



Indocement
Annual Report
2000

Transformation & Moving up to New Horizons



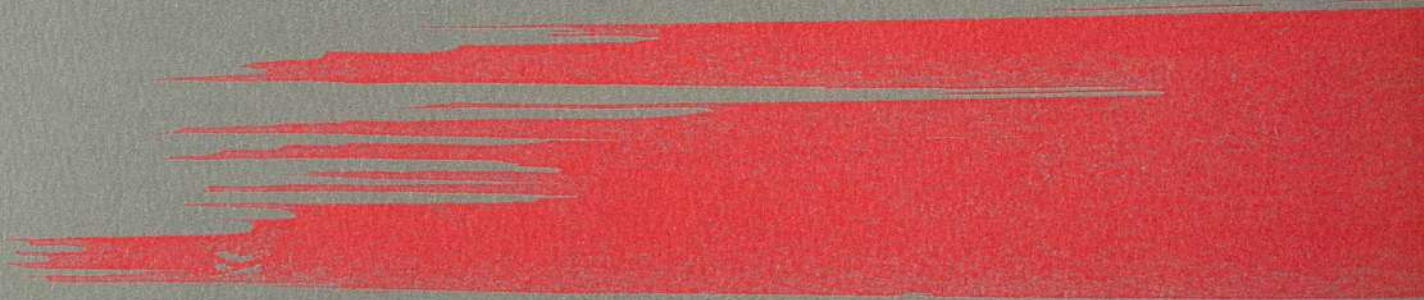
Contents Consolidated Financial Highlights

• **01** Mission • **02** Corporate Structure • **03** About the Company • **04** Milestones • **06** Significant Events • **08** Message from the Chairman • **10** The Board of Commissioners • **12** Report to the Shareholders • **16** The Board of Directors • **18** Review of Operations – *Marketing and Production* • **25** Financial Review – *Management's Discussion and Analysis* • **28** Human Resources • **30** Environment and Community • **32** Subsidiaries and Other Investments • **33** Stock Market Information • **34** Five-year Financial Statistics • **37** Independent Auditors' Report • **88** Corporate Information •

The theme of this year's annual report projects an image of a renewed and invigorated organization projecting itself through **confident brush strokes**.

The new business framework, the transformation within the organization and the change in the management's style – **A Transformation and Moving up to New Horizons** – is expressed through evolving brush strokes. Indocement is busy painting a new picture, a new mission for the future.

Our employees are the artists who are making the strokes in shaping Indocement through their energy, passion and dedication.



Consolidated Financial Highlights

Amounts in billions of rupiahs unless otherwise stated

	2000	1999
Net revenues	2,448	1,759
Income from operations	705	371
EBITDA	(361)	1,164
Net income (loss)	(878)	521
Earnings (loss) per share(Rp)	(363)	216
Net cash provided by operating activities	958	875
Capital expenditures	114	121
Total assets	11,649	9,860
Net indebtedness	10,204	7,368
Total shareholders' equity	1,119	1,468
Market capitalization as of 31 December	3,975	7,485
Foreign exchange gain (loss)	(1,445)	527

Financial ratios (%)

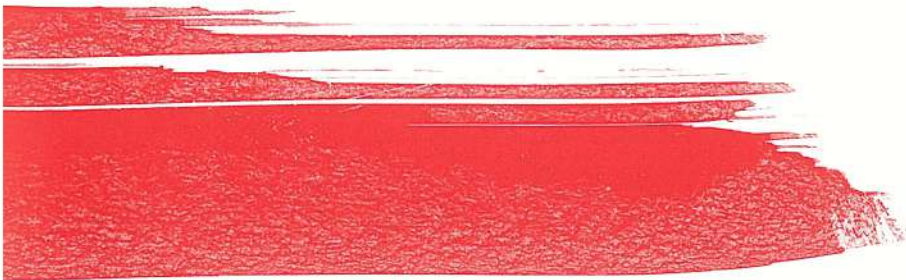
Net gearing	874	407
Interest cover (times)	(1)	4
Debt to equity	909	500
Return on equity	(78)	36

Mission

Leadership in domestic cement and associated core businesses • producing quality products at competitive prices • providing superior returns to shareholders, and • contributing to Indonesia's economic development.

Good corporate citizenship • providing continuing opportunities for employees' success and growth, and • promoting a friendly environment and wholesome communities where we operate.

Our new slogan • Better Shelter For A Better Life



Corporate Structure

Cement Business

PT Indocement Tungal Prakarsa Tbk. 100.0%

Citeureup, West Java - 9 Plants

Cirebon, West Java - 2 Plants

Tarjun, South Kalimantan - 1 Plant

Others

PT Indomix Perkasa 100.0%

Ready-Mix Concrete

PT Indo Clean Set Cement 47.5%

Clean Set Cement

PT Dian Abadi Perkasa 51.0%

Cement Trading

Other Investments

PT Wisma Nusantara International 33.0%

Wisma Indocement 100.0%

Offices and Hotels

PT Cibinong Center Industrial Estate 50.0%

Industrial Estate

PT Indotek Engico 50.0%

Engineering Service

PT Indominco Mandiri 35.0%

Coal Mining

Stillwater Shipping Corporation 50.0%

Shipping



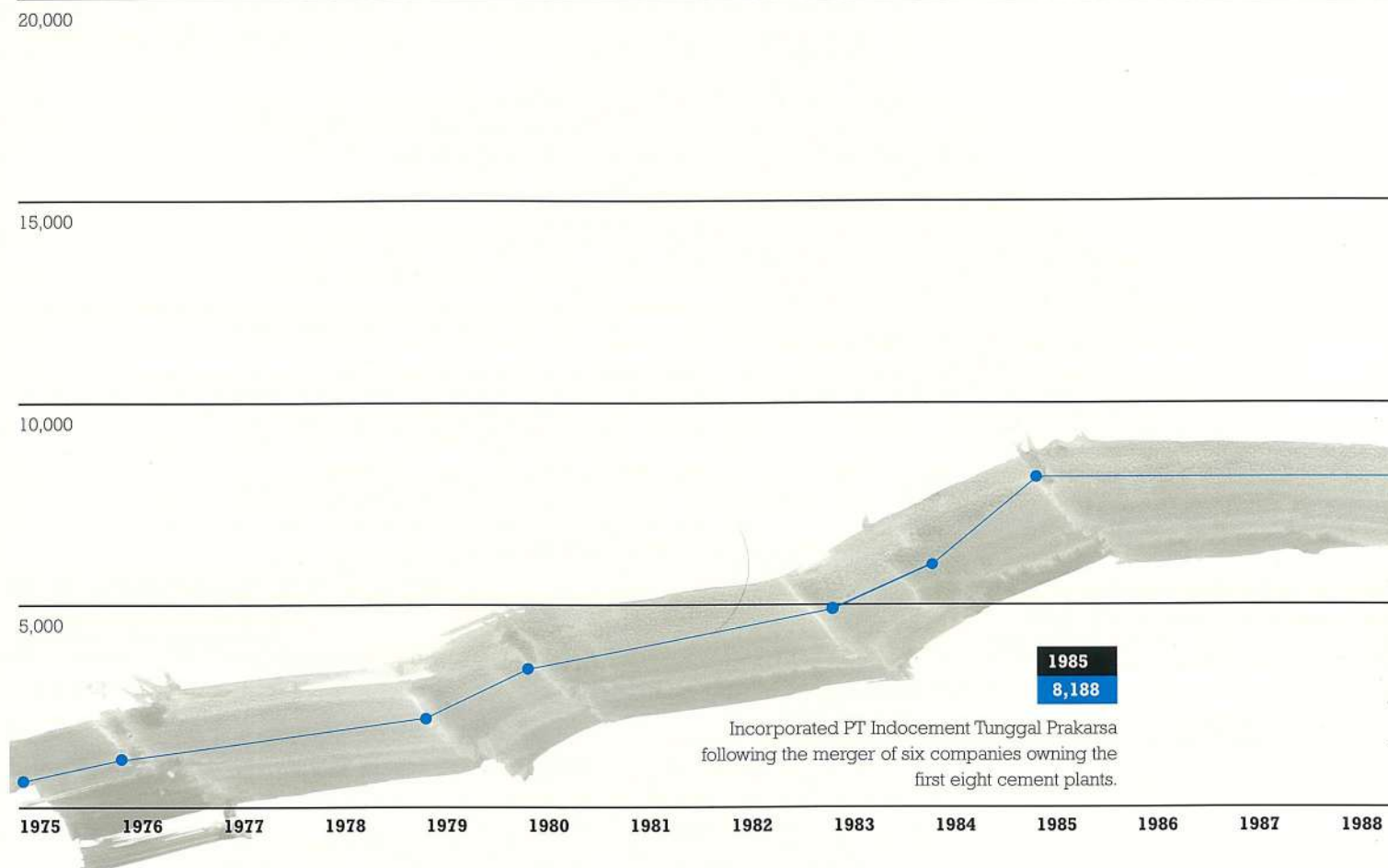
About the Company

Indocement is one of Indonesia's major producers of quality cement and specialty cement products. After twenty-five years since it started operation in 1975 as a small cement plant producing 0.5 million metric tons of cement per year, Indocement today has grown as a fully-integrated cement manufacturing enterprise with a total production capacity of nearly 16.0 million metric tons of cement per year.

Indocement is listed on the Jakarta and Surabaya stock exchanges since 1989 and has sales revenue of approximately Rp2.5 trillion (US\$ 260 million) per year.

Indocement's workforce comprises more than 7,400 employees at the end of 2000.

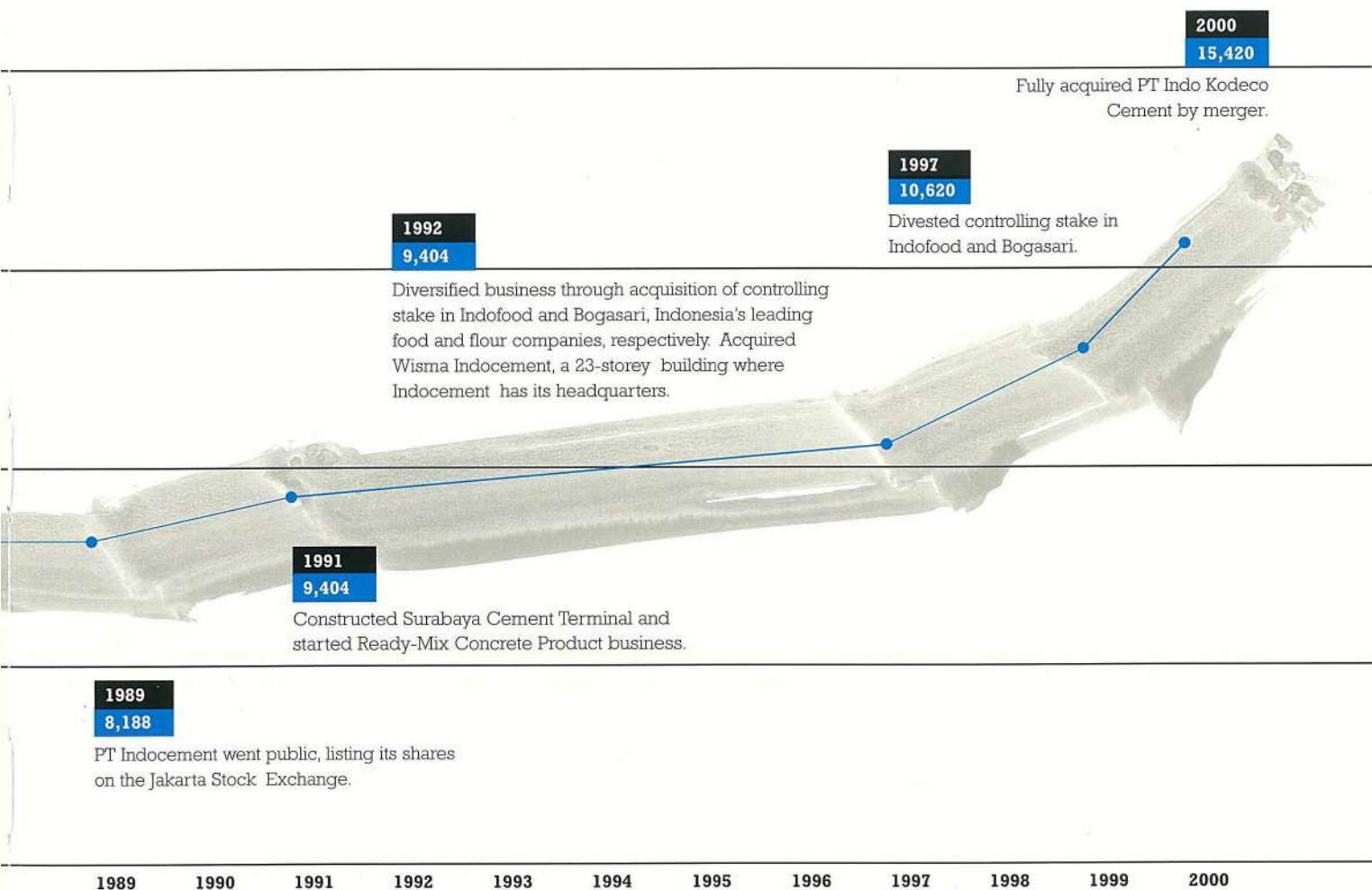
Milestones



Cumulative Production Capacity
(^{'000} MT of clinker per year)

Year	Plant	Product	Production Capacity (^{'000} MT of clinker per year)
1975	Plant 1	OPC	640
1976	Plant 2	OPC	534
1979	Plant 3	OPC	1,024
1980	Plant 4	OPC	1,024
	Plant 5	OWC/WHC	214
1983	Plant 6	OPC	1,472
1984	Plant 7	OPC	1,760
	Plant 8	OPC	1,520

OPC: Ordinary Portland Cement / OWC: Oil Well Cement / WHC: White Cement



Year	Plant	Product	Production Capacity ('000 MT of clinker per year)
1991	Plant 9 (by acquisition)	OPC	1,216
1996	Plant 10	OPC	1,216
1999	Plant 11	OPC	2,400
2000	Plant 12*	OPC	2,400

Total

15,420

* By merger with PT Indo Kodeco Cement on 29 December 2000

Significant Events



• **The Quantum Challenge** - a long-term strategy launched to enhance organizational capability to transform business ecosystem in a manner that preserves competitiveness and sustain profitability • **Corporate Debt Restructuring** - the successful completion of painstaking struggles to ease financial burdens and stabilize financial condition • **Merger of Indocement with Indo Kodeco** - the merger added 2.4 million metric tons of clinker in annual production capacity • **Strategic Alliance** - concrete steps to forge alliance with Heidelberger Zement AG were essentially completed and will be finalized by the end of April 2001.



Message from the Chairman

Board of Commissioners

The successful restructuring of our loans having been completed and paving the way for the timely conclusion of the alliance with Heidelberger Zement AG of Germany places us in a stronger financial and operating footing.

At the beginning of the year, we expected that the improving business conditions at the latter part of 1999 will continue to the year 2000 and beyond. We also anticipated that the political situation in Indonesia would improve and that the Indonesian rupiah would stabilize. What transpired were significantly different from our expectations. However, through proper implementation of our alternative programs and measures, we achieved modest operating results.

Our strategies aimed to ensure our readiness to face emerging challenges at the same time that we were vigorously pursuing our efforts to improve our financial condition have continued to pay-off. We ended the year with our operating results surpassing expectations in many fronts. Domestic sales volume grew at improved margins. Income from operations increased by more than 50.0 percent of previous year's level. The significant depreciation of the Indonesian rupiah and the high interest costs on existing loans however, continued to undermine our net earnings.

The successful restructuring of our loans having been completed and paving the way for the timely conclusion of the alliance with Heidelberger Zement AG of Germany places us in a stronger financial and operational footings. This, to a large extent, would cushion the adverse impact of any further currency depreciation and high interest cost on future performances.

This year, we have embarked on a transformational process that would ensure our collective capabilities to respond to challenges more quickly and enable us to do better in meeting our customers' expectations.

This coincides with our 25th anniversary that also culminated our twenty five years of business success amid mixed challenges. It was not an easy task for a cement company to grow from half million metric tons production capacity to what it has become now with a production capacity of nearly 16 million metric tons of cement.

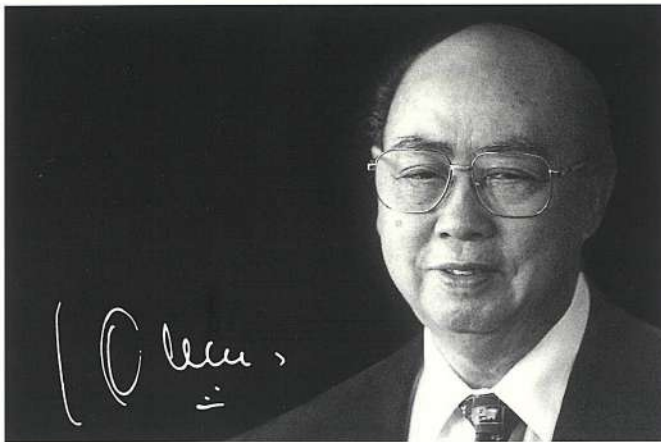
I acknowledge with deep gratitude the dedication, commitment and loyalty of our people and so with the continuing trust of our shareholders. Their collective efforts and tireless pursuit for excellence made the realization of our goals. As we usher a new beginning in our corporate history, we are confident that the seeds we sow in the last 25 years will continue to yield bountiful harvest in the years ahead.

We recognize that our principal challenges remain in optimizing sales, enhancing distribution, improving productivity and efficiency and lowering operating costs in order to regain competitive strength. We will focus on our core business and eventually divest non-core assets, the proceeds of which will be used to reduce debts. All these lay the basis for all the operating decisions we make and those that we will undertake in the future.

With new technologies that improve quality and increase productivity, competence development is an increasingly important factor. Ongoing developments in our business organization and human resources are aimed to ensure that a large number of specialized skills combine effectively to achieve established goals.

It may take some time before we are back to the same level of profitability and sustained growth we had prior to the Asian crisis but the course has been set and positive indications toward that direction are gradually emerging.

In closing, we extend our deepest appreciation and thanks to our employees for their hard work and dedication, to our customers, suppliers, bankers and shareholders for their continuing faith and confidence in us.



Soedono Salim
President Commissioner

Jakarta, 25 April 2001

The Board of Commissioners



Soedono Salim, 84 • President Commissioner

Has been serving the Company as President Commissioner since 1985. He is concurrently Chairman of First Pacific Company Limited, Hong Kong. He was awarded the Dean's Medal by the University of Pennsylvania's Wharton School of Finance in 1996.

Djuhar Sutanto, 72 • Commissioner

Has been Commissioner of Indocement since 1985. He also serves as Commissioner of PT Kartika Chandra, PT Metropolitan Kencana, as well as Director of First Pacific Company Limited, Hong Kong and PT Inti Petala Bumi.

Johnny Djuhar, 42 • Commissioner

Has been Commissioner of Indocement since 1992. He also serves as Commissioner of PT Damai Indah Padang Golf, PT Metropolitan Kencana, and PT Dian Abadi Perkasa, as well as Director of PT Indoaluminium Intikarsa Industri. He graduated from Pacific Union College in California, USA.

Kuntara, 61 • Commissioner

Has been Commissioner of Indocement since 1994. Currently he is also the Indonesian Ambassador to People's Republic of China.

Andree Halim, 53 • Commissioner

Has been Commissioner of Indocement since 1995. He graduated from South East London Technical College in London, UK.

Tanto Koeswanto, 59 • Commissioner

Has been Commissioner of Indocement since 1997. Graduated from Navy Staff and Commander School in Indonesia, Joint Services Staff College in Canberra, Australia and Senior Defence Resources & Management Course in Monterey.

I Ketut Mardjana, 49 • Commissioner

Has been Commissioner of Indocement since 1999. He also serves as Commissioner of PT Semen Tonasa and Director of PT Citra Marga Nusaphala Persada Tbk. He obtained his doctorate degree from Faculty of Business and Economics, Monash University in Melbourne, Australia.



The people making the strokes The Board of Commissioners is responsible for overseeing the activities of the Board of Directors. Approval by at least three Commissioners is required for actions taken on behalf of the Company including borrowing money, granting guarantees, acquiring or disposing of fixed assets, and establishing subsidiaries.

Report to the Shareholders



-
- **Income from operations up** by **90.2 percent** to **Rp705 billion** • **Total sales volume increased** by **20.1 percent** to **10.3 million** metric tons of cement
 - Without the effect of foreign exchange loss of Rp1,445 billion, **overall performance** would have resulted to a consolidated net income before tax of Rp192 billion.
-

Dear Shareholders

This year's operating results was remarkably better than the last three years since the Asian crisis, both in terms of revenue and performance.

Income from operations rose 90.2 percent to Rp705 billion from last year's Rp371 billion, (exclusive of Rp113 billion in capitalized revenue for Plant 11). This was brought about by an increase of 28.7 percent in domestic sales volume, higher gross margins and improved production capacity utilization.

For year 2000, the substantial devaluation of the rupiah opening at Rp7,100 in January and ending at Rp9,595 per US dollar in December resulted in extraordinary foreign exchange loss of Rp1,445 billion and caused a substantial rise in our consolidated net loss for the year to Rp878 billion. However, the foreign exchange loss did not have an effect on our actual cash flow.

Without the effect of the foreign exchange loss, overall performance for the year would have resulted to a consolidated net income before tax of Rp192 billion.

Highlights

Operating Performance

Including off-take from PT Indo Kodeco Cement (IKC), total sales volume for the year increased by 20.1 percent to 10.3 million metric tons from 8.6 million metric tons of cement in 1999. Average selling price including IKC increased by 4.2 percent as compared to last year.

Clinker production of 10.0 million metric tons was 18.7 percent higher than the 8.4 million metric tons produced in 1999 and was 66.8 percent of rated clinker capacity compared to 56.2 percent the previous year. Cement production was also up by 23.9 percent to 9.3 million metric tons from 7.6 million metric tons in 1999.

Increased production capacity utilization combined with effective cost management efforts have led to an overall reduction in production and operating costs as compared to the budget in spite of certain increases in fixed costs such as employees' salaries and related benefits during the year.

Loan Restructuring and Investor Alliance

Debt restructuring negotiations with the lenders have been finally completed on December 29, 2000. The pre-requisite was the merger of IKC with the Company and was implemented on the same date. Compliance to the terms and conditions of the Master Facilities Agreement is being done periodically.

Concrete steps to forge an alliance with Heidelberger Zement AG, one of the top cement producers in the world, were essentially completed and will be finalized by the end of April 2001.

The successful completion of these major undertakings, at the outset, provide the Company a stronger financial position, enhanced capability to optimize exports and improved leverage.

Outlook

A stabilized financial condition and declining financial burden combined with growing product demand and increasing margin are transformational events that are at the forefront of your Company's thrust to regain domestic market leadership and growth toward the new Millennium.

With the agreed terms and conditions set in the Master Facilities Agreement, the Company has the flexibility to pay its obligations based on available cash generated from operations.

Externally however, the major drawbacks are still the continuing instability in the Indonesian political situation and the unpredictability of the Indonesian rupiah. Striking the balance between where to move on and what to hold on at this point in time is a critical challenge we understand and look to with very careful attention.

Given favorable developments on these external factors, internal challenges will remain strong toward enhancing market position, setting up an excellent distribution and information system infrastructure, and ensuring consistent quality and competitive pricing.

Strategic Thrust

Our strategic thrust to remain focused and ready to get ahead in tapping opportunities as they emerge will continue to be given prudent consideration. Conducting a broad re-examination of our capabilities to address areas we need to improve on forces upon us a process of transformation that will see us manage, move, do business and deal with our shareholders better, in a new way and on a broader dimension. Our ultimate goal is to continue to add value to our shareholders at the same time that we are enhancing values for all our stakeholders.

Once again, we thank our valued customers, creditors, employees and shareholders for their continuing trust and support to the Company.



Sudwikatmono
President Director

Board of Commissioners

Soedono Salim



Djuhar Sutanto



Johny Djuhar



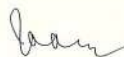
Kuntara



Andree Halim



Tanto Koeswanto



I Ketut Mardjana

**Board of Directors**

Sudwikatmono



Anthoni Salim



Ibrahim Risjad



Tedy Djuhar



Iwa Kartiwa



Soepardjo



Daddy Hariadi



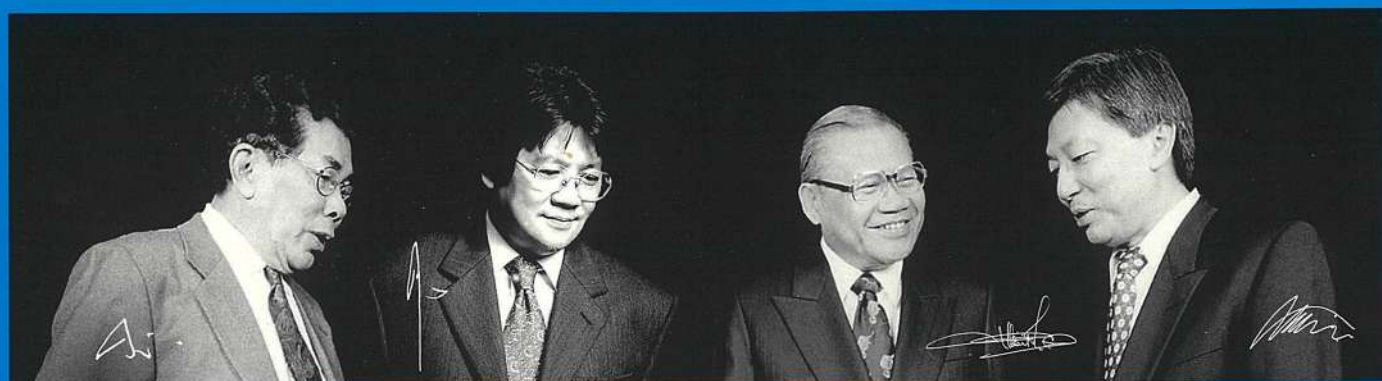
Franciscus Welirang



Benny S. Santoso



The Board of Directors



The Board of Directors is responsible for day-to-day management of the affairs of the Company. Its members are elected by the shareholders for a fixed term.

Sudwikatmono, 66 • President Director

Has been serving as President Director of the Company since 1985. He holds several other positions including non-executive Director of First Pacific Company Limited, Hong Kong. He is graduate of State Administration Academy, Indonesia.

Anthoni Salim, 51 • Vice President Director

Prior to becoming Vice President Director of Indocement in 1989, he was Director since 1985. He also serves as Commissioner of PT Indofood Sukses Makmur Tbk. and non-executive Director of First Pacific Company Limited, Hong Kong. He graduated from Ewell County Technical College in London, UK.

Ibrahim Risjad, 66 • Director

Has been a Director of the Company since 1985. He also holds several other positions including Vice President Commissioner of PT Indofood Sukses Makmur Tbk., and Commissioner of PT Sweet Indolampung. He also serves as Director of PT Inti Petala Bumi.

Tedy Djuhar, 49 • Director

Has been Director of the Company since 1985. He also holds other positions including Commissioner of PT Darya Varia Laboratoria Tbk., non-executive Director of First Pacific Company Limited, Hong Kong, and Director of PT Metropolitan Kencana. He graduated from the University of New England in Australia.

Iwa Kartiwa, 59 • Director

Has been Director of Indocement since 1985. He also serves as President Director of PT Cibinong Center Industrial Estate and PT Besland Pertiwi. He graduated from Bandung Institute of Technology, West Java with a degree in Mechanical Engineering.

Soepardjo, 71 • Director

Has been Director of Indocement since 1985. He is concurrently Chairman of the Indonesian Cement Association and President Director of PT Tunaskarya Indoswasta. He completed his education in Senior Defence Management Course, USA.

Daddy Hariadi, 54 • Director

Has been Director of the Company since 1985. He also serves as Commissioner of PT Indominco Mandiri, President Director of PT Citra Marga Nusaphala Persada, Tbk., PT Indolampung Distillery and PT Indotek Engico, as well as Vice President of PT Gula Putih Mataram, PT Sweet Indolampung and PT Indolampung Perkasa. He holds a Mechanical Engineering degree from Bandung Institute of Technology, West Java.

Franciscus Welirang, 49 • Director

Has been Director of Indocement since 1992. He also serves as Director of PT Indofood Sukses Makmur Tbk. Graduated from HND Chemical Engineering and Plastic Institute of South Bank Polytechnic, London, UK.

Benny S. Santoso, 42 • Director

Has been Director of the Company since 1994. He graduated from Department of Business Studies, Ngee Ann College, Singapore.

Remuneration

The total remuneration of the Board of Commissioners and the Board of Directors amounted to Rp17.4 billion in 2000.

Review of Operations

Marketing

Sales

The total sales volume during the year, including off-take quantity from IKC, increased by 20.1 percent to 10.3 million metric tons in 2000 from 8.6 million metric tons in 1999. The 1.7 million metric tons sales volume increase during the year generated overall growth in Indonesian domestic consumption. Export sales volume was lower than 1999 due to tight competition in the regional market.

Off-take cement and clinker coming from IKC and sold in the domestic market rose to 1.1 million metric tons or 42.8 percent higher than last year of 0.8 million metric tons. This enabled us to satisfy customers demand in new market areas outside the main market areas and allowed us an increase in overall domestic market share in spite of stiff competition.

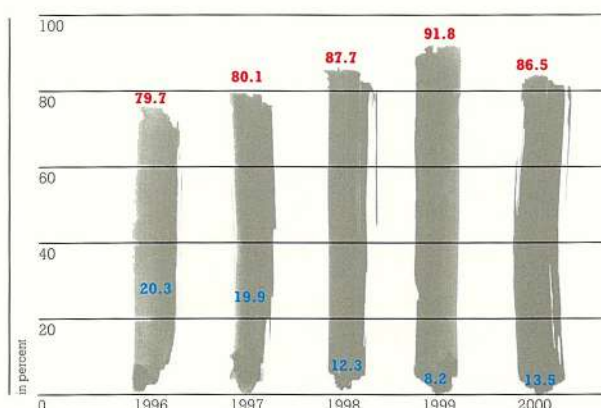
Strong brand recognition, sustained product quality and efficient supporting infrastructure combined with successful marketing initiatives bolstered our competitive leverage to increase sales amid confronting difficulties. We have reconfigured our marketing organization to enhance our focus and strengthen our market position over the long term.

Product Portfolio

Ordinary Portland Cement (OPC) stays as our principal product accounting for 93.8 percent of total sales volume. Specialty cement products composed of White Cement, Oil Well Cement, Type II and Type V Cement remain in our product portfolio serving regular needs of specific market segments. Combined sales volume for these products slightly increased during the year.

Pozzolan Cement which was launched in late 1999 has gained favorable market acceptance with sales of more than 476 thousand metric tons or 59.1 percent higher than previous year's sale of more than 299 thousand metric tons. We expect further increase in sales of this new cement type.

Ready-Mix Concrete production was scaled down owing to significant drop in demand as some construction activities in Jakarta and West Java were either completed or discontinued during the year. The industrial construction sector which is the principal customer for Ready-Mix Concrete are yet to fully recover from the effects of the Asian crisis.



Trend of Bagged vs Bulk Cement Sales

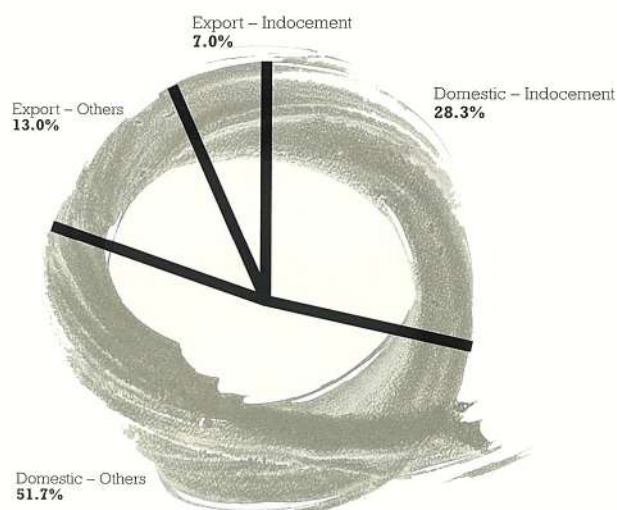
Terminal Operations

To insure sufficiency of cement supply in other parts of the country while at the same time establishing complementary markets for our products, we maintain and operate cement terminals in strategic areas. Surabaya Cement Terminal, one of such terminals which we operate since 1992, has helped us distribute more than 500 thousand metric tons of cement from our various plant locations.

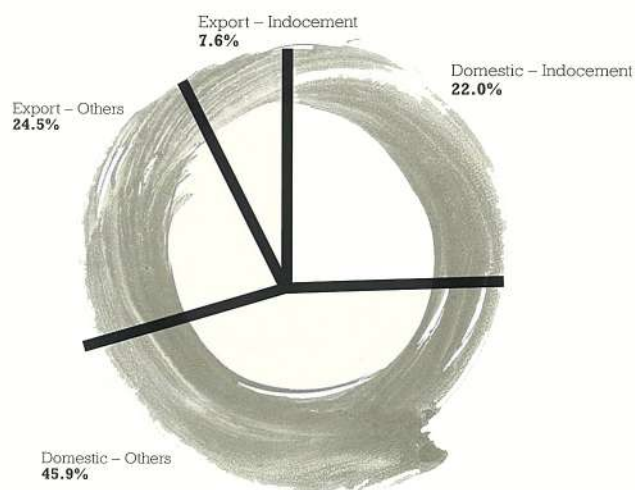
Industry Outlook

The gradually recovering domestic market affirms the long-term potentials of the Indonesian cement business. Government reforms will continue to impact on the cement industry as a whole and would require our constant vigilance. One of such reform is empowerment of the government unit which is expected to expand the domestic market's geographical spread.

We have earmarked certain capital expenditures for the construction of additional terminals over the next 5 years. Shipment of cement to these terminals shall be undertaken in synergy with our subsidiary, Stillwater Shipping Corporation.

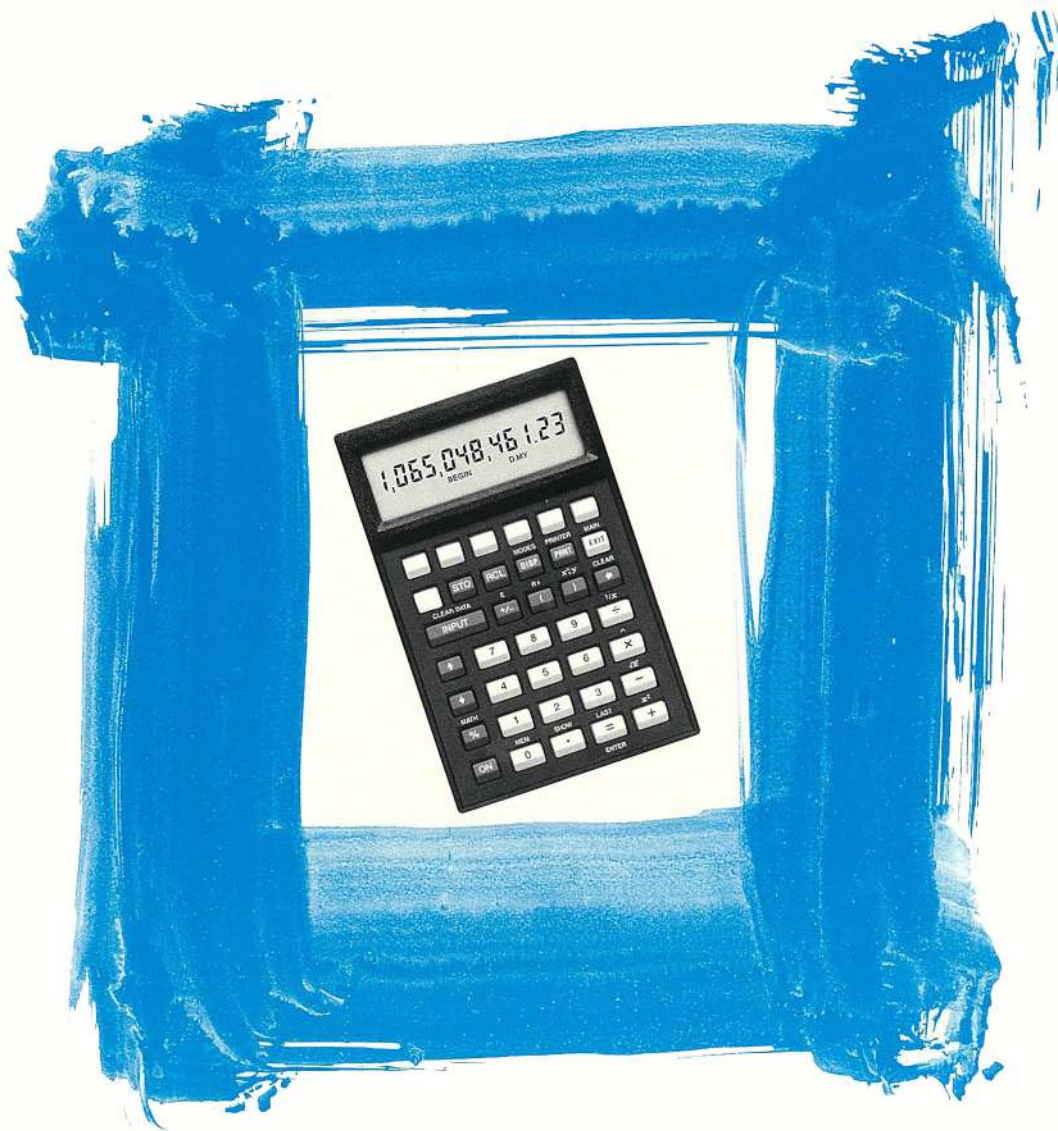


Market Share 2000



Market Share 1999

The Finance Team



The successful completion of loan restructuring of approximately US dollar 1.06 billion had provided the Company stronger financial position and enhanced performance capability.



Production

Total production for the year including IKC and Plant 11 was 9.3 million metric tons of cement and 10.0 million metric tons of clinker, a substantial increase from last year's 7.6 and 8.4 million metric tons of cement and clinker, respectively. Combined clinker capacity utilization improved to 66.8 percent compared to 56.2 percent last year, based on current total production capacity. The still relatively depressed condition of the cement industry however, curtailed our capability to run at full capacity resulting to a reduced efficiency and cost effectiveness owing to forced shutdowns.

We have completed the cooler modification project for Plant 7 resulting to its improved production efficiency and sustained product quality. Completing the major modification projects for our mining facility in Citeureup production complex also enhanced our capability to supply consistent quality of raw materials.

We have undertaken major repairs and reconditioning of our power plant to insure sufficiency of electricity. There are still a number of power generating units that we need to repair and recondition in the next 2 years for which appropriate funding has already been earmarked.

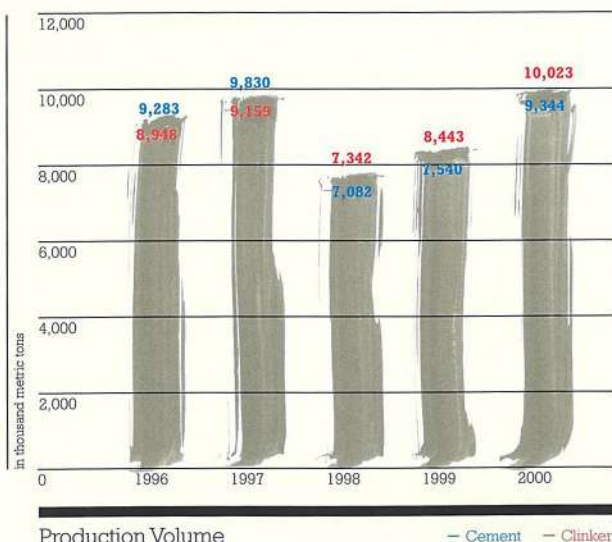
Review of Plant Operations

Citeureup Plants - West Java

Citeureup Plant Complex is a fully-integrated cement manufacturing facility composed of 9 cement plants with a total production capacity of 10.6 million metric tons of clinker per year.

Production during the year was 6.6 million metric tons of clinker and 6.1 millions metric tons of cement compared to 5.4 million metric tons and 4.7 million metric tons of clinker and cement respectively in 1999. Clinker capacity utilization improved from 53.3 percent in 1999 to 64.9 percent in 2000.

Energy cost which is one of the major cost component in cement making, aside from raw materials and supplies, was lower in 2000 compared to the previous year because we prefer to operate the most efficient kilns. The waste heat recovery system implemented several years ago continued to yield substantial savings in energy cost. The central control system for power generation and distribution developed last year provided adequate protection to our plant's manufacturing equipment against costly breakdown in the event of power failure.





 Review of Operations

Supporting Operations

As a fully-integrated operation, the Citeureup Plant Complex is supported by a paper bag manufacturing facility with annual production capacity of over 100 million bags per year which is sufficient to supply the cement paper bag requirements of all plants.

A fleet operation and transportation unit is incharge of maintaining and operating 189 trucks, that assures movement of bulk cement and coal of over one million metric tons in composite volume per year.

A technical service and engineering unit takes care of design, fabrication, major overhauls and project management needs of the various plants and all other installations to ensure continuity and cost efficient operation.

Cirebon Plants - West Java

Cirebon Plant Complex is a fully-integrated cement manufacturing complex composed of 2 cement plants with a total production capacity of 2.4 million metric tons of clinker per year.

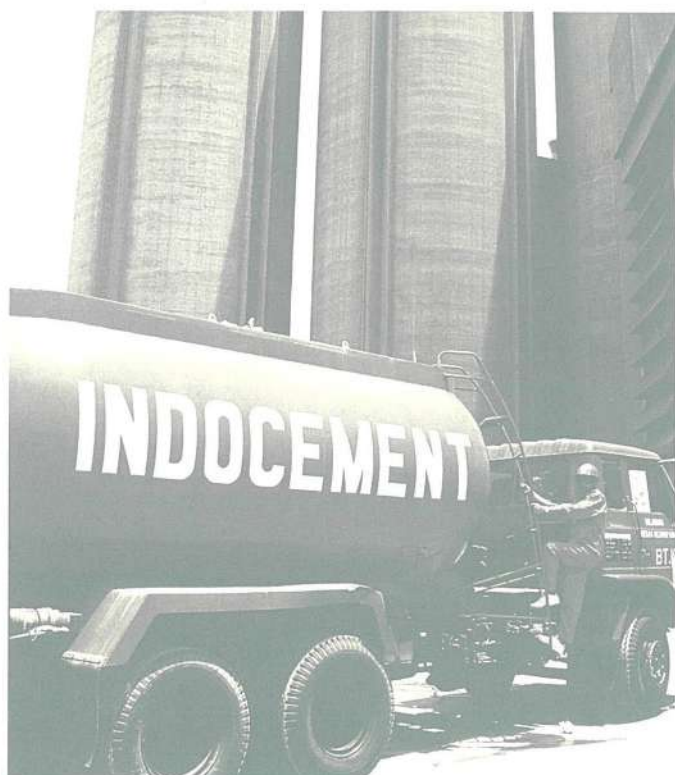
Production during the year was 2.2 million metric tons of clinker and 2.2 million metric tons of cement compared to 1.9 and 2.1 million metric tons of clinker and cement respectively in 1999. Clinker capacity utilization improved from 79.9 percent in 1999 to 89.7 percent in 2000.

Tarjun Plant - South Kalimantan

Tarjun Plant Complex is a fully-integrated cement manufacturing complex with one cement plant having a total production capacity of 2.4 million metric tons of clinker per year.

Production during the year was 1.2 million metric tons of clinker and 1.1 million metric tons of cement compared to 1.1 and 0.75 million metric tons of clinker and cement, respectively in 1999. Clinker capacity utilization improved from 45.1 percent in 1999 to 51.8 percent in 2000.

Major capital expenditures were provided for the dredging project intended to improve access to the port by larger vessels serving the export market.



Financial Review

Management's Discussion and Analysis

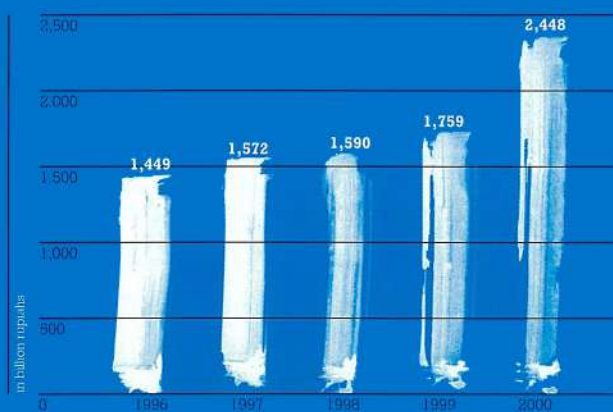
The Company's consolidated financial statements include those of PT Indo Kodeco Cement (merged with the Company on December 29, 2000), PT Indomix Perkasa and PT Dian Abadi Perkasa. Minority interest holdings and investments with affiliates and subsidiaries were consolidated following the equity method.

In 2000, the Company posted a net consolidated loss before tax of Rp1,253 billion after considering foreign exchange loss of Rp1,445 billion arising from substantial depreciation of the Indonesian rupiah vis a vis foreign currencies. Rupiah exchange rate was Rp7,100 at the beginning of the year and rose to Rp9,595 per one US dollar by the end of 2000.

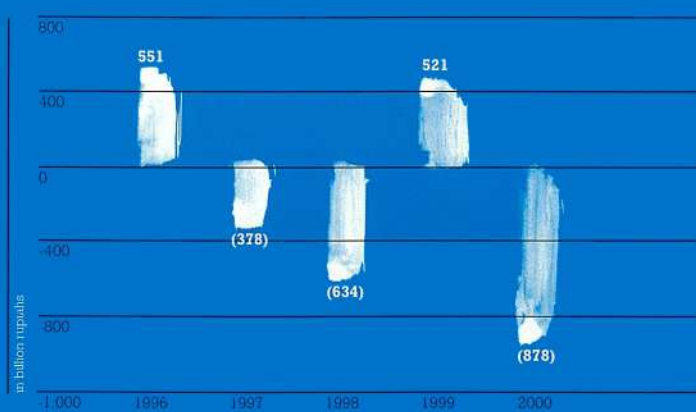
The consolidated net revenues increased by 39 percent to Rp2,448 billion from Rp1,759 in 1999 mostly coming from the combined effect of higher domestic selling price and sales volume. Against the backdrop of continuing economic difficulties, domestic sales volumes and margins improved dramatically in year 2000.

Cost of sales and operating expenses increased by 26 percent from Rp1,388 billion in 1999 to Rp1,743 billion principally owing to increase in production volumes and in a number of administrative cost components including employees' salaries and related benefits. The income from operations increased by 90 percent from Rp371 billion in 1999 to Rp705 billion in 2000. Other income (net of charges) decreased from a net income of Rp385 billion in 1999 to a loss of Rp1,959 billion in 2000, mainly due to the effect of foreign exchange. In year 2000 a substantial foreign exchange loss of Rp1,445 billion was incurred compared to a foreign exchange gain of Rp527 billion in 1999. In addition, the interest expense has gone up to Rp638 billion in 2000 from Rp255 billion in 1999. The rise in the interest expense was the result of the depreciation of the rupiah and the slight increase in interest rate.

Property, plant and equipment increased by about 22 percent or Rp1,866 billion from Rp8,470 billion in 1999 to Rp10,336 billion in 2000. The company limited its capital expenditures during the year to only those essential for continuity of operations and those projects which are more costly to postpone and resume construction in later years. The total capital expenditures spent during 2000 was Rp114 billion.

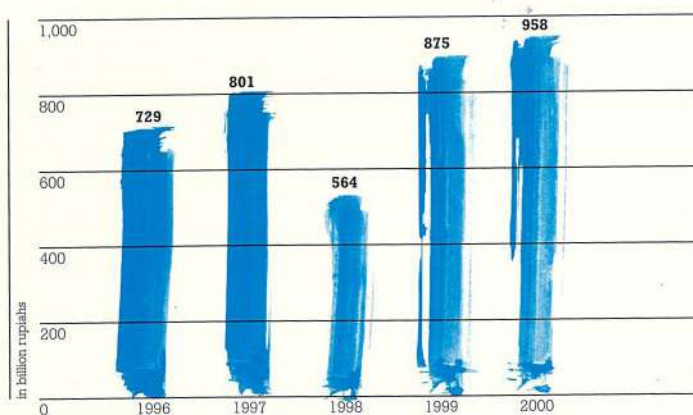


Net revenues



Net income (loss)

Financial Review

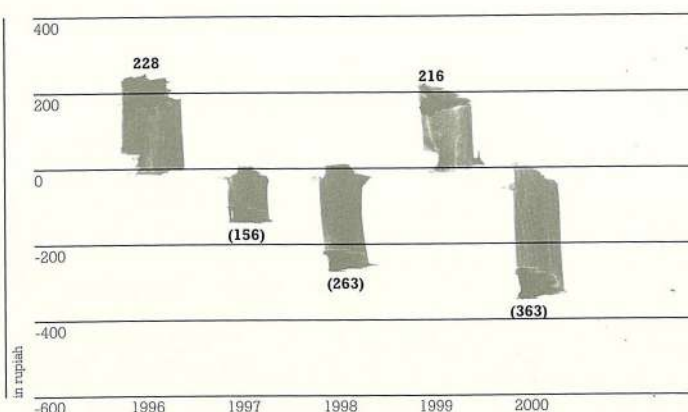


Cash generated from operations

The Company's balance sheet improved by 18 percent from a total assets of Rp9,860 billion in 1999 to Rp11,649 billion in 2000. The balance sheet was further strengthened by a group-wide effort to conserve financial resources and improve asset productivity. Against the backdrop of the financial restructuring, current assets decreased by 32 percent to Rp1,291 billion from Rp1,895 billion in 1999. On the other hand, total current liabilities dropped to Rp376 billion from Rp8,361 billion in 1999 arising mostly from the reclassification of short-term liabilities to long-term liabilities. These accounted for the favorable change of the current ratio to 3.4:1 in 2000 from 0.2:1 in 1999. At the end of the year, the Company's cash position amounted to Rp260 billion (net of payment of accrued interest), which was kept in cash, time deposits and short-term investments to ensure a sufficient level of liquidity for operational purposes. This amount does not include the restricted cash of Rp444 billion.

Long-term investments and advances to investees increased by two percent to Rp326 billion from Rp320 billion in 1999. Other non-current assets excluding restricted cash in banks decreased by Rp29 billion from Rp202 billion last year to Rp173 billion this year.

Total consolidated liabilities was Rp10,530 billion in 2000 as compared to Rp8,392 billion last year. Indocement's leverage was 10 times in 2000 as compared to 7 times in 1999. A substantial portion of the Company's borrowings is in foreign currency and is partly protected by the natural hedge provided by foreign exchange revenues from cement export. Debt-to-equity ratio was 9:1 compared to 6:1 last year. The Company's total interest bearing debt at the end of the year amounted to Rp10,112 billion, 45 percent higher than Rp6,984 billion in 1999. The increase in loans in rupiah equivalent was primarily due to the increase in exchange rate. Out of the total Company's loans, 65 percent was denominated in US dollar and 33 percent in yen.



Earnings (loss) per share

On December 29, 2000, the Company paid the accrued interest for the standstill period of July 1998 up to December 2000 in the amount of approximately US\$ 120 million.

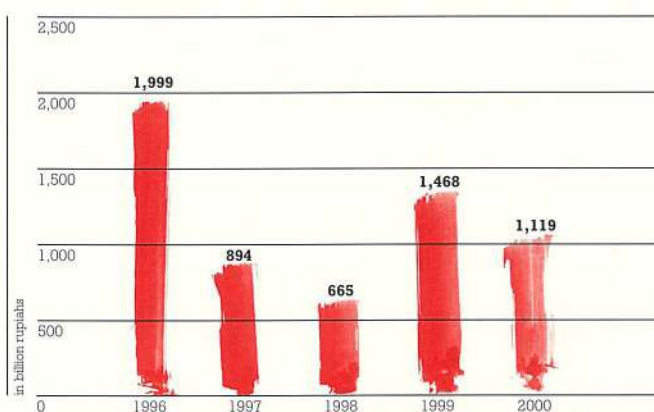
The Company has successfully finalized its debt restructuring process with all of its creditors and signed the Master Facilities Agreement on December 6, 2000.

In December 2000, the Salim Group entered into a New Sale and Purchase Agreement with Heidelberg Zement AG of Germany whereby the latter agreed to purchase the Company's debt of about US\$ 150 million and convert such amount into equity. Heidelberg has also entered into a Sale and Purchase Agreement with Indonesian Bank Restructuring Agency (IBRA) and PT Holdiko Perkasa to purchase all of their shares in the Company.

The entry of Heidelberg Zement AG as a majority shareholder will further strengthen our Company's balance sheet and enhance the Company's performance. Heidelberg is one of the largest cement producer in the world with extensive experience in cement manufacturing and distribution.

Fulfilling part of its responsibilities to national development as a corporate citizen, the Company has contributed a total of about Rp177 billion in taxes during the year.

Shareholders' equity amounted to Rp1,119 billion this year as against Rp1,468 billion last year. Earnings per share in 2000 was negative Rp363 versus a positive earnings per share in 1999 of Rp216. As of December 31, 2000, issued capital stock consisted of 2,484,316,447 shares.



Shareholders' equity

Human Resources

We use a simple model to guide our thoughts in managing the socio-technical dimensions of our vast organization, to wit, an excellent people working under the guidance and direction of an excellent leadership.



Important changes have taken place within the Company particularly during the year. Enhanced organizations, upgraded goals and expectations, re-defined performance measures and re-directed focus, all of these imposed new and more rigorous demands on the personnel.

Training

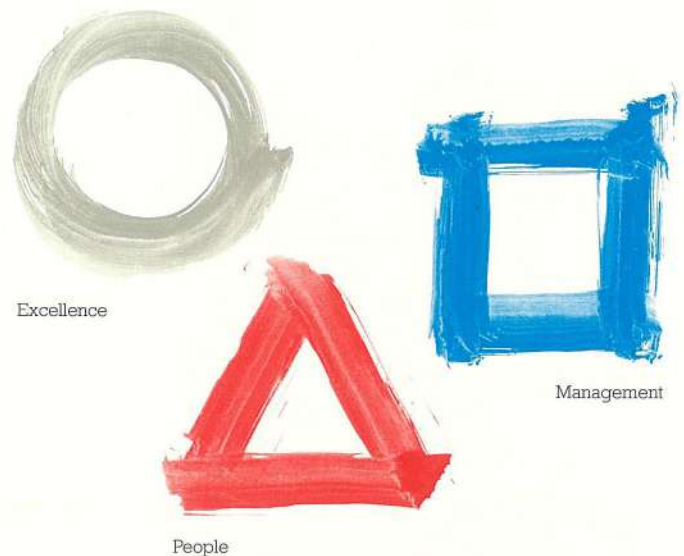
Manpower training and development are at the core of our efforts toward organizational transformation. Assessments of training needs are carried out throughout the organization on a fairly regular basis. Training and development programs suitable to identified training needs are either developed internally or outsourced.

Complementary programs allow our employees mobility within the group enabling them to practice their added skills and providing them the opportunity to harness their potential.

All these programs are carefully reviewed on a regular basis and updated to keep pace with changing needs.

Safety and Health

The Company was awarded the "Golden Flag" certificate for having achieved 90 percent of the safety and health requirements set by the government. The Company was among the first of several companies audited by the Department of Manpower which grants such a certificate.



Our People and the Future

The Company's long-term goal is to build a broad base of manpower strength necessary to allow the Company to move aggressively and to continue developing and growing its business in spite of temporary downturns. How the Company managed to survive and move across barriers of crisis proportion in the past few years attests that this pursuit is possible.

The emerging realities indicate that making a difference in today's highly competitive business environment depends on people. The significant advancements in process and information technologies help but people are still there to make the difference.

We anticipate our business to recover slowly in the next few years and eventually pick up to new level highs. Part of our efforts today is concentrated in optimizing returns given the current conditions, sharpening our focus to detect business opportunities as they manifest, and enhancing our overall readiness to tackle business challenges as they grow.

Past experiences attest to our people's current capability to make a difference. Along with our unique infrastructure anchored on self-sufficiency and economy of scale, the Company is confident of being able to continue making a difference in tackling the many challenges that lie ahead.

Environment and Community

At Indocement, we refer to the purpose for which our business exists, its *raison d'être*, as our Corporate Mission. Our declaration of purpose presents three key elements, one of which is a prescription that requires carrying out all of our operating activities in a way that promotes wholesome communities and a friendly environment.



Indocement mosque activity

We manage our activities in such a way that strains on health, safety and environment are minimized throughout the areas where we operate. Managers at all levels are responsible for the organization, training and implementing of health, safety and environment policies and procedures, and to ensure that practices are in compliance with statutory regulations. Each employee and every individual having access to our locations are required to adhere to instructions and guidelines established for the effective implementation of these policies and procedures. Deviations are dealt with, creating a basis for corrective actions and continuous improvement.

Environment

The most important environmental challenges we face today are related to measures aimed at reducing dust emissions, improving waste disposal, and minimizing the impact of our operations on the local environment. Our substantial capital expenditures made several years ago to equip all our plants with Electrostatic Precipitators (EP) sustain our capability to contain dust emission levels well below government mandated limits.

Further improvements in our dust emission control at our main production facilities enabled us to further narrow down the level of dust fall way below the maximum level set by the government.

Community

Despite financial difficulties, we continued to provide the funding requirements of two junior high schools now with 500 students, scholarship grants for deserving children of 350 employees, and education assistance to over 1000 students under the "Foster Parents" program launched several years ago.

We have upgraded our medical facility in Citeureup to accommodate the increasing number of patients over the year. Citeureup medical and hospital facility provides a 24-hour emergency free medical services to the community.

We have continued to support the repairs and maintenance of various places of worship in the local communities where we operate and extended financial assistance for various community projects. The development of small businesses within the various communities covered by our operation also continue to draw our support together with other livelihood development projects.

We strive to continually improve our participation and support to community development, an effort that chronicles our continuing resolve to be a part of nation building.

Subsidiaries and Other Investments

Revenue for the year (amounts in billions of rupiahs)

2000

1999

Affiliates

PT Dian Abadi Perkasa	2,198.32	1,271.26
PT Indomix Perkasa	23.13	15.95

Sub Total

2,221.45

1,287.21

Other Investments

PT Indominco Mandiri	788.48	550.75
PT Wisma Nusantara International	90.02	93.54
Stillwater Shipping Corporation	34.66	29.27
PT Cibinong Center Industrial Estate	8.18	8.42
PT Indo Clean Set Cement	-	0.33
PT Indotek Engico	6.95	6.09

Sub Total

928.29

688.40

Grand Total

3,149.74

1,975.61

PT Wisma Nusantara International

PT Wisma Nusantara, owner of Wisma Nusantara, a 30-storey Office Tower, the adjacent President Hotel and Novotel Benoa Bali Hotel



PT Indotek Engico

PT Indotek Engico, an engineering service company providing design and construction management service.



PT Indominco Mandiri

PT Indominco Mandiri, a local coal mining company in Bontang, East Kalimantan. Annual production capacity of 3.5 million tons of coal.



PT Indomix Perkasa

PT Indomix Perkasa, produces and sells concrete aggregate and other value-added cement products.



PT Cibinong Center Industrial Estate

PT Cibinong Center Industrial Estate, an industrial park leasing land and building in the vicinity of the cement production complex at Citeureup



Stillwater Shipping Corporation

Stillwater Shipping Corporation, a shipping company operating in Indonesia and Singapore. The names of the ships are "MV Tiga Roda" and "MV Batu Licin" with a total handling capacity of 17,500 Dead Weight Tons (DWT).



PT Dian Abadi Perkasa

PT Dian Abadi Perkasa, the Company's main domestic distributor of cement and related products.



Stock Market Information

The Company's issued and outstanding stock as at the end of 2000 went up to 2,484,316,447 common shares from 2,414,453,320 the previous year due to the issuance of 69,863,127 new shares to Marubeni Corporation for its US\$ 26,212,325 debt conversion into equity under terms and conditions in the Master Facilities Agreement.

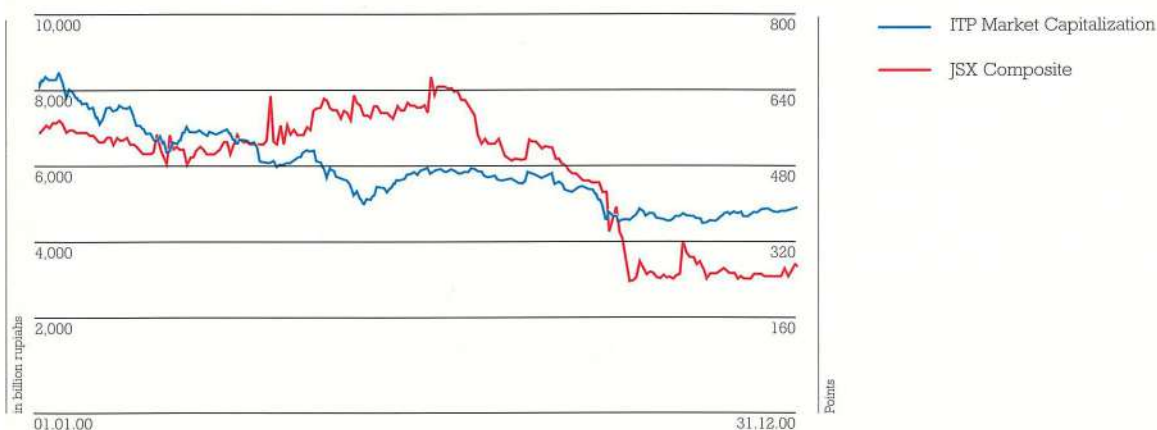
During the year a total of 165 million shares were traded compared to 274 million shares in the previous year. Share price was likewise down from a year opening of Rp3,050 to a closing price of Rp1,600 per share as at the last trading day of 2000.

Highest share price for the year was recorded in July at Rp3,600 per share but dropped to the year's lowest level of Rp1,400 per share in September when there were substantial drop in the Indonesia stock market index as well as in the regional and world stock markets.

This trend mirrored the outlook of the general stock market condition in Jakarta in which the composite index dropped to 416.32 from 700.22 as at the closing of last year.

The stock market outlook will, in the meantime, remain dependent upon the political and economic situations in the country as well as the economic recovery in the Asian region. A key factor for business recovery would be a restored investors' confidence once needed economic and political reforms in Indonesia are gradually put in place.

The number of the Company's shareholders as at December 31, 2000 was 1,873.



2000 ITP's Market Capitalization against JSX Composite

Five-year Financial Statistics

Amounts in billions of rupiahs unless otherwise stated	2000	1999	1998	1997	1996
Net revenues	2,448	1,759	1,590	1,572	1,449
Gross profit	1,009	635	616	668	695
Income from operations	705	371	437	530	591
EBITDA (1)	(361)	1,164	(546)	160	764
Net income (loss)	(878)	521	(634)	(378)	551
Net cash provided by operating activities	958	875	564	801	729
Total assets	11,649	9,860	9,641	6,670	4,607
Total liabilities	10,530	8,392	8,597	5,776	2,608
Shareholders' equity	1,119	1,468	665	894	1,999
Net borrowings (2)	9,786	5,961	7,516	4,392	1,692
Capital employed	11,273	1,498	1,070	5,139	3,799
Capital expenditures					
Fixed assets (3)	114	121	1,783	893	838
Issued ordinary shares (million)	2,484	2,414	2,414	2,414	2,414
Per share data (4)					
Primary earnings (loss) per share	(363)	216	(263)	(156)	228
Dividend per share	-	-	-	150	70
Book value per share	451	608	276	370	828
Financial ratios (%)					
Current ratio	343	23	15	98	225
Net gearing (5)	874	407	1,131	491	85
Net borrowing to assets	84	60	78	66	37
Return on assets	(8)	5	(7)	(6)	12
Return on capital employed	(8)	35	(59)	(7)	15
Return on shareholders' equity	(78)	36	(95)	(42)	28
Number of employees	7,401	7,096	7,332	7,360	6,728

1. Earnings before interest, taxes, depreciation and amortization

2. Net borrowings is defined as long-term and short-term borrowings less cash and cash equivalent and short term investment

3. Including construction in progress

4. Restated based on the weighted average number of shares after stock split in 1996

5. Net borrowings as a percentage of shareholders' equity Restated without Indofood data. The data covering 1996 were restated to exclude Indofood

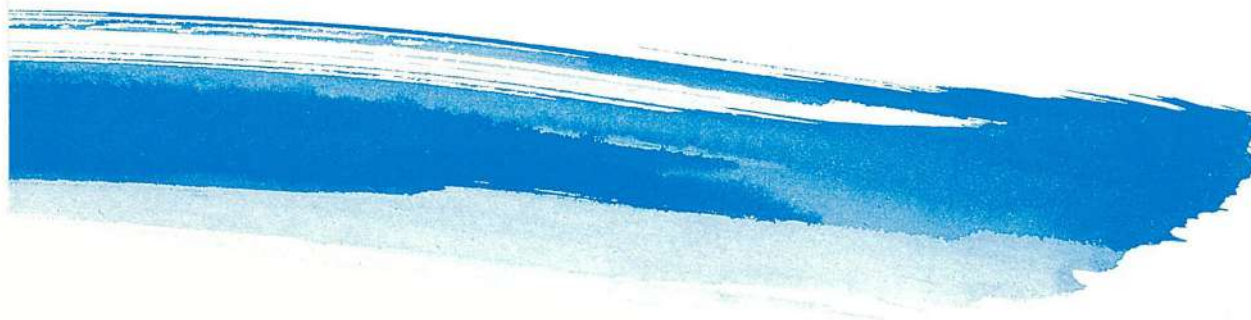
Cement Plants Strategic Locations

Distribution Networks



Consolidated Financial Statements

Contents • 37 Independent Auditors' Report
• **38** Consolidated Balance Sheets • **40** Consolidated
Statements of Income • **42** Consolidated Statements of
Changes in Shareholders' Equity • **44** Consolidated
Statements of Cash Flows • **46** Notes to Consolidated
Financial Statements • **88** Corporate Information



Independent Auditors' Report

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

We have audited the consolidated balance sheets of PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of all the associated companies, the investments in which are accounted for in the consolidated financial statements using the equity method. The carrying values of those investments represent approximately 2.04% and 1.90% of the total consolidated assets as of December 31, 2000 and 1999, while the related net amount of equity share in net earnings of those associated companies amounted to Rp10,097,944,856 and Rp15,781,029,118 in 2000 and 1999, respectively.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Indocement Tunggal Prakarsa Tbk. and Subsidiaries as of December 31, 2000 and 1999, and the results of their operations, changes in shareholders' equity and their cash flows for the years then ended in conformity with generally accepted accounting principles in Indonesia.

The 1999 consolidated financial statements have been prepared assuming that the Company and its Subsidiaries will continue to operate as going concerns. Note 22 to the consolidated financial statements includes a summary of the effects that the economic downturn, which started in July 1997 until mid-1999, and the prevailing political and social instabilities in Indonesia have had on the Company and its Subsidiaries, as well as the measures that they have implemented and plan to implement in response to these economic, political and social events. Currently, the Company and its Subsidiaries, as well as the cement industry as a whole, is still affected by the continued slump in the construction and real estate sectors. In addition, the Indonesian Rupiah has resumed its volatility against the major foreign currency (most

notably the US Dollar) and has remained sensitive to the domestic social and political events as well as other regional factors. In spite of this conditions, however, the positive trends achieved since the second semester of 1999 on certain major macro economic indicators, such as the manageable inflation level, improved economic activities, and reduced interest rate, have been sustained during 2000. As further discussed in Note 13 to the consolidated financial statements, as of December 31, 1999, the Company and PT Indo Kodeco Cement, a Subsidiary, were not able to maintain certain financial ratios required under their existing loan agreements and had taken a standstill position and ceased all of their loan principal and interest repayments. No formal waivers for such non-compliance were obtained from the creditors. As such, all of the subject long-term loans were reclassified and presented as part of current liabilities in the consolidated balance sheets in accordance with generally accepted accounting principles. In view of the foregoing matters, in our reports dated February 18, 2000 on the 1999 consolidated financial statements of the Company and Subsidiaries, we have indicated then that there was a substantial doubt about the Company's and Subsidiaries' abilities to continue as going concerns, and therefore, whether they will be able to realize their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the consolidated financial statements. However, as mentioned in the same note to the consolidated financial statements, in December 2000, the Company and Subsidiaries have successfully concluded their loan restructuring negotiations with all their creditors. Operationally, the Company and Subsidiaries have also posted marked improvements in both their sales performance and income from operations in 2000. In view of these positive developments, the uncertainties regarding the Company's and Subsidiaries' abilities to continue as going concerns no longer exist. Additionally, in view of the said successfully concluded loan restructuring, all of the subject long-term loans that were previously reclassified and presented as part of current liabilities in the 1999 consolidated financial statements, as mentioned in the foregoing, have been reclassified back and presented as part of long-term liabilities in the consolidated financial statements as of December 31, 2000. The accompanying consolidated financial statements include the effects of the economic conditions to the extent that they can be determined and estimated. The recovery of the economy depends on the fiscal, monetary and other measures that have been and will be undertaken by the government, actions which are beyond the controls of the Company and Subsidiaries. It is not possible to determine the future effects that a continuation of the current economic conditions may have on the Company's and Subsidiaries' liquidity and earnings, including the effects flowing through from their customers, suppliers, creditors and shareholders.

PRASETIO, UTOMO & CO.
License No. 98.2.0024



Drs. Mas Sutopo
License No. 98.1.0066

March 23, 2001

Notice to Readers

The accompanying consolidated financial statements are intended to present the financial position, results of operations, changes in shareholders' equity and cash flows in accordance with accounting principles and practices generally accepted in Indonesia and not with those of any other jurisdictions. The standards, procedures and practices applied to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

Consolidated Balance Sheets

December 31, 2000 and 1999

Assets	Notes	2000	1999
		(As restated - Note 3)	
		Rp	Rp
Current Assets			
Cash and cash equivalent	2c, 2f, 4, 6	260,136,001,137	869,980,602,924
Short-term investments - net	2d, 21a	65,581,565,800	154,150,698,000
Trade receivable (net of allowance for doubtful accounts of Rp79,157,877,335 in 2000 and Rp74,348,679,217 in 1999)	2e, 5, 21k, 21m		
Related parties	2f, 6	18,351,318,598	9,317,028,371
Third parties		207,516,529,633	124,181,669,989
Other receivables - third parties	12	32,064,199,301	23,427,174,743
Inventories - net	2g, 7	562,090,297,824	464,543,639,527
Advances and deposits	11, 21k	115,244,111,486	78,270,680,867
Prepaid taxes	12	11,705,137,204	141,611,944,686
Prepaid expenses	2f, 2h, 6, 7, 9	18,940,975,280	29,142,013,974
Total Current Assets		1,291,630,136,263	1,894,625,453,081
Non-Current Assets			
Due from related parties (net of allowance for doubtful accounts of Rp17,972,651,983 in 2000 and Rp2,186,202,250 in 1999)	2f, 6	35,782,744,172	49,505,290,147
Deferred tax assets - net	2p, 12	687,620,390,975	299,436,181,916
Long-term investments and advances to associated companies	2b, 2f, 6, 8	326,289,188,082	319,560,811,775
Property, plant and equipment (net of accumulated depreciation, amortization and depletion of Rp1,644,364,887,094 in 2000 and Rp1,417,718,997,613 in 1999)	2f, 2i, 2j, 2k, 6, 9, 10, 13, 21d, 21f, 21g	8,691,187,573,331	7,051,851,348,939
Other non-current assets			
Deferred charges - net	2l	47,505,535,469	48,347,246,201
Restricted cash in banks	21j, 21n	444,000,598,810	42,705,718,858
Others - net	2b, 9, 21b, 21h	125,020,701,123	153,502,070,713
Total Non-Current Assets		10,357,406,731,962	7,964,908,668,549
Total Assets	17	11,649,036,868,225	9,859,534,121,630

Consolidated Balance Sheets

December 31, 2000 and 1999

Liabilities and Shareholders' Equity

	Notes	2000	1999 (As restated - Note 3)
		Rp	Rp
Current Liabilities			
Short-term loan	10	-	5,000,000,000
Trade payables	11		
Third parties	21h	74,075,937,636	55,995,517,042
Related parties	2f, 6	3,953,465,161	3,127,286,806
Other payables - third parties	2j, 13, 21d, 21e, 21f	92,525,302,011	517,025,406,777
Accrued expenses	13, 21i	116,528,762,556	778,464,751,735
Taxes payable	2p, 12	79,799,757,490	28,644,039,734
Unearned income		1,083,076,976	2,573,103,988
Current maturities of long-term bank loans and other borrowings	2f, 2o, 6, 13		
Bank loans and other borrowings		8,443,600,000	6,967,198,213,937
Obligations under capital leases	2j	-	3,091,006,580
Total Current Liabilities		376,409,901,830	8,361,119,326,599
Non-Current Liabilities			
Due to related parties	2f, 6	32,463,573,081	88,149,036
Long-term bank loans and other borrowings - net of current maturities	2f, 2o, 6, 13	10,103,614,428,444	9,372,000,000
Deferred gain on sale-and-leaseback transaction-net	2j	14,285,101,789	15,430,714,703
Total Non-Current Liabilities		10,150,363,103,314	24,890,863,739
Minority Interests In Net Assets of Subsidiaries	2b, 3	3,040,402,208	5,630,767,302
Shareholders' Equity			
Capital stock - Rp500 par value			
Authorized - 8,000,000,000 shares in 2000 and 4,000,000,000 shares in 1999			
Issued - 2,484,316,447 shares in 2000 and 2,414,453,320 shares in 1999	13, 14c	1,242,158,223,500	1,207,226,660,000
Additional paid-in capital	15	388,978,797,362	172,329,476,497
Foreign currency translation adjustments	2b	578,487,895	(275,523,960)
Differences arising from changes in Subsidiary's equity	2b	(31,043,398,146)	19,310,551,854
Differences arising from restructuring transactions among entities under common control	2b, 3	(323,092,968,508)	(651,133,688,138)
Unrealized gains (losses) on available-for-sale securities - net	2d	(2,907,464,670)	(1,891,104,470)
Retained earnings (deficit)			
Appropriated		50,000,000,000	50,000,000,000
Unappropriated		(205,448,216,560)	672,326,792,207
Net Shareholders' Equity		1,119,223,460,873	1,467,893,163,990
Total Liabilities and Shareholders' Equity		11,649,036,868,225	9,859,534,121,630

PT Indocement Tunggul Prakarsa Tbk. and Subsidiaries

These Consolidated Financial Statements
are Originally Issued in Indonesian Language

Consolidated Statements of Income

For The Years Ended
December 31, 2000 and 1999

	Notes	2000	1999 (As restated - Note 3)
		Rp	Rp
Net Revenues	2f, 2m, 6, 17, 21k, 21g	2,447,973,309,208	1,758,966,257,437
Cost of Revenues	2f, 2m, 6, 17, 18	1,439,388,305,420	1,123,912,968,562
Gross Profit		1,008,585,003,788	635,053,288,875
Operating Expenses	2m, 19		
Delivery and selling		134,510,950,832	168,674,488,360
General and administrative		168,674,663,713	95,437,416,124
Total Operating Expenses		303,185,614,545	264,111,904,484
Income from Operations	17	705,399,389,243	370,941,384,391
Other Income (Charges)			
Interest income	4	130,011,879,729	73,570,981,447
Equity shares in net earnings of associated companies - net	2b, 8	10,097,944,856	15,781,029,118
Foreign exchange gains (losses) - net	2k, 2o, 9, 22	(1,445,263,427,971)	527,041,902,235
Interest expense	2k, 9, 13	(637,520,519,261)	(254,538,347,386)
Others - net	2b, 2d, 2i, 2j, 2l	(16,069,617,586)	23,492,654,697
Other Income (Charges) - Net		(1,958,743,740,233)	385,348,220,111
Income (Loss) Before Provision For Income Tax		(1,253,344,350,990)	756,289,604,502

PT Indocement Tunggul Prakarsa Tbk. and Subsidiaries

These Consolidated Financial Statements
are Originally Issued in Indonesian Language

Consolidated Statements of Income

For The Years Ended
December 31, 2000 and 1999

	Notes	2000	1999 (As restated - Note 3)
		Rp	Rp
Provision for Income Tax	2p, 12		
Current		6,105,563,268	482,713,590
Deferred		(385,377,826,476)	229,802,762,832
Net Provision for Income Tax		(379,272,263,208)	230,285,476,422
Income (Loss) Before Minority Interests In Net Losses (Earnings) of Subsidiaries		(874,072,087,782)	526,004,128,080
Minority Interest In Net Losses (Earnings) of Subsidiaries	3	(3,702,920,985)	(4,895,733,365)
Net Income (Loss)		(877,775,008,767)	521,108,394,715
Basic Earnings (Losses) Per Share	2q	(363.46)	215.83

PT Indocement Tungal Prakarsa Tbk. and Subsidiaries

Consolidated Statements of Changes In Shareholders' Equity

		Capital Stock	Additional Paid-in Capital	Foreign Currency Translation Adjustments	Differences Arising from Changes in Subsidiary's Equity
		Rp	Rp	Rp	Rp
Balance, January 1, 1999 (as previously reported)		1,207,226,660,000	172,329,476,497	567,135,322,704	(13,579,469,792)
Adjustments arising from restructuring transactions among entities under common control	3, 14c	-	-	(566,680,373,857)	-
Balance, January 1, 1999 (as restated)	2b, 2d, 2p, 3	1,207,226,660,000	172,329,476,497	454,948,847	(13,579,469,792)
Net income		-	-	-	-
Appreciation in fair values of investments in marketable securities	2d	-	-	-	-
Realized gains on marketable securities	2d	-	-	-	-
Changes in Subsidiary's equity arising from the appreciation in fair values of its investments in marketable securities	2b, 2d	-	-	-	32,890,021,646
Foreign currency translation adjustments	2b	-	-	(89,557,391,925)	-
Adjustments arising from restructuring transactions among entities under common control	3, 14c	-	-	88,826,919,118	-
Balance, December 31, 1999 (as restated)	3, 14c	1,207,226,660,000	172,329,476,497	(275,523,960)	19,310,551,854
Issuance of common stock through debt to equity swap transaction	13a, 14c	34,931,563,500	216,649,320,865	-	-
Net loss		-	-	-	-
Foreign currency translation adjustments	2b	-	-	854,011,855	-
Decline in market values of investments in marketable securities	2d	-	-	-	-
Changes in Subsidiary's equity arising from the decline in market values of its investments in marketable securities	2b, 2d	-	-	-	(50,353,950,000)
Differences arising from restructuring transactions among entities under common control	3, 14c	-	-	-	-
Balance, December 31, 2000		1,242,158,223,500	388,978,797,362	578,487,895	(31,043,398,146)

*These Consolidated Financial Statements
are Originally Issued in Indonesian Language*

For The Years Ended
December 31, 2000 and 1999

Differences Arising from Restructuring Transactions Among Entities Under Common Control	Unrealized Gains (Losses) on Available-for-Sale Securities - net	Retainig Earnings (Deficit)		Net Shareholders' Equity
		Appropriated	Unappropriated	
Rp	Rp	Rp	Rp	Rp
(1,496,514,575,077)	4,595,125,960	50,000,000,000	174,154,269,325	665,346,809,617
966,641,075,596	-	-	(22,935,871,833)	377,024,829,906
(529,873,499,481)	4,595,125,960	50,000,000,000	151,218,397,492	1,042,371,639,523
-	-	-	523,423,338,192	523,423,338,192
-	12,701,568,615	-	-	12,701,568,615
-	(19,187,799,045)	-	-	(19,187,799,045)
-	-	-	-	32,890,021,646
-	-	-	-	(89,557,391,925)
(121,260,188,657)	-	-	(2,314,943,477)	(34,748,213,016)
(651,133,688,138)	(1,891,104,470)	50,000,000,000	672,326,792,207	1,467,893,163,990
-	-	-	-	251,580,884,365
-	-	-	(877,775,008,767)	(877,775,008,767)
-	-	-	-	854,011,855
-	(1,016,360,200)	-	-	(1,016,360,200)
-	-	-	-	(50,353,950,000)
328,040,719,630	-	-	-	328,040,719,630
(323,092,968,508)	(2,907,464,670)	50,000,000,000	(205,448,216,560)	1,119,223,460,873

Consolidated Statements of Cash Flows

For The Years Ended
December 31, 2000 and 1999

	2000	1999
	Rp	Rp
Cash Flows From Operating Activities		
Collections from customers	2,929,214,853,958	2,340,730,382,530
Payments to suppliers and contractors, and for salaries and other employees' benefits	(2,007,225,798,822)	(1,541,111,547,783)
Cash provided from operations	921,989,055,136	799,618,834,747
Receipts of interest income	134,340,834,367	68,475,336,715
Proceeds from claims for tax refund	129,732,144,771	58,429,018,277
Proceeds from sales of "trading" marketable securities and receipts of related interest income	42,999,473,758	-
Payments of taxes	(177,151,303,842)	(107,414,903,650)
Purchases of "trading" marketable securities	(52,486,940,556)	-
Payments of interest expense and other financing charges	(22,788,293,154)	(914,546,148)
Receipts from (payments for) other operating activities	(18,332,997,348)	56,862,350,495
Net Cash Provided by Operating Activities	958,301,973,132	875,056,090,436
Cash Flows From Investing Activities		
Proceeds from redemptions of matured investments in bonds	50,000,000,000	-
Proceeds from disposals of equipment	13,318,144,695	769,630,932
Purchases of property, plant and equipment	(113,819,410,463)	(121,034,616,654)
Payment for acquisition of a merged subsidiary	(16,581,376,140)	-
Additional placements in long-term investments and advances to investees	(9,458,751,760)	(48,694,134,230)
Proceeds from sales of marketable securities	-	67,349,274,615
Cash dividends received	-	13,791,485,000
Net proceeds from other investing activities	5,585,453,588	28,446,430,002
Net Cash Used for Investing Activities	(70,955,940,080)	(59,371,930,335)
Cash Flows From Financing Activities		
Payments of bank loans	(8,902,608,066)	(5,444,000,000)
Payments of obligations under capital leases	(1,201,760,187)	-
Payments of cash dividends	(4,900,000,000)	-
Net proceeds from (payments for) other financing activities	(4,900,000,000)	15,545,610,226
Net Cash Provided by (Used for) Financing Activities	(19,904,368,253)	10,101,610,226

PT Indocement Tunggul Prakarsa Tbk. and Subsidiaries

These Consolidated Financial Statements
are Originally Issued in Indonesian Language

Consolidated Statements of Cash Flows

For The Years Ended
December 31, 2000 and 1999

	2000	1999
	Rp	Rp
Net Effect of Changes In Exchange Rates on Cash and Cash Equivalent	21,161,712,516	(39,899,950,770)
Reclassification of Cash and Cash Equivalent to Other Assets (Restricted Cash in Bank)	(1,498,447,979,102)	-
Net Increase (Decrease) In Cash and Cash Equivalent	(609,844,601,787)	785,885,819,557
Cash and Cash Equivalent at Beginning of Year	869,980,602,924	84,094,783,367
Cash and Cash Equivalent at End of Year	260,136,001,137	869,980,602,924

Activities not affecting cash and cash equivalent:

Payment of unpaid interest through restricted cash in banks	1,119,352,564,176	-
Financing cost capitalized to construction in progress	197,527,524,555	170,742,026,626
Final settlement of obligations under capital leases through application of security deposits	2,000,000,000	-
Payment of bank loan through restricted cash in banks	801,159,896	-
Acquisition of receivables through the incurrence of long-term debts	-	20,415,000,000

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

1. General

PT Indocement Tunggul Prakarsa Tbk. (the Company) was incorporated in Indonesia on January 16, 1985 based on notarial deed No. 27 of Ridwan Suselo, S.H. Its deed of incorporation was approved by the Ministry of Justice in its decision letter No. C2-2876HT.01.01.Th.85 dated May 17, 1985. The Company's articles of association has been amended from time to time, the latest of which was covered by notarial deed No. 68 of Amrul Partomuan Pohan, S.H., dated June 26, 2000 concerning, among others, the increase in the Company's authorized capital. Such amendments were approved by the Ministry of Law and Legislation in its decision letter No. C-13322 HT.01.04.TH.2000 dated July 7, 2000 (see Note 14).

The Company started its commercial operations in 1985.

Based on the Extraordinary General Meeting Shareholders (EGMS) held on October 2, 1989, which was covered by notarial deed No. 4 of Amrul Partomuan Pohan, S.H., LLM, the shareholders approved, among others, the offering of 598,881,000 shares to the public. Also, based on the EGMS held on March 18, 1991, which was covered by notarial deed No. 53 of the same notary, the shareholders approved the issuance of convertible bonds by the Company with a total nominal value of US\$ 75,000,000.

Then, on June 20, 1991, in accordance with the above-mentioned shareholders' approval, the Company issued and listed at the Luxembourg Stock Exchange US\$ 75 million worth of 6.75% Euro Convertible Bonds (the "Euro Bonds") at 100% issue price, which had an original maturity in 2001. The Euro Bonds were convertible into common shares starting August 1, 1991 up to May 20, 2001 at the option of the bondholders. The initial conversion price, at which the shares were issued, was Rp14,450 per share, with a fixed rate of exchange upon conversion of US\$ 1 to Rp1,946.

Relative to the above, in 1994, the Company issued 8,555,640 shares of stock upon the partial conversion of the Euro Bonds worth US\$ 35,140,000. Accordingly, the Company transferred and reclassified the corresponding portion of the related bonds payable amounting to Rp8,555,640,000 to capital stock and Rp67,320,100,000 to additional paid-in-capital. The remaining balance of the Euro Bonds with total nominal value of US\$ 39,860,000 was fully redeemed and settled in 1994.

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

During the EGMS held on June 26, 1996, the shareholders resolved to split the par value of the Company's share from Rp1,000 per share to Rp500 per share. Accordingly, the issued and paid-in-capital stock were also increased from 1,207,226,660 shares to 2,414,453,320 shares. This shareholders resolution was approved by the Ministry of Justice in its decision letter No. C2-HT.01.04.A.4465 dated July 29, 1996.

On December 29, 2000, the Company's issued 69,863,127 common shares to Marubeni Corporation as a result of the conversion into equity of the latter's receivable from the Company (debt to equity swap).

As stated in Article 3 of the Company's article of association, the scope of its activities comprises of, among others, manufacture of cement and building materials, food and beverages, textile, construction and trading.

The Company is domiciled in Jakarta, while its factories are located in Citeureup, Cirebon-West Java, and Tarjun-South Kalimantan.

The Company and its Subsidiaries (the "Group") were a multi-business group consisting of Cement Business, as the Group's core business, and Other Businesses.

Currently, the Cement Business mainly includes the operations of the nine integrated cement plants at its Citeureup - Bogor site and two integrated cement plants at its Palimanan - Cirebon site, which have a combined annual production capacity for about 13 million tons, consisting of 12.8 million tons of portland cement and 0.2 million tons of specialty (white and oil well) cements, and its ready mix concrete manufacturing subsidiary. In addition, the Cement Business also includes the integrated cement plant located at Tarjun, South Kalimantan, which was previously owned by PT Indo Kodeco Cement, a Subsidiary merged with company in 2000. The Tarjun plant site, which has an installed production capacity of 2.45 million tons of portland cement per annum, is still in its trial production stage as of December 31, 2000.

Other Businesses includes, among others, the operations of the Company-owned property, Wisma Indocement, a 23-storey office tower building with over 19,000 square meters of rentable space and two basement car parks, and PT Wisma Nusantara International, an associated company which owns and operates a 30-storey office building with 26,108 square meters of rentable space, and President Hotel, a four-star hotel with 315 rooms. The above-mentioned buildings are located in Jakarta's central commercial district.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

As of December 31, 2000, the members of the Company's boards of commissioners and directors are as follows:

Commissioners

Soedono Salim	-	President Commissioner
Djuhar Sutanto	-	Commissioner
Johny Djuhar	-	Commissioner
Kuntara	-	Commissioner
Andree Halim	-	Commissioner
Tanto Koeswanto	-	Commissioner
I. Ketut Mardjana	-	Commissioner

Directors

Sudwikatmono	-	President Director
Anthony Salim	-	Vice President Director
Ibrahim Risjad	-	Director
Tedy Djuhar	-	Director
Iwa Kartiwa	-	Director
Soepardjo	-	Director
Daddy Hariadi	-	Director
Franciscus Welirang	-	Director
Benny S. Santoso	-	Director

Total remuneration paid to the Company's boards of commissioners and directors amounted to Rp17.4 billion for the year ended December 31, 2000.

As of December 31, 2000, the Company and its Subsidiaries have a total of 7,401 permanent employees.

2. Summary of Significant Accounting Policies

a. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles and practices in Indonesia. The consolidated financial statements have been prepared on the historical cost basis of accounting, except for inventories which are valued at the lower of cost or net realizable value (market), certain short-term investments which are stated at market value, certain investments in shares of stock which are accounted for under the equity method, and certain property, plant and equipment which are stated at revalued amounts.

The consolidated statement of cash flows presents cash receipts and payments classified into operating, investing and financing activities. Based on the decision letter of the Chairman of Capital Market Supervisory Agency (BAPEPAM) No. KEP-06/PM/2000 dated March 13, 2000, all financial statements prepared and issued by publicly-listed companies starting from January 1, 2000 should present their statements of cash flows using the direct method. Accordingly, the presentation of the consolidated statements of cash flows for the year ended December 31, 1999 was changed to conform with the required presentation in 2000.

b. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and the following Subsidiaries, in which the Company owns, either directly or indirectly, more than 50% equity ownership:

					Effective Percentage of Ownership		
Principal Activity	Country of Domicile	Year of Incorporation/ Start of Commercial Operation	Total Assets as of December 31, 2000	2000	1999		
					(As restated - Note 3)	(As previously reported)	
			Rp	%	%	%	
Direct Subsidiaries							
Indocement (Cayman Island) Limited	Investing	Cayman Island	1991/1991	10,200,322,653	100,00	100,00	100,00
Leamaat Omikron BV	Financing	Netherlands	1995/1995	5,122,205,328	100,00	100,00	100,00
PT Indomix Perkasa (Indomix)	Ready mixed concrete manufacturing	Indonesia	1992/1992	103,136,312,790	99,99	99,99	99,99
PT Indocement Investama (Investama)	Investing	Indonesia	1994/1994	-	-	-	93.03
PT Dian Abadi Perkasa (DAP)	Cement distribution	Indonesia	1998/1999	193,386,741,126	51.00	51.00	51.00
Indirect Subsidiary							
PT Indo Kodeco Cement (IKC)*	Cement manufacturing	Indonesia	1992	-	-	-	67.07

* - IKC and Investama had been merged into the Company as of December 29, 2000 (see Note 3).

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

The Company also has five (5) other Subsidiaries with effective percentage of ownership of 99.99% each. The total cost of investments in these entities amounted to Rp 20,000,000. Since these entities have no activities and the total cost of investments in these five Subsidiaries is immaterial, their accounts were not included in the consolidated financial statements. Instead, the investments in these Subsidiaries are recorded and presented as part of the "Long-term Investments and Advances to Investees" in the consolidated balance sheets.

The five Subsidiaries mentioned above are as follows:

	Year of Incorporation*	Country of Domicile	Total Assets as of December 31, 2000
			Rp
PT Bhakti Sari Perkasa Abadi	1998	Indonesia	5,000,000
PT Lentera Abadi Sejahtera	1998	Indonesia	5,000,000
PT Mandiri Sejahtera Sentra	1998	Indonesia	5,000,000
PT Sari Bhakti Sejati	1998	Indonesia	5,000,000
PT Makmur Abadi Perkasa Mandiri	1998	Indonesia	-

* Year of incorporation is based on the date indicated in the articles of association.

DAP was established in 1998 and primarily acts as the Company's main domestic distributor of certain cement products (see Note 6a).

For consolidation purposes, the accounts of foreign Subsidiaries are translated into Rupiah amounts on the following basis:

Balance sheet accounts:

Middle rates of exchange as of balance sheet date (US\$ 1 to Rp9,595 and Rp7,100 as of December 31, 2000 and 1999, respectively; and NLG 1 to Rp4,044.04 and Rp3,243.56 as of December 31, 2000 and 1999, respectively).

Profit and loss accounts:

Average rates of exchange during the year (US\$ 1 to Rp8,534.42 and Rp7,929.60 for the years ended December 31, 2000 and 1999, respectively; and NLG 1 to Rp3,548.73 and Rp3,911.08 for the years ended December 31, 2000 and 1999, respectively).

The statements of cash flows of foreign Subsidiaries are translated using average exchange rates during the year. The resulting net difference arising from the translations of balance sheet and profit and loss accounts is presented as "Foreign Currency Translation Adjustments" under the Shareholders' Equity section of the consolidated balance sheets.

For purposes of accounting for the merger of IKC into the Company, as discussed in Note 3, all of the balance sheet and statement of income accounts of IKC as of December 29, 2000 (the effective date of the merger), which were expressed in US Dollar, were translated into rupiah using the exchange rates of Rp9,595 and Rp8,534.42 to US\$ 1, respectively.

The difference of the purchase price over the underlying fair value of the net assets of the acquired subsidiaries (and/or vice-versa) is booked as "Goodwill", which is presented as part of "Other Non-Current Assets – Others (net)" in the consolidated balance sheets, and amortized using the straight-line method over five (5) or twenty (20) years, in view of the good future business prospect of the investees. In view of the immateriality of the remaining unamortized balance of the goodwill, management has decided to fully charged it off to operations in 2000.

All significant intercompany accounts and transactions have been eliminated.

Investments, in which the Company or its Subsidiaries have ownership interests of at least 20% but not exceeding 50%, are accounted for under the equity method, whereby the costs of such investments are increased or decreased by the Company's or Subsidiaries' equity shares in the net earnings (losses) of the investees since date of acquisition; and are reduced by dividends received by the Company or Subsidiaries from the investees. The equity shares in net earnings (losses) of the investees are being adjusted for the straight-line amortization, over a twenty-year period (in view of the good future business prospects of the investees), of the difference between the costs of such investments and the Company's or Subsidiaries' proportionate shares in the fair value of the underlying net assets of investees at date of acquisition (goodwill).

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

All other investments are carried at cost (cost method).

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

In compliance with PSAK No. 40, "Accounting for Changes in Subsidiary's/Investee's Equity", the difference between the carrying amount of the Company's investment in, and the value of the underlying net assets of the subsidiary/investee arising from changes in the latter's equity, which are not resulting from transactions between the Company and the concerned subsidiary/investee, is recorded and presented as "Differences Arising from Changes in Subsidiary's Equity" under the Shareholders' Equity section of the consolidated balance sheets. Accordingly, the resulting difference arising from the changes in equity of PT Indomix Perkasa in connection with the application of the provisions PSAK No. 50 by the said subsidiary is recorded and presented under this account (see item d below).

c. Cash Equivalents

Time deposits and other short-term investments with maturities of three months or less at the time of placement or purchase and not pledged as collateral for loans and other borrowings are considered as "Cash Equivalents".

d. Short-term Investments

Investments in equity securities listed in the stock exchanges, bonds and other investments with maturities of more than three months but not exceeding one year are classified as "Short-term Investments".

The investments in bonds are stated at cost, adjusted for the straight-line amortization of premiums or accretion of discounts.

Prior to 1999, investments in available-for-sale equity securities were stated at the lower of aggregate cost or market value determined at balance sheet date. Any unrealized loss on decline in market value was charged to current operations.

In accordance with PSAK No. 50, "Accounting for Investments in Certain Securities", starting January 1, 1999, equity securities held as available-for-sale are stated at market value. Any unrealized gains or losses on appreciation/depreciation in market values of the equity securities are recorded and presented as "Unrealized Gains (Losses) on Available-for-Sale Securities" under the Shareholders' Equity section of the consolidated balance sheets, which are credited or charged to operations upon realization.

e. Allowance for Doubtful Accounts

The Company and Subsidiaries provide allowance for doubtful accounts based on a periodic review of the status of the individual receivable accounts.

f. Transactions with Related Parties

The Company and Subsidiaries have transactions with related parties. Related party relationship is defined under PSAK No. 7, "Related Party Disclosures", as follows:

- (1) enterprises that, through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (including holding companies, subsidiaries and fellow subsidiaries);
- (2) associated enterprises;
- (3) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individuals (close members of a family are defined as those members who are able to exercise influence or can be influenced by such individuals, in conjunction with their transactions with the reporting enterprise);
- (4) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise, including commissioners, directors and managers of the enterprise and close members of the families of such individuals; and,
- (5) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4), or over which such a person is able to exercise significant influence. This definition includes enterprises owned by the commissioners, directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

All significant transactions with related parties, whether or not performed under normal prices and conditions similar to those with non-related parties, are disclosed herein.

g. Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the average method. The Company and its Subsidiaries provide allowance for inventory obsolescence based on a periodic review of the physical conditions of the inventories.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

h. Prepaid Expenses

Prepaid expenses are amortized over the periods benefited. Prepaid expenses, which benefits extend beyond one year, are presented as part of "Other Non-Current Assets – Others (Net)" in the consolidated balance sheets.

i. Property, Plant and Equipment

Property, plant and equipment are stated at cost, except for certain assets revalued in accordance with government regulations, less accumulated depreciation, amortization and depletion. Main machinery and equipment related to the production of cement are depreciated using the unit-of-production method, while all the other property, plant and equipment items are depreciated using the straight-line method based on their estimated useful lives as follows:

	Years
Land improvements; quarry; and buildings and structures	8 - 30
Machinery and equipment	3 - 10
Leasehold improvements; furniture, fixtures and office equipment; and tools and other equipment	2 - 5
Transportation equipment	5 - 8

Landrights are stated at cost and not amortized (see item l).

Construction in progress is stated at cost. Costs are reduced by the amount of revenue generated from the sales of finished products produced during the trial production runs less the related costs of production. The accumulated costs will be reclassified to the appropriate property, plant and equipment accounts when the construction is substantially completed and the asset is ready for its intended use.

The costs of maintenance and repairs are charged to operations as incurred; significant renewals and betterment, as defined under PSAK No. 16, "Property, Plant and Equipment", are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation, amortization or depletion are removed from the accounts and the resulting gains or losses are credited or charged to current operations.

On July 15, 1998, the Indonesian Institute of Accountant (IAI) issued PSAK No. 48, "Impairment in Asset Value", which becomes effective starting January 1, 2000. PSAK No. 48 provides the accounting treatment for the impairments of long live assets (except for inventories, construction in progress, deferred tax assets, and assets arising from defined benefits pension plan) and the related consequences of the impairment. Relative to the above, the management believes that there is no potential impairment in values of the assets stated in the consolidated financial statements.

j. Leases

Lease transactions are accounted for under the capital lease method when the required capitalization criteria under PSAK No. 30, "Accounting for Leases" are met. Otherwise, lease transactions are accounted for under the operating lease method. Assets under capital lease (presented under "Property, Plant and Equipment" account in the consolidated balance sheets) are recorded based on the present value of the lease payments at the beginning of the lease term plus residual value (option price) to be paid at the end of the lease period. Depreciation of leased assets is computed based on methods and estimated useful lives that are in line with those of the similar property, plant and equipment acquired under direct ownership.

Gain on sale-and-leaseback transactions is deferred and amortized using the same basis and methods as referred to above.

k. Capitalization of Borrowing Costs and Foreign Exchange Losses

In accordance with the revised PSAK No. 26, "Borrowing Costs", interest charges and foreign exchange differences incurred on borrowings and other costs incurred to finance the construction or installations of major facilities are capitalized. Capitalization of these borrowing costs ceases when the construction or installation is completed and the related asset is ready for its intended use.

l. Deferred Charges

Expenditures, which benefits extend over one year, are deferred and amortized over the periods benefited using the straight-line method.

In accordance with PSAK No. 47, "Accounting for Land", starting January 1, 1999, costs incurred in connection with the acquisitions/renewal of landrights, such as legal fees, land remeasurement fees, notarial fees, taxes and other expenses, are deferred and amortized using the straight-line method over the legal terms of the related landrights.

m. Revenue and Expense Recognition

Revenues are recognized as earned when the products are delivered and/or when services are rendered to customers. Cost and expenses are generally recognized and charged to operations when they are incurred (accrual basis).

n. Retirement Benefits

The Company has a defined contributions retirement plan covering substantially all of its full time employees. Contributions are funded and consist of the Company's and the employees' contributions computed at 10% and 5%, respectively, of the employees' pensionable earnings. On the other hand, the Subsidiaries still operate the "pay-as-you-go" retirement benefits scheme. Retirement benefits incurred are accrued and directly charged to operations.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

o. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah amounts at the middle rates of exchange prevailing at transaction date. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at the last banking transaction date of the period, as published by Bank Indonesia, and any resulting gains or losses are credited or charged to current operations, except for those capitalized under PSAK No. 26 (see item k).

For December 31, 2000 and 1999, the rates of exchange used are as follows:

	2000	1999
	Rp	Rp
US Dollar (US\$ 1)	9,595.00	7,100.00
Japanese Yen (¥ 100)	8,357.30	6,947.41
Deutsche Mark (DEM 1)	4,556.63	3,654.68
Netherland Gulden (NLG 1)	4,044.04	3,243.56
France Franc (FRF 1)	1,358.60	1,089.68
Denmark Kroner (DKK 1)	1,194.36	958.89
Italian Lira (ITL 100)	460.26	369.15

Transactions in other foreign currencies are considered insignificant.

p. Provision for Income Tax

Starting January 1, 1999, the Company and Subsidiaries (except for some) applied PSAK No. 46, "Accounting for Income Tax", which requires for the accounting of tax effects of the recovery of assets and settlement of liabilities at their carrying amounts, and the recognition and measurement of deferred tax assets and tax liabilities for the expected future tax consequences of events recognized in the financial statements, including tax loss carry forwards.

Starting January 1, 2000, all the other remaining Subsidiaries applied PSAK No. 46. The effects of such adoption by the said Subsidiaries were accounted for in the consolidated financial statements on a prospective basis in view of the immateriality of the amounts involve.

q. Net Income (Loss) per Share

Net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares outstanding during the year, which is 2,415,027,537 shares in 2000 and 2,414,453,320 shares in 1999.

On December 10, 1999, IAI issued PSAK No. 56, "Earnings per Share" which becomes effective starting from December 31, 2000 financial statement reporting. PSAK No. 56 requires publicly-listed companies to compute and present in their financial statements the basic earnings per share and diluted earnings per share.

3. Acquisition and Merger

On June 14, 2000, the Company entered into a Conditional Sale, Purchase and Transfer of Shares Agreement with Korea Development Company Limited (Kodeco) and Marubeni Corporation (Marubeni), pursuant to which Kodeco and Marubeni sold and transferred to the Company their entire ownerships in IKC consisting of 38,359,810 and 4,620,000 shares, respectively. The total cash consideration for the said conditional sale and purchase of shares transactions was a nominal amount of US\$ 1, which was divided into US\$ 0.89 for Kodeco and US\$ 0.11 for Marubeni. The agreement required certain conditions to be met prior to the consummation of the transactions, which included, among others, obtaining the necessary approvals from IKC's shareholders, the Capital Investment Board (Badan Penanaman Modal or "BPM"), the Bank of Korea and IKC's lenders; and also the signing of all the restructuring documents. The said conditional sale, purchase and transfer of shares was required by the Company's and IKC's lenders as a precondition to the restructuring of the Company's and IKC's financial obligations to the lenders, as discussed in Note 13.

The Sale, Purchase and Transfer of Shares Agreement was approved by IKC's shareholders during their extraordinary meeting held on June 14, 2000, which was covered by notarial deed No. 14 of Popie Savitri Martosuhardjo Pharmanto, S.H., bearing the same date (see Note 14c).

Based on the Extraordinary General Meeting Shareholders (EGMS) of Investama held on September 9, 2000, which was covered by the notarial deed No. 45 of Popie Savitri Martosuhardjo Pharmanto, S.H., of the same date, the shareholders of Investama approved the sale of Investama's shares held by Irene Ria Moerdani and Sofjan Wanandi to the Company. Pursuant to the said shareholders' resolution, Irene Ria Moerdani sold all of her 10,402,703 shares in Investama to the Company on September 22, 2000 at Rp1 (one rupiah). Likewise, on the same date, Sofjan Wanandi also sold all of his 6,935,132 shares in Investama to the Company. However, since the said shares owned by Sofjan Wanandi were pledged to PT Bank Central Asia Tbk, one of banks taken over by the Indonesian Banking Restructuring Agency (IBRA), the aforesaid sale and purchase of shares transaction can only be made effective after the settlement of Sofjan Wanandi's obligation. These sale and purchase of shares transactions were notarized by the same notary, as previously mentioned above, in her deeds No. 46 and 47, respectively, which are both dated September 22, 2000. On September 28, 2000, IBRA agreed with the settlement of the loan of Sofjan Wanandi for a total amount of US\$ 2,000,000. The Company paid such amount to IBRA on September 30, 2000, and accordingly, effective on the said date, Investama became wholly owned by the Company.

During the EGMS of the Company held on October 20, 2000, the shareholders approved the merger of Investama and IKC into the Company based on the terms and conditions as mentioned in the paragraph below (see Note 14c).

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

In connection with the merger transaction, on December 22, 2000, the Company, IKC and Investama, as the merging entities, signed a Merger Deed (MD). The MD provides the following terms and conditions of the merger transaction, among others:

- Investama and IKC agreed to merge into the Company through pooling of interest, effective on December 29, 2000 (the "merger effective date")
- Starting from the merger effective date:
 - (i) all of the operations, activities, facilities, licenses and agreements of IKC and Investama shall be transferred to the Company
 - (ii) all of the assets and liabilities of IKC and Investama shall be transferred to the Company
 - (iii) all of the IKC's and Investama's employees will be transferred to the Company.

In view of the Company's 100% equity ownership in both IKC and Investama prior to the merger transaction, there was no more conversion of shares of IKC and Investama, nor were there any issuances of new shares by the Company to the former shareholders of these two entities.

The merger transaction is part of the conditions precedent to the effectiveness of the Master Facility Agreement (MFA).

The above transaction was conducted and accounted for using the pooling of interest method. Since the said transaction involved entities under common control, the 1999 consolidated financial statements were restated as if the restructuring took place at the beginning of the year presented (1999), in accordance with PSAK No. 38, "Accounting for Restructuring Transactions Among Entities Under Common Control". Accordingly, the difference between the cost of investment and book value is presented as "Difference Arising from Restructuring Transactions Among Entities Under Common Control" under the shareholders' equity section of the consolidated balance sheets. For restatement purposes, net losses and deficit which was entitled to the predecessor stockholders before the actual restructuring was taken place, was presented as an adjustment to the consolidated retained earnings in 1999. Also, the foreign currency translation adjustments arising from the translations of IKC's financial statements are accounted and presented as "Difference Arising from Restructuring Transactions Among Entities Under Common Control Account" in the consolidated balance sheets.

A summary of consolidated financial statements as of and for the year ended December 31, 1999, before and after restatement, is as follows:

	As Previously Reported	As Restated
	Rp	Rp
Total Assets	9,851,099,111,969	9,859,534,121,630
Total Liabilities	8,386,010,190,338	8,386,010,190,338
Minority Interest in Net Assets of Subsidiaries	339,472,374,531	5,630,767,302
Net Shareholders' Equity	1,125,616,547,100	1,467,893,163,990
Net Income	523,423,338,192	521,108,394,715

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

4. Cash and Cash Equivalent

The details of cash and cash equivalent are as follows:

	2000	1999
	Rp	Rp
Cash in hands	481,682,865	365,755,812
Cash in banks		
PT Bank Mandiri (Persero)		
Rupiah accounts	64,687,035,070	34,231,128,177
US Dollar accounts		
(US\$ 3,228,535 in 2000 and US\$ 1,684,990 in 1999)	30,977,795,820	11,963,431,622
PT Bank Central Asia Tbk.		
Rupiah accounts	14,552,940,061	74,076,029,916
US Dollar accounts		
(US\$ 4,603,483 in 2000 and US\$ 3,217,856 in 1999)	44,170,414,549	22,846,774,848
Bank of America, N.A.		
US Dollar accounts		
(US\$ 833,856 in 2000 and US\$ 143,100 in 1999)	8,000,852,063	1,016,007,799
Other foreign currencies	590,430	450,855
Bank Multicor		
Rupiah accounts	4,900,485,061	-
US Dollar accounts		
(US\$ 36,986 in 2000)	354,878,079	-
PT Bank BNP Lippo Indonesia		
US Dollar accounts		
(US\$ 479,035 in 2000 and US\$ 1,207,989 in 1999)	4,596,340,825	8,576,715,794
Others (each below Rp1.0 billion)		
Rupiah accounts	1,016,462,038	7,466,994,631
US Dollar accounts		
(US\$ 7,217 in 2000 and US\$ 7,154 in 1999)	69,243,373	50,798,087
Other foreign currencies	360,627,224	325,957,197
Cash equivalent – time deposits		
PT Bank Mandiri (Persero)		
Rupiah accounts	32,100,000,000	473,818,000,000
US Dollar accounts		
(US\$ 5,450,000 in 2000 and US\$ 300,000 in 1999)	52,292,750,000	2,130,000,000
PT Bank Central Asia Tbk.		
Rupiah accounts	57,388,679	2,740,399,046
PT Bank Bali Tbk.		
Rupiah accounts	-	140,000,000,000
PT Bank Risjad Salim Internasional		
Rupiah accounts	-	50,000,000,000
PT Bank Internasional Indonesia Tbk.		
Rupiah accounts	-	40,000,000,000
Others (each below Rp1.0 billion)		
Rupiah accounts	-	148,353,500
Other foreign currencies	1,516,515,000	223,805,640
Total	260,136,001,137	869,980,602,924

Interest rates per annum range from 8% to 13.96% in 2000, 9% to 48% in 1999 for the rupiah time deposits, and from 4.5% to 7% in 2000 and 5.5% to 13% in 1999 for the US Dollar time deposits.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

5. Accounts Receivable - Trade

The details of trade receivables are as follows:

	2000	1999
	Rp	Rp
Related Parties (see Note 6a)		
Cement Business		
PT Semen Tiga Roda Prasetya (STRP)	69,868,180,772	69,868,180,772
Indocement Singapore Pte., Ltd.,	10,625,807,929	3,327,125,604
PT Pioneer Beton Industri	7,554,069,882	4,600,663,997
Others (each below Rp1.0 billion)	-	489,128,972
Sub-total	88,048,058,583	78,285,099,345
Other Businesses	171,440,787	900,109,798
Total	88,219,499,370	79,185,209,143
Less allowance for doubtful accounts (see Notes 6a and 6l)	(69,868,180,772)	(69,868,180,772)
Net	18,351,318,598	9,317,028,371
Third Parties		
Cement Business	215,836,259,970	128,012,763,732
Other Businesses	969,966,226	649,404,702
Total	216,806,226,196	128,662,168,434
Less allowance for doubtful accounts	(9,289,696,563)	(4,480,498,445)
Net	207,516,529,633	124,181,669,989

An analysis of the movements in the balance of allowance for doubtful accounts is as follows:

Balance at beginning of year	74,348,679,217	3,079,529,790
Provisions during the year	5,219,034,419	72,667,719,267
Receivables written-off during the year	(59,111,192)	(1,398,569,840)
Reversal of allowance on doubtful accounts collected during the year	(350,725,109)	-
Balance at end of year	79,157,877,335	74,348,679,217

Based on the review of the status of the individual receivable accounts at the end of the year, management is of the opinion that the above allowance for doubtful accounts is sufficient to cover any possible losses that may arise from uncollectable accounts (see Notes 6a and 6l).

The trade receivables are used as collateral to secure the long term debts discussed in Note 13.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

The details of trade receivables based on their currency denominations and aging as of December 31, 2000 are as follows:

	Currency		Total
	Rupiah	US Dollar (In Equivalent Rupiah)	
	Rp	Rp	Rp
Current	39,646,876,705	2,645,872,714	42,292,749,419
Overdue:			
1 - 30 days	143,847,668,687	22,933,513,023	166,781,181,710
31 - 60 days	3,634,736,400	9,411,472,617	13,046,209,017
61 - 90 days	3,426,140,711	2,093,821,245	5,519,961,956
Over 90 days	71,905,606,394	5,480,017,070	77,385,623,464
Total	262,461,028,897	42,564,696,669	305,025,725,566

6. Transactions and Accounts with Related Parties

In the normal course of their business, the Company and its Subsidiaries engage in transactions and have contracts/agreements with related parties. The significant transactions, contracts/agreements and related account balances with related parties are as follows:

- a. The Company sells cement products to related parties. Net revenues derived from sales to related parties accounted for 1.75% and 19.59% of the consolidated net revenues for the years ended December 31, 2000 and 1999, respectively, with details as follows:

	2000	1999
	Rp	Rp
Indocement Singapore Pte., Ltd.	22,159,760,921	58,778,415,915
PT Pioneer Beton Industri (PBI)	20,798,411,005	7,716,864,795
PT Semen Tiga Roda Prasetya (STRP)	-	163,837,900,056
PT Indosahid Perdana	-	114,098,112,706
PT Indo Clean Set Cement	-	138,374,040
Total	42,958,171,926	344,569,667,512

The related trade receivables arising from the above-mentioned sales transactions are shown as "Accounts Receivable - Trade (Related Parties)" account in the consolidated balance sheets (see Note 5).

In mid-1999, STRP ceased to become the Company's main distributor.

On April 26, 1999, DAP, a Subsidiary, entered into a distributorship agreement with the Company (as amended on July 15, 1999) whereby DAP acts as the Company's exclusive main distributor of certain specified cement products as

stated in the agreement, for the domestic market, replacing STRP. This distributorship agreement is initially valid for five (5) years, and can be extended for another five (5) years upon mutual consent by both parties.

- b. The Company and Subsidiaries have loans, time deposits placements, and also had forward exchange contracts with PT Bank Central Asia Tbk. (BCA). The Company and Subsidiaries also maintain current accounts with BCA and PT Bank Risjad Salim Internasional (see Notes 4 and 13).

BCA and RSI are no longer considered as related parties, since mid-December 1999.

- c. The Company insures a portion of its assets with PT Asuransi Central Asia, related party (see Note 9).
- d. The Company had lease transactions with PT Swadharma Indotama Finance (related party). The related obligations arising from these transactions have been fully paid in April 2000 (see Note 13).
- e. Prior to the effectivity of the loan restructuring agreement as discussed in Note 13, the loan obtained by the Company from Marubeni Corporation was guaranteed by PT Mekar Perkasa, a shareholder (see Note 13).
- f. The Company and Indomix act as guarantors for the loans obtained by PT Indominco Mandiri and PT Pama Indo Mining, associated companies (see Notes 21o and 21p).
- g. The Company extended non-interest bearing advances to certain affiliated companies with no fixed repayment terms. These advances were recorded and presented under "Due from Related Parties" account in the consolidated balance sheets.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

- h. In 1999, the Company purchased non-interest bearing convertible bonds (CBs) issued by PT Cibinong Center Industrial Estate (CCIE), an associated company, for a total cost amounting to Rp40,064,000,000, which have no fixed maturity date. Based on notarial deed No. 81 of Popie Savitri Matosuhardjo Pharmanto, S.H., dated March 31, 2000, the shareholders of CCIE agreed and approved the conversion of the said CBs into common stock of CCIE. Accordingly, the aforesaid investments of the Company in the CBs issued by CCIE was reclassified to investment in shares of stock as of December 31, 2000 (see Note 8).
- i. The former IKC has a mining agreement with PT Pama Indo Mining (PIM) (formerly PT Pama Indo Kodeco), whereby PIM agreed to develop and operate a limestone, clay and laterite mine, and to supply the limestone, clay and laterite requirements of IKC for the operations of its plant. As compensation, IKC agreed to pay PIM service fees based on the formers' tonnage consumption of limestone, clay and laterite. Service fees incurred amounted to US\$ 2,624,617 and US\$ 2,339,200 for the years ended December 31, 2000 and 1999, respectively. The said service fees incurred were capitalized to "Construction in Progress" since the aforesaid raw materials were used for trial production runs (see Note 9). The total outstanding payables arising from these transactions, which amounted to US\$ 126,253 and US\$ 396,061 as of December 31, 2000 and 1999, respectively, are shown as part of "Accounts Payable - Trade (Related Parties)" account in the consolidated balance sheets.
- In connection with the merger of IKC into the Company, as discussed in Note 3, all the rights and obligations of the former under the above-mentioned mining agreement have been assumed by the Company starting at the effective date of merger.
- j. In September 2000, the Company entered into two agreements with PT Indotek Engico (Indotek), an associated company, whereby the latter agreed to provide services for a block plan on Community Development and employees' housing; and monitor/supervise the clearing and development of a $\pm$ 100 hectares land located at Tarjun, South Kalimantan, for a total contract amount of Rp8,200,000,000. As of December 31, 2000, the total cumulative advances paid by the Company to Indotek in connection with said agreements amounted to Rp2,460,000,000, which is recorded as part of "Long-term Investments and Advances to Investees" in the consolidated balance sheets (see Note 8).
- k. The Company has outstanding Sale and Purchase of Bulk Cement Agreement with PBI, an associated company, until year 2001. Total sales to PBI made under this agreement is about Rp20.8 billion and Rp7.7 billion for the years ended on December 31, 2000 and 1999, respectively.
- l. The Company has outstanding long term debt and other liabilities due to Marubeni Corporation, a shareholder (see Note 13a)
- m. The balances of accounts with related parties arising from non-trade transactions are as follows:

	2000	1999
	Rp	Rp
Due from Related Parties (Non-Current)		
PT Semen Tiga Roda Prasetya	17,972,651,983	17,972,651,983
Officers and employees	11,072,987,769	3,277,714,535
PT Mekar Perkasa	8,706,250,000	8,706,250,000
PT Indofood Sukses Makmur Tbk.	5,021,899,740	5,733,207,115
PT Roda Maju Utama	4,900,000,000	-
PT Mandara Medika Utama	3,285,500,000	3,285,500,000
PT Polymax International	2,008,082,488	2,008,082,488
PT Gula Putih Mataram	1,070,285	1,000,000,000
PT Indolampung Perkasa	-	3,600,000,000
Joint Operations Indomix-Indosipa	-	3,279,631,039
PT Indomulti Intisukses Industri	-	2,485,314,080
Others (each below Rp 1.0 billion)	786,953,890	343,141,157
Total	53,755,396,155	51,691,492,397
Less allowance for doubtful accounts	(17,972,651,983)	(2,186,202,250)
Net	35,782,744,172	49,505,290,147

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

	2000	1999
	Rp	Rp
Due to Related Parties (Non Current)		
Marubeni Corporation	32,430,054,721	-
Various (each below Rp1.0 billion)	33,518,360	88,149,036
Total	32,463,573,081	88,149,036

Some of the above accounts due from affiliated companies have been fully settled as of March 23, 2001, the date of the independent auditor's report, whereas the others are also planned to be settled in one-month time subsequent to the said date. On the other hand, the amounts due from officers and employees are being collected through monthly salary deductions.

An analysis of the movements in the balance of allowance for doubtful accounts is as follows:

	2000	1999
	Rp	Rp
Balance at beginning of year	2,186,202,250	-
Provisions during the year	17,972,651,983	2,186,202,250
Receivables written-off during the year	(1,186,202,250)	-
Reversal of allowance for doubtful accounts collected during the year	(1,000,000,000)	-
Balance at end of year	17,972,651,983	2,186,202,250

Considering that the receivables from STRP has been long-outstanding (more than 6 months), and the fact that STRP had already ceased its business activities, management has decided to provide full loss allowance for the trade and non-trade receivables due from STRP.

n. The other transactions with related parties involving amounts over Rp1 billion are as follows:

	2000	1999
	Rp	Rp
Purchase of materials		
PT Indominco Mandiri (an associated company)	11,435,157,372	8,336,226,522
PT Kitadin	3,006,554,331	-
Transportation services		
Stillwater Shipping Corporation	19,073,308,384	15,656,315,354

There is no outstanding payable related to the above transactions as of December 31, 2000 and 1999.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

o. The nature of relationship between the Company and the related parties mentioned above is as follows:

- Related parties with key management members in common with the Company

1. PT Indofood Sukses Makmur Tbk.	8. PT Sweet Indolampung
2. PT Mandara Medika Utama	9. Indocement Singapore Pte., Ltd.
3. PT Indolampung Perkasa	10. PT Swadharma Indotama Finance
4. Joint Operations Indomix-Indosipa	11. PT Semen Tiga Roda Prasetya
5. PT Indomulti Intisukses Industri	12. PT Indosahid Perdana
6. PT Gula Putih Mataram	13. PT Kitadin
7. PT Besland Pertiwi	14. PT Roda Maju Utama

- Related parties under common control/ownership with the Company

1. PT Polymax International
2. PT Mekar Perkasa

7. Inventories

Inventories consist of:

	2000	1999
	Rp	Rp
Finished goods	51,367,761,120	43,007,533,804
Work in-process	67,214,109,508	58,470,959,562
Raw materials	21,811,902,406	19,548,482,557
Fuel and lubricants	60,863,256,769	78,672,114,846
Spare parts	369,256,025,642	267,620,968,711
Materials in-transit and others	2,998,767,262	8,645,104,930
Total	573,511,822,707	475,965,164,410
Less allowance for obsolescence	(11,421,524,883)	(11,421,524,883)
Net	562,090,297,824	464,543,639,527

Except for the inventories of DAP and Indomix which are valued at of Rp9.9 billion, all of the inventories are insured against fire and other risks under a combined insurance policy package (see Note 9). In 1999, the inventories in the Company's Plant-9 are used as collateral to the loans it obtained from PT Bank Mandiri (Persero) (see Notes 10 and 13).

The finished goods and work in-process inventories at the Tarjun plant site valued at Rp90,749,510 and Rp3,911,929,475 as of December 31, 2000, and Rp3,268,211,650 and Rp2,074,563,484 as of December 31, 1999, respectively, represent the output from trial production runs of the said cement plant.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

8. Long-term Investments and Advances to Investees

This account consists of long-term investments and advances to certain investees. The details of this account are as follows:

2000				
	Percentage of Ownership	Cost	Accumulated Equity in Net Earning (Losses) - Net	Carrying Value
	%	Rp	Rp	Rp
Investments in Shares of Stock				
PT Pioneer Beton Industri	50.00	18,446,157,441	(9,849,823,668)	8,596,333,773
PT Indotek Engico	50.00	500,000,000	9,787,288,932	10,287,288,932
Stillwater Shipping Corporation	50.00	105,500,000	7,457,322,653	7,562,822,653
PT Cibinong Center Industrial Estate	50.00	40,124,000,000	(15,699,073,500)	24,424,926,500
PT Indo Clean Set Cement	47.50	464,787,500	(464,787,500)	-
PT Pama Indo Mining	40.00	1,200,000,000	1,162,125,430	2,362,125,430
PT Indominco Mandiri	35.00	38,493,328,526	(38,493,328,526)	-
PT Wisma Nusantara International	33.98	93,750,000,000	90,387,748,658	184,137,748,658
PT Citra Marga Nusaphala Persada Tbk.	8.80	66,023,100,000	-	66,023,100,000
Other investees	various	3,333,364,141	-	3,333,364,141
Sub-total		262,439,237,608	44,287,472,479	306,726,710,087
Advances				
PT Indo Clean Set Cement				13,576,471,627
PT Pioneer Beton Industri				11,403,653,435
PT Cibinong Center Industrial Estate				2,986,329,630
Stillwater Shipping Corporation				2,637,500,000
PT Indotek Engico				2,534,994,930
Sub-total				33,138,949,622
Less allowance for doubtful accounts				(13,576,471,627)
Net advances				19,562,477,995
Total				326,289,188,082

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

1999				
	Percentage of Ownership	Cost	Accumulated Equity in Net Earning (Losses) - Net	Carrying Value
	%	Rp	Rp	Rp
Investments in Shares of Stock				
PT Pioneer Beton Industri	50.00	18,445,157,441	(952,250,261)	17,492,907,180
PT Indotek Engico	50.00	500,000,000	7,866,895,250	8,366,895,250
Stillwater Shipping Corporation	50.00	105,500,000	5,006,514,598	5,112,014,598
PT Cibinong Center Industrial Estate	50.00	60,000,000	(60,000,000)	-
PT Indo Clean Set Cement	47.50	464,787,500	(464,787,500)	-
PT Indominco Mandiri	35.00	38,493,328,526	(38,493,328,526)	-
PT Wisma Nusantara International	33.98	93,750,000,000	61,286,484,062	155,036,484,062
PT Pama Indo Mining	20.00	1,200,000,000	-	1,200,000,000
PT Citra Marga Nusaphala Persada Tbk.	8.80	66,023,100,000	-	66,023,100,000
Other investees	various	3,313,564,141	-	3,313,564,141
Sub-total		222,355,437,608	34,189,527,623	256,544,965,231
Advances				
PT Pioneer Beton Industri				9,153,653,435
PT Indo Clean Set Cement				8,043,453,021
PT Cibinong Center Industrial Estate				3,036,102,940
Stillwater Shipping Corporation				2,637,500,000
PT Indotek Engico				81,137,148
Sub-total				22,951,846,544
Convertible Bonds (see Note 6h)				
PT Cibinong Center Industrial Estate				40,064,000,000
Total				319,560,811,775

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

The principal activities of the above investees are as follows:

Investee	Country of Domicile	Principal Business Activity
PT Pioneer Beton Industri	Indonesia	Production of ready mixed concrete
PT Indotek Engico	Indonesia	Construction engineering consultancy and project management
Stillwater Shipping Corporation	Liberia	Shipping
PT Indominco Mandiri	Indonesia	Coal mining
PT Cibinong Center Industrial Estate	Indonesia	Development of industrial estates
PT Wisma Nusantara International	Indonesia	Hotel operations and office space rental
PT Citra Marga Nusaphala Persada Tbk. (CMNP)	Indonesia	Operations of toll highways
PT Indó Clean Set Cement	Indonesia	Production of clean set cement
PT Pama Indo Mining	Indonesia	Mining

The investment in shares of CMNP is accounted at cost in view of management's long-term intention to maintain its ownership interest in CMNP for business strategic purposes.

The details of equity in net earnings (losses) of investees, net of goodwill amortization, for the years ended December 31, 2000 and 1999 are as follows:

	2000	1999
	Rp	Rp
PT Wisma Nusantara International	29,101,264,596	16,612,352,536
Stillwater Shipping Corporation	2,450,808,055	238,244,832
PT Indotek Engico	1,920,393,682	739,432,011
PT Pama Indo Mining	1,162,125,430	-
PT Cibinong Center Industrial Estate	(15,639,073,500)	-
PT Pioneer Beton Industri	(8,897,573,407)	(1,809,000,261)
Total	10,097,944,856	15,781,029,118

In 1999, the Company received dividend income from PT Wisma Nusantara International amounting to Rp13,785,000,000.

Based on notarial deed No. 9 of Popie Savitri Martosuhardjo Pharmanto, S.H., dated March 3, 2000, PT Kodeco Cement had resigned as a founding shareholder of PT Pama Indo Mining (formerly PT Pama Indo Kodeco) by transferring its 20% ownership interest in the said entity to the Company for a total each consideration of US\$ 1. As a result of the said share transfer, the Company's ownership interest in PT Pama Indo Mining increased to 40%.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

9. Property, Plant and Equipment

Property, plant and equipment consist of:

	2000				
	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Foreign Currency Translation Adjustments	Ending Balance
	Rp	Rp	Rp	Rp	Rp
Carrying Value					
Direct Ownership					
Landrights and land improvements	153,322,667,871	23,714,670,659	-	12,423,388,430	189,460,726,960
Leasehold improvements	1,904,449,250	341,390,500	532,667,290	89,527,890	1,802,700,350
Quarry	55,833,081,247	5,188,003,203	-	5,766,306,775	66,787,391,225
Buildings and structures	724,541,209,945	745,932,744,732	-	37,380,323,438	1,507,854,278,115
Machinery and equipment	2,093,711,834,506	1,194,448,111,856	10,205,537,213	6,173,370,609	3,284,127,779,758
Transportation equipment	218,065,881,242	5,672,942,523	2,121,934,384	8,699,039,208	230,315,928,589
Furniture, fixtures and office equipment	80,014,148,752	24,683,330,788	307,187,024	3,063,774,311	107,454,066,827
Tools and other equipment	28,917,315,038	3,206,843,824	25,969,620	719,900,386	32,818,089,628
Sub-total	3,356,310,587,851	2,003,188,038,085	13,193,295,531	74,315,631,047	5,420,620,961,452
Buildings under capital lease	42,019,726,200	-	42,019,726,200	-	-
Construction in-progress	5,071,240,032,501	313,093,471,347	1,678,358,100,043	1,208,956,095,168	4,914,931,498,973
Total	8,469,570,346,552	2,316,281,509,432	1,733,571,121,774	1,283,271,726,215	10,335,552,460,425

Accumulated Depreciation, Amortization and Depletion

Direct Ownership					
Land improvements	13,029,348,954	1,908,895,364	2,576,110	75,936,018	15,011,604,226
Leasehold improvements	1,784,070,290	161,388,360	532,667,290	67,971,426	1,480,762,786
Quarry	6,825,278,941	1,047,370,241	-	-	7,872,649,182
Buildings and structures	230,527,425,858	71,023,332,981	-	717,762,548	302,268,521,387
Machinery and equipment	887,967,340,472	142,423,862,283	4,694,658,222	16,299,835	1,025,712,844,368
Transportation equipment	164,919,059,139	25,123,986,350	1,693,303,555	3,600,838,393	191,950,580,327
Furniture, fixtures and office equipment	61,988,451,141	11,967,286,443	304,576,070	1,658,443,352	75,309,604,866
Tools and other equipment	22,228,418,612	2,376,608,149	23,794,686	177,087,877	24,758,319,952
Sub-total	1,389,269,393,407	256,032,730,171	7,251,575,933	6,314,339,449	1,644,364,887,094
Buildings under capital lease	28,449,604,206	889,844,064	29,339,448,270	-	-
Total	1,417,718,997,613	256,922,574,235	36,591,024,203	6,314,339,449	1,644,364,887,094
Net Book Value	7,051,851,348,939				8,691,187,573,331

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

	1999				
	Beginning Balance	Additional Reclassifications	Disposals/ Reclassifications	Foreign Currency Translation Adjustments	Ending Balance
	Rp	Rp	Rp	Rp	Rp
Carrying Value					
Direct Ownership					
Landrights and land improvements	160,140,000,401	739,249,478	-	(7,556,582,008)	153,322,667,871
Leasehold improvements	1,962,180,836	-	-	(57,731,586)	1,904,449,250
Quarry	45,250,525,922	12,720,364,450	-	(2,137,809,125)	55,833,081,247
Buildings and structures	718,989,389,603	6,807,202,793	1,196,471	(1,254,185,980)	724,541,209,945
Machinery and equipment	2,006,685,886,124	89,433,493,342	1,446,929,277	(960,615,683)	2,093,711,834,506
Transportation equipment	218,456,180,944	5,573,741,028	2,695,515,826	(3,268,524,904)	218,065,881,242
Furniture, fixtures and office equipment	75,100,039,443	6,247,255,054	274,762,539	(1,058,383,206)	80,014,148,752
Tools and other equipment	25,966,362,778	3,471,407,903	244,162,499	(276,293,144)	28,917,315,038
Sub-total	3,252,550,566,051	124,992,714,048	4,662,566,612	(16,570,125,636)	3,356,310,587,851
Buildings under capital lease	42,019,726,200	-	-	-	42,019,726,200
Construction in-progress	5,270,249,954,248	315,487,714,166	79,433,784,493	(435,063,851,420)	5,071,240,032,501
Total	8,564,820,246,499	440,480,428,214	84,096,351,105	(451,633,977,056)	8,469,570,346,552
Accumulated Depreciation, Amortization and Depletion					
Direct Ownership					
Land improvements	11,944,897,316	1,106,631,081	-	(22,179,443)	13,029,348,954
Leasehold improvements	1,690,942,975	135,770,027	-	(42,642,712)	1,784,070,290
Quarry	5,903,028,234	922,566,126	315,419	-	6,825,278,941
Buildings and structures	205,398,172,927	25,323,643,110	-	(194,390,179)	230,527,425,858
Machinery and equipment	811,106,575,593	76,866,804,855	-	(6,039,976)	887,967,340,472
Transportation equipment	143,029,163,631	25,334,765,213	2,321,594,344	(1,123,275,361)	164,919,059,139
Furniture, fixtures and office equipment	53,389,095,475	9,260,152,313	155,768,235	(505,028,412)	61,988,451,141
Tools and other equipment	20,130,826,886	2,274,680,990	131,660,985	(45,428,279)	22,228,418,612
Sub-total	1,252,592,703,037	141,225,013,715	2,609,338,983	(1,938,984,362)	1,389,269,393,407
Buildings under capital lease	16,565,506,455	11,884,097,751	-	-	28,449,604,206
Total	1,269,158,209,492	153,109,111,466	2,609,338,983	(1,938,984,362)	1,417,718,997,613
Net Book Value	7,295,662,037,007				7,051,851,348,939

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

Construction in-progress consists of:

	2000	1999
	Rp	Rp
Land under development	1,853,402,381	626,370,117
Buildings under construction	147,846,028,076	662,602,996,770
Machinery under installation	4,738,410,832,170	4,388,270,518,714
Others	26,821,236,346	19,740,146,900
Total	4,914,931,498,973	5,071,240,032,501

A significant portion of the above construction in-progress represents the accumulated costs of the cement plant located at Tarjun, South Kalimantan and related facilities and infrastructure under construction (see Notes 6i, 6j, 21d and 21g). As of December 31, 2000, the full completion and/or final commissioning of the said cement plant is still on hold due to certain major technical problems noted during the cement plant's trial production runs. As of March 23, 2001, the independent auditors' report date, IKC is currently negotiating with its project suppliers and main contractors for the resolution of such problems.

Property, plant and equipment are used as collateral to secure the long-term debts discussed in Note 13.

Depreciation, amortization and depletion charges totalled to Rp255,170,458,909 and Rp152,983,409,108 for the years ended December 31, 2000 and 1999, respectively.

The Company and Subsidiaries insure their property, plant and equipment and inventories against losses by fire and other insurable risks under several combined policies, with insurance coverage totalling Rp141,795,362,390 and US\$ 1,596,051,604 as of December 31, 2000. In management's opinion, the said amounts of insurance coverage are adequate to cover any possible losses that may arise from the said insured risks. About 2.5% of the said amounts of insurance coverage are contracted with PT Asuransi Central Asia, a related party (see Note 6c).

Financing costs capitalized to construction in-progress (including to those that have been closed and reclassified to the appropriate property, plant and equipment accounts in January 2000 - see Notes 21f and 21g) amounted to Rp197,527,524,555 and Rp170,742,026,626 for the years ended December 31, 2000 and 1999, respectively. The total accumulative amount of financing costs capitalized to construction in progress as of December 31, 2000 amounted to Rp708,175,861,605.

The Company and Subsidiaries own building/construction rights or "Hak Guna Bangunan" (HGB), land use rights or "Hak Pakai" (HP), and local mining rights or "Surat Izin Penambangan Daerah"

(SIPD) covering approximately 7,239 hectares of land at several locations in Indonesia, with legal terms ranging from 5 to 30 years. Management is of the opinion that such titles of landright ownerships can be extended upon their expiration.

As of December 31, 2000, the titles of ownership on the Company's landrights covering total area of approximately 248,992 m2 is still in process.

In addition, the Company is also in the process of acquiring landrights covering a total area of approximately 30,025,397 m2. As of December 31, 2000, the total cumulative expenditures incurred relating to the said landrights acquisition amounted to Rp56,338,360,067, which is recorded as part of "Other Non-Current Assets - Others (Net)" in the consolidated balance sheets.

The buildings under capital lease and their related accumulated depreciation have all been transferred to the appropriate fixed assets accounts since the related capital lease obligations have been settled by the Company in April 2000 (see Note 13b).

10. Short-Term Loan

As of December 31, 1999, this account represents the working capital loan obtained from PT Bank Mandiri (Persero), which bears interest at an annual rate of 34%. This loan is included in the debt restructuring, as discussed in Note 13, and accordingly, has been reclassified as part of "Long-term Bank Loans and Other Borrowings" in the consolidated balance sheet as of December 31, 2000. Originally, this loan was collateralized by inventories and property, plant, and equipment of the Company (see Notes 7, 9 and 13)

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

11. Accounts Payable-Trade

This account consists of the following:

	2000	1999
	Rp	Rp
Third Parties		
Cement Business		
Rupiah accounts	52,667,606,424	40,559,961,545
US Dollar accounts		
(US\$ 1,814,107 in 2000 and US\$ 949,450 in 1999)	17,406,356,642	6,741,093,942
Other foreign currencies	3,988,303,726	8,694,461,555
Sub-total	74,062,266,792	55,995,517,042
Other Businesses	13,670,844	-
Total - Third Parties	74,075,937,636	55,995,517,042
Related Parties (see Note 6i)		
Cement Business		
Rupiah accounts	3,953,465,161	315,253,706
US Dollar account		
(US\$ 396,601 in 1999)	-	2,812,033,100
Total - Related Parties	3,953,465,161	3,127,286,806
Total Trade Payables	78,029,402,797	59,122,803,848

The above trade payables mostly arise from purchases of raw materials and other supporting materials.
The main suppliers of the Company are as follows:

Supplier	Materials Supplied
Topniche	Gypsum
PT Baramulti Suksessarana	Coal
Veitscher Magnesitwerke V.C.M.H.H.	Firebricks
Refratechnik GmbH	Firebricks
Didier Werke	Firebricks
PT Fajar Mas Murni	Paper Bag
Pertambangan Minyak dan Gas Bumi Negara (PERTAMINA)	Fuel
PT Sumberkencana Ekspresindo	Iron Sand, Silica Sand and Pyrate Cynder
Magotteaux Co. Ltd.	Steel Ball

The Company made advance payments on certain raw material, and indirect materials purchased from several foreign suppliers.
The outstanding balances of the purchase advances as of December 31, 2000 and 1999 amounted to Rp45,006,432,404 and Rp57,300,211,688 respectively and presented as part of "Advances and Deposit" account in the consolidated balance sheet.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

12. Taxes Payable

Taxes Payable consists of:

	2000	1999
	Rp	Rp
Income taxes		
Article 21	12,412,883,581	4,780,675,417
Article 22	354,172,367	434,759,780
Article 23	774,665,681	4,293,302,826
Article 25	194,962,550	-
Article 26	56,089,206,517	15,752,983,357
Article 29 - corporate income tax	3,893,826,520	201,522,383
Value added tax	6,077,667,658	3,180,795,971
Other	2,372,616	-
Total	79,799,757,490	28,644,039,734

A reconciliation between income (loss) before provision for income tax, as shown in the consolidated statements of income, and estimated taxable income (fiscal loss) for the years ended December 31, 2000 and 1999 is as follows:

	2000*	1999
	Rp	Rp
Income (loss) before provision for income tax per consolidated statements of income	(1,253,344,350,990)	756,785,781,541
Add(deduct):		
Loss (income) of Subsidiaries before provision for income tax - net	62,927,710,903	(18,154,155,994)
Net income of Other Businesses already subjected to final tax	(19,960,037,799)	(18,107,917,617)
Income (loss) before provision for income tax attributable to the Company	(1,210,376,677,886)	720,523,707,930
Add (deduct):		
Timing differences (mainly consisting of depreciation in 2000 and allowance for doubtful accounts in 1999)	(65,841,320,632)	81,600,051,899
Non-deductible expenses (mainly consisting of employees' benefits, donations and public relations expenses)	31,950,466,486	19,872,883,090
Equity shares in net earnings of associated Companies - net	(16,546,710,218)	(17,351,784,547)
Income already subjected to final tax	(107,007,410,895)	(60,775,323,141)
Dividends	(5,100,000,000)	(6,485,000)
Gains on disposals of investments in equity securities already subjected to final tax	-	(19,351,209,045)
Estimated taxable income (fiscal loss) of the Company - current year	(1,372,921,653,145)	724,511,841,186
Estimated tax loss carry forward from prior years	(1,735,194,852,588)	(2,459,706,693,774)
Tax corrections	11,509,259,859	-
Estimated tax loss carry forward - end of year	(3,096,607,245,874)	(1,735,194,852,588)

Under existing tax regulations, the tax loss carry forward can be utilized within five years from the date the tax loss is incurred.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

The details of provision for income tax (current and deferred) are as follows:

	2000*	1999
	Rp	Rp
Provision for income tax - current		
Company	-	-
Subsidiaries	6,105,563,268	482,713,590
Total provision for income tax - current	6,105,563,268	482,713,590
Provision for income tax - deferred		
Company		
Depreciation and gain (loss) of sale of fixed assets	18,289,133,118	(1,410,074,904)
Sale-and-leaseback transactions	937,235,490	(326,359,060)
Estimated fiscal loss in 2000 - net of tax corrections for prior years	(408,426,717,986)	-
Compensation of estimated taxable income in 1999 with previous years' fiscal losses	-	217,353,552,356
Allowances for doubtful accounts and inventory obsolescence	(1,707,974,094)	-
Sub-total	(390,908,323,472)	215,617,118,392
Subsidiaries	5,530,496,996	14,185,644,440
Net provision for income tax - deferred	(385,377,826,476)	229,802,762,832
Provision for Income Tax per Consolidated Statements of Income		
Current	6,105,563,268	482,713,590
Deferred	(385,377,826,476)	229,802,762,832
Net	(379,272,263,208)	230,285,476,422

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

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

	2000*	1999
	Rp	Rp
Provision for Income Tax - current		
Company	-	-
Subsidiaries	6,105,563,268	482,713,590
Total	6,105,563,268	482,713,590
Prepayments of Income Tax		
Company	11,294,360,556	101,607,082,064
Subsidiaries	2,329,155,884	461,499,967
Total	13,623,516,440	102,068,582,031
Estimated Claims for Tax Refund		
Company	11,294,360,556	101,607,082,064
Subsidiaries	381,717,885	180,308,760
Total	11,676,078,441	101,787,390,824
Estimated Corporate Income Tax Payable Subsidiary	3,893,826,520	201,522,383

* - Since the merger transaction, as discussed in Note 3, is still in process of approval by the Tax Office, the Company's estimated fiscal loss in 2000 does not take into account the estimated taxable income of IKC and Investama.

The above estimated claims for tax refund is presented as part of "Prepaid Taxes" account in the consolidated balance sheets.

The Company's estimated taxable income for 1999 (before compensation of the tax loss carry forward from prior years), as stated above, conforms with the related amount reported in its 1999 income tax return submitted to the Tax Office. On the other hand, the Company's estimated fiscal loss for 2000, as stated above, conforms with the related amount reported in its 2000 revised income tax return.

In January 2000, the Tax Office approved to refund a substantial portion of the Company's 1998 claims for tax refund amounting to Rp83,591,401,846. However, during 1999 up to the early part of 2000, the Company also received several withholding tax assessments for the second semester of 1998, whereby, according to the Tax Office, the Company has to pay additional taxes and penalties totalling Rp6,967,452,371. Out of the said total amount of assessments, Rp5,698,564,853 is being contested by the Company, while the remaining balance was directly charged off to operations in 2000. The said contested amount is presented as part of "Other Receivables - Third Parties" in the consolidated balance sheets as of December 31, 2000.

The above-mentioned approved tax refund is paid in cash and received by the Company in February 2000 in the amount of Rp 66,828,640,829 (after offsetting the Company's additional taxes and penalties mentioned above, income tax payable Article 25 and penalties imposed for fiscal year 1999).

In 1998, the Tax Office approved to refund a substantial portion of the Company's 1997 claims for tax refund amounting to Rp88,693,535,771. However, the Company also received several withholding tax assessments for 1997 and for the first six months of 1998, which required the Company to pay additional taxes and penalties totalling Rp12,097,798,062. Out of the said total amount of assessment, Rp10,717,374,690 was contested by the Company. The contested amount of Rp9,053,913,353 is presented as part of "Other Receivables - Third Parties" in the consolidated balance sheets as of December 31, 1999.

The above-mentioned approved tax refund is paid in cash and received by the Company in 1999 in the amount of Rp33,381,140,741 (after offsetting the Company's additional taxes and penalties mentioned above, income tax payable Article 25 and the penalties imposed for fiscal year 1998).

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

Also relative to the above, on October 26, 2000, the Company received the decision letter from "Badan Penyelesaian Sengketa Pajak" (BPSP) regarding the withholding tax assessment (Article 26) for 1997 and for the first six months of 1998, which is basically in favor of the Company. Based on its decision letter, BPSP agreed that the Company has properly computed and paid its withholding tax Article 26 in accordance with the tax regulations. Accordingly, in December 2000, the Company received the refund of the Company's 1998 claims for tax refund, which was retained by Tax Office, in the amount of Rp8.2 billion.

During 2000, the Company received several decision letters from the Tax Office with respect to its income tax in 1999 and 1998. Based on the said decision letters, the total cumulative tax corrections from the Tax Office for 1999 and 1998 fiscal years amounted to Rp9,983,511,991. Such corrections are recorded in

2000, as reduction from the Company's tax loss carryforward. Moreover, during the same year, the Company received its 1999 claims for tax refund amounting to Rp15,839,309,767 (after offsetting the Company's additional taxes and penalties, and outstanding income tax payable).

On January 11, 2001, the Company also received the decision letter from BPSP, which stated that the Company's tax loss for 1997 is Rp1,012,710,880,670. Accordingly, the difference of Rp1,525,747,868 between the amount of fiscal loss originally recognized by the Company and the said amount approved by BPSP is corrected in 2000, also as a reduction from the Company's tax loss carry forward.

The deferred tax effects of the significant timing differences between commercial and fiscal reporting are as follows:

	2000	1999
	Rp	Rp
Deferred Tax Assets		
Company		
Fiscal loss carry forward	929,327,401,704	520,558,455,778
Allowances for doubtful accounts and inventory obsolescence	2,967,677,395	1,245,115,062
Sub-total	932,295,079,099	521,803,570,840
Subsidiaries	8,678,001,513	7,242,319,500
Total	940,973,080,612	529,045,890,340
Deferred Tax Liabilities		
Company		
Property, plant and equipment	252,217,053,020	228,736,159,052
Sales-and-leaseback transactions	1,085,681,742	148,446,252
Sub-total	253,302,734,762	228,884,605,304
Subsidiaries	49,954,875	725,103,120
Total	253,352,689,637	229,609,708,424
Deferred Tax Assets - Net		
Company	678,992,344,337	292,918,965,536
Subsidiaries	8,628,046,638	6,517,216,380
Total	687,620,390,975	299,436,181,916

Management is of the opinion that the above deferred tax assets can be fully recovered through future taxable income.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

13. Long-Term Bank Loans and Other Borrowings

This account consist of:

	2000*	1999
	Rp	Rp
a. Long-Term Bank Loans and Other Borrowings		
In rupiah:		
PT Bank Central Asia Tbk. (BCA) (see Note 6b)	120,412,385,566	95,241,057,709
PT Bank Mandiri (Persero)	68,557,694,032	40,430,345,466
Chase Manhattan International, London (Chase London)	26,334,368,674	-
PT Bank DBS Buana (BDB)*	-	20,000,000,000
Sub-total	215,304,448,272	155,671,403,175
In foreign currencies:		
Marubeni Corporation (Marubeni)(see note 6l)	2,466,109,588,794	155,861,822,393
Bank of America NT and SA, Taipei (BOA)	1,034,947,308,439	710,000,000,000
The Chase Manhattan Bank, New York International Banking Facility (CMB-New York)	985,521,922,977	710,000,000,000
The Export – Import Bank of Japan (Japan Exim Bank)	903,632,352,380	866,726,133,861
Westdeutsche Landesbank Girozantale, Singapore Branch (West LB – Singapore)	610,603,558,790	-
The Chase Manhattan South East Ltd., Singapore (CMSE)	434,964,624,620	303,880,000,000
The Fuji Bank Ltd.	401,651,166,596	-
The Mitsubishi Trust & Banking Corporation, Singapore (Mitsubishi)	241,547,707,662	-
Chase Manhattan PLC - London (CMPLC)	212,756,584,335	-
The Fuji Bank Limited, Singapore Branch (Fuji)	191,102,250,730	284,000,000,000
BNP Paribas, Singapore Branch (BNP – Singapore)	191,102,244,619	-
Korea Exchange Bank, Singapore Branch (KEB)	191,102,242,851	-
The Yasuda Trust & Banking Co., Ltd, Tokyo (Yasuda)	190,751,712,443	-
Deutsche Bank AG, Singapore Branch (Deutsche Bank – Singapore)	172,393,013,676	-
The Sumitomo Trust & Banking Company, Singapore Branch (Sumitomo)	142,691,607,336	-
Kawasaki Heavy Industries Limited (Kawasaki)	127,404,832,844	-
Westdeutsche Landes Bank, Tokyo Branch (West LB – Tokyo)	119,964,181,200	-
The Sakura Bank Ltd., Singapore Branch (Sakura – Singapore)	98,934,378,728	-
Syndicated offshore loan	-	2,175,440,000,000
Marubeni General Leasing Corporation (MGLC)	-	738,036,125,000
The Yasuda Trust and Banking Co., Ltd., Singapore (Yasuda)	-	248,500,000,000
Chase Investment Bank Limited (CIBL)	-	193,733,373,508
The Bank of Tokyo – Mitsubishi Ltd., Singapore (BOTM)	-	177,500,000,000
The Tokai Bank Ltd., Singapore (Tokai)	-	177,500,000,000
Other creditors (each below US\$ 10 million)	1,179,572,301,152	79,721,356,000
Sub-total	9,896,753,580,172	6,820,898,810,762
Total	10,112,058,028,444	6,976,570,213,937
Less portions currently due		
In rupiah	-	155,671,403,175
In foreign currencies	8,443,600,000	6,811,526,810,762
Total	8,443,600,000	6,967,198,213,937
Long-term portion	10,103,614,428,444	9,372,000,000

PT Indocement Tungal Prakarsa Tbk. and Subsidiaries

These Consolidated Financial Statements
are Originally Issued in Indonesian Language

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

The balances of the above foreign currency denominated loans in their currencies are as follows:

	2000*		1999	
Marubeni	¥	29,508,448,767	¥	936,502,000
		-	US\$	12,788,618
Japan Exim Bank	¥	10,812,491,503	¥	12,475,953,503
BOA	US\$	107,863,190	US\$	100,000,000
CMB-New York	US\$	102,712,029	US\$	100,000,000
West LB - Singapore	US\$	63,637,682		-
CMSE	US\$	45,332,426	US\$	42,800,000
Fuji	US\$	41,860,466		-
Mitsubishi	US\$	25,174,331		-
CMPLC	US\$	22,173,693		-
The Fuji Bank, Singapore	US\$	19,916,858	US\$	40,000,000
BNP Singapore	US\$	19,916,857		-
KEB Singapore	US\$	19,916,857		-
Yasuda	US\$	19,880,324	US\$	35,000,000
Deutsche Bank	US\$	17,966,963		-
Sumitomo	US\$	14,871,455		-
Kawasaki	US\$	13,278,253		-
West LB - Tokyo	US\$	12,502,781		-
Sakura - Singapore	US\$	10,311,035		-
CIBL		-	ITL	52,480,935,530
Syndicated offshore loan		-	US\$	306,400,000
MGLC	US\$	-	US\$	103,948,750
BOTM		-	US\$	25,000,000
Tokai		-	US\$	25,000,000
Other creditors (each below US\$ 10 million)		122,936,145	US\$	11,228,360
Total	US\$	680,251,345	US\$	802,165,728
	¥	40,320,940,270	¥	13,412,455,503
		-	ITL	52,480,935,530

* Based on the confirmation from BA Asia Limited, as the facility agent.

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

	2000	1999
	%	%
Rupiah	11.52 - 34.00	17.87 - 41.00
US Dollar	5.78 - 9.78	4.93 - 10.48
Italian Lira	7.35 - 8.80	7.35
Japanese Yen	2.30 - 11.22	2.30

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

"Based on the Yen Conversion Agreements dated June 30, 2000 signed by the Company (as borrower), MGLC (as lender) and Marubeni (as guarantor), the three parties agreed to convert all of the Company's liabilities (loan principal and related accrued interest and other payments due and/or payables) to MGLC into Japanese Yen, and amend the applicable interest rate under the Existing Facility Agreement to become Long-Term Prime Rate (LTPR) plus one percent. All of the liabilities were converted at the prevailing exchange rate on July 3, 2000 of ¥ 106 to US\$ 1.

On the same date, the Company (as borrower) and Marubeni (as lender) also agreed to convert all of Company's liabilities (loan principal and related accrued interest and other payments due and/or payables) to Marubeni into Japanese Yen and amend the applicable interest rate under the Existing Facility Agreement to become LTPR plus one percent. A portion of the loan principal amounting to US\$ 4,269,243.14 and related accrued interest of US\$ 942,724.34 were converted at the prevailing rate on July 10, 2000 of ¥ 107.55 to US\$ 1, while the remaining loan principal amounting to US\$ 8,519,375 and related accrued interest of US\$ 1,676,165.50 were converted at the prevailing rate on July 3, 2000 of ¥ 106 to US\$ 1.

Total foreign exchange losses arising from the above loan conversions amounted to about Rp 5.9 billion, which were directly charged to operations in 2000.

On July 26, 2000, the Company received transfer notices from BOTM, in its capacity as facility agent, which indicated that, effective July 20, 2000, BDB has transferred its Rp20 billion participation in the syndicated loan to Chase London.

Prior to the debt restructuring, the Company and the former IKC had credit facilities as follows:

- (i) The former IKC obtained US\$ 345,000,000 syndicated offshore loan facilities arranged by The Fuji Bank Limited, Banque Nationale de Paris, Korea Exchange Bank and Tokyo-Mitsubishi International Limited, which also act as the facility

agent, security agent, insurance agent and technical agent, respectively. The said credit facilities are divided into four (4) tranches (A, B, C and D) with the following terms:

- Tranches A and B, with total draw downs have been draw downs amounting to US\$ 117,240,000 and US\$ 78,160,000, which were originally repayable in fifteen (15) semi-annual installments of US\$ 7,816,000 and US\$ 5,211,000, respectively, starting January 20, 1999 until January 20, 2006.
- Tranches C and D, with total draw downs amounting to US\$ 72,477,194 and US\$ 38,522,806, respectively. These tranches were originally repayable in fifteen (15) semi-annual installments starting January 20, 1999 until January 20, 2006; the first two (2) of such installments being an aggregate of US\$ 5,000,000, each proportionately paid and applied between the two (2) tranches; and the remaining thirteen (13) installments being an aggregate of US\$ 7,769,231, each also proportionately paid and applied between the two (2) tranches.

These loan facilities, which were originally subjected to interest at LIBOR (London Inter-bank Offered Rate) plus the banks' margin, are used specifically to finance the project construction costs, equipment and start-up costs, import duties and initial working capital of the former IKC.

Originally, the loan facilities were collateralized by all of the shares and movable and immovable assets of the former IKC. Tranche B is also guaranteed by the Ministry of International Trade and Industry of Japan, while Tranche C is guaranteed by Marubeni.

- (ii) In 1999, the loans obtained by the Company from Fuji, CMB, BOA, Yasuda and BOTM also represent syndicated loans from various financial institutions.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

All the other loans, as enumerated below, are mostly obtained to finance the general fund requirements of the Company.

Name of Bank	Security/Collateral*	Date of Maturity
BCA (Rp 27.5 billion)	Plant 1 – 5	March 25, 2001
BCA (+/- Rp 67.7 billion)	Plant 1 – 5	December 12, 1998
PT Bank Mandiri	Plant 9; and inventories of Plant 9	December 25, 2000
BDB	Negative pledge	March 12, 2001
Japan Exim Bank	Plant 11	June 26, 2007
MGLC	Plant 10	July 1, 2005
CMB	Negative pledge	May 19, 2002
BOA	Negative pledge	May 19, 2002
CMSE	Negative pledge	October 6, 2002
Fuji	Negative pledge	July 20, 1998
Yasuda	Negative pledge	September 12, 2001
CIBL	Secured, on a pari passu basis, by the same collateral used for the loan obtained from PT Bank Mandiri for Plant 9	March 31, 2002
BOTM	Negative pledge	July 1, 2005
Tokai	Negative pledge	September 25, 2001
Marubeni	Plant 10, corporate guarantee by PT Mekar Perkasa	July 1, 1999
EFIC	Conveyor belt	October 15, 2006

* - Valid until the date of the Company's debt restructuring.

As a result of the extraordinary Rupiah depreciation discussed in Note 22, as of December 31, 1999, some of the agreed financial ratios as required under the covering loan agreements had not been maintained. In addition, starting July 1998, the Company and its Subsidiaries had taken standstill position and ceased all of their loan principal and interest payments. As of February 18, 2000, the date of the independent auditors' report on the 1999 audited consolidated financial statements, no formal waivers for such non-compliance have been obtained yet from the creditors. As provided for in the covering loan agreements, such non-compliance with the loan covenants render all of the subject loans immediately due and payable, and therefore, were reclassified and presented in the consolidated balance sheets as part of current liabilities as of December 31, 1999.

On December 6, 2000, the Company and the former IKC have successfully concluded their debt restructuring negotiations with their lenders covering all of their outstanding short-term and long-term bank loans, including their payables to Marubeni and Kawasaki, by signing a "Master Facility Agreement" (MFA). Under the MFA, the Company, the former IKC and all the lenders have appointed BA Asia Limited (BAAL) to act as the Facility Agent, and The Chase Manhattan Bank, Jakarta Branch, to act as the Security and Escrow Agent, and Monitoring Committee, which is consist of Bank of America N.A., The Chase Manhattan Bank, The Fuji Bank Limited and BNP Paribas. The MFA provides for, among others, the agreed new terms relating to the conditions precedent to restructuring date, mechanism, amounts and schedules of loan installment repayments, collateral, interest rates, restrictions on

granting of guarantees or loans, issuance of warrants to the lenders, restrictions on issuance of new shares or other securities, restrictions on declarations and payments of cash dividends without prior written consent from the creditors, restrictions on capital expenditures, appointment of monitoring accountants, determination and transfer of surplus cash, and restrictions on derivative transactions.

The MFA also requires the Company to:

- establish and maintain escrow accounts with The Chase Manhattan Bank. Usage or withdrawals of funds from these escrow accounts shall be subjected to strict monitoring and review by the monitoring accountants; and
- maintain the aggregate balance of all other current bank accounts (other than the current bank accounts agreed by the lenders) at an amount not exceeding the working capital buffers as defined in the MFA.

In compliance with the above requirements, the Company opened and maintain eleven (11) escrow accounts with the Chase Manhattan Bank, Jakarta and Singapore Branches. As of December 31, 2000, the total balance of deposits maintained in such escrow accounts amounted to US\$ 46,274,163.50, which is presented as part of "Restricted Cash in Banks" in the consolidated balance sheets.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

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

- (i) Fixed quarterly installment payments amounting to US\$ 5,250,000 in 2002; US\$ 19,750,000 in 2003; US\$ 39,000,000 in 2004; US\$ 59,750,000 in 2005; US\$ 64,250,000 in 2006; US\$ 50,500,000 in 2007; and US\$ 11,500,000 in 2008 (as the final quarterly installment payment). The first quarterly installment will be due on April 20, 2002.
- (ii) Quarterly payments equal to the amount of cash available in the above mentioned escrow accounts after the payments or applications required under the MFA.

The Company is also provided with an option to amend certain terms and conditions of the MFA, if the Company could achieve certain financial conditions as stipulated in the MFA before December 31, 2003. Under such MFA provisions, the Company, among others, could opt to repay the aggregate amount of the outstanding loans in 16 (sixteen) equal quarterly installments, avail of a lower interest margin, and terminate the cash sweep mechanism.

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

- All of the above-mentioned eleven (11) escrow accounts maintained at The Chase Manhattan Bank, including all time deposit and demand deposit placements obtained from the funds in the escrow accounts;
- All receivables of the Company;
- All the landrights, buildings, site improvements and other fixtures owned by the Company except for:
 - the cement plant 6, 7 and 8, including their supporting facilities and landrights.
 - landrights for cement plant 1 and 2.
 - the quarry and its expansion for the Citeureup cement plants, including the landrights located within Kecamatan Citeureup, Cileungsi, Cibadak and Jonggol.
- Fiduciary transfers of all proprietary rights over the inventories, and plant and equipment owned by the Company, including the related insurance coverage and/or proceeds from insurance recoveries.
- Pledge of the shares of Indomix and DAP.

In accordance with conditions precedent to the effectiveness of the MFA, following are the events/transactions that transpired subsequent to the conclusion of the debts restructuring negotiations of the Company and the former IKC with their creditors:

- (i) On December 22, 2000, the Company received a Pre-Restructuring Date Confirmation Certificate from BAAL, as the facility agent, which confirms that, as of the said date, BAAL has received all the required documents to satisfy all the conditions precedent as stated in the MFA.

- (ii). Receipt of the necessary certification from Marubeni, as one of the shareholders of the former IKC, whereby Marubeni acknowledged its share in the former IKCs deficit value amounting to US\$ 32,361,300. As indicated in the MFA, such amount of Marubeni's share in the former IKC's deficit shall be settled by a corresponding reduction in Company's payables to the former in the form of debt-to-equity conversion.

Pursuant to the above and the shareholders' resolution as discussed in Note 14, on December 29, 2000, the Company issued 69,863,127 common shares to Marubeni in connection with the conversion of the latter's receivable from the Company using the agreed conversion rate of Rp3,600 per share. The exchange rate used to translate the said US Dollar denominated receivable of Marubeni from the Company into Rupiah for purposes of the said debt-to-equity swap is Rp9,595 to US\$ 1.

- (iii) In December 2000, the Company received confirmation from Marubeni which stated that the loan facilities made available by MGLC to the Company in connection with the development and construction of the Company's P-10 Cement Plant Project have been transferred to Marubeni.
- (iv) On December 29, 2000, the Company and the former IKC paid portions of their unpaid interest obligations amounting to Rp22,741,936,895.45, ¥ 2,076,234,846.18 and US\$ 98,577,945.74 or a combined US Dollar equivalent of US\$ 119,748,377.04. The related withholding tax amounting to Rp40.3 billion was paid to the Tax Office in January 2001.
- (v) On December 29, 2000, all of the Company's US dollar denominated liabilities to Marubeni, after deducting its share in the former IKC's deficit and partial payment of its interest obligations, as mentioned in points (ii) and (iv) above, respectively, were converted into Yen using the rate of ¥ 114.75 to US\$ 1.

As discussed in point (iv) above, on December 29, 2000, the Company and the former IKC paid a portion of their interest obligations. The remaining balances of the unpaid interest obligations up to December 29, 2000, with a combined US Dollar equivalent amount of US\$ 27,185,537, were capitalized as part of the principal amounts of the related loans, while the unpaid interest charges for the last two days of 2000 amounting to Rp4,034,229,388 are presented as part of "Accrued Expenses" in the consolidated balance sheet. The cumulative unpaid interest charges up to December 31, 1999 amounting to Rp734,496,182,746 is presented as part of "Accrued Expenses" in the consolidated balance sheets as of December 31, 1999.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

Moreover, as provided for in the MFA, in the event that Heidelberg Zement (HZ) becomes a shareholder of the Company, in pursuant to the conditional agreement mentioned in Note 21k, the MFA shall be, and shall deemed to be, amended to become in the form of Post HZ Entry Master Facilities Agreement (or "HZMFA"). HZ entry as a shareholder of the Company will take place if HZ or any of its direct or indirect subsidiaries or affiliates purchase a portion of the Company's debts amounting to at least US\$ 150 million and convert the same into equity, and that all the others matters set out in the HZMFA have substantially been met to the satisfaction of the Facility Agent. HZ entry as a shareholder will effectively change or amend certain clauses of the original MFA. For instance, if the Company has achieved certain financial criteria, the control of the creditor will be reduced in certain aspects, interest rate will not be stepping-up, and there will be no more budget control to be applied by the monitoring accountant.

In view of the successful conclusion of the debt restructuring, as previously mentioned, and the fulfillment of the conditions precedent to the effectivity of the MFA, as discussed in the previous paragraphs, the long-term portions of the restructured loans, which have been previously reclassified and presented under current liabilities in the 1999 consolidated balance sheets in view of the Company's and the former IKC's default positions, were reclassified back and presented as part of long-term liabilities in the consolidated balance sheet as of December 31, 2000, in accordance with generally accepted accounting principles.

Expenses incurred in connection with the debt restructuring were charged directly to current operations and recorded as part of professional fees under "General and Administrative Expenses" in the consolidated statements of income

On October 1, 1999, DAP entered into a "Transfer and Assignment of Contract Agreement" with the Chase Manhattan Bank, Jakarta (CMB), whereby CMB agreed to irrevocably sell, transfer, assign, grant and convey to DAP, without recourse, all of CMB's rights on its loan receivable from STRP for a total consideration of US\$ 3.0 million, which shall be settled through an initial payment of US\$ 800,000 and five (5) equal semi-annual installments for the remaining balance. The agreement further provides that any collections made by DAP from the aforesaid loan receivable transferred in excess of US\$ 3.0 million shall be shared by DAP and CMB on a 50:50 basis. As of December 31, 2000, the balance of the long-term payable to CMB in connection with the aforesaid transaction amounted to US\$ 1.32 million, which is scheduled to be paid as follows:

Year	Installment Amount	
2001	US\$	880,000
2002		440,000
Total		1,320,000
Less current portion		880,000
Long-term portion	US\$	440,000

b. Obligations Under Capital Leases

The Company had lease commitments covering certain buildings. The outstanding balance of the related obligations (net of interest portion) under these lease agreements as of December 31, 1999 amounting to Rp3,091,006,580 was fully settled in April 2000.

14. Capital Stock

a. The details of share ownership based on the records maintained by the share registrar are as follows

Shareholder	Number of Share Issued and Fully Paid	2000	
		Percentage of Ownership	Amount
		%	Rp
PT Mekar Perkasa	947,582,916	38.14	473,791,458,000
PT Kustodian Sentral Efek Indonesia	627,939,125	25.28	313,969,562,500
Government of the Republic of Indonesia	621,128,380	25.00	310,564,190,000
PT Kaolin Indah Utama	106,600,820	4.29	53,300,410,000
Marubeni Corporation	69,863,127	2.81	34,931,563,500
Public and cooperatives	111,202,079	4.48	55,601,039,500
Total	2,484,316,447	100.00	1,242,158,223,500

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

1999			
Shareholder	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
		%	Rp
PT Mekar Perkasa	1,390,955,104	57.60	695,481,552,000
Government of the Republic of Indonesia	621,128,380	25.73	310,564,190,000
PT Kaolin Indah Utama	106,600,820	4.42	53,300,410,000
Public and cooperatives	295,769,016	12.25	147,880,508,000
Total	2,414,453,320	100.00 %	1,207,226,660,000

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

In October 1999, portions of the equity interests of PT Mekar Perkasa and other related parties in the Company were transferred to PT Holdiko Perkasa (Holdiko) and the Indonesian Banking Restructuring Agency (IBRA) consisting of 318,707,838 shares and 158,550,396 shares, respectively, as part of an overall arrangement to settle the indebtedness of the Salim Group and certain related parties to IBRA. Holdiko is established by the Salim Family and IBRA to manage the assets pledged by the Salim Family to IBRA. Since Holdiko and IBRA have not yet registered their shares to BAE, they were not included in Company's shareholders list as of December 31, 1999. In 2000, such shares of Holdiko and IBRA are included in the scriptless trading, and as shown above, are reported under PT Kustodian Sentral Efek Indonesia for presentation purposes.

b. Based on the annual shareholders' meeting held on June 26, 2000, which was covered by notarial deed No. 68 of Amrul Partomuan Pohan, S.H., dated June 26, 2000, the shareholders approved the increase in the Company's authorized capital stock from Rp2 trillion divided into 4 billion shares with par value of Rp500 per share to Rp4 trillion divided into 8 billion shares with the same par value. Such increase in the Company's authorized capital stock was approved by the Ministry of Law and Legislation in its decision letter No. C-13322 HT.01.04.TH.2000 dated July 7, 2000.

c. Based on the extraordinary general meeting of the Company's shareholders held on October 20, 2000, which was covered by notarial deed No. 419 of Amrul Partomuan Pohan, S.H., dated October 20, 2000, the shareholders approved the following, among others;

1) Merger of Investama, IKC and the Company, in which the Company becomes the surviving entity (see Note 3). In relation to the said merger, the shareholders also approved the following:

- (i) The Merger Plan dated June 30, 2000;
- (ii) The Draft Merger Agreement to be signed by the respective boards of directors of the Company, Investama and IKC; and
- (iii) The authorization to the board of directors of the Company, with right of substitution, to take any action required or considered necessary to implement the merger of Investama and IKC into the Company.

2) Issuance of new shares of the Company to the following without pre-emptive rights, pursuant to the regulations of the Capital Market Supervisory Agency (BAPEPAM) No. IX.D.4, under the framework of conversion of debt into equity of the Company (debt-to-equity swap):

(i) Marubeni

Equivalent number of shares of the outstanding demand/accounts receivable of Marubeni from the Company amounting to US\$ 26,212,325 using a conversion rate of Rp3,600 per share. The exchange rate to be used in translating the said US dollar denominated receivables of Marubeni from the Company for purposes of the said debt-to-equity swap could be the prevailing exchange rate either at the effective date of the debt restructuring or at any other date as may be agreed upon by Marubeni and the board of directors of the Company.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

(ii) The Creditors of the Company

The issuance of new shares of the Company to its creditors shall be made in case of any delay by the Company in the payment of interest due on the restructured loans at the end of the fourth year from the effective date of the debt restructuring, provided that the creditors demand and require such unsettled amount of interest obligations to be capitalized and converted into equity through the issuance of the equivalent number of shares of the Company. The number of new shares to be issued by the Company under this condition shall have the same value as the total amount of unsettled interest obligations of the Company to its creditors.

- 3) Issuance of warrants without pre-emptive rights to the creditors of the Company after the merger pursuant to the A Terms and B Terms of the debt restructuring.

A Terms

On the effective date of the debt restructuring, the Company will issue Warrant A and Warrant B without pre-emptive rights to its creditors, which will give the holders of the rights to subscribe for the shares of the Company up to a maximum of combined equity interest of 8% (or 4% for all of the holders of A Warrants and 4% for all the holders of B Warrants) of the total number of subscribed and fully paid up shares of the Company on a fully diluted basis. Each holder of one (1) Warrant A or the holder of one (1) Warrant B will be entitled to subscribe for one (1) registered share of the Company having a nominal value of Rp500 per share at the realization price of Rp3,600 per share. The period of realization of Warrant A shall be two (2) years up to four (4) years and nine (9) months after the effective date of the debt restructuring or it may immediately be carried out in case of the following events, whichever is earlier:

- (i) HZ, directly or indirectly, does not become a strategic investor of the Company within the period of twelve (12) months after the effective date of the debt restructuring; or
- (ii) HZ, directly or indirectly, cancel its plan to become a strategic investor of the Company prior to the above mentioned of twelve (12) months period.

Warrant B will be saved in an escrow account until the matters mentioned in points (i) or (ii) above put forward occur. The period of realization of Warrant B is five (5) years and three (3) months after the date of listing of the said warrants in the stock exchange. However, if within the period of twelve (12) months after the effective date of the debt restructuring, as describe in point (i) above, HZ, directly or indirectly, enters to become a shareholder in the Company, Warrant B will become null and void and shall not be realized.

B Terms

In case HZ enters effectively as a shareholder of the Company, the Latter will issue a certain number of additional Warrant A at a fixed realization price of Rp3,600 per share, in such a way that the holders of Warrant A shall still be entitled to subscribe for the shares of the Company up to a maximum of combined equity interest of 4% (four percent) of the total number of subscribed and fully paid up shares of the Company on a fully diluted basis, after giving effect to the conversion by HZ of the portion of the Company's debts that it will purchase amounting to US\$ 150,000,000 into equity of the Company (see Note 13a).

- 4) Approval for the action of the board of directors of the Company to pledge, as security or collateral in favour of the creditors, the substantial portion of the Company's property existing at present as well as those to be owned by the Company after the merger under the framework of the debt restructuring.

15. Additional Paid-In Capital

This account represents the excess of the amounts received and/or the carrying value of converted debentures and bonds over the par value of the shares issued.

16. Retained Earnings

In compliance with the new Corporate Law No. 1, Year 1995 dated March 7, 1995, which requires companies to set aside, on a gradual basis, an amount equivalent to at least 20% of their subscribed capital as general reserve, the shareholders approved the partial appropriations of the Company's retained earnings as general reserve during their annual general meeting held on June 24, 1997 and June 25, 1996 in the amount of Rp25 billion each.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

17. Segment Information

The information concerning the Company and Subsidiaries' business segments are as follows

	2000	1999
	Rp	Rp
Net Revenues		
Cement Business		
Cement		
Domestic	4,284,622,045,527	2,729,204,462,612
Export	292,624,760,170	248,828,519,000
Ready mixed concrete	23,127,871,450	15,952,659,714
Other Businesses	29,668,420,259	28,406,803,033
Total	4,630,043,097,406	3,022,392,444,359
Eliminations	(2,182,069,788,198)	(1,263,426,186,922)
Net	2,447,973,309,208	1,758,966,257,437
Cost of Revenues		
Cement Business		
Cement	3,557,732,483,845	2,343,590,378,847
Ready mixed concrete	25,222,876,455	15,658,507,655
Other Businesses	12,566,960,695	11,631,049,598
Total	3,595,522,320,995	2,370,879,936,100
Eliminations	(2,156,134,015,575)	(1,246,966,967,538)
Net	1,439,388,305,420	1,123,912,968,562
Income (Loss) from Operations		
Cement Business		
Cement	703,961,672,845	361,883,068,943
Ready mixed concrete	(4,796,190,942)	(3,902,913,380)
Other Businesses	13,423,021,163	13,087,419,187
Total	712,588,503,066	371,067,574,750
Eliminations	(7,189,113,823)	(126,190,359)
Net	705,399,389,243	370,941,384,391
	2000	1999
		(As restated-Note 3)
Identifiable Assets		
Cement Business		
Cement	13,023,241,425,844	10,304,962,928,170
Ready mixed concrete	103,136,312,790	125,708,952,481
Other Businesses	104,199,402,505	1,524,285,702,154
Total	13,230,577,141,139	11,954,957,582,805
Eliminations	(1,581,540,272,914)	(2,095,423,461,175)
Net	11,649,036,868,225	9,859,534,121,630

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

18. Cost of Revenues

The details of cost of revenues are as follows:

	2000	1999
	Rp	Rp
Raw materials used	202,600,001,636	161,816,967,609
Direct labor	106,684,306,289	81,093,083,433
Fuel and power	598,978,555,728	476,042,573,134
Manufacturing overhead	363,931,453,217	258,772,061,935
Total Manufacturing Cost	1,272,194,316,870	977,724,686,111
Work in Process Inventory		
At beginning of year	56,396,396,078	44,749,275,187
At end of year	(63,302,181,184)	(56,396,396,078)
Cost of Goods Manufactured	1,265,288,531,764	966,077,565,220
Finished Goods Inventory		
At beginning of year	39,739,322,154	24,109,364,607
Others	4,056,289,312	5,481,334,742
At end of year	(51,277,015,832)	(39,739,322,154)
Cost of Goods Sold before Packing Cost	1,257,807,127,398	955,928,942,415
Packing Cost	169,014,217,327	156,352,976,549
Total Cost of Goods Sold	1,426,821,344,725	1,112,281,918,964
Cost of Services		
Direct costs	10,391,807,029	9,382,298,829
Indirect costs	2,175,153,666	2,248,750,769
Total Cost of Services	12,566,960,695	11,631,049,598
Total Cost of Revenues	1,439,388,305,420	1,123,912,968,562

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

19. Operating Expenses

The details of operating expenses are as follows:

	2000	1999
	Rp	Rp
Delivery and Selling Expenses		
Delivery, loading and transportation	64,765,095,410	66,202,129,810
Provision for doubtful accounts	23,166,957,664	72,667,719,267
Salaries, wages and employees' benefits	18,778,767,027	9,446,881,326
Rental	6,245,794,145	2,207,554,335
Advertising and promotions	3,828,443,014	2,594,932,323
Professional fees	3,749,806,910	1,911,502,570
Depreciation	3,320,007,491	2,626,123,425
Repairs and maintenance	2,653,022,958	2,682,129,329
Electricity and water	1,517,726,437	1,101,507,215
Association and membership dues	1,449,527,200	1,613,757,882
Miscellaneous (each below Rp1.0 billion)	5,035,802,576	5,620,250,878
Total Delivery and Selling Expenses	134,510,950,832	168,674,488,360
General and Administrative Expenses		
Professional fees	57,637,639,017	17,552,393,802
Salaries, wages and employees' benefits	56,044,503,765	38,790,408,301
Public relations	12,880,854,896	9,857,389,162
Depreciation	4,463,056,779	6,297,187,150
Communication	2,640,795,742	2,590,842,869
Travelling and transportation	2,459,708,826	1,706,391,858
Anniversary	2,223,845,264	-
Advertising and promotions	2,200,993,237	1,704,006,488
Rental	2,099,434,510	3,701,405,146
Repairs and maintenance	1,897,231,780	1,937,802,536
Medical	1,682,802,174	1,400,784,601
Donations	1,617,004,711	1,185,460,213
Miscellaneous (each below Rp1.0 billion)	20,826,793,012	8,713,343,998
Total General and Administrative Expenses	168,674,663,713	95,437,416,124
Total Operating Expenses	303,185,614,545	264,111,904,484

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

20. Retirement Benefits Expenses

The Company has a defined contributions retirement plan covering 98.8% of its full-time employees. Retirement benefits charged to operations amounted to approximately Rp6.9 billion and Rp5.2 billion for the years ended December 31, 2000 and 1999, respectively.

The plan's assets are administered by Dana Pensiun Karyawan Indocement Tunggul Prakarsa, the establishment of which was approved by the Ministry of Finance on November 12, 1991, as amended by Decree No. Kep-332/KM.17/1994 dated December 1, 1994.

On June 20, 2000, the Ministry of Manpower issued its Decree No. Kep-150/Men/2000 regarding the "Settlement of Work Dismissal and Determination of Separation, Gratuity and Compensation Payments in Companies". Under the said decree, companies are required to make payments for separation, gratuity and compensation benefits to their employees if the required conditions are met.

As of December 31, 2000, management does not make any provision for reserve in the consolidated financial statements to cover such required payments, since management believes that the Company's contributions to its retirement plan are enough to cover any of such payments if incurred. Likewise, provision for such reserve was made by the Subsidiaries since the amount is considered immaterial.

21. Significant Agreements, Commitments Contingency

- a. The Company had invested in Medium-term Notes issued by PT Bank Tabungan Negara (Persero) amounting to Rp50 billion. The bonds, which bore interest at semi-annual rate of 1% above IRSOR (Indonesian Rupiah Swap Offered Rate), had matured and were fully settled on August 2, 2000.
- b. On March 20, 1998, the Company entered into a memorandum of understanding with PT Indonesia Air Transport (IAT) to form a charter hire airplane joint operations. Relative to this, the total advances made by the Company amounted US\$ 2,943,750 (equivalent to Rp 16,488,225,000) as of December 31, 2000 and 1999 for a 50% effective ownership of the airplane. These advances are shown as part of "Other Non-Current Assets - Others (Net)" in the consolidated balance sheets.

Based on correspondences between the Company and IAT regarding the charter airplane joint operations, both parties have agreed the plan to sell the airplane at prices ranging from US\$ 1.6 million to US\$ 2.1 million. The Company has provided an allowance of about Rp9.5 billion in anticipation of the possible loss on settlement of the above-mentioned advance in the future.

- c. On February 28, 2000, the Company has engaged Credit Suisse First Boston (Singapore) Limited (CSFB) to act as its exclusive financial advisor with respect to the Company's proposed rights issue, pursuant to which, the portion of the Company's debts that will be purchased by Heidelberger Zement (HZ) will be converted into equity, as set out in

"B Term" of the debt restructuring mentioned in Note 13, and/or new equity in the Company will be acquired by HZ for cash. As compensation, the Company agrees to pay CSFB a transaction fee equal to US\$ 1.5 million, payable upon the closing of the rights issue.

On December 15, 1998, the Company signed an Engagement Letter and Indemnity Agreement with CSFB whereby CSFB is engaged by the Company to act as its exclusive financial advisor with respect to the Company's Debt Restructuring Plan (Restructuring). As compensation, the Company will pay CSFB the following fees:

- (i) Advisory fees payable as follows:
 - US\$ 50,000 upon signing the engagement letter;
 - US\$ 100,000 per month, payable in arrears, with the first payment due on November 30, 1998, and thereafter, at the end of each month. Payments made shall be non-refundable, but shall be fully creditable against the success fee mentioned below.
- (ii) A success fee of US\$ 2,800,000 payable upon the signing of any definitive agreement relating to the Debt Restructuring or the effectivity of the Debt Restructuring, whichever is earlier.

In addition, the Company also agreed to reimburse CSFB for a reasonable amount of out-of-pocket expenses, including the fees and expenses of CSFB's legal counsel, if any, and any other advisors retained by CSFB resulting from or arising out of the engagement, with the prior approval of the Company.

All fees and expenses payable shall be net of all applicable withholding and similar taxes.

Then, on October 8, 1999, the above compensation scheme was amended whereby the success fee is increased to US\$ 5,400,000, payable upon the effectivity of the Debt Restructuring, net of the aggregate financial advisory fees paid by the Company to CSFB.

- d. On October 8, 1997, the former IKC entered into an agreement with ABB Power Generation Services Pty., Ltd., (ABB Services) whereby the latter agreed to provide IKC with the technical documentation, station operational strategies and policies, and ancillary services. As compensation, IKC pays ABB Services technical information fees determined based on certain agreed computation. Technical information fees incurred amounted to US\$ 1,410,383 (equivalent to Rp11,183,773,037) for the years ended December 31, 1999. There were no services provided by ABB Services to the former IKC for the years ended December 31, 2000. The total balances of the related payables to ABB Services, which amounted to US\$ 1,477,029 (equivalent to Rp10,486,905,900) as of December 31, 1999, are shown as part of "Other Payables - Third Parties" account in the consolidated balance sheets. All of the payables arising from the transactions made under this agreement had been fully paid in July 2000.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

- e. The Company had contracts with Marubeni Corporation (Marubeni) and Kawasaki Heavy Industries Limited (Kawasaki) for the construction and installation of its additional cement plant (Plant 11) in Citeureup, with production capacity of 2.45 million tons of portland cement per annum. The total value of these contracts is about US\$ 229 million. The project had been fully completed in January 2000, and accordingly, all the related accumulated construction costs were reclassified to the appropriate property, plant and equipment accounts in the consolidated balance sheets. The related contract payables as of December 31, 2000 and 1999 are as follows:

		2000	1999
Marubeni	US\$	24,132,303	US\$ 24,132,303
Kawasaki		18,431,733	23,012,605
Total	US\$	42,564,036	US\$ 47,144,908

Relative to the above, on November 25, 1999, Kawasaki has approved the Company's proposal on the settlement of its contract payable to the former amounting to US\$ 23,585,214. Under the said approved settlement proposal, the Company shall pay the said contract payable in eighteen (18) monthly installments of US\$ 572,609, and the remaining balance of US\$ 13,278,252 to be paid in accordance with the terms of the debt restructuring agreement on MFA, as discussed in Note 13a. The first installment was paid in December 1999. As of December 31, 2000, in view of the successful conclusion of the debt restructuring, as discussed in Note 13a, the aforementioned US\$ 13,278,252 contract payable has been reclassified and presented as part of "Long-term Bank Loans and Other Borrowings" in the consolidated balance sheet. On the other hand, the remaining unpaid installments of the contract payables amounting to US\$ 5,153,481 are presented as part of "Other Payables - Third Parties" account in the consolidated balance sheets. As of December 31, 1999, all of the aforesaid contract payables were presented as part of "Other Payables - Third Parties" account in the consolidated balance sheets.

Likewise, the contractor payable due to Marubeni is also included in the debt restructuring, which has been successfully concluded (see Note 13a). Accordingly, as of December 31, 2000, such payable to Marubeni is reclassified and presented as part of "Long-term Bank Loans and Other Borrowings" in the consolidated balance sheets. As of December 31, 1999, the said liability was presented as part of "Other Payables - Third Parties" account in the consolidated balance sheets.

- f. The former IKC has an agreement with Marubeni, pursuant to which, the latter undertakes the construction of a new cement plant for US\$ 167,632,870; and supplied imported machinery and equipment for a total contract amount of US\$ 209,945,000. Up to December 31, 2000, all expenditures incurred relating to this project are recorded as part of "Construction in Progress", the related payables to US\$ 45,388,825. Since these payables are included in the successful debt restructuring as discussed in Note 13a, as of December 31, 2000, these were all reclassified and presented as part of "Long-term Bank Loans and Other Borrowings" in the consolidated balance sheets. As of December 31, 1999, such payables were presented in full as part of "Other Payables - Third Parties" account in the consolidated balance sheets. The project is expected to be fully completed at the beginning of 2001 (see Note 9).

- g. The Company has outstanding agreement with PERTAMINA and PT Rabana Gasindo Utama (Rabana), whereby the Company agreed to provide funds amounting to US\$ 11,542,329 for purposes of developing PERTAMINA's natural gas production facility in Bojongroong, Tanjung Sari, Sindang Sari and Walet Utama - West Java. Rabana, which is appointed by the Company, acts as a contractor on the said project. This transaction is mainly intended to guarantee the supply of natural gas to the Company. The funds to be provided by the Company to the said project will be used as its advances for future purchases of natural gas. As of December 31, 2000 and 1999, total advances made by the Company for the project amounted to US\$ 11,053,953 (equivalent to Rp58,955,423,389) and US\$ 9,297,630 (equivalent to Rp44,626,866,514) respectively. These advances are shown as part of "Other Non-Current Assets - Others (Net)" in the consolidated balance sheets.

- h. On September 8, 1999, the former IKC entered into sale and purchase contract with PT Bahari Cakrawala Sebuk (BCS), the former whereby IKC the former agreed to purchase, and BCS agreed to supply, 150,000 tons of coal from January 1999 to February 2000; 60,000 tons of coal from March to August 2000; and 60,000 tons of coal from September to December 2000. Total purchases made under this contract amounted to US\$ 2,631,477 and US\$ 2,550,488 (equivalent to Rp22,928,818,587 and Rp20,224,349,645) for the years ended December 31, 2000 and 1999 respectively. The total outstanding balances of the related payables to BCS, which amounted to US\$ 458,921 and US\$ 94,540 (equivalent to Rp4,403,346,228 and Rp671,234,000) as of December 31, 2000 and 1999, respectively, are shown as part of "Accounts Payable - Trade (Third Parties)" account in the consolidated balance sheets.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

- i. In 1998, the Company entered into various types of hedging contracts with certain financial institutions.

All of these hedging contracts were pre-terminated, as follows:

- On July 13, 1998, all of the hedging agreements with Chase Manhattan Asia Limited (CMAL) were pre-terminated, resulting to a net payable of US\$ 1,043,497.75 by the Company to CMAL. As of December 31, 1999, this amount is still outstanding and presented as part of "Accrued Expenses" account in the consolidated balance sheets. Since this payable is included in the successful debt restructuring, discussed in Note 13a, it was reclassified and presented as a part of "Long-term Bank Loans and Other Borrowings" account in the consolidated balance sheet as of December 31, 2000.
- In September and November 1998, the hedging agreement with CSFB and Morgan Stanley Asia Limited were pre-terminated, respectively, and as a result, the company received from the latter two a total settlement amount of US\$ 5,800,000, which was transferred to the Company's escrow account in Bank of America National Trust and Savings Association, Singapore Branch. Any withdrawals from the said escrow account shall be approved by the Company and the Steering Committee representing the Company's creditors. Accordingly, the said escrow account is presented as part of "Restricted Cash in Banks" in the consolidated balance sheets.

- j. On October 4, 1999, PT Mekar Perkasa (MP) and PT Kaolin Indah Utama (KIU), two of the Company's shareholders, have entered into conditional agreements with Heidelberger Zement Group (HZ) whereby HZ, subject to, inter alia, a successful debt restructuring, may take a direct or indirect interest in the Company based on terms and conditions that may be agreed upon among the concerned parties.

Then, in December 2000, HZ signed a several agreements with MP, KIU, IBRA and Holdiko, the Company's majority shareholders, regarding the possibility of HZ entry as the Company's strategic investor based on term and conditions that may be agreed upon among the concerned parties.

- k. On November 19, 1999, the Company signed a contract with Semt Pielstick (SEMT) for the supply of equipment in connection with the rehabilitation of nine (9) engines of the power plant in Company's Citeureup plant for a total contract price of FRF 95,192,305. A down payment of FRF 18,586,219 shall be paid in three equal installments, while the remaining balance of FRF 76,606,086 shall be paid partly in the form of sales of cement by the Company to SEMT through Transclear S.A., and partly by drawing from the trustee account as referred to in the trust agreement discussed in Item m below.

Transclear S.A., which has been requested by SEMT to act on its behalf, has signed a Summary of Meeting with the Company on November 11, 1999 for the purchase of cement valued at approximately US\$ 5,130,000. This amount represents about 38% of the amount to be paid by the Company as settlement of the above-mentioned supply contract.

- l. In November 1999, the Company signed four technical assistance contracts with Centrales Diesel Export (CDE) for technical assistance services relating to the rehabilitation, operations and maintenance of the power plant in the Company's Citeureup plant for an aggregate contract price of FRF 6,104,050. The payments of the contract price are to be made by drawing from the trustee account as referred to in the trust agreement discussed in Item m below.

- m. On January 17, 2000, the Company, SEMT and Natexis Banque London Branch (Natexis) entered into a trust agreement in connection with the contracts mentioned in Items k and l above. As required under the said trust agreement, the Company shall maintain a trustee account with Natexis, which shall have a minimum balance of FRF 18,000,000 at all times during the period starting from the third month after the signing of the trust agreement until the twelfth month; then a minimum of FRF 9,000,000 for the succeeding three months; and a minimum of FRF 2,200,000 for the remaining fifteen months or until all payments are made to SEMT, whichever is earlier. The balance of the trustee account maintained in Natexis as of December 31, 2000 amounted to FRF 20,447,186, which is recorded and presented as part of the "Restricted Cash in Banks" account in the consolidated balance sheets.

- n. On April 10, 2000, the former IKC entered into contract agreement for dredging works with PT (Persero) Pengerukan Indonesia, Tanjung Priok Branch, Jakarta, whereby the latter agreed to dredge the former IKC's seaport located on Desa Tarjun, Kotabaru, South Kalimantan, with total estimated dredging volume of approximately of 704,255 m3. The contract price for the said services is fixed at a lumpsum amount of Rp24 billion. As agreed, the services should be completed in 180 days from the commencement date. As of December 31, 2000, this project is still in progress.

- o. The Company acts as a guarantor for the obligations of Indomix arising from the "Shareholders' Guarantee and Support Agreement (SGSA)" dated March 21, 1997 that was signed by the latter in connection with the Project Loan and Convertible Bond Agreement signed by PT Indominco Mandiri (Indominco), Indomix's associated Company, (as the "borrower") with Marubeni and Sumitomo Corporation. Under the SGSA, Indomix agreed to guarantee 35% of the outstanding availments of Indominco under the said facility.

- p. The Company also acts as guarantor for the obligations of PT Pama Indo Mining (PIM) under a deed of "Perjanjian Pembiayaan Sewa Guna Usaha" (Leasing Agreement) dated September 24, 1997. Such guarantee granted by the Company only covers that portion of the lease obligations corresponding to its ownership interest in PIM.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

- q. On December 7, 2000, DAP entered into several distributorship agreements with PT Jabar Multindo Perkasa, PT Royal Inti Mega Utama, PT Jateng Kencana Abadimulia, PT Saka Agung Abadi, PT Bangunsukses Niaga Nusantara and PT Jabotabek Niagatama Sukses. Pursuant to these agreements, DAP, as the Company's exclusive main distributor, has appointed these companies to act as area distributors of bagged cement and bulk cement for domestic market.

The above mentioned distributorship agreements, provide for, among others, the specific distribution area or region for each sub-distributor, delivery requirements, obligations and responsibilities of the distributors, responsibilities of DAP, terms and sales price, and restriction to transfer the distribution rights without prior consent from DAP. These agreements are valid until July 14, 2004, and are automatically renewable for another five (5) years, subject to the same terms and conditions, except for the requirement to submit written termination notice six (6) months prior to the expiration of the agreement by any party who wishes not to renew or extend its distribution rights.

In connection with the merger of IKC into the Company, as discussed in Note 3, all of IKC's rights and obligations under the relevant contracts and agreements discussed in the foregoing are transferred and assumed by the Company.

22. Economic Environment

Many Asia Pacific countries, including Indonesia, had experienced economic downturn brought about by the currency devaluation in the region, which was characterized by extreme lack of liquidity and highly volatile exchange and interest rates. Such adverse economic conditions had also involved tightening of available credits, postponement of major construction projects, general price increases of commodities and reduced economic activities. The postponements and/or stoppage of major construction projects have significantly reduced the Company's sales volume. In addition, the volatility in exchange and interest rates have adversely affected the Company's and Subsidiaries' costs of funds, as well as their capacity to service their debts, given that the balances of the Company's and its Subsidiaries' borrowings denominated in foreign currencies have increased significantly in Rupiah terms, and interest rates on their Rupiah denominated loans had likewise increased significantly. Consequently, the Company and IKC were unable to maintain the required financial ratios, as specified in their existing loan agreements, and have defaulted on their loan principal and interest payments (see Note 13a). Furthermore, the effects of the adverse economic conditions on the financial conditions of the Company's and its Subsidiaries' customers have slowed down sales and increased credit risks inherent in receivables from customers.

Currently, the Indonesian economy is still much affected by the domestic social and political instabilities. In addition, the Indonesian Rupiah has resumed its volatility against the major foreign currencies (most notably the US Dollar) and has remained sensitive to domestic social and political events as well as to other regional factors. In spite of these conditions, however, the positive macro economic trends, which have been achieved towards the second semester of 1999, such as, among others, the manageable inflation rate; improved economic activities; and reduced interest rate, have been sustained during 2000. At present, the Company and its Subsidiaries, as well as the cement industry as a whole, is still affected by the current slump in the construction and real estate sectors.

As part of their continuing effort to respond and manage the adverse effects of the foregoing economic events, the Company and its Subsidiaries have undertaken and are continuously implementing the following measures, among others:

- a. Finalization of the debt restructuring documentation following the successful conclusion of the debt restructuring negotiations with the Creditors (see Note 13a);
- b. Enhance export sales, which will further be boosted especially with the plan to have Heidelberger Zement, one of the largest trading companies in the world, as the Company's strategic partner/investor;
- c. Consistently apply cost-cutting programs that were initiated in previous years, such as:
 - Consumption of domestic products to the extent possible;
 - Reduction of non-essential operating expenses, such as unnecessary foreign travelling, ceremonial expenses, etc; and
 - Minimizing to the extent possible of foreign currency denominated expenses.
- d. Continuously review capital expenditures, investments and expansion plans;
- e. Continuously apply dynamic and prudent treasury management; and
- f. Assess the possibility to spin-off the non-core assets and businesses.

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

As of December 31, 2000, the Company and its local Subsidiaries, which use Rupiah as their functional currency, have assets and liabilities denominated in foreign currencies as follows:

Foreign Currency			Equivalent in Rupiah	
			December 31, 2000 (Balance Sheet Date)	March 23, 2001 (Audit Report Date)
Assets				
in US Dollar	US\$	55,936,550	Rp 536,711,197,250	Rp 577,544,878,750
in Japanese Yen	¥	1,621,160,603	135,485,255,075	135,578,633,925
Total			672,196,452,325	713,123,512,675
Liabilities				
in US Dollar	US\$	689,506,954	6,615,819,223,630	7,119,159,300,050
in Japanese Yen	¥	40,328,941,438	3,370,410,622,798	3,372,733,569,825
in Deutsche Mark	DEM	2,943,666	13,413,196,806	13,786,453,654
in France Franc	FRF	97,635	132,646,911	136,338,490
in Singapore Dollar	S\$	21,107	116,912,728	122,171,960
Total			9,999,892,602,873	10,505,937,833,979
Net liabilities			Rp 9,327,696,150,548	Rp 9,792,814,321,304

As of December 31, 2000, the assets and liabilities of foreign Subsidiaries is as follow:

Foreign Currency			Equivalent in Rupiah	
			December 31, 2000 (Balance Sheet Date)	March 23, 2001 (Audit Report Date)
Assets				
in Netherlands Gulden	NLG	378,035	Rp 1,528,788,661	Rp 1,571,332,720
Liabilities				
in Netherlands Gulden	NLG	58,413	236,224,509	242,798,308
Net assets			Rp 1,292,564,152	Rp 1,328,534,412

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

As shown in the table below, the rupiah currency has fluctuated in value based on the average rates of exchange for export bills and bank notes published by Bank Indonesia:

Foreign Currency	December 31, 2000	March 23, 2001
	Rp	Rp
US Dollar (US\$ 1)	9,595.00	10,325.00
Japanese Yen (¥ 100)	8,357.30	8,363.06
Singapore Dollar (S\$ 1)	5,539.05	5,788.22
Deutsche Mark (DEM 1)	4,556.63	4,683.43
Netherlands Gulden (NLG 1)	4,044.04	4,156.58
France Franc (FRF 1)	1,358.60	1,396.41

Had the assets and liabilities denominated in foreign currencies as of December 31, 2000 been reflected using the above average rates of exchange as of March 23, 2001 (the independent auditors' report date), the net foreign currency denominated liabilities, as stated above, would have increased by approximately Rp465 billion.

Resolution of the current economic instability and/or further improvement of the economy depend on the fiscal, monetary and other measures that have been and will be undertaken by the government, actions which are beyond the controls of the Company and its Subsidiaries. It is not possible to determine the future effects that a continuation of the current economic conditions may have on the Company's and its Subsidiaries' liquidity and earnings, including the effects flowing through from their investors, customers, suppliers, creditors and shareholders.

- (ii) an incentive to all creditors for taking equity securities risk in the Company, and generally, to compensate all creditors for not enforcing their legal rights on and/or demanding immediate payments of the defaulted loans and related obligations.

The A Warrants issued by The Company are naked warrants, which listed and traded in the Jakarta Stock Exchange.

The B Warrant, which are maintained in the security account with BCA - PT Kustodian Sentral Efek Indonesia will be cancelled and can not be exercised if the HZ entry as shareholder of the Company occurs (see Note 14c).

- b. Based on the Company's letter to the Chairman of BAPEPAM dated on January 12, 2001, the Company plans to conduct a rights issue, with pre-emptive rights to its shareholders, in order to accommodate the entry of HZ as shareholder. Pursuant to such plan, on February 5, 2001, the Company filed its Registration Statement to BAPEPAM regarding the said Rights Issue I with Pre-emptive Rights.

The terms and conditions of the above-mentioned planned Rights Issue I with Pre-emptive Rights are as follows:

- (i) The total number of new shares to be issued shall be a maximum of 1,895,752,069 shares, with par value Rp500 per share;

23. Subsequent Events

- a. Pursuant to the shareholders' resolution regarding the issuance of warrants under the Terms A of the debt restructuring, as discussed in Note 14, and as part of the conditions precedent to the effectiveness of the MFA, the Company declared the issuance of 108,103,759 A warrants and 108,103,759 B warrants to its creditors. Such declaration of warrants issuance was covered by notarial deeds No. 179 of Dr. Irawan Soerodjo, S.H., MSi, for Deed of Issuance of A warrants and No. 180 of the same notary, for Deed of Issuance of B warrants, which were amended on January 5, 2001 of the same notary and covered in notarial deed No. 1 for A warrants and No. 2 for B warrants. As stated in the said notarial deeds, the warrants will be issued in five working days after the restructuring date, which shall fall on January 8, 2001. The warrants to be issued are intended as:

- (i) compensation to all the creditors for waiving the defaulted interest obligations that had been accrued prior to the effective date of the debt restructuring; and for agreeing on the application of a lower-than-market interest rate during the restructured term of the loans; and

Notes to Consolidated Financial Statements

For The Years Ended
December 31, 2000 and 1999

-
- (ii) All shareholders whose names are registered in the records maintained by the share registrar as of 16:00 o'clock on April 6, 2001 shall received 0,763088 pre-emptive right for every one (1) existing share they held, which will entitle them to subscribe for one (1) new share of the Company for every one (1) right held. The share subscription shall be fully paid upon the exercise of the rights; and
 - (iii) C Warrants shall be issued to the shareholders who do not exercise their pre-emptive rights until the designated fixed date. In this manner, therefore, no shareholder can subscribe for additional pre-emptive rights.

As of March 23, 2001, the date of the independent auditors' report, the Company has not yet received the effective letter from BAPEPAM regarding its Registration' Statement.

24. Reclassification of Accounts

Due from and due to related parties as of December 31, 1999 have been reclassified from current asset and current liabilities to non-current asset and non-current liabilities, respectively, in conformity with the decision of the Chairman of BAPEPAM No. KEP-06/PM/2000 dated March 13, 2000 regarding the "Guideline for Financial Statement Presentations".

Corporate Information

Condensed List of Shareholders

PT Mekar Perkasa	38.14%
Government of the Republic of Indonesia	25.00%
Public	13.36%
PT Holdiko Perkasa	12.83%
The Indonesian Bank Restructuring Agency	6.38%
PT Kaolin Indah Utama	4.29%

Share listing : all shares are listed on the Stock Exchange in Indonesia - Reuters INTPJK

Corporate Address

8th Floor, Wisma Indocement
Jl. Jenderal Sudirman Kav. 70-71
Jakarta 12910, Indonesia
Phone : +62 21 2512121
Facsimile : +62 21 2510066
<http://www.indocement.co.id>

Other Shareholder Information

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will be held on the 21st Floor, Wisma Indocement, Jl. Jenderal Sudirman Kav. 70-71 Jakarta 12910 Date: On June 27, 2001

For further information, please contact :

Corporate Secretariat Division
PT Indocement Tunggal Prakarsa Tbk.
8th Floor, Wisma Indocement
Jl. Jenderal Sudirman Kav. 70-71
Jakarta 12910, Indonesia
Phone : +62 21 2512121
Facsimile : +62 21 2510066
E-mail : corpsec@indocement.co.id
<http://www.indocement.co.id>

Investor Inquiries :

Investor inquiries may be directed to :
Corporate Finance Division
PT Indocement Tunggal Prakarsa Tbk.
9th Floor, Wisma Indocement
Jl. Jenderal Sudirman Kav. 70-71
Jakarta 12910, Indonesia
Phone : +62 21 2512121
Facsimile : +62 21 2510076/2512076
E-mail : investor_relations@indocement.co.id

Professionals and Bankers

Auditors

Prasetyo, Utomo & Co.
(A member of Arthur Andersen & Co.SC)
25-28th Floor, Wisma 46, Kota BNI
Jl. Jenderal Sudirman Kav. 1
Jakarta 10220, Indonesia

Corporate Lawyers

Hadiputranto, Hadinoto & Partners
The Jakarta Stock Exchange Building
Tower II, 21st Floor
Jl. Jenderal Sudirman Kav. 52-53
Jakarta 12190, Indonesia

Share Registrar

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

Major Bankers

Marubeni Corporation
The Chase Manhattan Bank, N.A.
Bank of America
Japan Bank for International Cooperation
Westdeutsche Landesbank Girozentrale
The Fuji Bank, Ltd
The Mitsubishi Trust and Banking Corporation
The Yasuda Trust and Banking Co, Ltd
Bank Central Asia
Bank Mandiri



PT INDOCEMENT TUNGGAL PRAKARSATbk.

