-linked information system, which provides up-to-the-minute data on production, sales and delivery, yields yet another competitive advantage.

For Bogasari flour, the Food Division continued to build marketing strength through established distribution linkages with BULOG, Indonesia's National Food Logistics Agency. Nearly 20% of flour milled by Bogasari during the year was used for Indofood's instant noodle products.

Through these initiatives, the Food Division was able to realize attractive profit margins in a growing yet challenging market.



FOOD BUSINESS

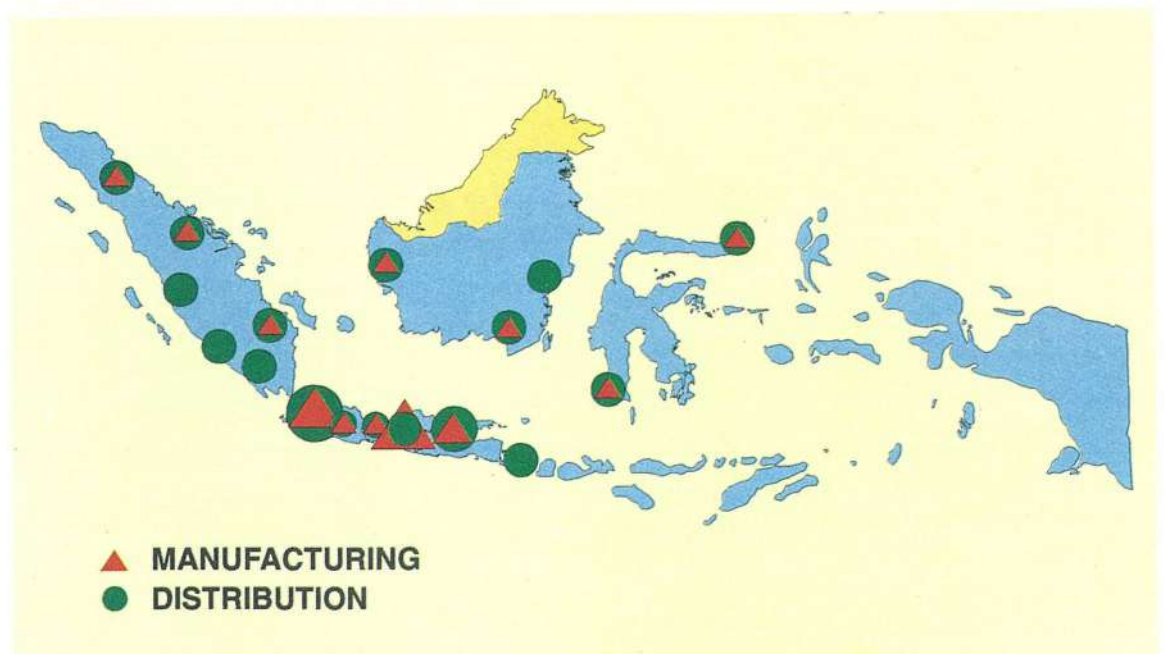
Looking Toward the Future

Increases in per-capita income throughout Indonesia are likely to lead to further increases in household consumption, especially for processed foods. Homemakers

are turning toward convenience foods as

more households lessen their dependence upon traditional sources for buying food as a result of busier lives. Strategic business integration, capacity expansion and horizontal business development programs will allow Indofood

CLUSTERS OF FACILITIES



are turning toward convenience foods as more households lessen their dependence upon traditional sources for buying food as a result of busier lives.

The Food Division's dominant market shares, in combination with its strong brands and well-entrenched nationwide distribution network, provide leverage to meet challenges in this rapidly growing and

to maintain leadership in the processed food industry. Increased efficiency will enable it to achieve new highs in gross and operating profits from 1994 onward.

BOGASARI OPERATIONS

Performance

Flour sales grew by 6% to 2.0 million tons in 1993. Pasta, which is largely used for private-label products and for export, had its supply

FOOD BUSINESS

base expanded to meet growing needs in both domestic and international markets.

The resulting increase in by-products produced as a result of Bogasari's flour milling operation was readily absorbed by corporate customers in Japan, South Korea,



Taiwan and the Middle East for their production of animal feeds.

In synergy with Indocement's Bogasari flour operation, its fleet of three bulk carriers reliably handled the shipment of nearly 1.1 million tons of wheat. Meanwhile, Bogasari's textile factory produced nearly 100 million cotton bags to meet its requirements.

Income from Bogasari operations was Rp 85 billion in 1993. This excludes Rp 21 billion in revenue provided by shipping operations.

Market Outlook

Per-capita consumption of wheat flour will continue to grow as consumers shift to

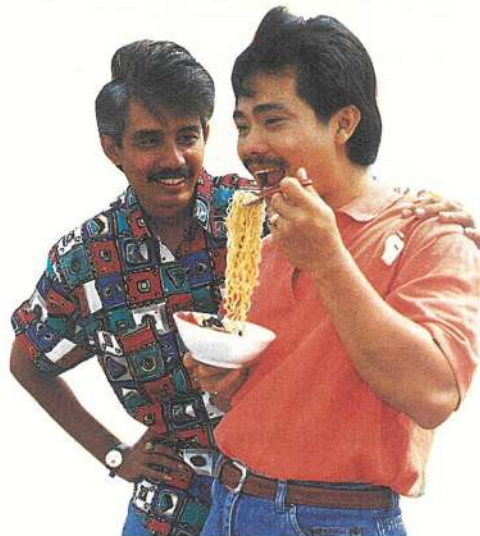
wheat flour-based products over traditional staple foods. This, together with increasing disposable family incomes and a growing consumer population, provides attractive market potential over the long term.

This market is expected to grow by 10% yearly for an annual additional volume requirement of about 200,000 tons.

To boost supply capability, Bogasari is adding new production lines that will increase its milling capacity to 2.9 million tons of wheat by April, 1994. Plans are underway for further capacity expansion to at least sustain its current market share of 85%.

INDOFOOD GROUP OPERATIONS

The Indofood Group is composed of nine companies handling over 140 product lines,



many utilizing the Food Division's Bogasari flour. Among these product lines are instant noodles, snack and baby foods, food seasonings and beverages.

FOOD BUSINESS

Performance

Indofood Group sales performance in 1993 set a new record of Rp 1,121 billion, an increase of 16% over sales for 1992. Income from operations increased 8% to Rp 180 billion from Rp 166 billion in 1992.

Indofood increased its sales volumes as demand continued its double-digit growth during the year.

1993 for a sustained market share of 90%. Indomie, Supermi and Sarimi maintained their top ranking as Indonesia's most popular noodle brands. Nine of Indofood's ten brands remained among the country's twelve best-selling brands.

Indofood increased its capacity to 8.7 billion packs per year in 1993 from 7.2 billion packs in 1992. Per-capita consumption of instant



Capacities were expanded, enabling Indofood to meet the growing demand for instant noodles and baby foods. Indofood also expanded capacities for production of food seasonings.

A Closer Look at Product Performance Instant Noodles

Sales volume grew to over 5.2 billion packs in

noodles has continued to grow at an annual average of 27% over the last five years.

Snack Foods

Indofood maintained leadership in the snack food business with its Chiki, Chitato, Cheetos, and Jetz brands holding a combined 60% share of the total market for modern snacks. Newly

FOOD BUSINESS

introduced Cheetos flavors in attractive packs made a significant contribution to the snack food business. These snacks continue to gain popularity in the market.

The strategic alliance established in 1990 with Pepsico Foods International continued to provide Indofood with the latest snack food processing technology.

Baby Foods

The Promina and Sun baby food brands remained the most popular choices among Indonesian parents and command a total market share of 60%.

Promina is a soya-based instant baby cereal, while Sun is a more conventional milk-based product gaining wider consumer acceptance.

During the year, Indofood expanded its baby food product base to include baby biscuits and follow-on cereals. Extensive quality control standards ensure that these products remain the first choice of consumers.

Indofood undertook expansion of its Bandung production facilities in 1993.

Food Seasonings

Indofood's recent entry into the food seasoning market provides attractive opportunities in a unique segment of the Indonesian market. As a new entrant, it was able to achieve a 6% share and expect to increase this figure dramatically as its products gain wider consumer awareness and acceptance.

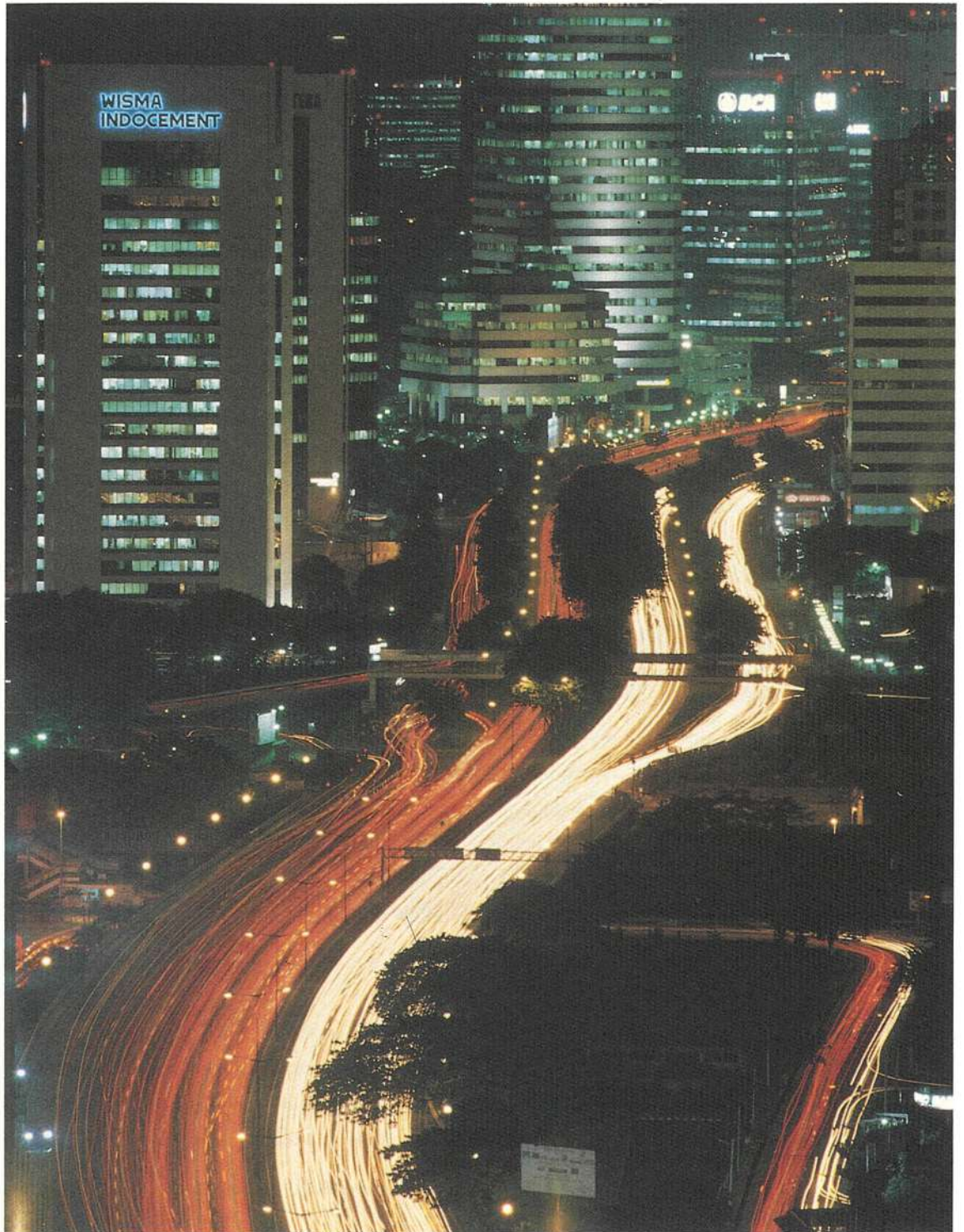
Entry into this business also assures self-sufficiency in seasoning for Indofood's instant noodle products.

Other Operations

Indofood also continued to manufacture and market freshly-roasted coffee under the Tugu Luwak and Cafela brandnames. Market for these products is steadily growing at about 10% annually.

All requirements for flexible packaging materials were met by two of Indofood's own factories, with excess capacity channelled to serve the needs of outside companies.

OPERATIONS REVIEW



Wisma Indocement in Jakarta

PROPERTY BUSINESS

Wisma Indocement

Wisma Indocement is a prime office building on Jalan Jendral Sudirman, Jakarta's principal business boulevard.

The building was fully occupied in 1993 through the leasing of approximately 19,000 square meters to several tenants. About half of the rentable space is occupied by Indocement's corporate headquarters and by the head offices of the Cement, Food and Property Divisions.

Rental revenue realized during the year on areas rented to third parties was Rp 6.4 billion. Income from operations was Rp 2.5 billion before depreciation of Rp 6.2 billion.

Investment and Other Business Ventures

Hotel and Business Offices

In a move to further expand its property business, the Company has indicated its intention to participate with a 35% equity stake in P.T. Wisma Nusantara International. An advance for stock subscription, as required in the agreement, was paid in 1992.

P.T. Wisma Nusantara International owns and operates Wisma Nusantara, a 30-story office building on Jalan M.H. Thamrin in Central Jakarta. It also owns and operates President Hotel, a four-star hotel complex adjacent to Wisma Nusantara. Plans are underway for construction of a new office building and a hotel tower on the site.

Industrial Estate

P.T. Cibinong Center Industrial Estate, an Indocement subsidiary, has been operating since 1990.



The total area leased out to various tenants at the end of 1993 was nearly 78,000 square meters. This generated revenue of Rp 3.3 billion.

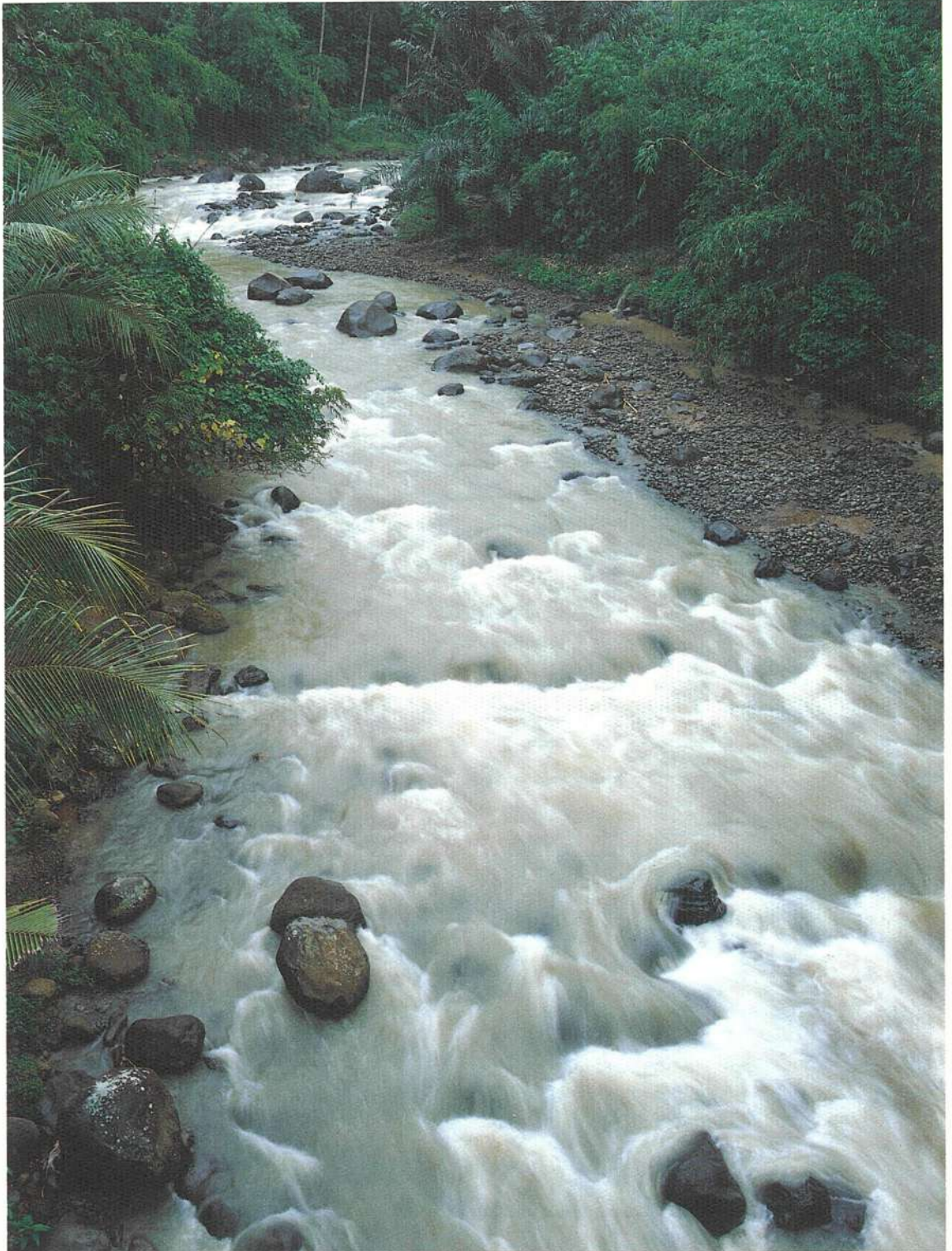
In March 1993, this estate secured legal status as an export-processing zone. This will benefit its tenants, granting them the privilege to withdraw their imported raw materials from seaport or airport areas and transfer them to this export processing area without paying duties or taxes.

Engineering Services

P.T. Indotek Engico is a subsidiary providing design engineering and construction management services. Gross revenue rose to Rp 1.7 billion in 1993 from Rp 1.1 billion in 1992.

During this year, P.T. Indotek Engico initiated a strategic alliance with Morrison-Knudsen of the United States to provide design work, procurement and construction management services for Indotek's varied clients in Indonesia.

ENVIRONMENTAL REVIEW
AND COMMUNITY INVOLVEMENT



ENVIRONMENTAL REVIEW AND COMMUNITY INVOLVEMENT

Environmental Review

As one of the nation's leading corporations, Indocement is keenly aware of its responsibilities in protecting the natural environment. The operations carried out by its various divisions reflects the Company's overall commitment.

This allows continuous monitoring of the effectiveness of operating procedures and emission control systems.

Land Development Program

In addition to maintaining air cleanliness, the



Advanced Emission Controls

The Cement Division has taken a lead in Indonesia by installing state-of-the-art dust control systems. It has recently put into place five electrostatic precipitators to ensure that emissions remain well below the Government's allowable levels. This installation is part of an ongoing multi-million dollar program which will see a further three precipitators in place in early 1994.

To complement the Cement Division's investment in emission control, it has also established more than 50 dust-fall check-points, both inside and outside the plant.

Cement Division is also determined to ensure that its land is reclaimed in a responsible way. Limestone-depleted quarry areas at the Citeureup complex are converted into industrial parks for use by various labor-intensive industries. This not only makes efficient use of the land but also provides valuable employment opportunities in the local community. The Cement Division is working with the Bandung Institute of Technology to study further development of the Cibinong Industrial Zone. As part of an extensive re-greening project at the Citeureup complex, the Cement Division is planting more than one million trees.

ENVIRONMENTAL REVIEW AND COMMUNITY INVOLVEMENT

Ensuring Environmental Protection

The Food Division is continually improving its various production environments and none

Community Involvement

Providing Infrastructure and Services

The Company is committed to contributing to



faces any land usage or pollution problems. Indofood, for example, has effluent treatment plants in all its manufacturing facilities.

the communities in which it operates and continues a broad range of community development programs. These include the

ENVIRONMENTAL REVIEW AND COMMUNITY INVOLVEMENT

building of roads, schools, medical facilities and security posts. In 1993, the Cement Division constructed a mosque in its Citeureup complex and renovated other places of worship.

It continues to invest in the provision of medical services to the community. It also provides 24-hour emergency services and medical doctors are always available on call. During the year, an ambulance unit was donated by the Cement Division to the local Red Cross Organization. It also gave a defibrillating unit to the heart treatment center of the Red Cross Hospital in Bogor.

During 1993, ten deserving employees from the Cement Division were able to make the Haj Pilgrimage at Company expense, as were five employees from the Food Division.

Developing Local Industry

The Cement Division also has a program to assist and develop small-scale local businesses. This initiative is important and involves the provision of technical and marketing assistance to local entrepreneurs. As a result, it continues to build a symbiotic

relationship with local communities.

Assisting Youth

The Company provides scholarships to numerous students. During the year, 263 scholarships were funded by the Cement Division, 278 were funded by Bogasari and a further 1,770 were granted by Indofood. The Company consider these investments in intellectual capital as money well-spent.

For young school-leavers, the Company provides vocational training in a number of areas. This equips participants with the skills necessary to become active and contributing members of the nation's workforce. The areas in which training is provided are basic mechanics, electrical engineering, motor vehicle repair and garment-finishing.

Partnership with the Community

Indocement respects the need to create a healthy and harmonious environment for the communities in which it operates. Therefore, the Company will continue to invest in these important social, cultural, medical and human enrichment activities.

DEVELOPMENT OF HUMAN RESOURCES



DEVELOPMENT OF HUMAN RESOURCES

A Vital Asset

Indocement's workforce totals 25,748 employees, including those in the consolidated subsidiaries. Of these, 5,437 are in the Cement Division and 197 are in the Property Division. The largest employer in Indocement is the Food Division with 3,514 employees in Bogasari and over 16,600 in the Indofood Group. These numbers will increase in order to support the Company's long-term growth plans.

Since a competent workforce with a variety of skills and expertise is vital for continued success, the Company is only as good as the people it employs. Recognition of this fact is at the heart of the Company's Human Resource Development Programs. These programs are available to all and often include stints overseas. The Company



encourages all its employees to avail themselves of the training opportunities provided, since development of personnel skills at all levels is critical to maintaining a competitive business edge.

These investments in training will pay off fully in the long term. Yet already the positive impact of higher skill levels is apparent. In the Cement Division, for example, employees increased their productivity levels substantially.

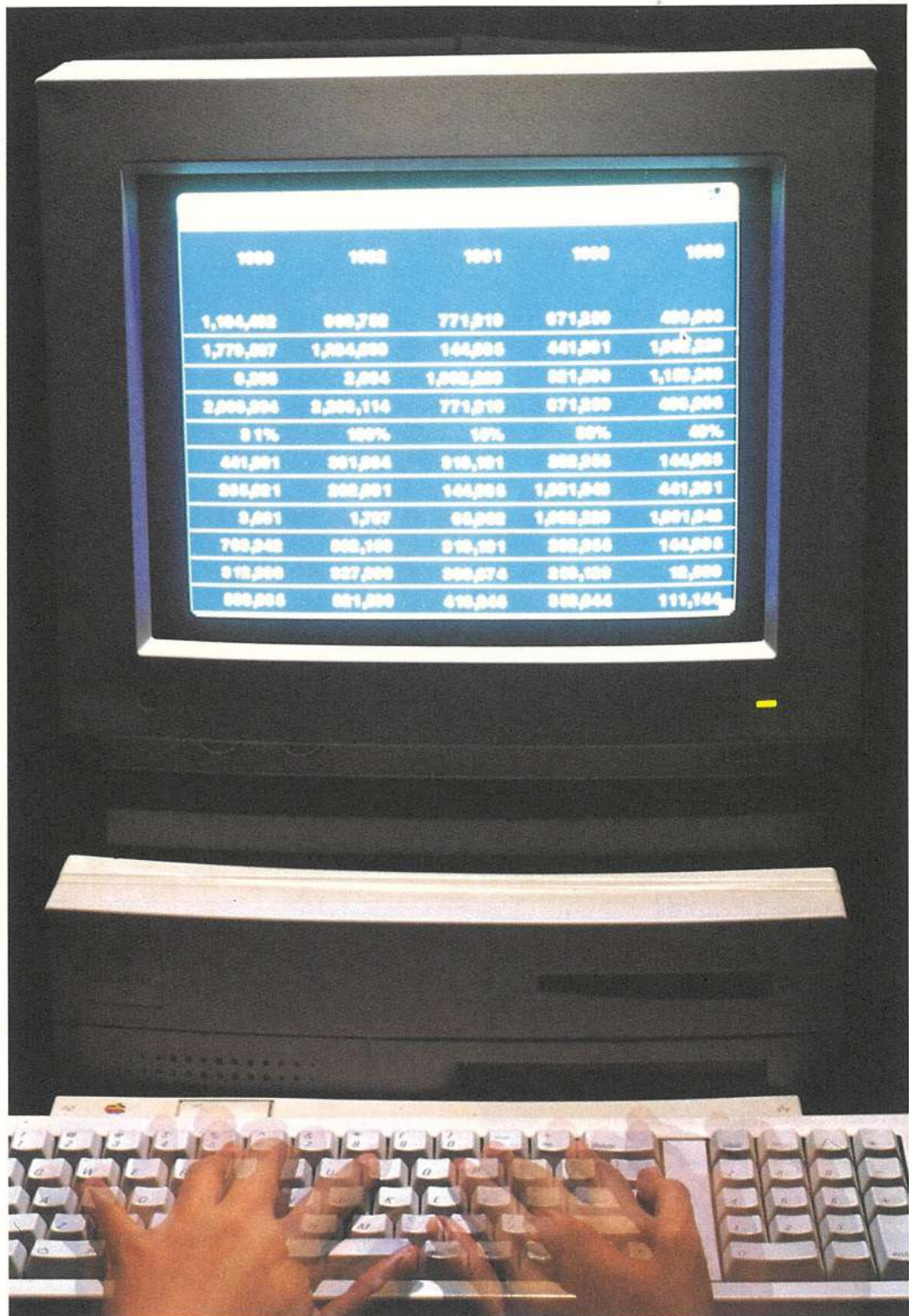


The Company, together with its subsidiaries and affiliates, also plays an active role in promoting the sporting life of its employees. During the year, tournaments in such sports as soccer, volley ball and table tennis were held to promote employee fitness and engender a feeling of camaraderie.

Health and Safety in the Workplace

In 1993, the Company increased its budget for medical benefits available to employees. In addition, it continues to emphasize safety and spend significant time and money in making employees aware of safety issues. It is also putting in place a series of safer work practices. This drive has been highly successful, with work-related accidents reduced by 9% in the Cement Division during 1993.

FIVE - YEAR SUMMARY



1990	1991	1992	1993	1994
1,104,002	990,702	771,210	671,200	400,000
1,770,007	1,204,000	1,040,000	441,001	1,000,000
0,000	2,004	1,000,000	521,000	1,100,000
2,000,004	2,000,114	771,210	671,200	400,000
0.1%	100%	10%	50%	40%
441,001	501,004	510,101	200,000	1,040,000
200,001	200,001	1,040,000	1,001,000	441,001
0,001	1,707	00,000	1,000,000	1,001,000
700,000	000,100	510,101	200,000	1,040,000
510,000	527,000	500,074	200,100	10,000
000,000	001,000	410,000	000,000	111,104

FIVE - YEAR SUMMARY

(Amounts in Millions of Rupiah

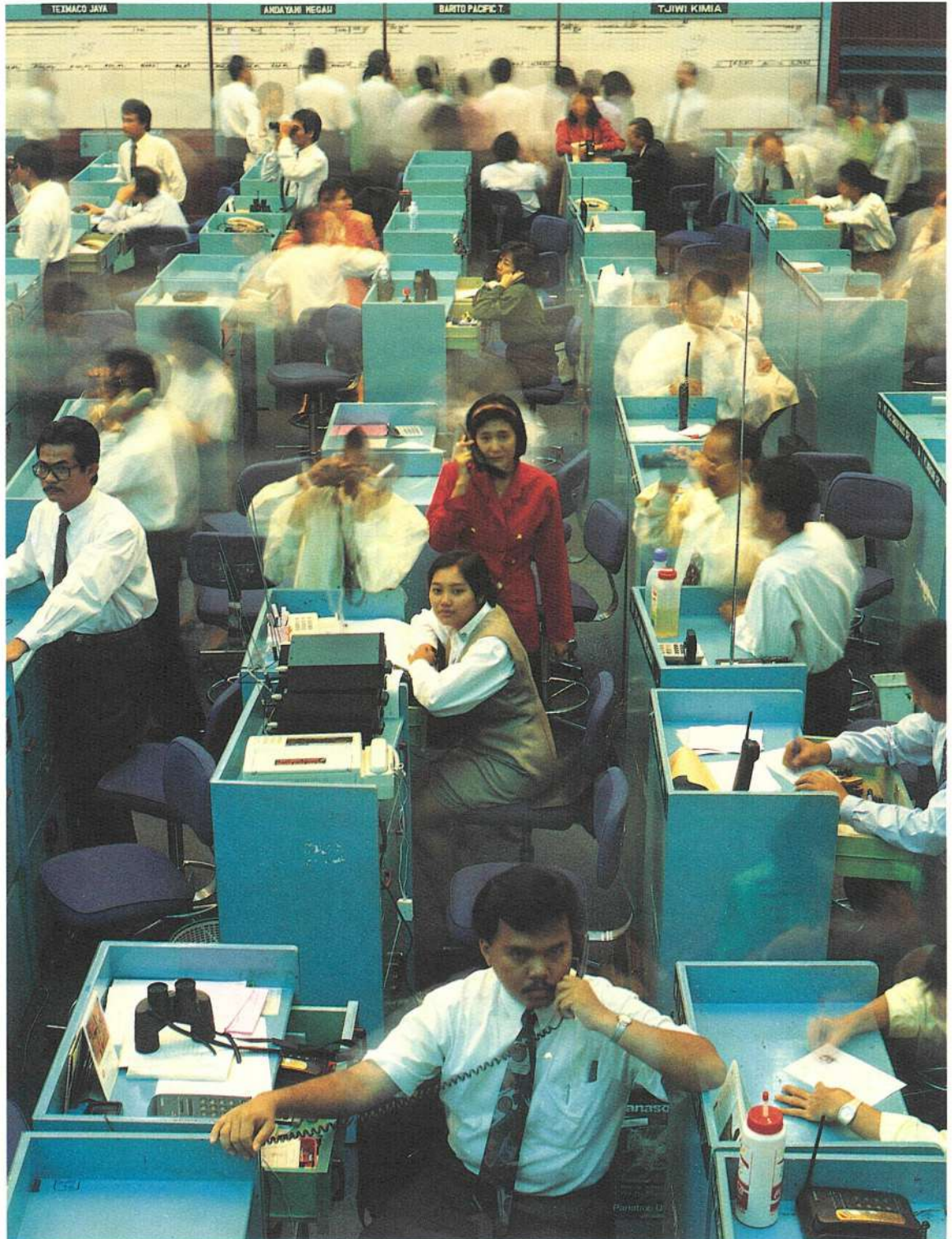
Except Per Share Data)

	1993	1992	1991	1990	1989
Net Revenues					
Cement Division	1,104,492	968,752	771,319	671,259	486,606
Food Division (*)	1,779,507	1,234,699	-	-	-
Property Division (*)	6,386	2,664	-	-	-
Total	2,890,384	2,206,114	771,319	671,259	486,606
Revenue Growth	31%	186%	15%	38%	43%
Income from Operations					
Cement Division	441,381	361,864	310,181	282,355	144,985
Food Division (*)	265,621	202,081	-	-	-
Property Division (*)	(3,661)	(1,787)	-	-	-
Total	703,342	562,158	310,181	282,355	144,985
Net Income	312,388	327,393	308,674	250,123	12,588
Cash Generated from Operations	538,935	521,590	416,245	353,644	111,144
Stockholders' Funds	1,902,228	1,739,778	1,517,189	1,298,347	1,048,225
Net Borrowings / (Net Cash)	1,902,445	1,991,846	139,684	(134,211)	65,902
Capital Employed	3,767,175	3,821,401	2,007,054	1,369,254	1,153,303
Capital Expenditures					
Fixed Assets (including Construction in Progress)	643,305	501,268	61,136	21,308	12,131
Investments and Acquisitions	6,711	2,085,170	545,999	3,963	68
Issued Ordinary Shares ('000)	598,881	598,881	598,881	598,881	598,881
Primary Earnings Per Share	521.62	546.67	515.42	417.65	48.72
Dividends per Share	-(**)	250	245	80	-
Book Value per Share	3,176	2,905	2,533	2,168	1,750
Current Ratio	70%	101%	461%	675%	179%
Net Gearing (Net Borrowings as a Percentage of Stockholders' Fund)	100%	114%	9%	(10%)	6%
Return on Capital Employed	8%	11%	15%	18%	1%
Return on Stockholders' Equity	17%	20%	22%	21%	1%
Number of Employees (Year End)	25,748	23,650	5,067	4,415	4,076

(*) The reported results of operation in 1993 for Bogasari under Food Division and Wisma Indocement under Property Division were for full year, whereas these were only for five months in 1992. Wisma Indocement's total revenue includes only those charged to third-party tenants.

(**) Before dividend declaration for the year 1993.

STOCK AND MARKET PERFORMANCE



STOCK AND MARKET PERFORMANCE

Indocement Stock

Indocement has a total of 95.8 million common shares with a par value of Rp 1,000 per share listed on the Indonesian Stock Exchanges. This represents about 16% of the Company's issued capital.

As of December 31, 1993, the number of Indocement shareholders was approximately 3,000.

A total of 31.4 million shares valued at Rp 360 billion were traded on the Indonesian Stock Exchange in 1993. During the year, Indocement shares traded at prices ranging between a low of Rp 8,600 and a high of Rp 15,600 for the local portion and between a low of Rp 9,800 and a high of Rp 17,000 for the foreign portion. Closing prices at year-end were Rp 15,600 and Rp 17,000 for the local portion and foreign portion, respectively, or a premium of about 9%.

Indocement stock prices grew only moderately in 1993 as a result of a technical correction from 1992, during which we outperformed the market.

Convertible Bonds

The Company's 6.75% Convertible Bonds, issued in June, 1991 in the amount of US\$75 million, will be due in the year 2001. Interest is paid annually every June 20. If full conversion were to take place, the total number of Company shares would increase from 598,881,000 to 608,981,346.

These convertible bonds are listed on the Luxembourg Stock Exchange and were

trading between 75 and 114 during 1993. This surpassed the performance of other foreign-listed Indonesian convertible bonds.



There were no bond conversions during 1993. However, in response to improved Indocement stock prices, certain conversion rights were exercised in early 1994 in accordance with relevant conditions of the bond issue.

Prospects

As the Company expands its cement business and benefits from its strategic move into the high-growth food sector, shareholders will likely see an appreciation in the value of their investments. The proposed share flotation of Indofood in 1994 is certainly a positive move on this direction.

Indocement will continue to place great importance on relations with its investors.

FINANCIAL REPORT AND ACCOUNTS



INDEPENDENT AUDITORS' REPORT



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

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

Report No. 21031S

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

We have audited the accompanying consolidated balance sheets of P.T. Indocement Tunggol Prakarsa and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of P.T. Indocement Tunggol Prakarsa and subsidiaries as of December 31, 1993 and 1992, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

PRASETIO, UTOMO & CO.

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

March 10, 1994
(Except for Notes 27a, 27c and 27d as
to which the date is March 30, 1994)

CONSOLIDATED BALANCE SHEETS

December 31,
1993 and 1992

Assets

	Notes	1993 Rp	1992 Rp
Current Assets			
Cash on hand and in banks		47,294,959,133	56,498,755,270
Time deposits	5	4,815,852,951	64,749,937,673
Marketable securities	4,6	10,015,822,500	10,308,555,000
Accounts receivable	4,13,15,22		
Trade		234,011,157,393	231,619,195,011
Affiliates		18,767,141,684	117,333,177,048
Officers, employees and others		21,158,427,838	9,036,543,501
Inventories	4,7,13,15	329,633,888,793	342,256,836,789
Advances and deposits	26	108,507,348,468	110,981,029,570
Prepaid expenses and other current assets	4,26	50,357,842,449	40,974,863,828
Total Current Assets		824,562,441,209	983,758,893,690
Long-Term Investments			
Investments in and advances to investees	4,8	37,794,134,578	31,083,624,262
Excess of cost over net assets value - net of accumulated amortization	4,9	700,642,380,488	719,078,798,173
Total Long-Term Investments		738,436,515,066	750,162,422,435
Property, Plant and Equipment			
- Net of Accumulated Depreciation, Amortization and Depletion	4,10,13,15	3,126,777,475,698	2,842,988,415,309
Other Assets			
Construction in progress	4,11	267,625,004,230	141,245,622,707
Deferred charges	4	51,516,549,031	21,675,570,894
Preoperating expenses	4	11,146,726,006	16,086,215,202
Deferred foreign exchange difference	4,12	169,228,038	6,231,205,393
Other noncurrent assets	4	33,794,250,452	33,042,365,982
Total Other Assets		364,251,757,757	218,280,980,178
Total Assets		5,054,028,189,730	4,795,190,711,612

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

CONSOLIDATED BALANCE SHEETS

December 31,
1993 and 1992

Liabilities and Stockholders' Equity

	Notes	1993 Rp	1992 Rp
Current Liabilities			
Short-term loans	7,10,13,25	635,548,750,311	498,227,942,337
Accounts payable	22		
Trade		165,998,207,624	173,134,053,740
Affiliates		1,133,911,254	2,049,963,151
Others		19,202,729,242	10,581,739,574
Accrued expenses	4	60,299,942,397	63,346,889,786
Accrued taxes	4,14	56,731,761,781	58,257,682,099
Unearned income	4	1,285,718,392	1,753,811,706
Portion of long-term debts currently due	4,7,10,15,25	242,596,174,138	166,533,344,843
Total Current Liabilities		1,182,797,195,139	973,885,427,236
Long Term Debts			
- Net of Portion Currently Due	4,7,10,15,25	1,515,961,758,484	1,791,911,112,227
Other Liabilities and Credits			
6.75% Convertible Bonds due 2001	16,27	158,250,000,000	154,650,000,000
Deferred gain on sale and leaseback transaction	4	34,033,214,057	37,036,813,752
Due to affiliates	22	121,153,616,759	17,200,940,906
Total Other Liabilities and Credits		313,436,830,816	208,887,754,658
Minority Interest in Equity of Consolidated Subsidiaries	4	139,387,173,971	80,728,794,021
Stockholders' Equity			
Capital stock - Rp 1,000 par value Authorized - 750,000,000 shares Issued - 598,881,000 shares	17	598,881,000,000	598,881,000,000
Additional paid-in capital	18	650,090,196,497	650,090,196,497
Retained earnings		653,474,034,823	490,806,426,973
Total Stockholders' Equity		1,902,445,231,320	1,739,777,623,470
Total Liabilities and Stockholders' Equity		5,054,028,189,730	4,795,190,711,612

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

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the Years Ended
December 31, 1993 and 1992

	Notes	1993 Rp	1992 Rp
Net Revenues	4,19,22,23	2,890,384,433,734	2,206,114,182,789
Cost of Revenues	4,20	1,888,554,080,929	1,409,430,998,670
Gross Profit		1,001,830,352,805	796,683,184,119
Operating Expenses	4,21,23		
Delivery and selling		189,696,982,113	140,631,194,515
General and administrative		108,791,605,915	93,894,318,515
Total Operating Expenses		298,488,588,028	234,525,513,030
Income from Operations		703,341,764,777	562,157,671,089
Other Income (Charges)			
Freight revenues - net	4	20,898,340,752	7,763,840,957
Interest income	5,6	14,614,157,393	69,269,181,102
Equity in net earnings of investees	4,8	831,419,455	2,573,176,031
Interest and related charges	13,15	(274,285,323,293)	(189,511,100,715)
Foreign exchange losses	4	(50,739,468,329)	(23,543,309,880)
Amortizations	4,9,12	(25,131,830,824)	(37,698,871,737)
Others - net	4,6	30,816,307,180	22,847,910,276
Other Charges - Net		282,996,397,666	148,299,173,966
Income before Provision for Income Tax		420,345,367,111	413,858,497,123
Provision for Income Tax	4,14	49,503,129,311	41,585,527,806
Income before Minority Interest in Net Income of Consolidated Subsidiaries		370,842,237,800	372,272,969,317
Minority Interest in Net Income of Consolidated Subsidiaries	4	58,454,379,950	44,879,814,026
Net Income		312,387,857,850	327,393,155,291
Retained Earnings at Beginning of Year		490,806,426,973	268,217,446,682
Cash Dividends	24	(149,720,250,000)	(104,804,175,000)
Retained Earnings at End of Year		653,474,034,823	490,806,426,973
Earnings per Share	4		
Primary		521.62	546.67
Anti-Diluted		531.49	557.10

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended
December 31, 1993 and 1992

	1993 Rp	1992 Rp
Cash Flows from Operating Activities		
Net income	312,387,857,850	327,393,155,291
Adjustments to reconcile net income to cash provided by (used for) operating activities:		
Depreciation, amortization and depletion	194,690,455,015	132,991,484,403
Minority interest in equity of consolidated subsidiaries	58,658,379,950	80,728,794,021
Decline (increase) in value of marketable securities	(4,707,267,500)	1,806,090,000
Equity in net earnings of investees	(831,419,455)	(2,573,176,031)
Other non-cash items - net	31,805,749,239	61,205,239,583
Changes in current assets and current liabilities:		
Decrease (increase) in:		
Accounts receivable	84,052,188,645	(314,686,155,693)
Inventories	12,622,947,996	(173,460,045,762)
Advances and deposits	2,473,681,102	(91,103,915,957)
Prepaid expenses and other current assets	(9,382,978,621)	(30,813,789,141)
Increase (decrease) in:		
Accounts payable	569,091,655	161,484,663,261
Accrued expenses	(3,046,947,389)	47,684,137,458
Accrued taxes	(1,525,920,318)	48,070,347,146
Unearned income	(468,093,314)	1,753,811,706
Net Cash Provided by Operating Activities	677,297,724,855	250,480,640,285
Cash Flows from Investing Activities		
Proceeds from disposal of property and equipment	37,280,703,796	52,958,791,152
Proceeds from sale of marketable securities	5,000,000,000	-
Additions to property, plant and equipment	(516,808,466,989)	(1,596,829,387,753)
Increase in construction in progress	(126,379,381,523)	(122,442,996,207)
Increase in deferred charges	(29,840,978,137)	(9,752,773,829)
Increase in long-term investments	(6,617,590,861)	(718,846,920,481)
Increase in other investing activities - net	(4,336,601,379)	(19,724,257,037)
Net Cash Used for Investing Activities	(641,702,315,093)	(2,414,637,544,155)
Cash Flows from Financing Activities		
Increase in short-term loans	137,320,807,974	463,620,942,337
Increase in due to affiliates	103,952,675,853	17,200,940,906
Portion of long-term debts currently due	76,062,829,295	107,134,449,236
Decrease in time deposits	59,934,084,722	339,489,200,000
Additions to (payments of) long-term debts	(272,349,353,743)	1,392,673,168,422
Payments of cash dividends	(149,720,250,000)	(104,804,175,000)
Net Cash Provided by (Used for) Financing Activities	(44,799,205,899)	2,215,314,525,901
Net Increase (Decrease) in Cash on Hand and in Banks	(9,203,796,137)	51,157,622,031
Cash on Hand and in Banks at Beginning of Year	56,498,755,270	5,341,133,239
Cash on Hand and in Banks at End of Year	47,294,959,133	56,498,755,270
Supplemental Disclosures of Cash Flow Information		
Income taxes	54,839,564,267	40,190,149,073
Interest expenses	269,225,318,880	185,921,841,782

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

P.T. Indocement Tungal Prakarsa (the Company) was incorporated on January 16, 1985 and its deed of incorporation was approved by the Ministry of Justice on May 17, 1985. Since then, several amendments have been made to the Company's Articles of Association to reflect significant changes arising from the acquisition in June 1985 of six cement companies operating eight production plants (one of which has been existing since 1973), equity participation by 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 Association was in July 1992 during the Stockholders' Extraordinary General Meeting wherein the stockholders approved to broaden the Company's scope of activities in line with its ongoing business expansion and diversification. This amendment has been published in the State Gazette of the Republic of Indonesia No. 62 and Supplement No. 3502 dated August 3, 1993. As discussed in Note 2, the Company acquired in 1992 the businesses and certain operating assets and liabilities of P.T. Bogasari Flour Mills (Bogasari) and P.T. Perwick Agung (Perwick); and purchased a 51% equity interest in nine companies, collectively called as Indofood Group (Indofood).

The Company is now a multi-business group with three major divisions. The Cement Division, which is the Company's traditional core business, manages eight integrated cement plants at its Citeureup - Bogor site and one integrated cement plant at its Palimanan - Cirebon site (previously owned by P.T. Tridaya Manunggal Perkasa Cement or TMPC) with a combined annual capacity of 9.4 million tons, consisting of 9.2 million tons of portland cement and 0.2 million tons of specialty (white and oil well) cements. The Food Division consists of the two separate core operations of Bogasari and subsidiary company, Indofood. Bogasari manages two modern integrated flour milling plants, located in Jakarta and Surabaya, with a combined annual capacity of 2.1 million tons of flour and 60,000 tons of pasta, while Indofood manages a group of companies engaged in the processing and distribution of instant noodles, snacks, coffee, baby foods and specialty foods. Wisma Indocement, which was previously owned by Perwick, is now one of the operating units of Property Division. This building is a 23-story office tower located in Jakarta's central commercial district with over 19,000 square meters of lettable space and two basement car parks.

2. Acquisitions and Major Investments

On June 18, 1992, as previously approved by the Board of Commissioners on June 12, 1992, the Company entered into Sale and Purchase Agreements (Agreements) with Bogasari, Perwick and Indofood. Under the Agreements, the Company is contracted to:

- a. acquire the business and certain operating assets and liabilities of Bogasari, for a net consideration of Rp 763 billion,
- b. acquire the business, building, certain assets and liabilities of Perwick, for a net consideration of Rp 110 billion, and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

c. purchase a 51% equity interest in Indofood for a gross consideration of Rp 777 billion.

Also under the Agreements, Bogasari and Indofood are not allowed, among others, to join or cooperate with other party, in whatsoever manner, to engage in the same line of business or be in competition with similar line of business in Indonesia within five years commencing from the signing date of this agreement.

The above acquisitions have been approved by the stockholders in the Extraordinary

General Meeting held on July 28, 1992. The purchase of a 51% equity interest in Indofood was deemed to have taken effect as of January 1, 1992, while the acquisitions of the businesses and certain operating assets and liabilities of Bogasari and Perwick became effective as of July 31, 1992.

Approximately 50% of the total net lettable space of Wisma Indocement is being occupied on a no-rental basis by the head offices of Cement Division, Food Division and Property Division, and by the Company's corporate offices.

3. Basis of Presentation

The accompanying consolidated financial statements are prepared on the basis of historical cost, as modified by the revaluation of certain property, plant and equipment, except for certain investments in shares of stock which are accounted for under the equity method (see Note 4).

Beginning 1993, consolidated statements of cash flows are prepared instead of consolidated statements of changes in financial position and,

accordingly, certain changes were made in the presentation of prior year's amounts to conform with the requirements of a statement of cash flows. The consolidated statements of cash flows present cash receipts and payments classified into operating, investing and financing activities.

Certain accounts in the 1992 consolidated financial statements have been reclassified to conform to the 1993 presentation.

4. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the results of the Company and all its significant subsidiaries. Investments in common stock of company with interest greater than 50% are consolidated; those with interest of 20% to 50% are stated at cost, adjusted for the Company's share in the earnings or losses of investees, proportionate with the

Company's share in equity and increased/decreased by amortization of goodwill and dividends received (equity method). Investments wherein the Company has an equity interest of less than 20% are stated at cost.

All significant intercompany account balances and transactions have been eliminated in the consolidation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Marketable Securities

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

Allowance for Doubtful Accounts

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

Inventories

Inventories are generally stated at cost, using either the average or first-in, first-out method.

The Company and its subsidiaries provide allowance for obsolescence on inventories based on a periodic review of their condition.

Prepaid Expenses

Prepaid expenses are amortized on the basis of the future periods to be benefited using the straight-line method. Prepayments with benefits extending beyond one year are presented under "Other Noncurrent Assets" in the consolidated balance sheets.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, except for property, plant and equipment used in operations and acquired up to September 12, 1986 which were revalued in 1987 in accordance with Government Regulation No. 45 dated October 2, 1986.

Landrights are not amortized, while main machinery and equipment related to the production of cement are depreciated using the unit-of-production method. The other property, plant and equipment items are depreciated at the start of commercial production using the straight-line method based on the estimated useful lives of the assets as follows:

Land improvements; quarry; and buildings and structures	20 - 30 years
Machinery and equipment	5 - 20 years
Leasehold improvements; furniture, fixtures and office equipment; and tools and other equipment	2 - 5 years
Transportation equipment	5 - 19 years

The cost of maintenance and repairs is charged to operations as incurred; significant replacements and betterments are capitalized. When assets are retired or disposed of, 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.

Leases

Leases are accounted for under the capital lease method if these meet all the following criteria:

- a. Lessee has the option to purchase the leased assets at the end of the lease period at a price mutually agreed upon at the commencement of the lease agreement.
- b. Total periodic payments to be paid by the lessee plus residual value shall fully cover the acquisition cost of leased capital goods plus interest thereon which is the lessor's profit.
- c. Lease period shall be a minimum of two years.

Leases that do not meet all of the above mentioned criteria are accounted for under the operating lease method.

Under the capital lease method, the lease obligations are presented as "Obligations Under Capital Lease" shown under Long-term Debts,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

while the related leased assets are presented as "Assets Acquired Under Capital Lease" shown under Property, Plant and Equipment. These assets are depreciated using the straight-line method based on their estimated useful lives.

Sale and Leaseback Transactions

Gains and losses on sale and leaseback of property and equipment are amortized over the duration of the lease period.

Excess of Cost/ Net Assets Value Over Net Assets Value/ Cost

Excess of cost/ net assets value over net assets value/ cost, which comprises the excess of the purchase price/ net assets value over the fair value/ purchase price of the assets acquired in connection with the acquisitions of subsidiaries, are amortized over a period between 10 to 40 years using the straight-line method.

Construction in Progress

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

Capitalization of Interest

Interest incurred on borrowings to finance specific property developments and manufacturing facilities is capitalized during the construction period.

Deferred Charges

Certain expenditures whose benefits extend over periods more than a year are deferred and amortized over their estimated useful lives using the straight-line method.

Preoperating Expenses

Preoperating expenses have been capitalized and are amortized to operations from the

start of commercial production over a period ranging from 3 to 10 years using the straight-line method.

Revenue and Expense Recognition

Revenues are recorded as earned when products are delivered to customers or when services are rendered, except for the Food Division wherein revenues are recognized as earned upon issuance of sales invoice or delivery order. Freight revenues are generally recorded as income when a voyage is completed. Expenses are generally charged to operations on accrual basis.

Pension Benefits

The Company accrues for pension cost under a funded and contributory pension plan covering substantially all full-time employees of the Cement Division of the Company.

The costs of providing pension benefits for employees in the Food Division and Property Division are charged to operations at the time of their retirements, since these divisions still operate the "pay-as-you-go" retirement benefits scheme. The scheme is neither funded nor contributory.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Provision for Income Tax

The Company follows the taxes payable method in computing its income tax expense. Under this method, income tax expense is computed 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

The calculation of primary earnings per share is based on net income divided by the weighted average number of shares in issue during the year, while anti-diluted earnings per share is based on adjusted net income which assume the full conversion of 6.75% Convertible Bonds due 2001 divided by the weighted average number of shares in issue after effecting the above adjustments.

5. Time Deposits

These represent time deposits placed with the following banks:

	1993 Rp	1992 Rp
In US Dollar		
P.T. The Long-Term Credit Bank Central Asia	2,252,000,000	-
First Pacific Bank	2,104,000,000	-
In Rupiah		
P.T. Bank Central Asia	324,103,912	7,010,800,000
Bank Ekspor Impor Indonesia	-	48,739,137,673
P.T. Bank Risjad Salim International	-	9,000,000,000
Other banks (below Rp 200,000,000 each)	135,749,039	-
Total	4,815,852,951	64,749,937,673

These time deposits earned interest at rates ranging from 14.50% to 21.00% per annum in 1993 and 21.00% to 25.00% per annum in 1992 for Rupiah deposits and from 5.00% to 7.50% per

annum in 1993 and 7.00% to 7.50% per annum in 1992 for foreign currency deposits. Total interest earned during the year was Rp 6,348,495,651 and Rp 56,759,493,060 in 1992.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Marketable Securities

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

	<u>Number of Shares</u>	<u>Amount</u>	
		<u>1993</u>	<u>1992</u>
		<u>Rp</u>	<u>Rp</u>
Listed Equity Shares			
P.T. Perusahaan Rokok			
Tjap Gudang Garam Kediri	600,000	5,535,000,000	5,535,000,000
P.T. Indonesian Nickel Corporation	500,000	4,900,000,000	4,900,000,000
P.T. Inti Indorayon Utama	300,000	1,970,000,000	1,970,000,000
P.T. Sahid Jaya International	484,300	944,385,000	944,385,000
Bank Duta	75,000	600,000,000	600,000,000
	1,959,300	13,949,385,000	13,949,385,000
Less allowance for decline in market value of securities		3,933,562,500	8,640,830,000
		10,015,822,500	5,308,555,000
Bearer Bond Due 1996			
Bank Pembangunan Indonesia (coupon of 16.125% per annum)		-	5,000,000,000
Total		10,015,822,500	10,308,555,000

For those listed investments, the Company received cash dividends of Rp 217,312,500 in 1993 and Rp 464,137,500 in 1992. Interest income from the Bearer Bond Due 1996 amounted

Rp 429,552,083 in 1993 and Rp 806,250,000 in 1992. On July 12, 1993, the Company sold its Bearer Bond Due 1996 from Bapindo at 105.

7. Inventories

Inventories consist of:

	Amount	
	1993 Rp	1992 Rp
Finished goods	45,746,158,699	29,706,709,643
Work in process	18,588,452,455	18,986,366,310
Raw materials	88,697,311,379	106,527,668,350
Fuel and lubricants	35,391,360,979	31,352,243,440
Operating supplies	25,952,609,595	33,938,597,221
Spare parts - net	111,091,475,817	117,750,114,262
Materials in transit and other inventories-net	4,166,519,869	3,995,137,563
Total	329,633,888,793	342,256,836,789

A certain portion of the inventories is used as collateral for the short-term loans and

long-term debts (see Notes 13 and 15).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Investments in and Advances to Investees

These consist of long-term investments, advances to certain investees for capital requirements

and advances to prospective joint operation, the details of which are as follows:

	Ownership Interest	Amount	
		1993 Rp	1992 Rp
Investments in Shares of Stock			
Acquisition Cost:			
P.T. Cibinong Center Industrial Estate	50.0%	60,000,000	60,000,000
P.T. Indotek Engico	50.0%	60,000,000	60,000,000
P.T. Indo Clean Set Cement	47.5%	464,787,500	464,787,500
P.T. Citra Marga Nusaphala Persada	11.7%	8,000,000,000	8,000,000,000
Other investee companies	-	2,452,500,000	2,491,000,000
Cumulative Equity in Net Earnings (Losses) - Net of Amortization and Dividends Received:			
P.T. Cibinong Center Industrial Estate		28,015,627	(329,069,782)
P.T. Indotek Engico		36,956,425	35,729,667
P.T. Indo Clean Set Cement		(1,061,308,712)	-
Other investee companies		3,023,334,626	1,890,796,834
		13,064,285,466	12,673,244,219
Advances			
P.T. Cibinong Center Industrial Estate		8,869,244,765	8,164,886,523
P.T. Indotek Engico		328,486,210	271,770,085
P.T. Indo Clean Set Cement		1,459,902,877	100,897,029
Indocement/ Indominco Joint Operation		13,137,884,940	8,808,205,952
P.T. Citra Marga Nusaphala Persada		934,330,320	-
P.T. Indomix Perkasa (preoperating in 1992)		-	1,064,620,454
		24,729,849,112	18,410,380,043
Total		37,794,134,578	31,083,624,262

On February 10, 1992, the Company signed a Memorandum of Understanding with P.T. Indominco Mandiri to form a coal mining joint operation in East Kalimantan. The

proposed joint operation is subject to the satisfactory outcome of a number of conditions including the favorable result of the on-going exploratory study.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Excess of Cost Over Net Assets Value

This account represents the unamortized net excess of cost of acquired companies, mainly Indofood, over their net assets value. Net additions in 1993 and 1992 were Rp 738,500,000

and Rp 708,136,464,011, respectively, while amortization expense amounted to Rp 19,174,917,685 in 1993 and Rp 19,456,737,842 in 1992.

10. Property, Plant and Equipment

A summary of property, plant and equipment is presented below:

Carrying Value	1993 Rp	1992 Rp
Landrights and land improvements	319,585,099,920	186,926,594,231
Leasehold improvements	1,553,041,443	1,131,754,460
Quarry	17,170,349,991	16,006,134,369
Buildings and structures	950,390,767,689	904,704,071,200
Machinery and equipment	2,200,677,105,497	1,963,074,994,768
Transportation equipment	197,612,662,846	187,214,918,208
Furniture, fixtures and office equipment	55,106,988,689	41,603,733,289
Tools and other equipment	13,761,502,295	10,813,235,057
Assets acquired under capital lease (see Note 15):		
Buildings	46,677,539,136	42,000,000,000
Machinery and equipment	42,302,510,279	20,023,840,514
	3,844,837,567,785	3,373,499,276,096
Less Accumulated Depreciation, Amortization and Depletion	718,060,092,087	530,510,860,787
Net Book Value	3,126,777,475,698	2,842,988,415,309

Certain property, plant and equipment are used as collateral for the short-term loans and long-term debts (see Notes 13 and 15).

Depreciation, amortization and depletion charges totalled Rp 194,690,455,015 in 1993 and Rp 132,991,484,403 in 1992.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Construction in Progress

This account consists of:

	1993 Rp	1992 Rp
Land improvements	5,674,087,787	5,173,198,594
Buildings and structures	31,356,947,436	24,320,346,248
Machinery and equipment	195,092,603,630	83,235,212,159
Other fixed asset items	35,501,365,377	28,516,865,706
Total	267,625,004,230	141,245,622,707

The increase in buildings and structures, machinery and equipment and other fixed asset items under construction in progress is mainly made up of the installation of conveyor

system for sand at Hambalang quarry, dust collector project at Citeureup plantsite and construction of manufacturing facilities in line with the Company's capacity expansion program.

12. Deferred Foreign Exchange Difference

This account mainly represents the unamortized balance of deferred foreign exchange difference

arising from Rupiah devaluation in respect of the Company's outstanding long-term debts.

13. Short-Term Loans

Short-term loans consist of the following:

	1993 Rp	1992 Rp
Overdraft		
P.T. Bank Central Asia	29,406,456,777	25,608,880,777
Bank Negara Indonesia 1946	9,214,967,959	52,184,224,205
Other local banks (with balances of Rp 5 billion each or less)	-	4,140,933,543
	38,621,424,736	81,934,038,525
Usance L/C Payable		
P.T. Bank Central Asia	37,839,750,980	30,588,290,635
Other Term Loans		
P.T. Bank Central Asia	219,083,553,274	267,705,574,940
Citibank, N.A., Jakarta	145,115,200,000	33,932,452,830
The Chase Manhattan Bank, N.A., Jakarta	78,925,000,000	-
P.T. Bank Niaga	51,145,000,000	10,000,000,000
American Express Bank, N.A., Jakarta	22,788,000,000	27,834,900,000
Bank of America	13,390,800,000	-
P.T. Rabobank Duta Indonesia	12,600,000,000	-
P.T. Inter Pacific Financial Corporation	7,996,900,000	8,236,620,000
Bank Negara Indonesia 1946	-	25,537,825,868
Other banks (with balances of Rp 5 billion each or less)	8,043,121,321	12,458,239,539
	559,087,574,595	385,705,613,177
Total	635,548,750,311	498,227,942,337

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The above loans bear interest at rates ranging from 7.00% to 10.50% per annum in 1993 and 7.00% to 10.00% per annum in 1992 for foreign currency loans and from 11.50% to 21.50% per annum in 1993 and 21.50% to 29.50% per

annum in 1992 for Rupiah loans. Certain loans are collateralized by certain property, plant and equipment, inventories, trade receivables and personal guarantees from certain stockholders.

14. Taxation

The details of accrued taxes are as follows:

	1993 Rp	1992 Rp
Estimated corporate income tax payable	17,774,886,455	24,176,996,881
Other taxes accrued and withheld		
Income tax - Article 21	4,297,200,845	4,552,839,930
Income tax - Article 23	3,108,930,532	1,757,425,528
Income tax - Article 25	1,307,066,873	144,487,750
Income tax - Article 26	754,677,852	1,224,342,254
Value Added Tax - output	29,446,644,447	26,382,929,083
Other taxes	42,354,777	18,660,673
Total	56,731,761,781	58,257,682,099

The estimated corporate income tax payable as of December 31, 1993 and 1992, and the provision for income tax for 1993 and 1992 pertain to Indofood. No corporate income tax has been provided for the Company during each of the years ended December 31, 1993 and 1992 since it has

sufficient tax losses to offset against and to carry forward.

The fiscal computation, together with a reconciliation between the Company's income before provision for income tax and estimated taxable income, is shown below:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	1993 Rp	1992 Rp
Income before Provision for Income Tax per Consolidated Statements of Income and Retained Earnings	420,345,367,111	413,858,497,123
Add (Deduct) :		
Income of the Consolidated Subsidiaries before provision for income tax	(187,174,967,843)	(149,099,057,505)
Amortization of excess of investment cost over net assets value	17,814,977,987	17,814,977,987
Income before Provision for Income Tax Attributable to the Company	250,985,377,255	282,574,417,605
Add (Deduct) :		
Timing differences, mainly the excess of tax over book depreciation	(153,002,732,814)	(163,227,836,752)
Non-deductible expenses, mainly employees' benefits and public relations	13,938,767,706	11,690,997,418
Non-taxable income - dividend	(217,312,500)	(464,137,500)
Estimated Taxable Income before Tax Losses Relief	111,704,099,647	130,573,440,771
Tax Losses brought Forward at Beginning of Year	(140,690,662,430)	(271,264,103,201)
Balance	(28,986,562,783)	(140,690,662,430)
Tax Losses Relief Lapsed During the Year	4,950,548,465	-
Tax Losses Carried Forward at End of Year	<u>(24,036,014,318)</u>	<u>(140,690,662,430)</u>

The Company's corporate income tax liabilities have been agreed by the tax

authorities for fiscal periods up to December 31, 1991 (see also Note 27d).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Long-Term Debts

Long-term debts consist of the following:

	1993		1992
	Foreign Currency	Rp	Rp
Domestic Loans			
Bank Pembangunan Indonesia		110,780,345,466	118,698,145,466
Bank Negara Indonesia 1946, Cayman Branch	US\$ 46,020,000	97,102,200,000	112,337,760,000
Bank Central Asia		92,759,473,900	463,022,327,190
Pertamina Unit EP III, Cirebon	US\$ 8,978,082	18,943,752,872	24,165,146,679
Consortium of local banks (with Bank Duta as lead manager)		16,000,000,000	20,000,000,000
The Chase Manhattan Bank, N.A., Jakarta	US\$ 6,075,000	12,818,250,000	-
Bank Negara Indonesia 1946		4,375,000,000	29,000,000,000
Other local banks (with balances of Rp 10 billion each or less)		12,099,440,410	11,484,371,046
		364,878,462,648	778,707,750,381
Foreign Loans			
Fuji Bank Ltd., Japan	¥ 8,744,817,380	161,506,131,069	169,262,192,160
Asean Finance Corporation	US\$ 36,500,000	77,015,000,000	-
Nippon Credit Bank	US\$ 7,500,000	15,825,000,000	-
Commerz Bank	US\$ 7,500,000	15,825,000,000	-
Banque Paribas	US\$ 7,500,000	15,825,000,000	-
Yasuda Trust & Bank	US\$ 7,500,000	15,825,000,000	-
Commonwealth Bank	US\$ 7,500,000	15,825,000,000	-
Credit Lyonnais, Paris		-	17,044,042,166
		317,646,131,069	186,306,234,326
Promissory Notes	US\$ 270,000,000	569,700,000,000	618,600,000,000
Commercial Paper		400,000,000,000	300,000,000,000
Suppliers' Credit	Various	38,884,799,969	21,551,419,604
Obligations under Capital Lease		67,448,538,936	53,279,052,759
Total		1,758,557,932,622	1,958,444,457,070
Less Portion Currently Due			
Domestic loans		60,876,563,029	77,198,947,071
Foreign loans		25,766,400,000	41,317,162,166
Promissory notes		126,600,000,000	30,930,000,000
Suppliers' credit		8,535,259,889	6,485,777,607
Obligations under capital lease		20,817,951,220	10,601,457,999
		242,596,174,138	166,533,344,843
Long-Term Portion		1,515,961,758,484	1,791,911,112,227

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Part of the loans outstanding in 1992 represents borrowings by the Company in relation to the build-up of its Cement Division, including those debts assumed when it acquired the operating assets of P.T. TMPC in 1991. These debts are repayable in various installments up to year 2000.

The loans from Bank Negara Indonesia 1946 are part of the liabilities which the Company assumed from the previous owner of Bogasari.

In order to partly finance the acquisitions of the businesses and certain operating assets of Bogasari and Perwick, and the purchase of a 51% equity interest in Indofood (see Note 2), the Company, in addition to the liabilities of acquired units which it assumed in accordance with the terms and conditions of the Agreements, has entered into the following financing arrangements:

- a. Term-loan facility of Rp 500 billion from Bank Central Asia, of which Rp 450 billion has already been drawn as of December 31, 1992. These debts are repayable in 20 equal quarterly installments. Under the loan agreement, Bank Central Asia is entitled to transfer all or part of its rights and obligations to a consortium of several banks without prior consent from the Company. In 1993, the Company repaid part of the abovementioned loan with the proceeds of new foreign borrowings.
- b. Commercial paper issue arranged by Bank Central Asia up to a maximum amount of Rp 300 billion for an initial period of two years starting October 20, 1992, which was subsequently increased to Rp 400 billion in 1993.
- c. Promissory notes issue of US\$ 300 million to P.T. Bogasari Flour Mills as part-payment of the acquisition price. These notes will be repaid in 20 equal quarterly installments starting August 1993. On July 16, 1993, these

promissory notes have been sold by P.T. Bogasari Flour Mills to Bank Ekspor Impor Indonesia, the terms and conditions of which remain the same.

Suppliers' credit, which is mainly denominated in US\$, represents liabilities to foreign suppliers for the purchase of machinery and equipment.

Obligations under capital lease incurred in relation to the purchase of certain buildings and machinery and equipment are payable to several local financing companies. These leases cover a period between 2 to 7 years. Future minimum lease payments under these leases are Rp 20.8 billion, Rp 22.4 billion, Rp 14.5 billion and Rp 3.8 billion for the years ending December 31, 1994, 1995, 1996 and 1997, respectively; while total lease payment due after the fifth year is Rp 5.9 billion.

The above indebtedness, which bear interest at rates ranging from 12.00% to 20.64% per annum in 1993 and 10.00% to 23.50% per annum in 1992 for Rupiah loans and from 5.25% to 9.00% per annum in 1993 and 7.50% to 10.50% per annum in 1992 for foreign currency loans, are collateralized by certain property, plant and equipment, inventories, trade receivables, standby Letters of Credit, shares of Indofood Group and personal guarantees from certain stockholders and officers. The loan from Fuji Bank Ltd., Japan, however, is fully guaranteed by Marubeni Corporation.

Certain loan agreements contain terms and conditions restricting the Company from, without prior consent from the lenders, taking on additional long-term liabilities, changing the Company's legal status and composition of the board of directors, restructuring the equity capital and incurring significant capital expenditures in excess of a specified limit. In addition, the Company has to maintain certain financial ratios.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. 6.75% Convertible Bonds Due 2001

On June 20, 1991, the Company issued and listed US\$ 75 million 6.75% Euroconvertible 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 acquisition of P.T. TMPC. 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 Company's assets to secure any future obligations of the Company which may be covered by issuance of certain types of marketable debt securities outside of Indonesia. This Bond issuance has been permitted by the Capital Market Supervisory Agency (BAPEPAM) with the understanding that shares issued on the conversion of the Bonds will be listed at the Stock Exchanges in Indonesia.

As of December 31, 1993, no conversion rights have been exercised by any of the bondholders.

17. Capital Stock

The details of the Company's paid-up capital are presented below:

	Percentage Holding %	Amount Rp
P.T. Mekar Perkasa	42.40	253,903,000,000
Government of the Republic of Indonesia	25.93	155,282,095,000
P.T. Citrabuana Dirgapuri	12.75	76,357,826,000
P.T. Kaolin Indah Utama	4.45	26,650,205,000
Cooperatives	1.00	6,000,000,000
Sudwikatmono	0.13	806,848,000
Ibrahim Risjad	0.13	806,848,000
Public	13.21	79,074,178,000
Total	100.00	598,881,000,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. 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 initial 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.

19. Net Revenues

The details of net revenues by Division are presented as follows:

	1993 Rp	1992 Rp
Cement Division		
Sales of cement	1,099,884,029,961	968,751,564,224
Sales of ready mixed concrete	4,607,572,075	-
Food Division		
Bogasari	658,760,576,175	265,284,468,396
Indofood	1,120,746,312,912	969,414,323,277
Property Division		
Wisma Indocement (see Note 2)	6,385,942,611	2,663,826,892
Total	2,890,384,433,734	2,206,114,182,789

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Cost of Revenues

The details of cost of revenues by Division are presented as follows:

	1993 Rp	1992 Rp
Cement Division		
Cost of cement	592,905,684,138	541,409,993,061
Cost of ready mixed concrete	3,085,041,958	-
Food Division		
Bogasari	545,036,834,959	222,040,862,579
Indofood	738,684,759,591	642,351,377,543
Property Division		
Wisma Indocement (see Note 2)	8,841,760,283	3,628,765,487
Total	1,888,554,080,929	1,409,430,998,670

21. Pension and Retirement Benefits Plan

As an upgrade of its previous "pay-as-you-go" retirement benefits scheme, the Company adopted a contributory pension plan in 1991 based on the Board of Directors' Resolution No. 08/KPTS/DIR/ITP/VIII/91 dated July 31, 1991. The plan covers substantially all full-time employees of the Cement Division of the Company. Pension contribution of the Company and its Cement Division employees amount to 10% and 5%, respectively, of the annual pensionable earnings of the employees.

The pension fund is held separately and administered by the Yayasan Dana Pensiun Karyawan P.T. Indocement Tunggal Prakarsa, the establishment of which was approved by the Ministry of Finance on November 12, 1991.

Based on the latest available actuarial valuation carried out on August 31, 1991, the past service liability applicable to the Cement Division of the Company totalled Rp 18 billion.

In October 1991, the Company made an initial funding of Rp 1.5 billion on account of the past service liability under the plan. Additional funding of Rp 1.2 billion was made in 1992. Regular pension costs amounted to Rp 2,349,126,270 for 1993 and Rp 1,951,562,730 for 1992.

The existing pension plan has not been affected by the acquisitions of the businesses of Bogasari and Perwick, and by the purchase of a 51% equity interest in Indofood because these acquired units still operate the "pay-as-you-go" retirement benefits scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. Transactions and Accounts with Affiliates

The Company has transactions with entities which are regarded as having special relationships, as defined under Ministry of Finance Decree No. 1548/KMK.013/1990 dated December 4, 1990 and as amended by the Ministry of Finance Decree No. 1199/KMK.010/1991 dated November 30, 1991 as follows:

- Family relationship by marriage and descent up to the second level, both horizontally and vertically;
- The relationship between a company and its employees, the director or commissioner;
- The relationship between a company and another which directly or indirectly controls, is controlled, or under a single control of the latter; or
- The relationship between a company and its major stockholders.

Some of the significant trade transactions and related account balances with these companies are as follows:

- a. A substantial portion of the Company's portland cement domestic sales are sold through one of its main distributors, P.T. Semen Tiga Roda Prasetya. Total sales amounted to Rp 714,405,686,367 in 1993 and Rp 586,359,201,905 in 1992. The outstanding receivables as of December 31, 1993 and 1992 amounted to Rp 27,995,936,228 and Rp 22,547,874,223, respectively.
- b. In 1992, P.T. Pebapan (Indomarco) became one of the major distributors of Indofood. Total sales in 1993 and 1992 amounted to Rp 499,282,476,725 and Rp 218,897,298,885. The outstanding receivables from this transaction amounted to Rp 83,757,695,662 and Rp 81,888,048,793 as of December 31, 1993 and 1992, respectively.

Transactions with affiliates other than those pertaining to the main businesses of the Company and its subsidiaries are reported under "Accounts Receivable/ Payable - Affiliates". Those advances which are not expected to be repaid within twelve months are presented under "Due to Affiliates".

23. Agreements

The Company and its subsidiaries have several technical and licensing agreements with third parties, the more significant of which are those entered with:

- a. Baird International Limited, Hongkong, whereby Indofood appointed them as its sales and exclusive marketing agent outside the Republic of Indonesia. As consideration, the former shall receive a marketing fee equivalent to 5% of net export sales.
- b. Pepsico Foods International (Pepsico) whereby Indofood is granted the exclusive, non-transferrable right and license to use, manufacture, sell, distribute, advertise and

promote snack food products using the trademark and technology owned by Pepsico. As consideration, Indofood shall pay a royalty fee of 1% of its net sales.

- c. Hokkoku Co. Ltd. (Hokkoku) and Tokyo Trading Co. Ltd. (Tokyo Trading), whereby Indofood will receive technical assistance and management services from Hokkoku and Tokyo Trading relating to operation of restaurants, catering and other related activities. As compensation, Indofood pays a certain amount of technical assistance and management fee.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24. Cash Dividends

On June 9, 1993 in the Annual General Meeting, the stockholders ratified the distribution of final cash dividend of Rp 250 per share for 1992 which was paid by the Company on August 10, 1993 based on shares outstanding as of July 9, 1993.

In 1992, the Company declared a final dividend of Rp 175 per share for 1991 which was paid by the Company on June 18, 1992, bringing the total dividends attributable to 1991 to Rp 245 per share.

25. Commitments

a. On November 23, 1992, the Company entered into an agreement with The Chase Manhattan Bank Asia Limited (CMAL) to purchase a total of ¥ 2,928,000,000 in four equal semi-annual installments of ¥ 732,000,000 commencing March 20, 1993 up to September 20, 1994. On April 20, 1993 this maturity date has been extended up to September 20, 1995. The rates will be based on the Dual Index Exchange Rate corresponding to the appropriate US\$ LIBOR rate and the spot Yen/ US\$ exchange

rate to be provided by CMAL in the Dual Index Table in accordance with the Exchange Date(s). The purchase of this Yen currency will be used to repay the Yen-denominated loan obtained from Fuji Bank Ltd., Japan (see Note 15) which is repayable in semi-annual installments of the same amount.

b. As of December 31, 1993, the Company has outstanding unused letters of credit facilities amounting to approximately Rp 53 billion for the purchase of certain production materials.

26. Other Matters

a. In line with its intention to invest in a prime property in Jakarta, the Company in 1992 made an advance payment for new shares of Rp 77.9 billion to P.T. Wisma Nusantara International (P.T. WNI) representing a prospective 35% interest in P.T. WNI. The investment has been approved by the Capital Investment Coordinating Board (Badan Koordinasi Penanaman Modal) in its letter No. 3113/III/PMA/1993 dated June 25, 1993, while the ratification from the Ministry of Justice is still in process.

The advance payment will be transferred to investment account after the Ministry

of Justice has given its ratification on this transaction.

b. The Property Division, together with Yayasan Dapenso BNI 46 and P.T. Landmark Indonesia, entered into an agreement with P.T. Jaya Konstruksi Manggala Pratama, a contractor, to assign the latter for the construction of a certain underpass at Jl. Jenderal Sudirman, Jakarta. The contract price is fixed at Rp 9,844,192,000, in which the Company shall bear 8.43% of the amount. Disbursements made by the Company up to December 31, 1993 were recorded under "Prepaid Expenses and Other Current Assets".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

27. Subsequent Events

- a. Starting February 7, 1994, certain holders of the convertible bond converted their bonds into shares. Total nominal value of bonds converted up to March 30, 1994 was US\$ 2,280,000.
- b. On March 1, 1994, the Company has signed a Memorandum of Understanding with Korea Development Company Ltd. (Kodeco) and Marubeni Corporation (Marubeni), whereby the Company, Kodeco and Marubeni mutually agreed to set up a grey portland cement manufacturing plant at Batulicin, South Kalimantan. This plant will be constructed with an installed capacity of 2.3 million tons grey cement per annum and is estimated to be in full operation in 1997 with total investment of US\$ 420,000,000. The Company and its associates, as local participants, will own 46% and 5% of the equity, while Kodeco and Marubeni, as foreign participants, will have the equity of 46% and 3%, respectively.
- c. Effective January 1, 1994, certain companies under the Indofood Group will be merged into P.T. Panganjaya Intikusuma (P.T. PJIK), as the surviving entity, and its name will then be changed to P.T. Indofood Sukses Makmur (P.T. ISM). Under the merger, shares of P.T. ISM (formerly P.T. PJIK) will be issued in exchange for all of the outstanding shares of the merged companies based on their book values, after which the merged companies will be liquidated. The merger will be accounted for as a pooling of interest.

In early March 1994, P.T. ISM has decided to issue new shares in order to restructure its capitalization prior to initial public offering.

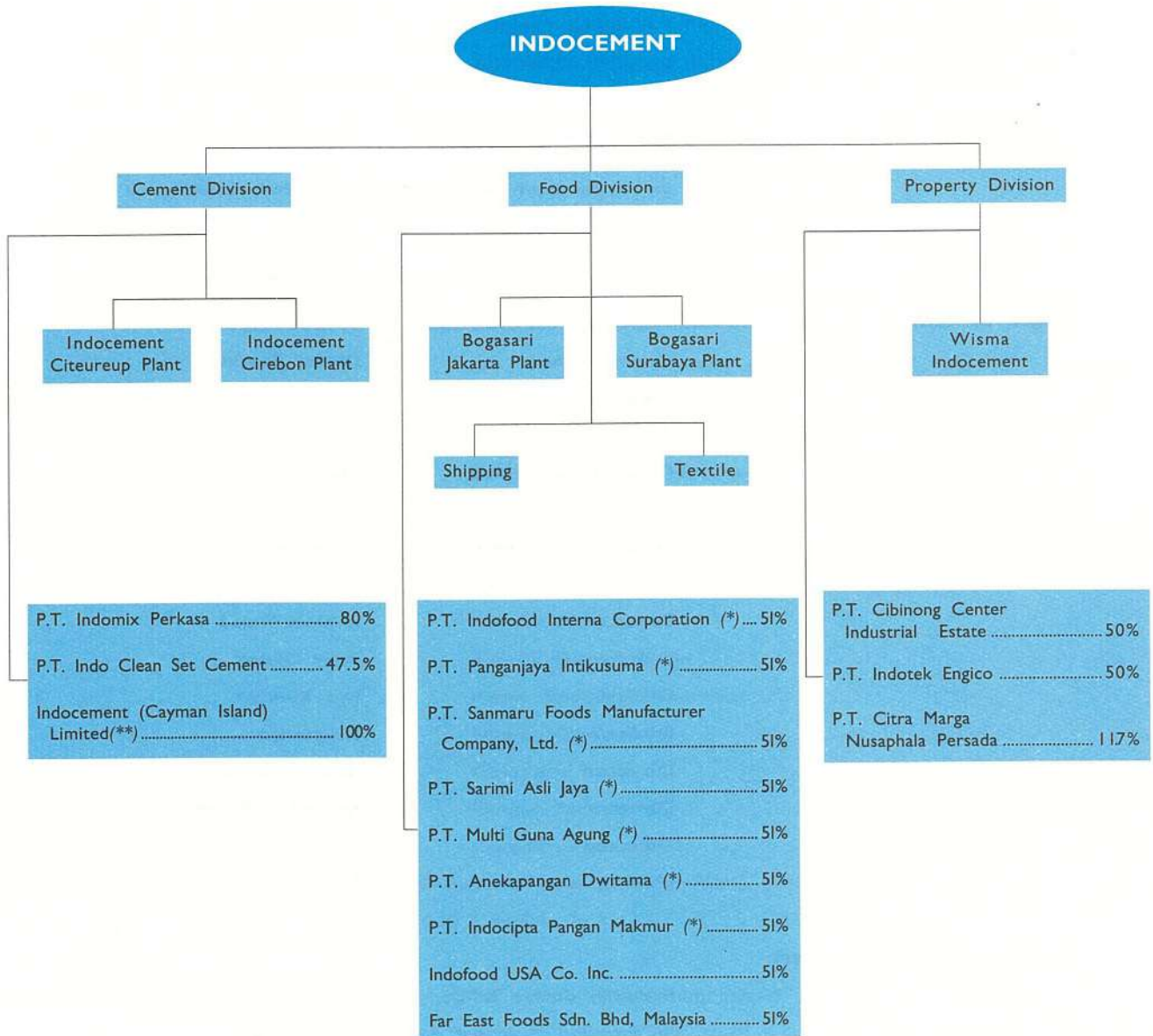
On March 7, 1994, the Company announced that it will exercise its rights to acquire new shares of P.T. ISM in order to maintain its 51% interest in Indofood Group and to support its growth. Total acquisition price of the new shares amounts to Rp 215 billion and will be funded by certain bank borrowings. As a result, the total investment of the Company in Indofood Group increased to Rp 992 billion.

On March 21, 1994, the Company received cash dividends from P.T. ISM amounting to Rp 155 billion. On the same date, the Company subscribed to 155 million shares of P.T. ISM at par value of Rp 1,000 per share. The total subscription of Rp 155 billion was paid through the proceeds of cash dividends. This increased the carrying cost of the Company's investments in P.T. ISM to Rp 1,147 billion in Indofood Group.

On March 30, 1994, the Company acquired additional 3,843,510 shares of P.T. ISM in order to maintain more than 50% interest in P.T. ISM after initial public offering.

- d. Based on its letter No. 00051/406/011/94 dated March 25, 1994, the tax authorities agreed to the Company's corporate income tax liabilities for the fiscal year ended December 31, 1992.

CORPORATE STRUCTURE



(*) Merged into P.T. Panganjaya Intikusuma (PJIK) effective January 1, 1994. The surviving entity, P.T. PJIK, then changed its name to P.T. Indofood Sukses Makmur.

(**) Holding company for Stillwater Shipping Corporation.

C O R P O R A T E I N F O R M A T I O N

Major Shareholders

P.T. Mekar Perkasa	42.40%
Government of the Republic of Indonesia	25.93%
P.T. Citrabuana Dirgapuri	12.75%

Share Listing: Sixteen percent (16%) of the Company's outstanding and issued shares are listed on the Main Board of the Stock Exchanges in Indonesia - Reuters JKSL/JKFI.

Board of Commissioners

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

Board of Directors

President Director	Sudwikatmono
Vice-President Director	Anthony Salim
Director	Ibrahim Risjad
Director	Tedy Djuhar
Director	Iwa Kartiwa
Director	Soepardjo
Director	Daddy Hariadi
Director	Judiono Tosin (*)
Director	Franciscus Welirang

() Resigned effective January 1, 1994.*

Professionals and Bankers

Auditors

Prasetio, Utomo & Co.
(A member of Arthur Andersen Worldwide
Organization)
8th and 11th Floor, Chase Plaza
Jl. Jend. Sudirman Kav. 21
Jakarta 12910, Indonesia

C O R P O R A T E I N F O R M A T I O N

Corporate Lawyers

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

Share Registrar

P.T. Risjad Salim Registra
Ground Floor, Central Plaza
Jl. Jend. Sudirman Kav. 47-48
Jakarta 12920, Indonesia

Major Bankers

Bank Central Asia
Bank Ekspor Impor Indonesia
Bank Pembangunan Indonesia
Bank Negara Indonesia 1946
Bank Duta
Bank Niaga
Fuji Bank Ltd., Japan
Yasuda Trust & Bank
Asean Finance Corporation
Nippon Credit Bank
Commerz Bank
Banque Paribas
Commonwealth Bank
The Chase Manhattan Bank, N.A.
Citibank, N.A.

Corporate Address

8th Floor, Wisma Indocement
Jl. Jend. Sudirman Kav. 70-71
Jakarta 12910, Indonesia
Phone : 62-021-2512121 (10 lines)
P.O. Box : 4018 Jakarta 10001
Cable : INDOCEMENT
Telex : 65150, 65249, 65731 INCEM IA
Facsimile : 62-021-2510066

C O R P O R A T E I N F O R M A T I O N

Other Shareholder Information

Annual General Meeting

The Annual General Meeting of Shareholders will be held on the 21st Floor, Wisma Indocement, Jl. Jend. Sudirman Kav. 70-71, Jakarta 12910 at 10 : 00A.M. on June 15, 1994.

For further information, please contact:

Corporate Secretariat
P.T. Indocement Tunggal Prakarsa
8th Floor, Wisma Indocement
Jl. Jend. Sudirman, Kav. 70-71
Jakarta 12910, Indonesia

Investor Inquiries

Investor inquiries may be directed to :

Corporate Finance
P.T. Indocement Tunggal Prakarsa
9th Floor, Wisma Indocement
Jl. Jend. Sudirman Kav. 70-71
Jakarta 12910, Indonesia



P.T. INDOCEMENT TUNGGAL PRAKARSA