

These Financial Statements are originally issued in Indonesian language

**PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2007 AND 2006

A N D

INDEPENDENT AUDITOR'S REPORT

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**PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006**

C O N T E N T S

Directors' Statement

Independent Auditor's Report

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PT TRUBA ALAM MANUNGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 DECEMBER 2007 AND 2006
 (Expressed in thousand Rupiah, unless otherwise stated)

A S S E T S	<u>Catatan</u>	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Current assets			
Cash and cash equivalent	2d,g,3	1,880,206,286	608,359,429
Short term investments	2f,4	299,263,184	99,910,427
Trade receivables - net of provision for doubtful accounts 2007: 7,689,326 (2006: 1,454,611)	2c,h		
- Third parties	5	418,708,252	175,034,576
- Related parties	8	723,584	12,072,731
Retention receivables	2c,h		
- Third parties - net of the provision for doubtful accounts 2007 and 2006: 22,611	6	69,755,453	40,767,705
- Related parties	8	-	10,130,213
Unbilled contract revenue	2h		
- Third parties	7	166,514,564	92,891,751
Other receivables	2c,h		
- Third parties		17,659,252	8,875,431
- Related parties - net of provision for doubtful accounts 2007 and 2006: 539,660	8	3,043,455	2,425,321
Inventories	2i,9	7,647,997	5,464,330
Advances and prepaid expenses	10	472,423,755	153,971,956
Prepaid tax	2q,21a	32,059,678	10,279,237
Total current assets		<u>3,368,005,460</u>	<u>1,220,183,107</u>
Non-current assets			
Investment in associates	2e,11a	97,435,564	27,917,025
Other long-term investments - net of provision for decline in value of other long-term investments 2007 and 2006: 18,111,281	2f,11b	16,647,505	416,541,930
Trade financing - net of provision for doubtful accounts 2007: 47,673 (2006: 3,768,667)	12	1,065,565,686	1,531,831
Fixed assets - net of accumulated depreciation 2007: 151,117,876 (2006: 97,739,645)	2k,m,13	373,580,262	80,855,464
Due from related parties - net of provision for doubtful accounts 2007: Nil (2006: 1,269,750)	2c,8	735,016	722,769
Goodwill	2j	10,627,099	12,869,721
Intangible assets	2n	1,045,524	228,653
Unused assets	14	6,623,864	6,623,864
Deposits	15	25,941,441	18,023,304
Deferred tax assets	2q,21d	23,946,821	14,816,455
Other non-current assets		<u>1,062,150</u>	<u>5,077,786</u>
Total non-current assets		<u>1,623,210,932</u>	<u>585,208,802</u>
TOTAL ASSETS		<u><u>4,991,216,392</u></u>	<u><u>1,805,391,909</u></u>

See accompanying Notes to Consolidated Financial Statements on Exhibit E
 which are an integral part of the Consolidated Financial Statements taken as a whole

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 DECEMBER 2007 AND 2006
 (Expressed in thousand Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2 0 0 7</u>	<u>2 0 0 6</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables			
- Third parties	16	169,016,824	145,129,525
- Related parties	2c,8	2,881,892	2,867,866
Contract advances			
- Third parties	17	105,675,762	24,181,378
- Related parties	2c,8	-	891,474
Dividend payable	2w,18	9,702,218	84,506
Other payables	19	10,247,185	3,917,391
Accrued expenses	20	133,572,661	42,455,787
Derivative financial instrument	2y,32	141,571	-
Taxes payable	2q,21b	48,044,193	13,812,568
Current maturities of long-term debts			
Bank loans	24	61,661,973	55,066,802
Consumer financing loan	2o	5,340,78€	-
Total current liabilities		<u>546,285,065</u>	<u>288,407,297</u>
Non-current liabilities			
Provision for employee benefits	2r,t,22	21,076,019	14,996,920
Deferred tax liabilities	2q,21e	3,389,248	-
Long-term debts - net of current maturities			
Bank loans	24	69,323,891	-
Consumer financing loan	2o	19,080,518	-
Due to related parties	2c	-	1,054,648
Shareholders' loan	2c,8	2,563,206,598	-
Total non-current liabilities		<u>2,676,076,274</u>	<u>16,051,568</u>
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES	23	<u>92,673,883</u>	<u>167,147,778</u>
SHAREHOLDERS' EQUITY			
Share capital			
Authorised 32,000,000,000 shares with par value of Rp 100 (full Rupiah), issued and fully paid 13,978,099,380 (2006: 13,000,000,000) shares	25	1,397,809,938	1,300,000,000
Additional paid-in capital – Net	2x,25	55,635,893	23,784,661
Differences in value arising from restructuring of entities under common control	2s	(17,654,084)	(17,654,084)
Retained earnings			
Appropriated		3,494,120	-
Unappropriated		236,895,303	27,654,689
Total shareholders' equity		<u>1,676,181,170</u>	<u>1,333,785,266</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>4,991,216,392</u></u>	<u><u>1,805,391,909</u></u>

See accompanying Notes to Consolidated Financial Statements on Exhibit E
 which are an integral part of the Consolidated Financial Statements taken as a whole

**PT TRUBA ALAM MANUNGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006
(Expressed in thousand Rupiah, unless otherwise stated)**

	<u>Notes</u>	<u>2 0 0 7</u>	<u>2 0 0 6</u>
REVENUES	2c,p,8,26	1,506,202,053	972,285,701
COST OF REVENUES	2c,k,p,8,27	<u>1,171,471,710</u>	<u>851,831,105</u>
GROSS PROFIT		334,730,343	120,454,596
OPERATING EXPENSES	2k,p,28	<u>156,779,273</u>	<u>75,712,489</u>
OPERATING INCOME		<u>177,951,070</u>	<u>44,742,107</u>
OTHER INCOME (CHARGES)			
Income from investments	2f, 4,29	138,088,648	26,846,258
Miscellaneous – Net	2d,30	(<u>40,425,226</u>)	(<u>13,113,133</u>)
Other income – Net		<u>97,663,422</u>	<u>13,733,125</u>
INCOME FROM ASSOCIATE COMPANIES	2e,11a	<u>10,298,896</u>	<u>4,996,660</u>
INCOME BEFORE INCOME TAX		<u>285,913,388</u>	<u>63,471,892</u>
INCOME TAX EXPENSE	2q		
- Current	21c	(64,612,414)	(18,366,888)
- Deferred	21d,e	<u>5,741,118</u>	<u>1,453,119</u>
Income tax expense		(<u>58,871,296</u>)	(<u>16,913,769</u>)
INCOME AFTER INCOME TAX			
EXPENSES BEFORE MINORITY INTEREST		227,042,092	46,558,123
MINORITY INTEREST		(<u>14,307,358</u>)	(<u>11,616,925</u>)
NET INCOME		<u>212,734,734</u>	<u>34,941,198</u>
NET INCOME	2v,31		
Net income per share (Full amount)		<u>16</u>	<u>7</u>

See accompanying Notes to Consolidated Financial Statements on Exhibit E
which are an integral part of the Consolidated Financial Statements taken as a whole

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Exhibit C

**PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006
(Expressed in thousand Rupiah, unless otherwise stated)**

	Share capital	Additional paid-in capital-Net	Differences in value arising from restructuring of entities under common control	Unrealised loss on securities	Retained earnings (Deficit)		Total equity
					Appropriated	Unappropriated	
Balance as of 31 December 2005	1,000,000	-	-	(6,469,719)	-	(816,790)	(6,286,509)
Additional paid-in capital	1,299,000,000	-	-	-	-	-	1,299,000,000
Unrealised loss on securities	-	-	-	6,469,719	-	(6,469,719)	-
Additional paid-in capital-Net	-	23,784,661	-	-	-	-	23,784,661
Differences from transaction among entities under common control	-	-	(17,654,084)	-	-	-	(17,654,084)
Net income for the year	-	-	-	-	-	34,941,198	34,941,198
Balance as of 31 December 2006	1,300,000,000	23,784,661	(17,654,084)	-	-	27,654,689	1,333,785,266
Additional paid-in capital	97,809,938	31,851,232	-	-	-	-	129,661,170
Appropriation for general reserve	-	-	-	-	3,494,120	(3,494,120)	-
Net income for the year	-	-	-	-	-	212,734,734	212,734,734
Balance as of 31 December 2007	<u>1,397,809,938</u>	<u>55,635,893</u>	<u>(17,654,084)</u>	<u>-</u>	<u>3,494,120</u>	<u>236,895,303</u>	<u>1,676,181,170</u>

**See accompanying Notes to Consolidated Financial Statements on Exhibit E
which are an integral part of the Consolidated Financial Statements taken as a whole**

**PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006
(Express in thousand Rupiah, unless otherwise stated)**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from bank loan	156,416,206	-
Shareholders' loan	2,563,206,598	-
Additional paid-in capital from warrant	129,661,170	-
Receipt from consumer financing	18,536,460	-
Payment of stock issuance costs	-	(26,215,339)
Receipt from initial public offering	-	500,000,000
Premium on stock	-	50,000,000
Settlement of short-term bank loans	-	49,492,423
Additional paid-in capital	-	799,000,000
Dividend payment	-	(22,423,371)
Settlement of notes payable	-	(156,000,000)
Payment to related parties	-	(32,466,426)
Net cash provided by financing activities	<u>2,867,820,434</u>	<u>1,161,387,287</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,272,486,581	510,958,690
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(639,724)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>608,359,429</u>	<u>97,400,739</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>1,880,206,286</u></u>	<u><u>608,359,429</u></u>
Cash and cash equivalents consist of:		
Cash on hand	269,072	150,097
Cash in bank	106,954,372	50,767,506
Time deposit	<u>1,772,982,842</u>	<u>557,441,826</u>
	<u><u>1,880,206,286</u></u>	<u><u>608,359,429</u></u>
Investment activities which are non-cash transactions		
Addition of fixed assets	349,464,138	-
Increasing of fixed assets due to acquisition of subsidiary	(66,091,124)	-
Payment on addition of fixed assets	<u><u>283,373,014</u></u>	<u><u>-</u></u>

**See accompanying Notes to Consolidated Financial Statements on Exhibit E
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**PT TRUBA ALAM MANUNGGALENGINEERING Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006
(Expressed in thousand Rupiah, unless otherwise stated)**

1. GENERAL

a. Establishment and General Information

PT Truba Alam Manunggal Engineering Tbk (the “Company”) was established based on Notarial deed No. 4 dated 1 February 2001 of Mohamad Rasjid Umar, S.H., in Balikpapan. This deed was approved by the Minister of Justice of the Republic of Indonesia by its decree No. C-22.HT.01.01.TH 2002 dated 21 January 2002. The Company’s Articles of Association has been amended several times, with the latest amendment by Notarial deed No. 23 dated 13 August 2007 of Ny Poerbaningsih Adi Warsito, S.H., including supporting document concerning amendment article 4 (2) and article 4 (3), which are the notification have been received and recorded in the *Sisminbakum*’s database of Department of Justice and Human Rights of the Republic of Indonesia. The amendment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia as reflected in the acknowledgement of notification on changes of the Article of Association of PT Truba Alam Manunggal Engineering Tbk No.W7-HT.01.04.12015 dated 15 August 2007.

The Company’s operating activities consist of activity support services in relation with power plant including operational activities and maintenance, power consultancy, technical services and construction support, mechanical and electrical consultancy, direct or indirect investment to subsidiaries in share and/or bonds purchase and/or purchase of marketable securities.

The Company’s head office is located at Sona Topas Building, 11th floor, Jalan Jenderal Sudirman Kav. 26. Main location of the Company’s operations is in Jakarta, while significant project sites are located in Java, Sumatera, Kalimantan, and Sulawesi.

b. Company’s Public Offering

On 3 October 2006, the Company obtained Effective Letter from the Chairman of the Capital Market Supervisory Agency and Financial Institution (Bapepam – LK) through its decree No. S-2260/BL/2006 for the Company’s public offering of 5,000,000,000 ordinary shares, each with a nominal value of Rp 100 (full Rupiah) and publicly offered at Rp 110 (full Rupiah) each. On 16 October 2006, the Company’s shares were listed in the Jakarta Stock Exchange.

c. Employees, Boards of Commissioners, and Directors

As of 31 December 2007 and 2006, the members of the Company’s Boards of Commissioners and Directors are as follows:

	<u>2007</u>	<u>2006</u>
<u>Commissioners</u>		
President Commissioner	: Hendrik Tee	Rennier Abdul Rachman Latief
Commissioner	: Sidarta Sidik	Gani Bustan
Commissioner (Independent)	: Siswanto	Siswanto
<u>Directors</u>		
President Director	: Arifin Wiguna	Arifin Wiguna
Director	: Shi Hong Chao	Hendrik Tee
	: Chua Thiam Joo	Kirtiyoso
	: F.X.Agus Edyono (unaffiliated)	F.X.Agus Edyono (unaffiliated)
		Purnomo Siswo Utomo

**PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006
(Expressed in thousand Rupiah, unless otherwise stated)**

1. **GENERAL** (Continued)

c. **Employees, Boards of Commissioners, and Directors** (Continued)

On December 2006, the President Commissioner establish an Audit Committee with the following members:

Chairman : Siswanto (Independent Commissioner)

Members : Chandra Kurniawan Halim
: Irwan Sujarwo Sianipar

Total salaries and allowance for the Group's directors and commissioners for the year ended 31 December 2007 amounted to Rp 7,727,563 and USD 368,664 (full USD) (2006: Rp 2,480,707).

For the year ended 31 December 2007, average number of permanent employees is 593 (2006: 496) for the Group and 77 (2006: 50) for the Company.

On 3 October 2006, the Company obtained the Notification of Effectivity of Share Registration from the Chairman of the Capital Market Supervisory Agency and Financial Institution (Bapepam – LK) through decree No. S-2260/BL/2006 for the Company's public offering of 5.000.000.000 ordinary shares, each with a nominal value of Rp 100 (full Rupiah) and publicly offered at Rp 110 (full Rupiah) each. On 16 October 2006, the Company's shares were listed in the Jakarta Stock Exchange.

d. **Subsidiaries**

The Company has direct and indirect investments of more than 50% of ownership in the following subsidiaries:

Direct ownership	Domicile	Year commercial operation commenced	Business activities	Percentage of ownership		Total Assets	
				2007	2006	2007	2006
PT Maxima Infrastruktur (MIS) and subsidiaries	Jakarta	2001	Industry, trading, service, construction, contractor, mining, agency, agriculture and transportation.	99.99%	99.99%	265,219,831	137,534,465
PT Manunggal Power (MP)	Jakarta	2006*	Construction, trading, mining and services.	99.99%	99.99%	697,790,498	256,841,897
PT Manunggal Infracolusi (MIF) and subsidiaries	Jakarta	2006*	Construction, trading, real estate, industry, printing, agribusiness, mining, services and transportation.	99.99%	99.99%	2,928,959,427	838,951,751
TAME Turnkey Construction PTE Ltd	Singapore	2007****	Industrial Plant Engineering Services	100%	-	80,356,459	-

*) Owned since 26 June 2006 (see Note 1e)

****) Owned since 13 April 2007 (see Note 1e)

PT TRUBA ALAM MANUNGGALENGINEERING Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006
(Expressed in thousand Rupiah, unless otherwise stated)

1. **GENERAL** (Continued)

d. **Subsidiaries** (Continued)

Indirect ownership	Domicile	Year commercial operation commenced	Business activities	Percentage of ownership		Total Assets		
				2007	2006	2007	2006	
<u>Through MIF</u>								
PT Manunggal Engineering (ME)	Jakarta	2006*	Construction, trading, industry, mining, and services.	99.99%	99.99%	113,894,623	54,202,322	
PT Truba Jaya Engineering (TJE) (previously PT Truba Jurong Engineering)	Jakarta	1976	General contractor, technical designing, installation and agency.	96%	51%	1,732,010,676	631,380,870	
<u>Through MP</u>								
PT Menamas Mitra Energi (Menamas)	Jakarta	2007***	Business in sale and purchase of electric power,	51%	-	176,147,374	-	
<u>Through MIS</u>								
PT Manunggal Multi Energi (MME)	Jakarta	2006**	Trade business, construction, industry and mining.	90.1%	90.1%	39,349,528	22,390,000	
PT Truba Segihan Utama (TSU)	Jakarta	2007*****	Mining, construction, contractor.	70%	-	17,690,261	-	
<u>Through TJE</u>								
Truba Jurong Engineering Pte. Ltd.	Singapore	1998	General contractor, construction consulting and procurement services.	100%	100%	165,341	3,328,364	
PT Anugerah Binaprakasa	Jakarta	1999	Production and marketing of chlorine.	95%	95%	6,242,877	5,687,260	
PT Truba Activated Carbonindo	Jakarta	1999	Production and marketing of activated carbon.	-	99.99%	-	496,040	
PT Gading Megah	Jakarta	1987	Marketing of chemical product.	90%	90%	4,361,360	5,089,718	
PT Truba Riau Mandiri Engineering	Pekanbaru	2001	General contractor.	70%	70%	18,895,018	21,638,770	

- *) Owned since 26 June 2006 (see Note 1 e)
 **) Owned since 29 December 2006 (see Note 1 e)
 ***) Owned since 19 April 2007 (see Note 1 e)
 *****) Owned since 21 February 2007 (see Note 1 e)

PT TRUBA ALAM MANUNGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006
(Expressed in thousand Rupiah, unless otherwise stated)

1. **GENERAL** (Continued)

e. **Investment and Acquisition**

On 19 April 2007, MP, a subsidiary, acquired PT Menamas Mitra Energi (Menamas) with ownership interest of 51%. Acquisition of Menamas was recorded using the purchase method. The excess of fair value of a subsidiary over acquisition cost at the time of acquisition is recorded in Goodwill account and amortised over a period of 20 (twenty) years. This transaction was effective on that date.

On 13 April 2007, the Company invested their ownership in TAME Turnkey Construction Pte Ltd amounting to USD 1 (full USD) in 1 share. The Company owned 1 share with 100% ownership.

On 21 February 2007, MIS, a subsidiary, acquired TSU with ownership interest 70%. Acquisition of TSU was recorded using the purchase method. The excess of acquisition cost over fair value of a subsidiary at the time of acquisition is recorded in goodwill account and amortised over a period of 3 (three) up to 20 (twenty) years. This transaction was effective on that date.

On 29 December 2006, MIS, a subsidiary, acquired MME with ownership interest of 90.1%. Acquisition of MME was recorded using the purchase method. The excess of acquisition cost over fair value of a subsidiary at the time of acquisition is recorded in Goodwill account and amortised over a period of 3 (three) up to 20 (twenty) years. This transaction was effective on that date.

On 27 December 2005, MIS, a subsidiary, acquired TJE with ownership interest of 48% which was eventually increased to 51% on 26 June 2006. Acquisition of TJE was recorded using the purchase method. The excess of acquisition cost over fair value of a subsidiary at the time of acquisition is recorded in goodwill account and amortised over a period of 3 years. On 26 July 2006, based on Minutes of Sales – Purchase of Shares (“*Berita Acara Jual Beli Saham*”) between MIS and MIF, both are subsidiaries, an agreement was made on the sale of 51% of TJE shares (equivalent to 76,500,000 shares) owned by MIS to MIF. This transaction represents a restructurisation transaction between entities under common control in accordance with **SFAS No. 38 “Accounting for Restructurisation of Entities Under Common Control”**, in which the transaction is recorded with a method similar to Pooling of Interest. Any difference that emerging from the above transaction is recorded in equity as Differences arising from restructuring transactions between entities under common control.

On 22 August 2007, based on the resolution of Extraordinary Shareholders’ General Meeting, the Company acquired 45% share in TJE from Jurong Engineering Singapore(third parties), with purchase amounting to Rp 219,289,110. Acquisition of TJE was recorded using the purchase method. The excess of fair value of a subsidiary over acquisition cost at the time of acquisition is recorded in Goodwill account and amortised over a period of 20 (twenty) years. This transaction was effective on that date.

In the Shareholders’ Extraordinary General Meeting on 26 June 2006, each represented by Notarial Deeds of Robert Purba, S.H., No. 62, 65, 68, and 71, the shareholders agreed to invest 99.99% of shares each for MIS, MP, MIF, and ME which was invested through MIF. This investment contributes revenues and net profit to the Group amounting to Rp 972,285,701 and Rp 34,941,198, respectively, for the period ended 31 December 2006. Assets acquired from MIS, MIF, and MP on 31 December 2006 are stated at Rp 137,534,465, Rp 838,951,751 and Rp 256,841,897 respectively (see Note 1d).

Total cost of acquisition of MIS, MIF and MP, are amounted to Rp 14,999,000, Rp 999,000 and Rp 999,000, respectively.

PT TRUBA ALAM MANUNGGA ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006
(Expressed in thousand Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Measurement and Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Indonesia which include Statement of Financial Accounting Standard (SFAS) implemented by Indonesian Institute of Accountants, Regulations No. VIII.G.7 (Revised 2000) imposed by the Capital Market Supervisory Agency (*Bapepam*) regarding "Guidelines on the Presentation of Financial Statements" and Guidelines for Presentation and Disclosure in Issuers or Industry Construction of Public Companies' Financial Statements as issued by Capital Market Supervisory Agency.

The basis of measurement and preparation of the consolidated financial statements is the concept of historical cost, unless otherwise stated. For example, investment in securities classified as securities available for sale is stated at fair value and certain fixed assets have been revalued in line with existing government regulations. The consolidated financial statements have been prepared using the accruals method, except for statements of cash flows.

The statements of cash flows are prepared using the direct method by grouping cash flows into operational, investing, and financing activities.

The reporting currency used in the preparation of these consolidated financial statements is the Rupiah (Rp).

b. Principles of Consolidation

All amounts in these consolidated financial statements, unless otherwise stated, are rounded off to the nearest thousand Rupiah.

The consolidated financial statements include the accounts of the Company and domestic and foreign controlled subsidiaries in which the Company directly or indirectly has ownership of more than 50% of voting rights, or if equal or less than 50%, the Company and subsidiaries have the ability to control the entity. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.

The effect of all material transactions and balances between companies in the Group has been eliminated in preparing the consolidated financial statements.

The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the Company and subsidiaries, unless otherwise stated.

The accounts of foreign subsidiaries that are integral to the Company are translated as if such foreign operation transactions are the Company's own transactions (see Note 1d).

Change in investment value as a result of change in subsidiary's equity which is not an intercompany transaction is recognized as a portion of equity in the account "Differences from transactions among entities in common control", and will be recognized as income or charge upon disposal of the said investment.

Ownership of the subsidiaries' equity by minority shareholders is presented as "Minority interest in net assets of subsidiaries" in the consolidated balance sheet. Minority Shareholders' portion of loss in subsidiaries is presented as "Minority Interest" in consolidated statements of income.

PT TRUBA ALAM MANUNGGA ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006
(Expressed in thousand Rupiah, unless otherwise stated)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

c. **Transactions with Related Parties**

The Group has transactions with related parties. The definition of related parties used is in accordance with SFAS No. 7 "Related Party Disclosures".

All transactions with related parties regardless of the conditions under which they were carried out, have been disclosed in the consolidated financial statements.

d. **Foreign Currency Translation**

Transactions denominated in a foreign currency are converted into Rupiah at the exchange rate prevailing at the date of the transaction. At the balance sheet date, monetary assets and liabilities in foreign currencies are translated at the exchange rate prevailing at that date.

Exchange gains and losses arising on transactions in foreign currencies and on the translation of foreign currency monetary assets and liabilities are recognised in the consolidated statement of income.

Bank Indonesia middle rates prevailing on 31 Desember 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
1 USD	9,419	9,020
1 SGD	6,502	5,878

e. **Investments in Associates**

Investments in associates companies in which the Group has between 20% and 50% of the voting rights, and over which the Group exercises significant influence, but which it does not control, are accounted for by the equity method.

Based on this method, the cost of investments is increased or decreased by subsidiaries share in the net earning/(losses) of the associates since the date of acquisition, less any cash dividend received. The difference between acquisition cost of investment and the proportion of ownership by subsidiaries over fair value of net assets of associates at the date of acquisition (goodwill), is amortised over a period of 3 (three) up to 20 (twenty) years using the straight line method.

Provisions are made for long term impairment in value.

f. **Investments in Debt and Equity Securities**

Investments in equity securities and debt securities that do not have readily determinable fair values are stated at cost and a provision is only made where, in the opinion of the directors, there has been a significant reduction or a permanent decline in the value of the investments.

For investments in equity securities and debt securities that have readily determinable fair values, management determines the appropriate classification of its investments at the time of purchase and reevaluates such determinations at each balance sheet date.

Debt securities are classified as "held to maturity" if the Company intends and is able to hold the aforementioned securities to maturity. This type of securities is recognised at discounted acquisition cost or after unamortised premiums.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Investments in Debt and Equity Securities (Continued)

Debt and equity securities purchased and held for trading in the near future are classified as securities held for trading and recognised at fair value, while unrealised gains are recorded in the consolidated statements of income.

Debt and equity securities not classified as either held to maturity securities or trading securities are classified as available for sale securities and carried at fair value, with unrealised gains and losses reported as a separate component of equity.

Costs of securities sold is determined using the weighted average method.

Dividends from investments are recognised when they are declared.

g. Cash and Cash Equivalents

The Group classified bank balances and unrestricted time deposits with less than 3 (three) months maturity at the time of placement or less from the date of placement as cash equivalents.

h. Receivables

Receivables are recorded net of provision for doubtful accounts, based on a review of the collectibility of outstanding amounts. Accounts are written-off as bad debts during the period in which they are determined to be not collectible.

i. Inventories

Inventories are stated at cost, after appropriate provision for obsolescence. Costs have been assigned to inventory quantities on hand at balance sheet date using the average cost method, which comprises the invoiced cost plus associated freight and duties.

The provision for obsolete and slow moving inventories is determined on the basis of estimated future usage of individual inventory items.

j. Goodwill

Goodwill represents the difference between acquisition cost of investment and fair value of net assets of the acquired companies at the time of investment. Goodwill is amortised using the straight line method for a period of 3 (three) to 20 (twenty) years, based on an assessment that the useful life of the main assets acquired by the Company and its subsidiaries through the investment is between 3 (three) and 20 (twenty) years.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fixed Assets and Depreciation

Fixed assets are stated at cost (or revaluated amount) less accumulated depreciation.

Fixed assets, except land, are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Building and improvement	20
Heavy equipment	5 – 8
Machineries (part of “heavy equipment”), office equipment, transportation equipment and furniture and fixtures	3 – 4

Acquisition of land is stated at cost and is not depreciated. Expenses relating to the acquisition or extension of land rights are deferred and amortised over the period of land rights. Included in the acquisition cost are expenses relating to the acquisition or extension of land rights.

The cost of maintenance and repairs is charged as an expense as incurred. Subsequent expenditures which extend the assets future life or provide further economic benefits are capitalised and depreciated based on applicable depreciation rates. When assets are disposed off, their carrying values and the related accumulated depreciation are eliminated from the consolidated financial statements. The resulting gains and losses on the disposal of fixed assets are taken into account in the current year as profit or loss.

l. Decline in Asset Value

The Group recognises loss arising from decline in asset value if the estimated recoverable amount of an asset is lower than its book value. On every balance sheet date, the Group conducts a review in order to determine indications of recovery declining in asset value. Recovery declining in asset value is recognised as profit in the period when the recovery as occurred.

m. Construction in Progress

Construction in progress is stated at cost. The accumulated costs will be reclassified into the appropriate fixed assets account when construction is completed and ready for use.

n. Intangible Assets

Costs associated with developing accounting and finance or maintenance computer software programmes are presented as intangible assets in accordance with **SFAS No. 19 “Intangible Assets” (revised)** and amortised using the straight line method over a maximum period of 3 years.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Transaction for Leases

Lease transactions are accounted for under the capital lease method if the following criteria are met:

- The lessee has an option to purchase the leased assets at the end of the lease period at a price mutually agreed upon at the commencement of the lease agreement.
- Total periodic payments plus residual value fully cover the acquisition cost of leased capital goods plus interest thereon which is the lessor's profit (full payout lease).
- Lease period covers a minimum of 2 (two) years.

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

Leased assets and liabilities under the capital lease method are recorded at the present value of the total installments plus residual value (option price).

Leased vehicles are depreciated using the straight line method for 8 (eight) years.

p. Recognition of Income and Expenses

Contract Profit Recognition

The profit on a construction contract is recognised as soon as it can be estimated reliably. The Company uses the percentage of completion method to determine the appropriate amount to recognise in a given period; the stage of completion is measured by reference to physical progress incurred to date to estimated total cost for each contract. The full amount of the anticipated loss, including any loss related to future work on the contract, is recognised in the period in which the loss is identified.

Recognition of Income from Sale of Coal

Income from sale of coal is recognised at the time of delivery to customers.

Expenses are recognized when incurred (Accrual Basis).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Taxation

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the assets can be utilised.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the results of the appeal are determined.

r. Employee benefits and pension benefits

Short-term employee benefits

Short-term employee benefits are recognised when they accrue to the employees.

Long-term and post employment benefits

The Group recognises long-term employee benefits and post-employment benefits in accordance with **SFAS No. 24 “Accounting for Pension Benefit” (Revised 2004)** which is in line with Labour Law No. 13/2003 (UU 13/2003). The Group is required to provide a pension program with a minimum benefit of equal to pension benefit determined by UU 13/2003. Pension benefit that conforms with UU 13/2003 named fixed pension benefit program.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, after considering factor as such as age, years of service and compensation.

The liability recognised in the consolidated balance sheet for pension benefits is the higher of pension obligation under the Group’s pension program or the Law 13/2003.

The pension benefits obligation is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality long-term bonds that are denominated in Rupiah in which the benefit will be paid, and that have term to maturity similar to the related pension liability.

Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions in excess of the greater of 10% of the fair value of plan assets or 10% of the present value of defined benefit obligation, are charged or credited to statements of income over the employees’ expected average remaining working lives.

Past service cost are recognised immediately in the consolidated statement of income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service cost are amortised on a straight-line basis over the vesting period.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Accounting for Restructuring of Entities under Common Control

Restructuring transaction among entities under common control is recorded as if using pooling interest method. Difference between investment cost and net book value of acquired assets, exclusive of retained earnings, is recorded as "Difference in Value Arising from Restructuring of Entities under Common Control" under equity in the consolidated balance sheet.

t. Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

u. Segmental Information

Segmental information is prepared in accordance with accounting policies adopted in the preparation of the consolidated financial statements.

The primary component of segmental reporting is its operational segments while its secondary component is geographical segment.

v. Net Income per Share

Income per share is calculated by dividing net income (loss) by weighted average circulated ordinary shares in 1 (one) year or 13,978,099,380 shares (2006: 13,000,000,000 shares).

w. Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

x. Stock Issuance Costs

In accordance with the Decision Letter of Bapepam No. Kep-06/PM/2000 dated 13 March 2000, the stock issuance costs were deducted from the proceeds of the offering of stocks and presented as a deduction of additional paid-in capital account in the Equity section of the balance sheets.

y. Derivative Financial Instrument

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. These derivative financial instruments are used to manage exposure to foreign currency fluctuation. Accordingly, gains or losses on derivative financial instruments are recognized in the statements of income. For accounting purposes, derivative instruments are not applied as hedging instruments. The Company do not use derivative financial instruments for speculative purposes.

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3. CASH AND CASH EQUIVALENTS

	<u>2007</u>	<u>2006</u>
Cash and Bank		
Cash on hand	269,072	150,097
Cash in banks		
Rupiah		
PT Bank Lippo Tbk	69,585,248	12,310,645
PT Bank Bukopin Tbk	8,158,395	-
PT Bank Negara Indonesia (Persero) Tbk	7,959,593	12,237,525
PT Bank International Indonesia Tbk	1,906,919	-
PT Bank Mandiri (Persero) Tbk	1,905,328	-
PT Bank Mizuho Indonesia	979,433	-
PT Bank Pan Indonesia Tbk	464,806	-
PT Bank Mega Tbk	407,735	317,737
PT Bank Rakyat Indonesia Tbk	285,516	-
PT Bank Capital Tbk	186,644	-
Hong Kong and Shanghai Bank Corporation	-	15,285,214
Others (below Rp 100 million)	264,698	20,247
	<u>92,104,315</u>	<u>40,171,368</u>
USD		
PT Bank Mizuho Indonesia	7,455,395	-
PT Bank Negara Indonesia (Persero) Tbk	2,675,108	8,905,789
PT Bank Lippo Tbk	2,419,504	-
PT Bank International Indonesia Tbk	454,050	-
Bank Finconesia	408,818	-
Bank OCBC	371,611	1,665,021
Deutschbank	327,743	-
Bank International Indonesia – Mauritius	180,947	-
PT Bank Pan Indonesia Tbk	107,897	-
PT Bank Mandiri (Persero) Tbk	104,102	-
Others (below Rp 100 million)	125,033	-
	<u>14,630,208</u>	<u>10,570,810</u>
SGD		
Bank OCBC	188,605	-
Citibank N. A., Jakarta	31,244	25,328
	<u>219,849</u>	<u>25,328</u>
Total cash in banks	<u>106,954,372</u>	<u>50,767,506</u>
Total cash and bank	<u>107,223,444</u>	<u>50,917,603</u>

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3. CASH AND CASH EQUIVALENTS (Continued)

	<u>2007</u>	<u>2006</u>
Cash equivalents		
Time deposits		
Rupiah		
PT Bank Pan Indonesia Tbk	527,662,740	150,000,000
Bank Finconesia	432,000,000	-
PT Bank Negara Indonesia (Persero) Tbk	110,000,000	22,575,000
PT Bank Bukopin Tbk	100,000,000	-
PT Bank Mandiri (Persero) Tbk	100,000,000	-
PT Bank Capital Tbk	10,000,000	-
PT Bank Arthagraha	1,079,692	1,006,740
PT Bank Central Asia Tbk	1,000,000	358,860,086
PT Bank Mega Tbk	-	25,000,000
	<u>1,281,742,432</u>	<u>557,441,826</u>
USD		
Bank Finconesia	226,056,000	-
BII – Mauritius	94,190,000	-
PT Bank International Indonesia Tbk	94,190,000	-
PT Bank Negara Indonesia (Persero) Tbk	54,387,190	-
PT Bank Lippo Tbk	9,419,000	-
Bank OCBC	8,288,720	-
PT Bank Mizuho Indonesia	4,709,500	-
	<u>491,240,410</u>	<u>-</u>
Total cash equivalents	<u>1,772,982,842</u>	<u>557,441,826</u>
Total	<u>1,880,206,286</u>	<u>608,359,429</u>

Time deposits and on call deposits represent deposits in Rupiah and USD will be matured, the annual interest is ranging from:

	2007	2006
Rupiah	7% -12.5%	7% -12.5%
USD	4% -5.37%	4% -4.75%

Refer to Note 33 for balances in foreign currencies.

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4. SHORT-TERM INVESTMENTS

	<u>2007</u>	<u>2006</u>
PT Treasure Fund Investama	299,263,184	9,118,000
PT Minna Padi Aset Management	-	90,792,427
Total	<u>299,263,184</u>	<u>99,910,427</u>

The Company and its subsidiaries entered into an investment management agreement with PT Treasure Fund Investama (TFI), third party, with maturity of less than one year since the placement of funds. The Company and its subsidiaries are entitled to proceeds arising from the investment management in the form of dividends, interest and difference between selling price and purchase price of marketable securities. The fund placements are to serve the purpose gaining sufficient income from investments.

Based on investment management report released by TFI for the year ended 31 December 2007, the value of short-term investment owned consist of:

- ? Amounting to Rp 123,631,240 is belonging to the Company that had been placed since January 2007, and
- ? Amounting to Rp 175,631,944 is belonging to TJE, a subsidiary, that had been placed since 19 December 2007.

The above fund placements are to serve the purpose gaining sufficient income from investments.

On 26 June 2006, the Company and its subsidiaries (MIS and MIF) invested in PT Minna Padi Asset Management, third party (Minna), amounting to Rp 90,792,427 with maturity of less than one year since the placement of funds in marketable securities in the form of private or public shares or short-term or long-term bonds through Minna, acting as fund manager. On 5 January 2007, the Company has transferred their investment from Minna to TFI

On 2 November 2006, MIS, through MME, (both are subsidiary) entered into an investment management agreement amounting to Rp 9,118,000 which is valid for 1 (one) year from the receipt of funds.

Fair value of securities is determined from their market value (*Marked to market*).

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5. TRADE RECEIVABLES

Trade receivables based on purpose of of sales are as follows:

	<u>2007</u>	<u>2006</u>
Third parties		
Shanghai Electric	138,745,401	-
PT Tripatra Engineering	110,093,753	57,135,905
PT Pec-Tech Indonesia	32,732,213	8,450,559
JGC/KBR Indonesia	16,441,702	7,682,709
PT Kurnia Unggul Sejahtera	14,500,000	-
PT Central Proteinaprima	11,168,970	-
PT Tanjung Enim Lestari	9,664,040	6,925,374
PT International Nickel Indonesia	8,169,887	11,403,497
PT Bumi Pasir Mandiri	6,236,751	-
PT Riau Andalan Pulp & Paper	5,488,803	7,404,557
PT Indah Kiat Pulp & Paper	5,114,067	3,087,806
PT Barata Indonesia (Persero)	4,542,594	4,542,594
PT Segara Hero Sakti	4,500,000	-
Chengda Engineering Corporation	3,362,583	15,224,373
Asia Prima Kimia	2,322,372	-
PT Pec-Tech Cranes & Heavy Equipment	1,973,479	1,798,344
PT Jurong Engineering Lestari	1,791,774	-
PT Thames Pam Jaya	1,695,287	720,390
Kobe Steel Ltd	1,289,809	-
Mitsubishi Corporation	1,198,589	20,313,924
Lunafa Bara Prima	1,160,158	-
PT Pertamina (Persero)	1,147,715	-
PT Holcim Indonesia	879,412	1,551,028
Rockwood Material H	826,416	803,670
PT Dwi Prima Sembada	799,791	1,439,503
CV Borneo	602,019	-
Pelayaran Menaratama	586,000	-
PT Kasih Industri Indonesia	-	13,090,513
PT Kaltim Industrial Estate	-	2,789,335
PT Perusahaan Listrik Negara (Persero)	-	1,506,892
PT Alsthom Power Energy	-	1,504,298
Xiamen Huadian	-	1,359,881
PT Toba Pulp Lestari Tbk,	-	1,064,928
Mitsui Engineering & Shipping Co. Ltd.	-	624,692
Others (below Rp 500 million)	<u>39,363,993</u>	<u>6,064,415</u>
Gross	426,397,578	176,489,187
Provision for doubtful account	<u>(7,689,326)</u>	<u>(1,454,611)</u>
Net	<u><u>418,708,252</u></u>	<u><u>175,034,576</u></u>

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5. TRADE RECEIVABLES (Continued)

Movement of provision for doubtful accounts is as follows:

	<u>2007</u>	<u>2006</u>
Balance at beginning of year	1,454,611	1,427,128
Changes in current year:		
Addition of provision	8,731,908	27,483
Receivables written-off	(2,497,193)	-
Balance at end of year	<u><u>7,689,326</u></u>	<u><u>1,454,611</u></u>

Aging analysis of trade receivables is as follows:

	<u>2007</u>	<u>2006</u>
Not yet due	138,460,096	83,239,053
Overdue:		
1-30 days	199,404,938	35,398,005
31-60 days	47,445,753	15,110,563
61-90 days	5,787,571	25,586,660
91-150 days	16,627,560	4,547,272
Over 150 days	18,671,660	12,607,634
Total	<u><u>426,397,578</u></u>	<u><u>176,489,187</u></u>

Based on a review of the status of receivables from each customer for the years ended 31 December 2007 and 2006, the Group's management is of the opinion that provision for doubtful account is sufficient to cover the potential losses arising from uncollectability of the above receivables.

On 31 Desember 2007, trade receivables amounting to Rp 45,361,210 (2006: Rp 5,749,000) have been provided as collateral related to the several loans as described in Note 24.

Refer to Note 33 for balances in foreign currencies.

6. RETENTION RECEIVABLES – THIRD PARTIES

Retention receivables represent portion of the billings withheld by the project owners ranging from 5% to 15% of progress billed. The retention will be released to the Company after the guarantee period has satisfactorily passed. The guarantee period generally covers one year after the date of project completion.

Claims arising from contracts that can be compensated are limited to those covered by the clauses in the contract. At end of each project TJE generally makes sufficient provision for potential claims. Underestimation of provision, if any, will be expensed in the current year's profit (loss) statement. Recognition of the underestimation is made at the time of occurrence.

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6. RETENTION RECEIVABLES – THIRD PARTIES (Continued)

The details of Company's retention receivables are as follows :

	<u>2007</u>	<u>2006</u>
PT Tripatra Engineering Teknologi Indonesia	24,934,971	3,496,644
JGC/KBR Indonesia	18,367,974	895,309
Chengda Engineering Corporation	11,340,476	21,720,160
PT Pratama Energi Konstruksi Teknologi Indonesia	7,555,771	5,892,315
PT Jurong Engineering Lestari	2,772,730	-
Kobe Steel Ltd	2,321,209	-
PT Indah Kiat Pulp & Paper	1,184,006	-
Mitsubishi Corporation	-	2,835,873
PT Kaltim Indonesia Engineering	-	4,817,712
Others (below Rp 500 million)	<u>1,300,927</u>	<u>1,132,303</u>
Gross	69,778,064	40,790,316
Provision for doubtful account	<u>(22,611)</u>	<u>(22,611)</u>
Net	<u><u>69,755,453</u></u>	<u><u>40,767,705</u></u>

Movement of provision for doubtful accounts is as follows:

	<u>2007</u>	<u>2006</u>
Balance at beginning of year	22,611	22,611
Changes in current year:		
Addition of provision	-	-
Receivables written-off	<u>-</u>	<u>-</u>
Balance at end of year	<u><u>22,611</u></u>	<u><u>22,611</u></u>

Based on a review of the status of receivables from each customer for the years ended 31 December 2007 and 2006, the Group's management is of the opinion that allowance for doubtful account is sufficient to cover the potential losses arising from uncollectability of the above receivables.

Refer to Note 33 for balances in foreign currencies.

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7. UNBILLED CONTRACT REVENUES – THIRD PARTIES

Unbilled contract revenue represents the difference between the estimated progress of ongoing projects at the end of the year based on percentage-of-completion method and total amount billed to the owners.

Details of cost of construction and billings made TJE, a subsidiary up to the balance sheet date are as follows:

	<u>2007</u>	<u>2006</u>
Cumulative cost of construction	2,907,916,300	1,396,561,829
Recognized cumulative construction profit	382,528,303	185,822,527
Less:		
Billings up to date	<u>(3,123,930,039)</u>	<u>(1,489,492,605)</u>
Total	<u>166,514,564</u>	<u>92,891,751</u>

Detail of unbilled contract revenue for construction work still in progress is as follows:

	<u>2007</u>	<u>2006</u>
PT Tripatra Engineering	72,366,291	43,393,997
Mitsubishi Corporation	30,126,727	10,842,587
Kobe Steel Ltd	24,767,411	-
PT Pec-Tech Indonesia	23,487,586	-
Sengkang Energy	6,503,621	-
PT Jurong Engineering Lestari	5,980,099	-
PT Tanjung Enim Lestari	1,476,767	1,805,086
PT Holcim Indonesia	583,418	1,430,742
Pemda Bengkalis	505,453	505,453
PT Riau Andalan Pulp & Paper	165,785	13,088,439
PT International Nickel Indonesia	-	1,518,066
PT Indah Kiat Pulp & Paper	-	1,123,000
Chengda Engineering Corporation	-	16,374,845
Xiamen Huadian	-	1,980,771
Others (below Rp 500 million)	<u>551,406</u>	<u>828,765</u>
Total	<u>166,514,564</u>	<u>92,891,751</u>

Refer to Note 33 for balances in foreign currencies.

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8. RELATED PARTY INFORMATION

The Group, in their regular conduct of business, have engaged in transactions with related parties principally consisting of revenue, purchases, advances, office rental, loan and other financial transactions using the same pricing policies and conditions as those transactions with third parties.

a. Nature of relationship and transactions:

Details of the nature of relationships and transactions with related parties are as follows:

- i. Under common controlled entities.
- ii. Associated company.
- iii. The company which have the same key management.
- iv. Owned by Company's employee and subsidiaries.

b. Summary

Assets and liabilities arising from transactions with related parties are as follows:

	<u>2007</u>	<u>2006</u>
Current assets		
Trade receivables		
PT Cilegon Fabricators	389,593	170,599
Truba Arabia Co. Ltd.	333,991	1,719,746
PT Jurong Engineering Lestari	-	9,796,877
PT Global Jaringan Nusantara	-	350,677
Others (below Rp 100 million)	-	34,832
Total	<u>723,584</u>	<u>12,072,731</u>

Receivables from related parties represent 0.01% of total consolidated assets in 2007 (2006: 0.67%).

	<u>2007</u>	<u>2006</u>
Retention receivables		
PT Jurong Engineering Lestari	-	10,130,213

Retention receivables from related parties represent Nil% of total consolidated assets in 2007 (2006: 0.56%).

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8. RELATED PARTY INFORMATION (Continued)

b. Summary (Continued)

	<u>2007</u>	<u>2006</u>
Other receivables		
Koperasi Tri Tunggal	1,201,548	101,322
Gulf Truba Engineering Construction, Co. W.L.L.	1,006,019	1,260,630
PT Truba Dewata Guna Prasada	821,178	940,643
Kerjasama Truba Indokomas	-	477,590
Other (below 100 million)	<u>554,370</u>	<u>184,796</u>
Gross	3,583,115	2,964,981
Provision for doubtful account	<u>(539,660)</u>	<u>(539,660)</u>
Net	<u><u>3,043,455</u></u>	<u><u>2,425,321</u></u>

Other receivables from related parties represent 0.06% of total consolidated assets in 2007 (2006: 0.13%).

	<u>2007</u>	<u>2006</u>
Non-current assets		
Due from		
PT Truba Dewata Guna Prasada	735,016	735,016
PT Global Jaringan Nusantara	-	809,510
Business to Business (B2B)	-	447,993
Gross	<u>735,016</u>	<u>1,992,519</u>
Provision for uncollectable accounts	<u>-</u>	<u>(1,269,750)</u>
Net	<u><u>735,016</u></u>	<u><u>722,769</u></u>

Due from related parties represent 0.01% of total consolidated assets in 2007 (2006: 0.04%).

Due from PT Truba Dewata Guna Prasada represents loan for working capital purposes with interest rate of 17%. On 31 January 2007, TJE, a subsidiary, and PT Truba Dewata Guna Prasada agreed to discharge the 17% interest rate commencing 1 January 2006.

On 30 June 2007, TJE, a subsidiary, write-off the loan and provision for uncollectible loan to PT Global Jaringan Nusantara and Business to Business. The written-off was conducted because of certainty in current period that both companies could not afford to pay the given loan.

Based on a review of the status of receivables from related parties for the years ended 31 December 2007, and 2006, the Group's management is of the opinion that provision for doubtful accounts is sufficient to cover potential losses arising from uncollectability of the above receivables.

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8. RELATED PARTY INFORMATION (Continued)

b. Summary (Continued)

	<u>2007</u>	<u>2006</u>
Current liabilities		
Trade payables		
PT Menamas (Mena)	1,720,494	-
PT Cilegon Fabricators	501,402	-
PT Prasada Samya Mukti	304,658	549,092
Koperasi Tri Tunggal	-	152,367
Others (below Rp 100 million)	246,179	512,422
Retention payable		
PT Cilegon Fabricators	68,037	1,653,985
Koperasi Tri Tunggal	<u>41,122</u>	<u>-</u>
	<u>2,881,892</u>	<u>2,867,866</u>

Trade payable from related parties represent 0.09% of total consolidated liabilities in 2007 (2006: 0.94%).

	<u>2007</u>	<u>2006</u>
Contract advances		
PT Jurong Engineering Lestari	<u>-</u>	<u>891,474</u>

Contract advances from related parties represent Nil% of total consolidated liabilities in 2007 (2006: 0.29%).

Non-current liabilities

Shareholders loan

This account represent subordinate loan without interest received by the Company from PT Alam Manunggal (AM), the stockholder, amounting to Rp 2,563,206,598, as a part on bond issued by Indo Infrastructure Pte. Ltd amounting to Rp 300,000,000 (full USD) (see Note 36.k).

Shareholders loan are 79.54% of total consolidated liabilities per 31 December 2007 (2006: Nil).

	<u>2007</u>	<u>2006</u>
Revenues		
PT Jurong Engineering Lestari	11,042,956	62,958,004
PT Cilegon Fabricators	<u>198,768</u>	<u>198,708</u>
Total	<u>11,241,724</u>	<u>63,156,712</u>

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8. RELATED PARTY INFORMATION (Continued)

b. Summary (Continued)

Revenue from PT Jurong Engineering Lestari in 2007 amounted Rp 11,042,956 described revenue for 6 months, because since July 2007, PT Jurong Engineering Lestari was third party as a result of TJE's share transfer from Jurong Engineering Ltd. to PT Manunggal Infracolusi.

Revenues from related parties represent 0.75% of total consolidated revenues in 2007 (2006: 6.50%).

	<u>2007</u>	<u>2006</u>
Purchases		
PT Prasada Samya Mukti	3,411,258	-
Koperasi Tri Tunggal	2,914,460	2,154,917
PT Cilegon Fabricators	1,742,580	4,646,362
Total	<u>8,068,298</u>	<u>6,801,279</u>

Purchases from related parties represent 0.69% of total consolidated cost of sales in 2007 (2006: 0.80%).

	<u>2007</u>	<u>2006</u>
Office rent expense		
PT Prasada Samya Mukti	<u>2,335,701</u>	<u>2,321,400</u>

Office rent expense to related parties expressed 1.50% of total consolidated operating expense in 2007 (2006: 3.07%).

The rent agreement with PT Prasada Samya Mukti was made based on The Rent Agreement No. LGL-SWpsm0001-0105 dated 3 January 2005, amended by The Rent Agreement Amendment No. LGL-SWpsm0001-0106 dated 26 December 2005. The Rent Agreement was valid for 1 year since 1 January 2006 and ended on 1 January 2007 and could be extended in accordance with both parties dealing. The rent was conducted in normal transaction.

c. Aging schedule of receivables

	<u>2007</u>	<u>2006</u>
Not yet due	-	8,464,612
Overdue:		
1-30 days	18,221	1,298,702
31-60 days	36,441	39,496
61-90 days	18,221	37,549
91-150 days	36,441	55,903
Over 150 days	614,260	2,176,469
Total	<u>723,584</u>	<u>12,072,731</u>

Refer to Note 33 for balances in foreign currencies.

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9. INVENTORIES

Inventories consist of:

	<u>2007</u>	<u>2006</u>
Construction materials	2,906,383	1,145,384
Consumables	3,388,536	1,949,107
Tools	1,276,828	1,511,547
Raw materials	43,763	30,282
Finished goods	<u>32,487</u>	<u>828,010</u>
Total	<u><u>7,647,997</u></u>	<u><u>5,464,330</u></u>

Inventories have been pledged as collaterals in order to obtain several loans as described in Note 24.

Based on a review of the status of physical inventories for the years ended 31 December 2007 and 2006, the Group's management is of the opinion that provision for inventory obsolescence is unnecessary to cover potential decline in the value of inventories.

Management is of the opinion that due to the insignificant value of construction materials, consumables, tools, finished goods and raw materials, their insurance is unnecessary.

10. ADVANCES AND PREPAID EXPENSES

	<u>2007</u>	<u>2006</u>
Prepaid expenses		
Projects	67,014,898	75,551,801
Operational	25,723,741	-
Rent	5,036,531	466,180
Insurance	2,235,332	645,511
Bond issuance cost	1,076,284	-
Others	<u>2,682,640</u>	<u>-</u>
	<u>103,769,426</u>	<u>76,663,492</u>
Advances		
Shares purchase	130,918,729	-
Operational	25,495,884	-
Coal's purchases	19,361,117	36,504,976
Others	<u>27,652,589</u>	<u>19,035,012</u>
	<u>203,428,319</u>	<u>55,539,988</u>
Others - Construction in progress	<u>165,226,010</u>	<u>21,768,476</u>
Total	<u><u>472,423,755</u></u>	<u><u>153,971,956</u></u>

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10. **ADVANCES AND PREPAID EXPENSES** (Continued)

Project prepaid expenses consist mainly of expenses on project office facilities and expenses occurring before revenues are generated from the related projects, including tender and other expenses with the following details:

Project owners	Balance		Percentage of Completion	
	2007	2006	2007	2006
Kobe Steel	9,490,844	-	51%	-
Mitsubishi Corporation	8,532,442	-	1%	-
Chengda Eng. Corp	8,288,013	-	1%	-
JGC / KBR Indonesia	4,109,549	42,882,656	45%	4%
PT International Nickel Indonesia	3,351,369	-	96%	-
PT Jurong Engineering Lestari	1,325,746	-	99%	-
PT Maxima Infrastruktur	963,569	-	3%	-
PT Tripatra Engineering	918,285	2,988,638	93%	35%
PT Riau Andalan Pulp & Paper	859,048	12,576,178	99%	99%
PT INCO	-	1,737,097	-	100%
Other project (below Rp500 million)	29,176,033	15,367,232	-	-
Total	67,014,898	75,551,801		

Project advances consist mainly advances for subcontractor and supplier. Advances purchase of shares mainly represent advances for purchase of PT Meta Epsi shares (Note 36). Operational advances consist mainly of travel expenses and operational expenses incurred by employees assigned to specific projects in need of immediate realization.

Refer to Note 33 for balances in foreign currencies.

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11. INVESTMENTS

a. Investment in associates

Investment	% of ownership 31/12/2007	2007					31/12/2007
		31/12/2006	Net income/ (loss)	Dividends	Additions	Disposals	
PT Prasada Samya Mukti	49.00	10,200,239 (	1,668,421)	(629,261)	-	-	7,902,557
PT Truba Dewata Guna Prasada	48.00	1,869,643 (	215,706)	-	-	-	1,653,937
PT Gulf Truba Engineering and Construction Co. W.L.L	49.00	693,538 (	147,146)	-	-	-	546,392
Truba Arabia Co. Ltd.	50.00	14,344,891	12,330,168	-	-	(363,892)	26,311,167
Rotex Engineering & Service Pte.Ltd	50.00	808,714	-	-	-	(808,714)	-
Maxima Coal Pte Ltd	50.00	-	-	-	3,241,599	-	3,241,599
Meta Epsi	28.91	-	-	-	57,779,912	-	57,779,912
		<u>27,917,025</u>	<u>10,298,895</u>	<u>(629,261)</u>	<u>61,021,511</u>	<u>(1,172,606)</u>	<u>97,435,564</u>

Investment	% of ownership 31/12/2006	2006					31/12/2006
		31/12/2005	Net income/ (loss)	Dividends	Additions	Disposals	
PT Prasada Samya Mukti	49.00	9,208,592	1,087,881 (	96,234)	-	-	10,200,239
PT Truba Dewata Guna Prasada	48.00	1,861,121	8,522	-	-	-	1,869,643
PT Gulf Truba Engineering and Construction Co. W.L.L	49.00	693,538	-	-	-	-	693,538
Truba Arabia Co. Ltd	50.00	462,275	3,900,257	-	9,982,359	-	14,344,891
Rotex Engineering & Service Pte. Ltd	50.00	<u>405,734</u>	-	-	<u>402,980</u>	-	<u>808,714</u>
		<u>12,631,260</u>	<u>4,996,660</u>	<u>(96,234)</u>	<u>10,385,339</u>	-	<u>27,917,025</u>

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11. INVESTMENTS (Continued)

b. Other long-term investments

i. Investment in equity securities – Third parties

	<u>2007</u>	<u>2006</u>
PT Cilegon Fabricators (Percentage of ownership: 11%)	28,313,225	28,313,225
Dot-Comindo Inc. (Percentage of ownership: 16%)	4,287,904	4,287,904
PT Central Daya Energi (Percentage of ownership: 19.9%)	501,050	-
PT Bangka Manunggal Power (Percentage of ownership: 19.6%)	245,000	-
PT Equator Manunggal Power (Percentage of ownership: 19.6%)	196,000	-
PT Ranyza Energi (Percentage of ownership: 19%)	190,000	-
PT Banyuasin Power Energi (Percentage of ownership: 19%)	<u>234,000</u>	<u>-</u>
Carrying amount	33,967,179	32,601,129
Provision for decline in value of investments	<u>(18,111,281)</u>	<u>(18,111,281)</u>
	<u>15,855,898</u>	<u>14,489,848</u>

ii. Investment in securities held to maturity – Third parties

	<u>2007</u>	<u>2006</u>
PT Indah Kiat S. A1 Rp 1.000.000 Coupon SBI + 3%	<u>791,607</u>	<u>879,466</u>

iii. Investment in notes receivables

	<u>2007</u>	<u>2006</u>
Goal Trading Assets Ltd	<u>-</u>	<u>401,172,616</u>
Total other long-term investments	<u>16,647,505</u>	<u>416,541,930</u>

On 31 July 2007, based on Notarial Deed of Benediktus Andy Widyanto, SH., No. 19, MIF and MP, both are subsidiary, invested in share of stock to PT Suar Alam Engineering (SAE) with shares ownership interest amounting to Rp 2,499,000 (2,499 shares @ Rp 1,000,000) and Rp 1,000 (1 share @ Rp 1,000,000) by MIF and MP, respectively, or of 25% from SAE total paid in capital. Up to 31 December 2007, the ownership interest of MIF and MP are Rp 9,999,000 (9,999 shares @ Rp 1,000,000) and Rp 1,000 (1 share @ Rp 1,000,000), respectively, or of 100% from SAE total paid in capital.

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11. INVESTMENTS (Continued)

b. Other long-term investments (Continued)

On 20 March 2007, based on Notarial Deed of Benediktus Andy Widyanto S.H., No. 10, MP, a subsidiary invested in share of stock to PT Banyuasin Power Energy (BPE) with shares ownership interest by MP, a subsidiary amounting to Rp 234,000 (234 shares @ Rp 1,000,000) or of 19% from BPE total paid-in capital.

On 20 March 2007, based on Notarial Deed of Benediktus Andy Widyanto S.H., No. 9, MP, a subsidiary, invested in share of stock to PT Bangka Manunggal Power (BMP) with shares ownership interest by MP, a subsidiary amounting to Rp 245,000 (245,000 shares @ Rp 1,000) or of 19.6% from BMP total paid-in capital.

On 16 March 2007, based on Notarial Deed of Benediktus Andy Widyanto S.H., No. 8, MP, a subsidiary, invested in share of stock to PT Ranyza Energi (RE) with shares ownership interest by MP, a subsidiary, amounting to Rp 190,000 (190 shares @ Rp 1,000,000) or of 19% from RE total paid-in capital.

On 12 March 2007, based on Notarial Deed of Benediktus Andy Widyanto S.H., No. 5, MP, a subsidiary, invested in share of stock to PT Equator Manunggal Power (EMP) which operates in trading, service, industry, and construction particularly in electricity. With shares ownership interest by MP, a subsidiary, amounting to Rp 196,000 (196 shares @ Rp 1,000,000) or of 19.6% from EMP total paid-in capital.

Based on share sale-purchase agreement which Notarial Deed of Suwarni Sukiman, S.H., No 48, dated 18 January 2007, there had been a sale of 54,670 shares PT Central Daya Energi each with a nominal value of USD 1 equivalent with Rp 9,165 which previously owned by Sirius Power Plant Investment Ltd to MP, a subsidiary.

Notes receivable with a nominal amount of USD 45,000,000 (full USD) incurred by MIF and MP, the subsidiaries, at a fixed rate of Rp 9,256 (full Rupiah) per 1 USD issued on 26 June 2006 by Goal Trading Assets Ltd, with acquisition price of Rp 398,000,000 (equivalent with USD 43,000,000 (full USD)), and discounted result for 3 (three) years amounting to 4.65% of the acquisition price or an average of 1.55% per annum.

The above notes receivable are secured by fixed assets owned by PT Kertas Basuki Rachmat (KBR), third party, consisting of several plots of land located in Banyuwangi, East Java, machineries, motor vehicles and inventories amounting to Rp 1,219,754,620 (based on appraisal carried out by PT Fierra Admiratiara, an independent appraiser on 26 June 2006). Commitments to the above collaterals are currently in process.

Master Agreement dated 26 June 2006, which made among the Company, Goal Trading Assets Ltd and KBR was ceased on 27 June 2007. On 27 June 2007, the amount of Rp 151,403,946 of such withdrawal, which was the Company portion through MIF, a subsidiary, has been placed in time deposit in PT Bank Mega Tbk for 1 (one) month period maturing 27 July 2007, with interest rate of 8.25% per annum and automatically rolled over, and the amount to Rp 252,783,737 which was the Company portion through MP, a subsidiary, has been invested in TFI (see Note 4).

No gain (loss) on foreign exchange is derived from the above transaction due to the use of a fixed rate of Rp 9,256 (full Rupiah) per 1 USD upon maturity, and management's intention to withdraw the notes receivable in Rupiah.

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12. TRADE FINANCING

Trade financing represent the Group's trade financing for working capital purposes to the following entities:

Company's name	Business activity	2007	2006
PT Central Daya Energi	Power plant	998,684,898	-
PT Ranyza Energi	Other main trading	42,217,477	-
PT Equator Manunggal Power	Other main trading	10,701,195	-
PT Bangka Manunggal Power	Other main trading	6,702,229	-
PT Basin Coal Mining	Other main trading	4,868,188	-
PT Manunggal Papua Mining	Other main trading	1,000,170	-
PT Banyuasin Power Energi	Other main trading	828,019	-
PT Asricitra Pratama	Computer equipment supply	538,833	1,462,545
PT Pangaji Mario Refconindo	Coal supply	72,350	69,286
PT Nadya Baja Nusantara	Silica supply	-	1,347,594
PT Sekarbumi Ayupeni	Railway slepeer supply	-	1,106,562
PT Gema Adi Mustikasakti	Tapioca flour supply	-	1,001,903
PT Anugerah Banjar Coalindo	Celter box supply	-	312,608
Gross		1,065,613,359	5,300,498
Provision for uncollectible trade financing		(47,673)	(3,768,667)
Net		<u>1,065,565,686</u>	<u>1,531,831</u>

On 27 December 2007, TJE, a subsidiary and PT Central Daya Energi has signed "the Agreement for Profit Sharing of Electricity Power Diesel Power". Based on the agreement, the Company would place fund which is callable anytime, both partially or full with written notification from all parties. The Agreement value amounted Rp 450,000,000 with terms for 3 (three) years since signing dated. For the fund placement, the Company would receive the profit sharing for each month during 3 (three) years, as 50% (fifty percent) of *fixed tariff* for:

1. Project located at Desa Bumi Dipasena, Kecamatan Rawa Jitu Selatan, Kabupaten Menggala, Propinsi Lampung;
2. Project located at Desa Bumi Pratama Mandira, Kecamatan Pematang Panggang, Kabupaten Ogan Komering Ilir, Propinsi Sumatera Selatan; and
3. Project located at Desa Bratasena Adiwarna, Kecamatan Menggala, Kotamadya Tulang Bawang, Propinsi Lampung.

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12. **TRADE FINANCING** (Continued)

An analysis of the movements in balance of the provision for uncollectible trade financing is as follows:

	<u>2007</u>	<u>2006</u>
Provision for uncollectible trade financing - beginning	3,768,667	3,768,667
Trade financing written-off	(3,720,994)	-
Provision for uncollectible trade financing - ending	<u>47,673</u>	<u>3,768,667</u>

13. **FIXED ASSETS**

	<u>2007</u>			
	<u>Beginning</u>	<u>Addition</u>	<u>Disposal</u>	<u>Ending</u>
Acquisition cost				
Direct ownership				
Land	22,783,012	22,395,465	-	45,178,477
Buildings and improvement	12,424,591	30,561,292	610	42,985,273
Heavy equipment	107,990,196	233,024,419	-	341,014,615
Office equipment	14,235,615	10,810,980	457,765	24,588,830
Transportation equipment	18,683,925	12,124,753	2,902,734	27,905,944
Furniture and fixtures	2,404,270	697,866	-	3,102,136
Indirect ownership				
Vehicle	-	10,764,711	-	10,764,711
Machinery	-	1,812,382	-	1,812,382
Construction in progress	-	27,272,270	-	27,272,270
	<u>178,521,609</u>	<u>349,464,138</u>	<u>3,361,109</u>	<u>524,624,638</u>
Joint operation				
Office equipment	73,500	-	-	73,500
Total acquisition cost	<u>178,595,109</u>	<u>349,464,138</u>	<u>3,361,109</u>	<u>524,698,138</u>
Accumulated depreciation				
Direct ownership				
Buildings and improvement	3,765,931	4,185,984	-	7,951,915
Heavy equipment	76,387,460	41,064,854	-	117,452,314
Office equipment	8,566,592	4,476,493	260,429	12,782,656
Transportation equipment	8,329,667	5,059,675	2,035,786	11,353,556
Furniture and fixtures	619,841	503,466	13,298	1,110,009
Indirect ownership				
Vehicle	-	617,230	242,052	375,178
Machinery	-	18,878	-	18,878
	<u>97,669,491</u>	<u>55,926,580</u>	<u>2,551,565</u>	<u>151,044,506</u>
Joint operation				
Office equipment	70,154	3,216	-	73,370
Total accumulated depreciation	<u>97,739,645</u>	<u>55,929,796</u>	<u>2,551,565</u>	<u>151,117,876</u>
Net book value	<u>80,855,464</u>			<u>373,580,262</u>

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13. **FIXED ASSETS** (Continued)

	2 0 0 6			
	<u>Beginning</u>	<u>Addition</u>	<u>Disposal</u>	<u>Ending</u>
Acquisition cost				
Direct ownership				
Land	22,075,007	708,005	-	22,783,012
Buildings and improvement	9,214,947	3,226,145	16,501	12,424,591
Heavy equipment	89,213,764	19,278,444	502,012	107,990,196
Office equipment	13,466,186	2,838,899	2,069,470	14,235,615
Transportation equipment	16,437,296	8,178,329	5,931,700	18,683,925
Furniture and fixtures	691,145	1,750,743	37,618	2,404,270
	<u>151,098,345</u>	<u>35,980,565</u>	<u>8,557,301</u>	<u>178,521,609</u>
Joint operation				
Office equipment	73,500	-	-	73,500
Total acquisition cost	<u>151,171,845</u>	<u>35,980,565</u>	<u>8,557,301</u>	<u>178,595,109</u>
Accumulated depreciation				
Direct ownership				
Buildings and improvement	3,267,371	512,923	14,363	3,765,931
Heavy equipment	68,539,920	8,366,051	518,511	76,387,460
Office equipment	9,345,062	1,717,429	2,495,899	8,566,592
Transportation equipment	9,641,481	2,654,138	3,965,952	8,329,667
Furniture and fixtures	643,839	13,620	37,618	619,841
	<u>91,437,673</u>	<u>13,264,161</u>	<u>7,032,343</u>	<u>97,669,491</u>
Joint operation				
Office equipment	57,465	12,689	-	70,154
Total accumulated depreciation	<u>91,495,138</u>	<u>13,276,850</u>	<u>7,032,343</u>	<u>97,739,645</u>
Net book value	<u>59,676,707</u>			<u>80,855,464</u>

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13. **FIXED ASSETS** (Continued)

TJE, a subsidiary, has 8 plots of land with Land Right titles which have remaining useful lives between 9 and 23 years.

As of 31 December 2007, fixed assets of TJE, a subsidiary, as 7 unit buildings, 94 unit heavy equipment and 136 unit transportation equipment are covered by insurance against losses by fire and other risks to Asuransi Jasa Indonesia, Asuransi Tokio Marine Indonesia and Primus Finance (third party), under blanket policies with a combined coverage amounted Rp 138,393,130, which, in the management opinion, are adequate to cover any possible losses that may arise from the said insured risks.

On 31 December 2007 and 2006, several fixed assets belonging to TJE, a subsidiary, with book value amounting to Rp 44,423,080, respectively, were pledged as collaterals for several loans obtained as described in Note 24.

Depreciation charges are allocated as follows:

	<u>2007</u>	<u>2006</u>
Cost of revenues	19,169,424	10,281,979
Operating expenses	<u>7,180,556</u>	<u>2,994,871</u>
Total depreciation charges	<u><u>26,349,980</u></u>	<u><u>13,276,850</u></u>

The Group's management is of the opinion that there has been no decline in the value of fixed assets.

14. **UNUSED ASSETS**

Management of TJE, a subsidiary classifies several assets comprising of land and mess buildings located in Paiton, East Java, as unused assets. The aforementioned assets was initially purchased to support the Paiton project which is now complete. The management of TJE, a subsidiary currently has no plans to dispose of the assets.

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15. DEPOSITS

This account consists of the following time deposits and bank guarantees used as collaterals for short term bank loans (see Notes 3 and 24).

2007							
Bank	Background	Balance		Total Rp	Interest rate		Due date
		USD (full amount)	Rp		USD (%)	Rp (%)	
Bank BNI	Collateral for Tripatra project, Tjiwi Kimia project, PT JGC/KBR Indonesia project	1,425,731	1,050,000	14,478,970	3.75	3.99 – 6.50	18 July 2008 - 13 October 2008
Bank OCBC	Collateral for Tripatra project, term-loan Tripatra project.	1,102,034	-	10,380,056	5.25	-	11 January 2008 - 13 October 2008
Deutsch Bank	Collateral for Sengkang Energi project	103,859	-	978,247	3.90	-	29 November 2007- 2 March 2008
Bank Finconesia	Trading of coal	-	104,168	104,168	-	-	-
Total		<u>2,631,624</u>	<u>1,154,168</u>	<u>25,941,441</u>			

2006							
Bank	Background	Baalance		Total Rp	Inteerst rate		Due date
		USD (full amount)	Rp		USD (%)	Rp (%)	
Bank BNI	Collateral for PT JGC/KBR Indonesia project, Tripatra project, Tjiwi Kimia project	1,382,309	1,050,000	13,518,427	4.75	3.99 – 9.25	31 December 2006- 13 October 2009
Bank OCBC	Collateral for PT JGC/KBR Indonesia project, Tripatra project	499,432	-	4,504,877	5.25	-	11 January 2008- 13 October 2008
Total		<u>1,881,741</u>	<u>1,050,000</u>	<u>18,023,304</u>			

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16. TRADE PAYABLES – THIRD PARTIES

This account consists of payables to the following suppliers and subcontractors for services, purchases of supplies and other materials with details as follows:

	<u>2007</u>	<u>2006</u>
Domestic		
Techno Era Ltd	13,126,400	-
PT Swa Kelola Sukses	6,561,118	-
PT Multi Averindo	5,864,400	-
Chengda Engineering Corporation	5,000,000	-
PT Mayapada Auto	3,465,584	4,126,321
International Machinery	3,415,559	-
Fajar Hamparan	2,437,977	-
PT Berdikari Pondasi P	2,426,394	-
PT Sarana Baja Perkasa	2,395,151	2,458,403
PT Tehate Putra Tunggal	1,999,196	27,017,304
PT Pec-Tech Indonesia	1,874,455	-
PT Surya Sudeco	1,797,940	2,177,223
PT Tunas Financido	1,773,611	-
PT Kiattaruna Gemakarya	1,773,373	-
Kantin Sangrila	1,629,093	1,083,184
PT San Putera	1,548,933	2,389,240
PT Sukses Pratama	1,462,668	-
PT Riau Saudara Mandiri	1,336,639	-
PT Drilinc Maju	1,294,485	-
PT Esabindo Pratama	1,284,112	1,750,876
Stabilised Pavement	1,220,676	-
Hidup Baru	1,209,386	3,448,431
PT Satya Mitra Surya Persada	1,191,238	2,123,106
PT Kiattaruna Gemakarya	1,083,357	-
PT Sarana Jaya	1,008,951	1,738,774
Gardatama Nusantara	895,555	-
Mas Transportation	877,488	-
PT Great Dynamic	877,488	1,860,249
PT Putra Bintang Sembada	870,524	-
Cipta Sarana Nusindo	856,964	-
Artha Utama	849,812	-
PT Dwidinamika Beton S	841,082	-
KJA Surabaya	827,850	-
PT Widy Kencana Jaya	816,572	1,181,854
PT Purna Buana Yudha	788,040	1,698,622
CV Internasional	570,265	928,477
PT Sarana Agung	532,874	1,843,793
PT Wijaya Karya	518,400	13,746,472
Mitsubishi Heavy Industri Corporation	-	2,646,835
PT Indo Jaya	-	1,536,670
PT Miller Weldindo	-	1,528,700
Arya Tehnik	-	1,079,265
PT Riau Andalan Pulp & Paper	-	1,002,560
PT Epico Dian Persada	-	947,868
PT Saptan Asien Mead East	-	876,702
Carried forward	78,303,610	79,190,929

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16. **TRADE PAYABLES – THIRD PARTIES** (Continued)

	<u>2007</u>	<u>2006</u>
Domestic (Continued)		
Brought forward	78,303,610	79,190,929
PT Wira Putra Perkasa	-	865,402
Nippon Conveyor Ltd	-	852,083
Usaha Bersama	-	845,345
PT Adicentra Arometal	-	838,562
PT SCS Astragraphia	-	836,338
CV Sarana Tehnik	-	830,466
PT Coates Hire Ind	-	813,236
PT Teras Tehnik Perdana	-	726,810
PT Wasa Mitra Eng	-	173,044
Others (below Rp 800 million)	80,679,432	53,654,849
Overseas		
Tiong Woon Cont Pte Ltd	<u>10,033,782</u>	<u>5,502,461</u>
Total	<u><u>169,016,824</u></u>	<u><u>145,129,525</u></u>

Refer to Note 33 for balances in foreign currencies.

17. **CONTRACT ADVANCES – THIRD PARTIES**

This account represents advances ranging from 5% to 30% of contract value received from project owners at the start of the respective projects, and will be deducted proportionally to contracts progress billings.

	<u>2007</u>	<u>2006</u>
Kobe Steel Ltd	65,777,991	-
Mitsubishi Corporation	32,394,330	152,193
JGC/KBR Indonesia	5,517,315	21,338,991
Mitra Selaras Utama	1,560,000	-
PT Pec-Tech Indonesia	166,199	-
PT ReKayasa Industri	157,606	157,606
Xiamen Huadian	34,401	251,528
PT Riau Andalan Pulp & Paper	6,162	117,731
PT Pratama Energi Konstruksi	-	1,403,700
PT Kalimantan Industrial	-	374,712
PT Kalili Ltd	-	200,000
PT Inti Steel Oriental	-	153,987
Others (below Rp100 million)	<u>61,758</u>	<u>30,930</u>
Total	<u><u>105,675,762</u></u>	<u><u>24,181,378</u></u>

Refer to Note 33 for balances in foreign currencies.

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18. DIVIDEND PAYABLE

In Shareholders' General Meeting of TJE, a subsidiary, on 17 April 2007, the stockholders agreed to distribute cash dividend of 2006 profit amounting to Rp 10,033,006 or Rp 66.89 per share (full Rupiah). Up to 31 December 2007, the remaining dividend payable is amounting to Rp 9,702,218.

In Shareholders' General Meeting of TJE, a subsidiary, on 26 April 2006, the stockholders agreed to distribute cash dividend of 2005 profit amounting to Rp 22,458,264 or Rp 149.72 per share (full Rupiah). Up to 31 December 2006, the remaining dividend payable is amounting to Rp 84,506.

19. OTHER PAYABLES

	<u>2007</u>	<u>2006</u>
Employee insurance	2,688,368	2,915,948
Payable to shareholders	6,030,679	-
Others	<u>1,528,138</u>	<u>1,001,443</u>
Total	<u><u>10,247,185</u></u>	<u><u>3,917,391</u></u>

20. ACCRUED EXPENSES

This account consists of:

	<u>2007</u>	<u>2006</u>
Projects	111,351,082	29,092,925
Salaries, wages and employee welfare	19,245,440	12,788,924
Others	<u>2,976,139</u>	<u>573,938</u>
Total	<u><u>133,572,661</u></u>	<u><u>42,455,787</u></u>

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21. TAXATION

a. Prepaid tax

	<u>2007</u>	<u>2006</u>
The Company		
Income tax art 23	-	1,972,883
Value Added Tax	<u>5,274,532</u>	<u>-</u>
	<u>5,274,532</u>	<u>1,972,883</u>
Subsidiaries		
Corporate income tax overpayment	19,023,839	-
Income tax art 23	-	513,405
Value Added Tax	<u>7,761,307</u>	<u>7,792,949</u>
	<u>26,785,146</u>	<u>8,306,354</u>
Total	<u>32,059,678</u>	<u>10,279,237</u>

b. Taxes payable

	<u>2007</u>	<u>2006</u>
The Company		
Income tax art 21	286,058	51,088
Income tax art 23	116,467	53,435
Income tax art 29	9,623,434	-
Income tax art 4 (2)	3,587	-
Value Added Tax	<u>227,884</u>	<u>68,538</u>
	<u>10,257,430</u>	<u>173,061</u>
Subsidiaries		
Income tax art 21	3,243,578	1,570,401
Income tax art 23	1,537,530	1,938,285
Income tax art 4 (2)	1,489	-
Income tax art 25	215,397	-
Income tax art 26	-	1,025,980
Income tax art 29	22,241,599	6,048,044
Value Added tax	10,194,305	3,056,797
Others	<u>352,865</u>	<u>-</u>
	<u>37,786,763</u>	<u>13,639,507</u>
Total	<u>48,044,193</u>	<u>13,812,568</u>

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21. **TAXATION** (Continued)

c. **Corporate tax**

A reconciliation between profit (loss) before corporate tax as presented in the consolidated statements of income and corporate income tax for the years ended 31 December 2007 and 2006, is as follow:

	<u>2007</u>	<u>2006</u>
Profit before income tax		
based on consolidated financial statements	285,913,388	63,471,892
Less : Net p profit from subsidiaries	<u>179,759,981</u>	<u>55,801,437</u>
Profit before Company's income tax	<u>106,153,407</u>	<u>7,670,455</u>
Temporary differences:		
Depreciation	(455,544)	(15,896)
Amortization on stock issuance cost	(6,553,835)	(1,638,459)
Leasing	<u>(1,989,913)</u>	<u>-</u>
	<u>(8,999,292)</u>	<u>(1,654,355)</u>
Permanent differences:		
Income subject to final tax	(50,946,631)	(8,523,329)
Donation	75,830	13,500
Representation and entertainment	-	323,237
Tax expense	-	282,915
Others	<u>-</u>	<u>71,374</u>
	<u>(50,870,801)</u>	<u>(7,832,303)</u>
Income (loss) tax expense	46,283,314	(1,816,203)
Fiscal loss – 2005	<u>-</u>	<u>(186,920)</u>
Accumulated fiscal loss	<u>(2,003,123)</u>	<u>-</u>
Estimated taxable income (loss)	<u>44,280,191</u>	<u>(2,003,123)</u>

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21. **TAXATION** (Continued)

c. **Corporate tax** (Continued)

	<u>2007</u>	<u>2006</u>
Estimated calculation for income taxes		
10% x 50,000	5,000	-
15% x 50,000	7,500	-
30% x 44,180,191	<u>13,254,057</u>	<u>-</u>
	13,266,557	-
Prepayment for income taxes		
Income tax article 23	(3,607,123)	-
Exit permit tax	<u>(36,000)</u>	<u>-</u>
Corporate income tax payable	<u>9,623,434</u>	<u>-</u>
Tax income (expense)		
The Company		
Current	(13,266,557)	-
Deferred	<u>(3,300,725)</u>	<u>-</u>
	<u>(16,567,282)</u>	<u>-</u>
Subsidiaries		
Current	(51,345,857)	(18,366,888)
Deferred	<u>9,041,843</u>	<u>1,453,119</u>
	<u>(42,304,014)</u>	<u>(16,913,769)</u>
Consolidated		
Current	(64,612,414)	(18,366,888)
Deferred	<u>5,741,118</u>	<u>1,453,119</u>
	<u>(58,871,296)</u>	<u>(16,913,769)</u>

Estimated fiscal losses for 2007 and 2006, as presented above are in accordance with the amount that will be and has been reported by the Company in its Annual Tax Return (SPT) for each year to the tax authorities.

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21. TAXATION (Continued)

d. **Deferred tax**

Subsidiaries	2007		
	2006	Charged to statement of income	2007
Fiscal loss	-	15,686,170	15,686,170
Difference between commercial and tax depreciation	210,893 (	13,791,508 ) (	13,580,615)
Provision for employee benefits	4,446,168	1,812,118	6,258,286
Provision for declining value of long-term Investments	5,433,384	-	5,433,384
Difference in commercial depreciation and loan principal of finance lease obligation	-	(15,292) (	15,292)
Provision for doubtful receivables	2,415,008	1,958,195	4,373,203
Provision for bonus	2,101,085	1,311,127	3,412,212
Provision for professional fees	150,001	-	150,001
Others	59,916	2,169,556	2,229,472
Deferred tax assets	14,816,455	9,130,366	23,946,821

Subsidiaries	2006		
	2005	Charged to statement of income	2006
Difference between commercial and tax depreciation (	426,297)	637,190	210,893
Provision for employee benefits	2,902,754	1,543,414	4,446,168
Provision for declining value of long-term Investments	5,433,384	-	5,433,384
Provision for doubtful receivables	2,415,008	-	2,415,008
Provision for bonus	2,921,173 (	820,088)	2,101,085
Provision for professional fees	85,805	64,196	150,001
Others	-	59,916	59,916
Deferred tax assets	13,331,827	1,484,628	14,816,455

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21. TAXATION (Continued)

e. Deferred tax liabilities

	<u>1 January 2007</u>	<u>Charged to income statement</u>	<u>31 December 2007</u>
The Company			
Depreciation	-	(136,663)	(136,663)
Shares issuance cost	-	(1,966,150)	(1,966,150)
Fiscal loss	-	(600,937)	(600,937)
Leasing	-	(596,974)	(596,974)
	<u>-</u>	<u>(3,300,724)</u>	<u>(3,300,724)</u>
Subsidiaries			
Depreciation		(88,524)	(88,524)
Total deferred tax liabilities	<u>-</u>	<u>(3,389,248)</u>	<u>(3,389,248)</u>

22. PROVISION FOR EMPLOYEE BENEFITS

The estimation of the benefit obligation was performed by an actuary using an approach based on the higher of benefit obligations provided under the Company's existing Collective Labour Agreement and Manpower Law No. 13/2003.

The actuarial valuation of the provision for employee benefits dated 31 December 2006, was prepared based on report from PT Eldridge Gunaprima Solution dated 15 January 2007, independent actuaries, using the Projected Unit Credit method with the following assumptions:

- a. Discount rate: 10.50% per annum
- b. Salary increment rate: 8% per annum
- c. Rate of mortality: *Commissioner Standard Ordinary Tables 1980*.
- d. Rate of disability: 10% of mortality rate.
- e. Rate of resignation: 10% per annum up to age of 25 and reduced linearly to 2% at age of 45 and thereafter.
- f. Retirement: 100% at normal retirement age.

The movement in the provision for employee benefits are as follows:

	<u>2007</u>	<u>2006</u>
Beginning balance	14,996,920	9,675,846
Provision made during the year	7,345,749	6,242,943
Amounts paid during the year	(1,266,650)	(921,869)
Ending balance	<u>21,076,019</u>	<u>14,996,920</u>

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22. PROVISION FOR EMPLOYEE BENEFITS (Continued)

The amounts recognised in the balance sheets are determined as follows:

	<u>2007</u>	<u>2006</u>
Present value of obligations	39,093,532	28,697,773
Unrecognised actuarial losses	(18,017,513)	(13,655,064)
Unrecognised past service costs	-	(45,789)
Liability in the balance sheet	<u>21,076,019</u>	<u>14,996,920</u>

The amounts recognised in the statements of income are as follows:

	<u>2007</u>	<u>2006</u>
Current service costs	3,419,045	2,746,875
Interest cost	2,664,522	2,447,095
Net amortisation of unrecognised past service costs	45,789	254,382
Net amortisation of unrecognised actuarial losses	1,216,393	794,591
Total	<u>7,345,749</u>	<u>6,242,943</u>

23. MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES

Subsidiaries	<u>2007</u>			
	<u>Beginning balance</u>	<u>Gain (loss) of subsidiaries</u>	<u>Addition/ (disposal)</u>	<u>Ending balance</u>
PT Gading Megah	99,675	(329,364)	(2,573)	(232,262)
PT Manunggal Multi Energi	-	2,216,347	(9,856)	2,206,491
PT Truba Segihan Utama	-	4,500,000	108,492	4,608,492
PT Menamas Mitra Energi	-	31,737,324	3,603,191	35,340,515
PT Truba Mandiri (previously PT Truba Riau Mandiri Engineering)	1,464,855	240,438	(158,175)	1,547,118
PT Anugerah Binaprakasa	151,076	11,355	(3,926)	158,505
PT Truba Jaya Engineering (previously PT Truba Jurong Engineering)	<u>165,432,172</u>	<u>34,708,032</u>	<u>(151,095,180)</u>	<u>49,045,024</u>
Total	<u>167,147,778</u>	<u>73,084,132</u>	<u>(147,558,027)</u>	<u>92,673,883</u>

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23. **MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES** (Continued)

Subsidiaries	2006			
	Beginning balance	Gain (loss) of subsidiaries	Addition/ (disposal)	Ending balance
PT Gading Megah	89,437	14,268 (	4,030)	99,675
PT Truba Mandiri (previously PT Truba Riau Mandiri Engineering)	730,052	304,391	430,412	1,464,855
PT Anugerah Binaprakasa	376	7,825	142,875	151,076
PT Truba Jaya Engineering (previously PT Truba Jurong Engineering)	172,875,139	-	(7,442,967)	165,432,172
Others	(10,565)	-	10,565	-
Total	<u>173,684,439</u>	<u>326,484</u>	<u>(6,863,145)</u>	<u>167,147,778</u>

24. **BANK LOANS**

	2007	2006
PT Bank Bukopin Tbk	80,214,125	-
PT Bank OCBC Indonesia	20,598,110	27,547,080
PT Bank Mizuho Indonesia	16,954,200	-
PT Bank Negara Indonesia (Persero) Tbk	12,964,507	27,381,422
PT Bank Pan Indonesia Tbk	254,922	138,300
Total	<u>130,985,864</u>	<u>55,066,802</u>
Less maturity within one year	(61,661,973)	<u>55,066,802</u>
Long-term portion	<u>69,323,891</u>	<u>-</u>

On 6 November 2006, Menamas, a subsidiary, based on Notarial Deed No. 10 and 12 of Notary Tetty Herawati Soebroto, S.H., MH has entered into a Credit Agreement by Using Collaterals with PT Bank Bukopin Tbk, the Company obtained Investment Credit Facilities with details as follows:

1. Credit Installment – Installment I

The credit facility has a maximum credit limit of Rp 7,500,000 for a period of 60 months or up to 6 November 2011, bearing interest at 14.75 % per annum. Such facility was intended to purchase the Equipment and Overhaul Services of Gas Power Electric Plant Unit 3.

The loan balance as of 31 December 2007 amounting to Rp 6,168,740.

2. Credit Installment – Installment II

The credit facility has a maximum credit limit of Rp 80,000,000 for a period of 84 months or up to 6 November 2013, bearing interest at 14.75 % per annum.

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24. BANK LOANS (Continued)

2. Credit Installment – Installment II (Continued)

Such facility was intended as to take over the Investment Credit – KI and IDC for Gas Power Electric Plant Unit 3 from PT Bank Mandiri (Persero) Tbk and Overhaul payments.

Those credit facilities were collateralized with the following :

- ? Certificate of Ownership Right No. 1029/ Pasar Minggu of a land with total area of 3,920 M2 under the name of Ir. Bakti Santoso Luddin;
- ? Equipment of Gas Power Electric Plant (PLTG) Unit 3 and its accessories.
- ? The Company's receivables from PT PLN (Persero) amounting to Rp 282,783,312.
- ? The Subsidiaries's shares owned by the following :
 - PT Menamas amounting to 10,540 shares with total nominal value of Rp 10,540,000,000 (full Rupiah).
 - PT Meta Epsi amounting to 11,500 shares with total nominal value of Rp 11,500,000,000 (full Rupiah).
 - PT Afcotama Firstindo amounting to 23,460 shares with total nominal value of Rp 23,460,000,000 (full Rupiah).

With regard to such credit facilities, without written consent from PT Bank Bukopin Tbk, the Company shall not :

- Obtain new loan or have a taken-over from other banks, financial institutions, and/or parties;
- Provide loan to any other group member or other parties that were not directly related with scope of business;
- Change the Articles of Association, Board of Directors and Commissioners or change the Company's stockholders;
- Make an overdraft and cross-clearing;
- Transfer and/or lease the land, equipment, receivables and shares to any other parties in any other way.

With regard to the changes in the Menamas's shareholders on 19 April 2007, PT Bank Bukopin Tbk approved such changes, as stipulated in Letter No. 2444/GKPO IV-DHIK/IV/2007 dated 19 April 2007.

The loan balance of Menamas to PT Bank Bukopin Tbk as of 31 December 2007 amounting to Rp 74,045,385.

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24. BANK LOANS (Continued)

TJE, a subsidiary, obtained a credit facility from PT Bank OCBC Indonesia with a total maximum credit amounting to USD 9,500,000 (full USD). The loan bears interest rate for 2007 and 2006 are 9% and 6.37% per annum, respectively. This loan is collateralized by trade receivable amounting to Rp 39,612,210 and marginal deposit amounting to USD 1,046,168 (full USD). The loan facility is valid until 31 August 2007 and still in the process for extend. The loan balance due to Bank OCBC Indonesia as of 31 December 2007, and 2006 amounted to Rp 20,598,110 and Rp 27,547,080, respectively.

TJE, a subsidiary, obtained a credit facility from PT Bank Mizuho Indonesia with a total maximum credit amounting to USD 14,000,000 (full USD) and the forex line facility amounting to USD 7,000,000 (full USD) with average interest rate 7.61% per annum for the year 2007. This facility is valid until 27 August 2008. The loan balance due to Bank Mizuho as of 31 December 2007 amounted to Rp 16,954,200.

TJE, a subsidiary, obtained a credit facility from PT Bank Negara Indonesia (Persero) Tbk with a total maximum credit amounting to Rp 27,500,000. The loan bears interest at average interest rate 14% and 14.75% per annum for the year 2007 and 2006, respectively. This loan is collateralized by trade receivables, inventories, fixed assets and the Company's marginal deposit amounting to Rp 5,749,000, Rp 11,252,125, Rp 44,423,080, respectively. This facility is valid until 31 December 2007 and still in the extend process. The loan balance due to PT Bank Negara Indonesia (Persero) Tbk as of 31 December 2007 and 2006 amounted to Rp 12,964,507 and Rp 27,381,422, respectively.

TJE, a subsidiary, obtained a credit facility from PT Bank Panin Tbk with a total maximum credit amounting to Rp 350,000 with average interest rate 14.25% per annum for the year 2007 and 2006. The loan facility is valid until 21 November 2008. The loan balance due to PT Bank Panin Tbk as of 31 December 2007 and 2006 amounted to Rp 254,922 and Rp 138,300, respectively.

25. SHARE CAPITAL

Details of shareholders as at 31 December 2007 and 2006 are as follows:

Shareholders	2007		
	Number of shares	Percentage of ownership	Value
PT Alam Manunggal	1,962,696,629	14.04	196,269,663
PT Mandala Kapital	3,491,000,000	24.97	349,100,000
Indo Infrastructure Group Pte Ltd	1,989,766,294	14.23	198,976,629
Publik (ownership under 5%)	6,534,636,457	46.76	653,463,646
Total	13,978,099,380	100	1,397,809,938

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25. **SHARE CAPITAL** (Continued)

Shareholders	2006		
	Number of shares	Percentage of ownership	Value
PT Alam Manunggal	4,000,000,000	30.8	400,000,000
PT Mandala Kapital	4,000,000,000	30.8	400,000,000
Public (ownership under 5%)	5,000,000,000	38.4	500,000,000
Total	13,000,000,000	100	1,300,000,000

Addition of paid in capital consists of:

	2007	2006
Share premium	84,233,478	50,000,000
Stock issuance costs	(26,262,839)	(26,215,339)
Stock conversion cost	(2,334,746)	-
Total	55,635,893	23,784,661

As a result of the initial public offering of 5,000,000,000 ordinary shares owned, each with a nominal value of Rp 100 (full Rupiah) and publicly offered each for Rp 110 (full Rupiah), on 6 October 2006, and of 2,800,000,000 warrant series I was given as an incentive for the new shareholders whose name was listed in the list of allocation initial public offering released by *Share Administration Bureau* on 12 October 2006. For every 25 shares's holder entitled to received 14 warrant, where each 1 warrant give the rights to the holders to buy 1 new shares which is turnout from portfolio. Warrant series I is share which is give the rights to share's holder to execute purchased of ordinary shares owned each with a nominal value Rp 100 (full Rupiah) for every shares with the execute price is Rp 135 (full Rupiah) which can do during the expired execute time that is on 16 April 2007 until 15 October 2009.

In agree with Share Holders List which made by Share Administration Bureau of the company, the amount of company shares recorded for the date period 31 December 2007 is 13,978,099,380 shares, which kind 978,099,300 shares is come from warrant series I which has been converted.

Based on share's sale and purchase agreements act dated 22 June 2006, 970 shares of the Company owned by TJE, a subsidiary, and 29 shares of the Company owned by Rudy Solaiman were sold to PT Maxima Integra Investama (MII), related party. In pledges of share agreement act on the same date, 1 share of the Company owned by Rudy Soelaiman was sold to Heru Hidayat.

The above trading of shares was approved in the Company's Extraordinary Shareholders' General Meeting as reflected in the deed of minutes Company's meeting No. 17 dated 22 June 2006, made before Humberg Lie, S.H., S.E., M.Kn., Notary in Tangerang with regard to the Company's Extraordinary General Meeting on 16 June 2006 which agreed on the following:

- a. Sales of all shares of the Company owned by TJE amounting to 970 shares to MII.
- b. Sales of all shares of the Company owned by Rudy Solaiman, amounting to 30 shares, of which 29 shares were sold to MII and 1 share to Heru Hidayat.

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25. **SHARE CAPITAL** (Continued)

The above diversion of shares led to the following composition of shareholders:

Shareholders	Number of shares	Percentage of ownership	Value
PT Maxima Integra Investama	999	99.9	999,000
Heru Hidayat	1	0.1	1,000
	<u>1,000</u>	<u>100</u>	<u>1,000,000</u>

Based on share's sale and purchase agreements No. 57 dated 26 June 2006, made before Robert Purba, S.H., Notary in Jakarta, 999 shares of the Company owned by MII were sold to PT Alam Manunggal, while the deed of Sale-Purchase Share No. 58 dated 26 June 2006, made before Robert Purba, SH, Notary in Jakarta relates to the sale of 1 share of the Company owned by Heru Hidayat to PT Nusantara Langit Biru.

The above trading of shares was approved at the Company's Extraordinary Shareholders' General Meeting as reflected in the deed of Company's Minutes No. 56 dated 26 June 2006, of Robert Purba, S.H., Notary in Jakarta.

The above diversion of shares led to the following composition of shareholders:

Shareholders	Number of shares	Percentage of ownership	Value
PT Alam Manunggal	999	99.9	999,000
PT Nusantara Langit Biru	1	0.1	1,000
	<u>1,000</u>	<u>100</u>	<u>1,000,000</u>

Further, based on the deed of Company's minutes No.56 dated 26 June 2006, of Robert Purba, S.H., Notary in Jakarta, which was approved by the Minister of Justice and Human Rights of the Republic of Indonesia by decree No. C-19166 HT.01.04.TH.2006 dated 29 June 2006, the Company's share capital was increased from Rp 2,000,000 to Rp 3,200,000,000, while its issued and fully paid capital was increased from Rp 1,000,000 to Rp 800,000,000, and changes par value of share from Rp 1,000,000 (full Rupiah) to Rp 100 (full Rupiah). The increasing in share capital was undertaken for the purpose of the Company's expansion.

Based on the deed of Company's minutes reflected in Notarial deed of Robert Purba, S.H., No. 61 dated 31 August 2006, the composition and ownership interest of shareholders has changed as outlined in the 30 September 2006.

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26. REVENUES

Details of operating revenues are as follows:

	<u>2007</u>	<u>2006</u>
Contract revenues:		
Maintenance	482,805,806	340,265,947
Power plant	308,709,870	198,508,814
Tank and pipe	244,537,704	11,141,151
Industrial plant	238,733,108	195,080,014
Civil work	23,131,294	39,862,305
Trading	16,576,458	16,648,411
Others	37,859,038	28,360,912
	<u>1,352,353,278</u>	<u>829,867,554</u>
Sale of coal	<u>153,848,775</u>	<u>142,418,147</u>
Total	<u><u>1,506,202,053</u></u>	<u><u>972,285,701</u></u>

Detail of contract owners with net contract values exceeding 10% of the Company's total sales is as follows:

Project's owner	Balance		Sales Percentage	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Contract revenues:				
Tripatra Engineering	422,339,182	219,229,809	29	23
PT Riau Andalan Pulp & Paper	185,253,978	113,669,996	13	12
JGC/KBR Indonesia	172,633,741	-	12	-
PT International Nickel Indonesia	90,901,261	93,806,607	6	11
PT Kaltim Industrial Estate	-	85,351,845	-	9
Coal's trading revenue				
PT Kasih Industri Indonesia	<u>153,848,774</u>	<u>142,418,147</u>	10	-
Total	<u><u>1,024,976,936</u></u>	<u><u>654,476,404</u></u>		

Refer to Note 8 for details of related party balances and transactions.

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27. COST OF REVENUES

	<u>2007</u>	<u>2006</u>
Cost of construction		
Salaries, wages and employee welfare	259,345,452	229,000,167
Construction material	271,891,730	210,005,129
Subcontractor	223,989,095	99,603,049
Operational expenses	87,926,450	65,557,915
Rent expenses	64,884,808	37,445,081
Mobilization and relocation	37,573,421	16,500,349
Depreciation	19,169,424	10,281,979
Others	<u>66,954,124</u>	<u>59,105,727</u>
Total cost of construction	<u>1,031,734,504</u>	<u>727,499,396</u>
Cost of coal		
Purchasing of coal	137,949,968	73,015,100
Shipping cost	1,741,052	49,736,901
Coal's quality examination	31,456	978,543
Others	<u>14,730</u>	<u>601,165</u>
Total costs of coal	<u>139,737,206</u>	<u>124,331,709</u>
Total	<u>1,171,471,170</u>	<u>851,831,105</u>

Refer to Note 8 for details of related party balances and transactions.

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28. OPERATING EXPENSES

	<u>2007</u>	<u>2006</u>
Salaries, wages and employee welfare	91,727,444	47,595,236
Travelling	9,480,043	2,468,920
Bad debt expense	7,002,636	509,279
Depreciation of fixed assets	7,180,555	2,994,871
R e n t	5,692,976	2,679,896
Taxes and licenses	5,463,351	361,670
Representation and entertainment	4,483,011	3,557,418
Professional fee	3,205,210	960,549
Insurance	2,672,038	77,229
Management fee	1,840,287	-
Post and telecommunication	1,765,695	1,052,763
Goodwill amortization	1,642,991	2,073,995
Training and education	1,559,509	1,543,334
Transportation	1,601,513	76,776
Office supplies	1,283,100	1,291,237
Repair and maintenance	897,599	-
Fuel, water and electricity	253,853	677,538
Preopening expense	-	799,832
Research and development	-	467,773
Others	9,027,462	6,524,173
Total	<u>156,779,273</u>	<u>75,712,489</u>

Refer to Note 8 for details of related party balances and transactions.

29. INCOME FROM INVESTMENT

	<u>2007</u>	<u>2006</u>
PT Treasure Fund Investama	77,999,405	118,000
Interest income from time deposits	55,121,629	8,507,596
Interest income from current account	4,869,668	3,914,729
PT Minna Padi Asset Manajemen	-	7,633,316
Goal Trading Assets, Ltd	-	3,172,617
Gain on sale of available for sale securities	-	3,500,000
Others	97,946	-
Total	<u>138,088,648</u>	<u>26,846,258</u>

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30. MISCELLANEOUS - NET

	<u>2007</u>	<u>2006</u>
Loss on foreign exchange	(22,692,725)	(7,217,899)
Interest expense	(7,558,370)	(2,394,556)
Financial charges	(7,086,238)	(3,500,678)
Others – Net	(3,087,893)	-
Total – Net	<u>(40,425,226)</u>	<u>(13,113,133)</u>

31. EARNINGS PER SHARE

“Earnings per share” according to SFAS No. 56 (see Note 2v) and calculation of total weighted average shares are as follows:

Net income for the purpose of earnings per share (numerator) calculation is as follows:

	<u>2007</u>	<u>2006</u>
Net income	<u>212,734,734</u>	<u>34,941,198</u>

Total shares based on average circulated shares (denominator) for the purpose of earnings per share calculation is as follows:

	<u>2007</u>	<u>2006</u>
Net income	<u>16</u>	<u>7</u>

The calculation of total circulated weighted average shares for the period beginning 1 January and ended 31 December 2007 is as follow:

	<u>Total number of days</u>	<u>Total outstanding shares</u>	<u>Weighted average</u>
Period beginning and ending on			
1 January up to 31 March 2007	90	13,000,000,000	3,250,000,000
Period beginning 1 April up to 30 April 2007	30	13,017,008,500	1,084,750,708
Period beginning 1 May up to 31 May 2007	30	13,135,952,600	1,094,662,716
Period beginning 1 June up to 30 June 2007	30	13,145,726,100	1,095,477,175
Period beginning 1 July up to 31 July 2007	30	13,612,879,840	1,134,406,653
Period beginning 1 August up to 31 August 2007	30	13,616,908,340	1,134,742,361
Period beginning 1 September up to 30 September 2007	30	13,922,201,300	1,160,183,442
Period beginning 1 October up to 31 October 2007	30	13,927,898,800	1,160,658,233
Period beginning 1 November up to 30 November 2007	30	13,977,970,380	1,164,830,864
Period beginning 1 December up to 31 December 2007	30	13,978,099,380	1,164,841,615
Total	<u>360</u>		<u>13,444,553,767</u>

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31. EARNINGS PER SHARE (Continued)

The calculation of total circulated weighted average shares for the period beginning 1 January and ending 31 December 2006 is as follow:

	<u>Total number of days</u>	<u>Total outstanding shares</u>	<u>Weighted average</u>
Period beginning and ending on			
1 January up to 25 Juni 2006	176	10,000,000	4,888,889
Period beginning 26 June up to 30 September 2006	94	8,000,000,000	2,088,888,889
Period beginning 1 October up to 31 December 2006	<u>90</u>	<u>13,000,000,000</u>	<u>3,250,000,000</u>
Total	<u><u>360</u></u>		<u><u>5,343,777,778</u></u>

32. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into certain derivative transactions such as forward and spot with PT Bank Mizuho Indonesia that enable the Company to minimize the risk of fluctuations in foreign exchange.

In connection with these instruments, TJE, a subsidiary, monitors and evaluates on an ongoing basis the amount of its exposure and proposes adjustments as deemed necessary to minimize the risks associated with these instruments.

As of 31 December 2007, none derivative transactions was designated as hedging instrument for accounting purposes. Accordingly, all gains and losses resulting from these derivative transactions were recorded in current year's statement of income.

As of 31 December 2007, TJE, a subsidiary, has outstanding forward contract to sell USD 4,500,000 (full USD) in 2008 at the agreed forward contract rates. The unrealized gain resulting from the changes in the fair value of those contracts amounting to Rp 141,571 was recorded in the current year's statement of income. The derivative payable was presented as derivative financial instrument at the consolidated balance sheet.

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33. ASSETS AND LIABILITIES IN FOREIGN CURRENCY

On 31 December 2007 and 2006, The Group have the following assets and liabilities in foreign currencies:

	<u>2 0 0 7</u>		<u>2 0 0 6</u>	
	<u>Foreign currency</u>	<u>Equivalent in Rp</u>	<u>Foreign currency</u>	<u>Equivalent in Rp</u>
Assets				
Cash and cash equivalents	USD 53,772,200	506,480,353	986,988	8,902,632
	SGD 33,811	219,849	-	-
Trade receivables	USD 10,399,992	97,957,529	7,495,546	67,609,825
Retention receivables	USD 2,523,906	23,772,671	4,559,546	41,127,105
Receivables - related parties	USD 36,364,984	<u>342,521,780</u>	350,000	<u>3,157,000</u>
Total		<u>970,952,182</u>		<u>120,796,562</u>
Liabilities				
Bank loan	USD 3,986,868	37,552,310	-	-
Trade payables	USD 1,109,676	10,452,043	3,523,831	31,784,956
Shareholders loan	USD 272,131,500	2,563,206,598	-	-
Contract advances	USD 11,219,425	<u>105,675,762</u>	2,711,115	<u>24,454,257</u>
Total		<u>2,716,886,713</u>		<u>56,239,213</u>
Total net (liabilities) assets		<u>(1,745,934,531)</u>		<u>64,557,349</u>

On 15 February 2008 (date of independent auditors' report) and 31 December 2008, assets and liabilities in foreign currency were reported in Rupiah as follows:

	<u>15 Feb 2008</u>	<u>31 December</u>	
		<u>2 0 0 7</u>	<u>2 0 0 6</u>
USD 1	9,186	9,419	9,020
SGD 1	6,485	6,502	5,878

In the future, the rates still fluctuate, and Rupiah has a possibility to be depreciated or appreciated significantly against other currencies.

If net assets and liabilities in foreign currencies on 31 December 2007 are expressed using BI middle rates as at 15 February 2008, total net liabilities will decrease by Rp 43,194,453.

In order to mitigate risks arising from currency fluctuations, the Company undertakes natural hedging by charging fees in USD.

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34. SEGMENTAL INFORMATION

a. Primary segment

	2 0 0 7		
	Construction	Coal and others	Total
Operating revenues			
Third parties	1,352,353,278	153,848,775	1,506,202,053
Segmental results			
Cost of revenue and operating expenses	(1,183,493,210)	(144,757,773)	(1,328,250,983)
Interest income	135,115,473	2,973,175	138,088,648
Miscellaneous - Net	(40,119,431)	(305,795)	(40,425,226)
Share of net income of associates	10,298,896	-	10,298,896
Income tax expense	(55,226,662)	(3,644,634)	(58,871,296)
Minority interest in net income of subsidiaries	(14,204,646)	(102,712)	(14,307,358)
Net income	<u>204,723,698</u>	<u>8,011,036</u>	<u>212,734,734</u>
Total assets	<u>4,725,996,562</u>	<u>265,219,830</u>	<u>4,991,216,392</u>
Total liabilities	<u>3,100,794,708</u>	<u>121,566,631</u>	<u>3,222,361,339</u>
Cash flows from operating activities			
Receipt from customers	1,041,814,193	162,563,529	1,204,377,722
Payment to vendors	(902,932,912)	(160,973,447)	(1,063,906,359)
Others	(352,971,136)	110,540,916	(242,430,220)
Cash flows from investing activities	(1,374,079,361)	(119,295,635)	(1,493,374,996)
Cash flows from financing activities	2,887,787,322	(19,966,888)	2,867,820,434

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34. **SEGMENTAL INFORMATION** (Continued)

a. **Primary segment** (Continued)

	2 0 0 6		
	<u>Construction</u>	<u>Coal and others</u>	<u>Total</u>
Operating revenues			
Third parties	829,758,054	142,527,647	972,285,701
Segment result			
Cost of revenues and operating expenses	(791,337,985)	(136,205,609)	(927,543,594)
Interest income	3,801,855	23,044,403	26,846,258
Miscellaneous – net	(13,019,333)	93,800	(13,113,133)
Income tax expense	(10,777,364)	6,136,405	(16,913,769)
Shares of net income of associates	4,996,660	-	4,996,660
Minority interest of net income of subsidiaries	(326,484)	(11,290,441)	(11,616,925)
Net income	<u>23,095,403</u>	<u>11,845,795</u>	<u>34,941,198</u>
Total assets	<u>631,380,870</u>	<u>1,174,011,039</u>	<u>1,805,391,909</u>
Total liabilities	<u>129,518,952</u>	<u>174,939,913</u>	<u>304,458,865</u>
Cash flow from operating activities			
Receipt from customer	788,558,432	231,380,536	1,019,938,968
Payment for third parties	(614,337,575)	(294,210,714)	(908,548,289)
Others	-	-	(171,234,520)
Cash flow from investing activities	(34,048,213)	(556,536,543)	(590,584,756)
Cash flow from financing activities	27,069,111	1,134,318,176	1,161,387,287

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34. **SEGMENTAL INFORMATION** (Continued)

a. **Secondary segment**

	<u>2007</u>	<u>2006</u>
Revenue from third parties		
Sumatera	676,679,253	257,765,472
Jawa	333,505,929	319,530,680
Sulawesi	97,404,882	179,158,452
Kalimantan	83,879,810	158,326,934
Others	<u>314,732,179</u>	<u>57,504,163</u>
Total	<u>1,506,202,053</u>	<u>972,285,701</u>
Cost of revenue		
Sumatera	578,139,027	235,591,483
Jawa	288,847,451	151,801,897
Sulawesi	80,259,400	154,552,991
Kalimantan	63,763,989	259,257,423
Others	<u>160,461,843</u>	<u>50,627,311</u>
Total	<u>1,171,471,710</u>	<u>851,831,105</u>

Information on geographical assets are not presented as all projects are under the control of companies domiciled in Jakarta.

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35. **PROFORMA FINANCIAL STATEMENTS**

If acquisition of Menamas through MP, the subsidiaries, were made since 1 January 2006, the Group's financial statements as at 31 December 2006 will be reflected as follows:

	<u>2 0 0 6</u>
ASSETS	
Current assets	1,062,573,514
Non current assets	<u>940,836,798</u>
Total Assets	<u><u>2,003,410,312</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities	345,190,877
Non current liabilities	<u>306,182,025</u>
Total Liabilities	<u>651,372,902</u>
Shareholders' Equity – net	<u>1,352,037,410</u>
Total Liabilities and Shareholders' Equity	<u><u>2,003,410,312</u></u>
STATEMENT OF INCOME	
Revenue	1,010,641,770
Cost of sales	(<u>862,620,227</u>)
Gross profit	<u>148,021,543</u>
Operating expenses	(78,845,429)
Miscellaneous – Net	<u>2,301,568</u>
	(<u>76,543,861</u>)
Net income before income tax	71,477,682
Income tax	(<u>13,932,645</u>)
Net income after tax before minority interest	57,545,037
Minority interest portion	(<u>12,763,798</u>)
Net income	<u><u>44,781,239</u></u>

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36. COMMITMENTS

- a. On 26 June 2006 the Company signed Master Agreement with Goal Trading Assets Ltd and PT Kertas Basuki Rachmat (KBR) in relation to the construction plan of Steam fired power plant with a capacity of 2 x 15 MW with KBR, which is valid for the earlier of 5 years or the fulfillment of KBR's obligations according to the Engineering Procurement and Constructions (EPC) contract. The EPC will be signed between the Company or its affiliates with KBR by 31 March 2007. This Master Agreement represents an integral part of promissory notes of purchase agreement (see Note 11.b.iii). This master agreement was terminated on 27 June 2007.
- b. On 7 August 2006, MP, a subsidiary signed a Memorandum of Understanding (MoU) with the Mayor of Karangasem for the construction project of Independent Power Plant (IPP) 2 x 100MW in *Daerah Tingkat II* Karangasem (Pemda Dati II), Bali. Pemda Dati II provides land for the project while MP, a subsidiary, will act as investor and contractor. This MoU expires on 7 August 2008.
- c. On 19 September 2006, MP, a subsidiary signed a Memorandum of Understanding (MoU) for the construction project of Coal Fired Power Plant with a capacity of 2 x 25 MW in Lombok, with Maser Power Producers Limited (Maser), with an estimated investment value of USD 54,000,000 (full USD). Maser represents the chief of the consortium which obtained Letter of Intent (LoI) No. 00671/180/DITKIT/2005 on 20 June 2005 from PT Perusahaan Listrik Negara (Persero).
- d. On 20 October 2006, the Company signed a Memorandum of Understanding (MoU) with PT Central Pertiwi Bahari for the construction project of Independent Power Plant (IPP) with a capacity of 2 x 25 MW located in North Lampung, Lampung, which is scheduled to commence in early 2007. This MoU is valid for one year from the date of signing.
- e. Throughout 2006, the Company signed the following Memorandum of Understanding (MoU) with Shanghai Electric Group Co, Ltd. (Shanghai):
 - i. Joint operations with the Governor of South Sumatera for training program in Palembang and/or other parts of South Sumatera to support the construction of power plant.
 - ii. Joint operations with PT Ranyza Energi (Ranyza) for the construction of Coal Fired Power Plant with capacity of 2 x 125 MW in Kuala Tanjung North Sumatera.
 - iii. Joint operations in the construction of a power plant and service centre in Indonesia with Shanghai Electric Group Co. Ltd. dated 14 December 2006.
- f. On 21 February 2007 based on Notarial deed of Achmad Dahlan, SH, MIS, a subsidiary entered into a joint operations agreement with PT Segara Hero Sakti (SHS), third party in the establishment of PT Truba Segihan Utama which operates in mining, construction, trading, land transportation, service and workshop, with ownership interest in MIS, a subsidiary, amounting to Rp 10,500,000,000 (10,500 shares @ Rp 1,000,000) and SHS amounting to Rp 4,500,000,000 (4,500 shares @ Rp 1,000,000), respectively.

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36. COMMITMENTS (Continued)

g. The resolution of Annual General Meetings of Shareholder on 21 May 2007 are as follows:

To change the use of proceed from Initial Public Offering (Net) to fund construction of power plant in either full or in stages during one book year or several book years by way of investment and/or subscription of mandatory convertible bonds and/or providing loan to IPP's projects (Independent Power Producer) as follows:

- ? PT Banyuasin Power Energy for Steam Fired Power Plant Banyuasin with capacity of 2x125MW located in South Sumatra and/or;
- ? PT Ranyza Energy for Steam Fired Power Plant Kuala Tanjung with capacity of 2x125MW located in North Sumatra and/or;
- ? PT Central Daya Energy for Steam Fired Power Plant Tulang Bawang with capacity of 2x30MW located in Lampung and/or;
- ? PT Equator Manunggal Power for Steam Fired Power Plant Pontianak with capacity of 2x25MW located in West Kalimantan and/or;
- ? PT Bangka Manunggal Power for Steam Fired Power Plant Bangka with capacity of 2x10MW located in Sumatra and/or;
- ? PT Menamas Mitra Energy for Steam Fired Power Plant Tanjung Batu with capacity 2x20MW located in East Kalimantan.

Funding can be done directly by the Company and/or through PT Manunggal Power, subsidiary. With respect funding through PT Manunggal Power, the Company will increase its capital injection in PT Manunggal Power and/or to provide loan to PT Manunggal Power in connection with the construction of power plants.

- h. On 19 June 2007, the Company entered into a MoU with PT Central Pertiwi Bahari (CPB) for the execution of a power purchase agreement. Under the MoU, the Company and CPB will enter into a power purchase agreement under which TAME will build, operate and own generate electricity for sale to CPB from Project Solar located on CPB's shrimp farming facility in Lampung.
- i. On 20 June 2007, the Company entered into a MoU with Grenzone for the execution of a Solar EPC Contract. Under the MoU, the Company and Grenzone will enter into the Solar EPC Contract pursuant to which Grenzone will carry out the designing , EPC testing and completion of the Solar farm facilities.
- j. On 2 July 2007, the Company entered into a MoU with Suntech for the execution of ESA. Under the Mou, the Company and Suntech will enter into the Solar EPC contract pursuant in which Suntech will provide all equipments needed to perform the Solar EPC project with specifications and standards that have been approved by the Company and Suntech. The Company will perform the project through several stages. The first stage is procurement for approximately a half of all available equipments from current CPB's operation. The company predict that the Solar EPC project has a capacity 8 Mwp with the estimated cost approximately amounting to USD 55,000,000 (full USD) which will be funded by issued bonds.

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36. **COMMITMENTS** (Continued)

k. On 27 July 2007, PT Alam Manunggal (AM) has sold their ownership in the Company amounting to 2,037,303,371 shares which represents 15.50% of subscribed and fully paid shares to Indo infrastructure Group Pte, Ltd. (the company domiciled in Singapore which is entirely owned by AM) with selling price USD 272,131,500 (full USD). Amounting to 2,037,303,371 shares were set as a guarantee on bond issued by Indo Infrastructure Group Pte, Ltd. for USD 300,000,000 (full USD). The bond is valid until 2010.

l. TJE, a subsidiary, has commitment to settle these following projects:

Customers	Contract value		Due period
	Foreign currency USD	Rp	
Shanghai Electric Corp - PT Maxima			
Infrastruktur T-3108	207,500,000	-	August - 2010
CNEEC T-3109	54,250,000	-	March - 2010
PT Perusahaan Listrik Negara (Persero) T-3107	34,580,000	-	December - 2009
PT JGC/KBR Indonesia T-4064	24,650,000	-	July - 2008
Kobe Steel Ltd G-5089	23,604,300	-	May 2009
Mitsubishi Corporation T-3106	22,939,749	107,873,804	April - 2010
Kobe Steel, Ltd, T-5088	12,550,000	-	November - 2008
Tripatra Flour T-7143	8,350,606	152,736,472	December - 2007
Tripatra Flour T-4068	8,030,284	-	December - 2007
Tripatra Flour T-7145	7,341,444	248,314,859	June - 2008
PT. Sengkang Energy T-3110	6,904,789	-	October - 2008
Kobe Stel Ltd, G-1146	5,560,000	-	September - 2008
Tripatra Flour T-7124	3,592,085	-	April - 2008
INCO T-7147	3,206,202	-	December - 2007
Total	<u>423,059,459</u>	<u>508,925,135</u>	

On 31 December 2007, TJE, a subsidiary, has combined facility from PT Bank Negara Indonesia (Persero) Tbk. (BNI) amounted Rp 125,800,000; combined facility PT Bank OCBC Indonesia amounted USD 8,000,000 (full USD), Deutsche Bank amounted USD 6,500,000 (full USD) and PT Bank Mizuho Indonesia amounted USD 14,000,000 (full USD). The facility has been used on 31 December 2007 from BNI amounted USD 6,923,362 (full USD), Rp 38,605,096 and SAR 5,256,000 (full SAR); PT Bank OCBC Indonesia amounted USD 5,555,819 (full USD), Rp 6,269,712 and SGD 1,052,294 (full SGD), Deutsche Bank amounted USD 690,479 (full USD) and PT Bank Mizuho Indonesia amounted USD 13,699,290 (full USD).

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36. COMMITMENTS (Continued)

- m. Based on the Statement of Extraordinary General Meeting PT Meta Epsi dated 4 October 2007 No. 12 made in front of Agus Madjid SH., Notary in Jakarta, which the acknowledgement of receipt on amendment of Articles of Association have been accepted and recorded in Sisminbakum database Department of Justice and Human Rights of the Republic of Indonesia dated 13 October 2007 No.C-UM.HT.01.10-1677, concerning the Company invested through purchase new stocks to PT Meta Epsi, based on Jakarta, as amount 61,000 shares or 28.91 % from additional paid in capital of PT Meta Epsi.

Total invested value of the Company on PT Meta Epsi as amount USD 6,251,280 (full of USD).

- n. On December 2007, The Company through MIS, a subsidiary, has sign the joint operation agreement with EDF Trading Limited domiciled in Britain, in order to performed the coal trading through a joint subsidiary Maxima Coal Pte. Ltd. which established in Singapore.

The amount of MIS investment is SGD 500,000 (full SGD) or reflected 50% ownership, this investment was effective on 13 February 2008.

37. SUBSEQUENT EVENT AFTER BALANCE SHEET DATE

- a. On 4 January 2008, MP, a subsidiary, signed a share purchase agreement with Mohammad Soleh Thamrin and Sri Andini, the shareholders of PT Navigat Innovative Indonesia (NII) with purchase price of USD 4,000,000 (full USD). NII is a shareholder of PT Bukit Pembangkit Innovative to carries of constructing 2 x 100 MW nine mouth coal fired power plant in Palembang, South Sumatera.
- b. Based on Amended and restated Subordinated Loan Agreement, dated 16 January 2008, the Company has increased the subordinate loan without interest from PT Alam Manunggal (AM), the shareholders from USD 272,131,500 (full USD) up to USD 375,000,000 (full USD) with several stipulations as a follows:
- ? In the event the loan shall not have been converted into the Company shares on or prior to the fifth anniversary of the first drawdown date, then the outstanding amount at the fifth anniversary of the date of the first drawdown date shall be converted into the Company shares as soon as practicable after the fifth anniversary of the date of the loan.
 - ? All the of the covenants and obligations that the Company is required to perform or comply with pursuant to this agreement on or before the drawdown date must have been duly performed and complied with in all material respects.
 - ? This agreement and the rights hereunder shall not be assignable or transferable by the Company or AM except in the case of AM by operation of law in connection with merger, consolidation or sale of substantially all the assets of AM.

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37. SUBSEQUENT EVENT AFTER BALANCE SHEET DATE (Continued)

c. Based on the Statement of Shareholders' General Meeting of PT Central Daya Energi (CDE) No. 39 made in front of Suwarni Sukiman, S.H., Notary in Jakarta, dated 21 January 2008, the Shareholders agreed:

? To sell entire of shares owned by Sirius Power Plant Investment Limited to PT Manunggal Power (subsidiary) amounting to Rp 1,890,913 (206,319 shares @ Rp 9,165 (full Rupiah)).

? Accepted the resignation of Mrs. Melania Halim as the President Commissioner of CDE, so the shareholders' composition of CDE has changed as a follow:

President Director: Ricky Kosasih
Director : Oscar Ekadinata
Commissioner : Johannes Boyke

The statement was effective on 17 January 2008.

d. On 13 February 2008, MP, a subsidiary, entered into a joint venture agreement in the establishment of PT Gregory Energi which operates in independent power producer. The sale and purchase agreement is not signing yet.

38. NEW ACCOUNTING STANDARD

The Indonesian Institute of Accountants has published some revision accounting standard as follows:

SFAS 16 (Revised 2007) - Fixed Assets (effective for financial statements covering periods beginning on or after 1 January 2008).

SFAS 13 (Revised 2007) - Property Investment (effective for financial statements covering periods beginning on or after 1 January 2008).

SFAS 30 (Revised 2007) - Lease (effective for financial statements covering periods beginning on or after 1 January 2008).

SFAS 50 (Revised 2006) - Financial Instrument: Presentation and Disclosures (effective for financial statements covering periods beginning on or after 1 January 2009).

SFAS 55 (Revised 2006) - Financial Instrument: Recognition and Measurement (effective for financial statements covering periods beginning on or after 1 January 2009).

The Company still studying the effect probably arise from implementation of these standards to the consolidated financial statements.

39. RESPONSIBILITY FOR THE COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of these consolidated financial statements and have agreed to the release of the consolidated financial statements for the year ended 31 December 2007 on 15 February 2008.