

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE - MONTH PERIODS ENDED
SEPTEMBER 30, 2008 AND 2007**

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2008 AND 2007
(In Thousands of Rupiah, except Otherwise Stated)

A S S E T S

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
CURRENT ASSETS			
Cash and Cash Equivalents	2d,2g&3	423,909,820	2,188,380,994
Short-term Investments	2f,2d&4	531,286,397	1,076,443,644
Trade Receivables	2c & 2h		
- Third Parties - Net of Provision for Doubtful Accounts			
2008 : 13,036,606 (2007 : 5,578,177)	5	419,940,726	344,052,040
- Related Parties	8	101,509,399	973,347
Retention Receivables	2c & 2h		
- Third Parties - Net of Provision for Doubtful Accounts			
2008 and 2007 : 22,611	6	96,060,937	57,756,185
- Related Parties	8	41,398	-
Unbilled Contract Revenues	2h		
- Third Parties	7	604,499,937	98,358,291
- Related Parties	8	4,558,338	-
Other Receivables	2c & 2h		
- Third Parties		58,459,500	129,738,345
- Related Parties - Net of Provision for Doubtful Accounts			
2008 and 2007 : 539,660	8	735,132,174	2,758,386
Inventories	2i & 9	60,433,552	6,352,572
Advances and Prepaid Expenses	10	1,877,124,172	290,354,045
Derivative Financial Instrument	2y & 32	530,255	-
Prepaid Taxes	2q & 21a	90,696,411	27,900,055
		<u>5,004,183,016</u>	<u>4,223,067,904</u>
NON CURRENT ASSETS			
Investment in Associates	2e & 11a	127,274,943	30,845,033
Other Long-term Investments - Net of Provision for Decline in Value of Other Long-term Investments :			
2008 and 2007 : 18,111,281	2f & 11b	27,459,825	16,689,322
Trade Financing - Net of Provision for Doubtful Accounts			
2008 and 2007 : 47,673	12	771,975	792,272
Property, Plant and Equipment - Net of Accumulated Depreciation 2008 : 201,681,887 (2007 : 142,007,598)	2k,2m&13	1,193,991,548	256,483,577
Due from Related Parties - Net of Provision for Doubtful Accounts 2008 and 2007 : Nil	2c & 8	735,016	735,016
Goodwill	2j	28,709,719	76,688,613
Intangible Assets	2n	1,089,425	219,278
Unused Asssets	14	-	6,378,518
Deposits	15	324,159,650	23,837,172
Deferred Tax Assets	2q & 21d	16,669,385	18,038,908
		<u>1,720,861,486</u>	<u>430,707,709</u>
TOTAL ASSETS		<u><u>6,725,044,502</u></u>	<u><u>4,653,775,613</u></u>

See accompanying Notes to Consolidated Financial Statements
which are an intergral part of these Consolidated Financial Statements

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2008 AND 2007
(In Thousands of Rupiah, except Otherwise Stated)

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
CURRENT LIABILITIES			
Trade Payables :			
- Third Parties	16	389,676,761	123,095,293
- Related Parties	2c & 8	3,105,919	3,805,354
Contract Advances :			
- Third Parties	17	561,097,974	112,466,065
- Related Parties	2c & 8	1,125,360	-
Dividend Payable	2w & 18	363,587	9,702,218
Other Payables - Third Parties	19	21,962,160	4,010,152
Accrued Expenses	20	348,621,219	67,790,361
Taxes Payable	2q & 21b	87,013,510	46,859,461
Long Term Liabilities - Current Maturities :			
Bank Loans	24	82,385,577	40,768,288
Customer Financing Loan	2o	7,962,923	107,795
Total Current Liabilities		<u>1,503,314,990</u>	<u>408,604,987</u>
NON CURRENT LIABILITIES			
Estimated Liabilities for Post-Employment Benefits	2r,2t&22	25,641,239	18,164,092
Deferred Tax Liabilities	2q & 21e	5,661,721	4,495,400
Long Term Liabilities - Net of Current Maturities :			
Bank Loans	24	217,364,102	96,409,890
Consumer Financing Loans	2o	19,492,539	786,335
Bonds Payable	24	196,966,779	-
Stockholders Payable	2c & 8	2,552,049,207	2,488,176,726
Total Non Current Liabilities		<u>3,017,175,587</u>	<u>2,608,032,443</u>
NEGATIVE GOODWILL		-	2,252,206
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES	23	<u>113,568,600</u>	<u>54,865,637</u>
STOCKHOLDERS' EQUITY			
Capital Stock - Rp 100 par value (full amount) per share			
Authorized - 32,000,000,000 shares			
Subscribed and Fully Paid - 15,547,357,080 shares (2007: 13,145,726,100 shares)	25	1,554,735,708	1,392,220,130
Additional Paid - In Capital - Net	2x & 25	115,744,749	54,456,937
Differences in Value of Restructuring Transactions among Entities under Common Control	2s	(17,654,084)	(17,654,084)
Retained Earnings			
Appropriated		3,494,120	3,494,120
Unappropriated		434,664,832	147,503,237
Total Stockholders' Equity		<u>2,090,985,325</u>	<u>1,580,020,340</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u><u>6,725,044,502</u></u>	<u><u>4,653,775,613</u></u>

See accompanying Notes to Consolidated Financial Statements
which are an intergral part of these Consolidated Financial Statements

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In Thousands of Rupiah, except Otherwise Stated)

	<u>Notes</u>	<u>2 0 0 8</u>	<u>2 0 0 7</u>
R E V E N U E S	2c,2p,8&26	2,071,250,368	993,737,479
COST OF REVENUES	2c,2k,2p,8&27	1,616,168,271	798,830,385
GROSS PROFIT		455,082,097	194,907,094
OPERATING EXPENSES	2k,2p&28	224,299,207	106,298,741
INCOME FROM OPERATIONS		230,782,890	88,608,353
OTHER INCOME (CHARGES)			
Others Income	2f,4&29	76,345,238	77,553,645
Others Expense	2d & 30	(38,800,407)	7,219,283
Total Other Income - Net		37,544,831	84,772,928
EQUITY IN NET EARNINGS OF ASSOCIATES	2e & 11a	10,095,988	1,622,215
INCOME BEFORE PROVISION FOR INCOME TAX		278,423,709	175,003,496
INCOME TAX BENEFITS (EXPENSES)	2q		
Current	21c	(60,658,771)	(41,088,144)
Deferred	21c	(14,261,980)	706,816
Total Income Tax Expenses		(74,920,751)	(40,381,328)
NET INCOME AFTER INCOME TAX EXPENSES BEFORE MINORITY INTEREST		203,502,958	134,622,168
MINORITY INTEREST		(10,489,160)	(11,279,499)
NET INCOME		193,013,798	123,342,669
NET INCOME			
Net Income per share (full amount)	2v & 31	12.50	9.00

See accompanying Notes to Consolidated Financial Statements
which are an integral part of these Consolidated Financial Statements

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In Thousands of Rupiah, except Otherwise Stated)

	Capital Stock	Additional Paid-in Capital - Net	Differences in Value of Restructuring Transaction among Entities under Common Control	Retained Earnings (Deficit)		T o t a l
				Appropriated	Unappropriated	
BALANCE AS OF DECEMBER 31, 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
ALLOWANCE FOR GENERAL RESERVE	-	-	-	3,494,120	(3,494,120)	-
NET INCOME FOR THE YEAR	-	-	-	-	212,734,734	212,734,734
BALANCE AS OF DECEMBER 31, 2007	1,397,809,938	55,635,893	(17,654,084)	3,494,120	236,895,303	1,676,181,170
ADDITIONAL PAID-IN CAPITAL	156,925,770	60,108,856	-	-	-	217,034,626
ALLOWANCE FOR RETAINED EARNINGS IN 2007	-	-	-	-	4,755,731	4,755,731
NET INCOME DURING THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2008	-	-	-	-	193,013,798	193,013,798
BALANCE AS OF SEPTEMBER 30, 2008	1,554,735,708	115,744,749	(17,654,084)	3,494,120	434,664,832	2,090,985,325

See accompanying Notes to Consolidated Financial Statements
which are an integral part of these Consolidated Financial Statements

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In Thousands of Rupiah, except Otherwise Stated)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from Costumers and Third Parties	1,753,815,894	823,363,477
Payment to Suppliers	(1,743,488,896)	(740,101,939)
Payment to Employees	(387,055,209)	(225,557,389)
Interest Receipts	64,015,473	77,557,539
Receipts from (Payments) to Related Parties	307,886,784	27,898,693
Payment of Interest and Financial Charges	(35,132,256)	(10,802,774)
Tax Payment	(62,354,685)	(28,323,647)
Net Cash Flows Used in Operating Activities	<u>(102,312,895)</u>	<u>(75,966,040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Notes Receivable	-	404,187,683
Short-term Investment Financing	-	(974,897,028)
Acquisition of Subsidiary	-	(219,289,110)
Long-term Investment Financing	-	(4,557,702)
Receipts from Other Long-term Investment Financing	15,630	46,042
Acquisition of Property, Plant and Equipment	(900,899,220)	(221,436,395)
Sale of Equipment	598,129	1,280,606
Payment of Bank Guarantee	-	(4,292,777)
Investment Received from Other Company	-	4,770,108
Payment of Loan from Related Parties	-	(12,247)
Dividend Received	-	385,493
Deduction of Subsidiary	2,178,791	-
Payment of Trust Fund	(46,231,275)	-
Investment Receipts from Other Companies	(74,908,465)	-
Net Cash Flows Used in Investing Activities	<u>(1,019,246,410)</u>	<u>(1,013,815,327)</u>

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH LOWS (Continued)
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In Thousands of Rupiah, except Otherwise Stated)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from Stockholders	-	2,488,176,726
Payment for Bond Interest and Deposit	(316,815,194)	-
Payment for Term Transactions	(769,254)	-
Additional Paid-in Capital from Warrant	-	82,277,046
Payment to Related Parties	(202,958,893)	-
Receipts from Bank Loan	164,852,755	104,533,328
Payment of Bank Loan	-	(2,327,963)
Receipt from Bonds Payable	200,000,000	-
Dividend Received	221,981	-
Deposit Payment	(19,523,830)	-
Payment for Obligations under Capital Leases	(161,447,511)	-
Net Cash Flows Provided by (Used in) Financing Activities	<u>(336,439,946)</u>	<u>2,672,659,137</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,457,999,251)	1,582,877,770
EFFECT OF FOREIGN CURRENCY CHANGES ON CASH AND CASH EQUIVALENTS	1,702,785	(2,856,205)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,880,206,286</u>	<u>608,359,429</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD/END OF YEAR	<u><u>423,909,820</u></u>	<u><u>2,188,380,994</u></u>

See accompanying Notes to Consolidated Financial Statements
which are an intergral part of these Consolidated Financial Statements

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands of Rupiah, except 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 February 1, 2001 of Public Notary Mohamad Rasjid Umar, SH, a Notary in Balikpapan. This Deed was approved by the Minister of Justice of the Republic of Indonesia in Decree No. C-22.HT.01.01.TH 2002 dated January 21, 2002. The Company's Articles of Association has been amended several times, the latest by Deed No. 68 dated May 27, 2008 of Public Notary in Jakarta Yulia, SH and its supporting documents, concerning the change in the Company's board of management. Such change has been received and noted in the Sisminbakum's database of Department of Justice and Human Rights of the Republic of Indonesia. The Amendment Deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in accordance with Letter of Receipt for the Change in the Company's Articles of Association in Decree No. AHU-AH.01.10-13181 dated June 4, 2008.

The Company's operational activities comprise providing services for supporting service for power plant related business, including operational and maintenance activities, energy consultation, technical services and construction support mechanical and electrical consultation, direct or also indirect investments in Subsidiaries in investment in shares of stock and/or purchase of convertible bonds and/or purchase of marketable securities.

The Company's head office is located at BRI II Building, 30-31st floor, Jl. Jendral Sudirman Kav. 44-46 with its main business activities in Jakarta and its major projects in Java, Sumatera, Kalimantan and Sulawesi.

b. The Company's Public Offering

On October 3, 2006, the Company obtained the Notification of Effectivity Statement 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 public offering of 5,000,000,000 ordinary shares, with nominal value of Rp 100 (full amount) and offering price of Rp 110 (full amount) per share. On October 16, 2006, the Company's shares were listed on the Jakarta Stock Exchange.

c. Employees, Commissioners and Directors

As of September 30, 2008 and 2007, the Company's Commissioners and Directors are as follows :

	2008	2007
Board of Commissioners		
President Commissioner	Hendrik Tee	Hendrik Tee
Commissioner	Richard Harjani	Sidarta Sidik
Independent Commissioner	Siswanto	Siswanto
Board of Directors		
President Director	Sidarta Sidik	Arifin Wiguna
Directors	Andre Purnawan	Shi Hong Chao
	Chua Thiam Joo	Chua Thiam Joo
	Shi Hong Chao	F.X Agus Edyono (Unaffiliated)
	F.X. Agus Edyono (Unaffiliated)	

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands of Rupiah, except Otherwise Stated)

1. GENERAL (Continued)

c. Employees, Commissioners and Directors

Total salaries and allowances for the Group's Directors and Commissioners for the nine-month period ended September 30, 2008 amounted to Rp 9,676,203 and USD 396,628 (USD full amount) (2007 : Rp 3,641,213 and USD 204,165) (USD full amount)).

For the nine-month period ended September 30, 2008, the average number of permanent employees amounted to 908 (2007 : 510) for the Group and average of 44 (2007 : 72) for the Company.

d. Subsidiaries

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

Direct Ownership	Domicile	Commercial Operation Year	Business Activity	Percentage of Ownership		Total Assets	
				2008	2007	2008	2007
PT Maxima Infrastruktur (MIS) and Subsidiary	Jakarta	2001	Industry, Trading, Service, Construction, Contractor, Mining, Agency, Agriculture and Transportation.	99.99%	99.99%	620,595,794	160,800,450
PT Manunggal Power (MP)	Jakarta	2006 *	Construction, Trading, Mining and Service.	99.99%	99.99%	1,799,862,566	385,429,199
PT Manunggal Infraselusi (MIF) and Subsidiary	Jakarta	2006 *	Trading, Construction, Real Estate, Industry, Printing, Agrobusiness, Mining, Service and Transportation.	99.99%	99.99%	3,486,758,164	1,045,818,247
Manunggal (Beijing) Int'l Trading Co., Ltd.	Beijing	2008 *	Trading	100%	-	69,580,460	-
TAME Turkey Construction Pte. Ltd.	Singapore	2007 *	Factory Reconstruction Services	100%	-	165,077,481	59,410,526
PT Karang Asem Manunggal Power	Jakarta	2008*	Mining, Trading, Construction, Industry, Transportation	91%	-	455,000,000	-
Through MIF							
PT Manunggal Engineering (ME)	Jakarta	2006*	Construction, Trading, Industry, Mining and Service	99.99%	99.99%	501,226,144	76,163,601
PT Truba Jaya Engineering (TJE) (Formerly PT Truba Jurong Engineering)	Jakarta	1976	General Contractor, Technical Planning, Installation and Agency	96.00%	51.00%	2,915,009,253	752,727,651
PT Suar Alam Engineering	Jakarta	2007*	Construction, Trading, Industry, Mining and Service	99.99%	-	26,660,101	-
Through MP							
PT Menamas Mitra Energi	Jakarta	2007*	Electric Power Supply Service	67.46%	51.00%	194,249,659	159,963,754
PT Central Daya Energi	Jakarta	2008	Electric Power Supply Service	95.00%	-	1,322,370,643	-
Through MIS							
PT Manunggal Multi Energi (MME)	Jakarta	2006*	Trading, Construction, Industry and Mining	90.10%	90.10%	53,290,304	36,335,891
PT Truba Segihan Utama (TSU)	Jakarta	2007*	Mining, Development and Construction	70.00%	70.00%	17,720,298	17,591,145
Through TJE							
Truba Jurong Engineering Pte. Ltd.	Singapore	1998	General Construction, Service, Construction Consultation and Levying Service	100%	100%	167,662	155,925
PT Anugerah Binaprakasa	Jakarta	1999	Chlorine Production and Marketing	95.00%	95.00%	13,606,774	5,625,362
PT Truba Activated Carbonindo	Jakarta	1999	Active Carbon Production and Marketing	-	100%	-	496,040
PT Gading Megah	Jakarta	1987	Chemical Product Marketing	90.00%	90.00%	1,556,276	5,316,344
PT Prasada Samya Mukti	Jakarta	1989	General Contractor	55.00%	55.00%	24,523,120	21,051
PT Truba Riau mandiri Engineering	Pekan Baru	2001	General Contractor	70.00%	70.00%	22,214,239	16,882,852

*) For date of each acquisition, see Note 1e

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands of Rupiah, except Otherwise Stated)

1. GENERAL (Continued)

e. Investment and Acquisition

On March 26, 2008, the Company made an investment in shares of stock of PT Karangasem Manunggal Power with ownership interest of 91 % or equivalent to Rp 455,000 (455 shares @ Rp 1,000). Such Subsidiary has not started its commercial operation and has not been consolidated since it is considered insignificant because not material.

On February 22, 2008, the Company made an investment in shares of Common Stock of Manunggal (Beijing) Int'l Trading Co Ltd. amounting to RMB 5,000,000 (full RMB) or equivalent to Rp 6,559,600.

On January 21, 2008, MP, a subsidiary made an investment in shares of stock of PT Central Daya Energi (CDE) by purchasing 206,319 shares @ Rp 9,165 (full IDR) from Sirius Power Plant Investment Limited with total price of Rp 1,890,913. As of March 31, 2008, the subsidiary's, MP's, ownership amounted to Rp 2,391,964 (260,989 shares @ Rp 9,165) or equivalent to 95 % of the total paid-in capital of CDE. On April 8, 2008, MP increased its shares of stock in CDE by purchasing 11,000 shares @ Rp 9,165 (full IDR) from PT Central Prima Bahari with total price of Rp 100,815. Therefore, as of June 30, 2008, MP's ownership in CDE amounted to Rp 2,492,779 (271,989 shares @ Rp 9,165) or equivalent to 99% of CDE's total paid in capital.

On July 31, 2007, MIF and MP, Subsidiaries made an investment in shares of stock of PT Suar Alam Engineering (SAE) amounting to Rp 2,499,000 (2,499 shares @ Rp 1,000,000) and Rp 1,000 (1 share @ Rp 1,000,000), respectively. As of December 31, 2007, MIF's and MP's ownership amounted to Rp 9,999,000 (9,999 shares @ Rp 1,000,000) and Rp 1,000 (1 share @ Rp 1,000,000), respectively or 100 % of SAE's total paid-in capital.

On April 19, 2007, MP, a Subsidiary, acquired PT Menamas Mitra Energi (Menamas) with ownership interest of 51 %, afterward on January 31, 2008, the Subsidiary increased the ownership interest to 67.46 %. Acquisition of Menamas was recorded using the purchase method. The excess of acquisition cost over net book value of a Subsidiary at the time of acquisition is recorded in the Goodwill account and is amortized over a period of 20 (twenty) years. This transaction became effective on that date.

On April 13, 2007, the Company made an investment in shares of common stock of TAME Turkey Construction Pte Ltd. amounting to 1 share or USD 1 (full USD) representing 100 % ownership in such company.

On February 21, 2007, MIS, a Subsidiary, acquired PT Truba Segihan Utama (TSU) with ownership interest of 70 %. Acquisition of TSU was recorded using the purchase method. The excess of acquisition cost over net book value of a subsidiary at the time of acquisition is recorded in the Goodwill account and is amortized over 3 (three) up to 20 (twenty) years. This transaction became effective on that date.

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

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands of Rupiah, except Otherwise Stated)

1. GENERAL (Continued)

e. Investment and Acquisition (Continued)

On December 27, 2005, MIS, a Subsidiary, acquired PT Truba Jurong Engineering (TJE) with ownership interest of 48 % which was increased to 51 % on June 26, 2006. Acquisition of TJE was recorded using the purchase method. The excess of acquisition cost over net book value of a Subsidiary at the time of acquisition is recorded in the Goodwill account and amortized over a period of 3 (three) years. Subsequently, on July 26, 2006, based on Minutes of Sales Purchase of Shares (“Berita Acara Jual Beli Saham”) between MIS and MIF, the subsidiary, an agreement was made on the sale of 51 % of TJE shares (equivalent to 76,500,000 shares) owned by MIS, a subsidiary. This transaction represents a restructuring transaction between entities under common control in accordance with Statement of Financial Accounting Standards (SFAS/PSAK) No. 38 “**Accounting for restructuring transaction between entities under common control**”, in which the transaction is recorded using the Pooling of Interest method. Difference arising from such transaction is recorded as Difference in Value of Restructuring Transaction among Entities under Common Control in the Equity Section.

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

In the Stockholder’s Extraordinary General Meeting of on June 26, 2006, the Stockholders agreed to invest their 99.99 % of shares in each MIS, MP, MIF and ME through MIF as covered in Notarial Deed Nos. 62, 65, 68 and 71, respectively of Public Notary Robert Purba, SH.

Total Acquisition costs of MIS, MIF and MP amounted to Rp 14,999,000, Rp 999,000 and Rp 999,000, respectively.

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 Statements of Financial Accounting Standard (SFAS/PSAK) established by the Indonesian Institute of Accountants, regulation No.VIII.G.7 (Revised 2000) from the Capital Market Supervisory Board (Bapepam) regarding “Guidelines on the Presentation of Financial Statements” and Guidelines for Presentation and Disclosure of the Financial Statements of Stock Issuers or Public Companies issued by Bapepam.

The basis of measurement and preparation of the Consolidated Financial Statements is the historical cost concept, unless otherwise stated. For example, investment in securities classified as securities available for sale is stated at fair value and certain fixed assets which have been revalued in accordance with prevailing government regulations. The Consolidated Financial Statements have been prepared using the Accrual method, except for Statements of Cash Flows.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands of Rupiah, except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Measurement and Preparation of Consolidated Financial Statements (Continued)

The Statements of Cash Flows are prepared using the Direct method by classifying the cash flows into operating, investing and financing activities.

The reporting currency used in the preparation of the Consolidated Financial Statements is the Indonesian Rupiah (Rp)

b. Principles of Consolidation

All figures in these Consolidated Financial Statements, unless otherwise stated, are rounded up to the nearest thousands of Rupiahs.

The Consolidated Financial Statements include the accounts of the Company and its local and foreign subsidiaries in which the Company directly or indirectly has an ownership of more than 50 % of the voting rights, or has a control on such subsidiary if the ownership is 50 % or less. Subsidiaries are consolidated from the date on which the 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 Subsidiary representing the integral part of the Company are translated as if such foreign operation transactions were conducted by the Company (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 in Value of Restructuring Transactions among Entities under Common Control", and will be recognized as income or expense 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 Sheets. Minority Shareholders' portion of loss in Subsidiaries is presented as "Minority Interest" in the Consolidated Statements of Income.

c. Transactions with Related Parties

The Group has transactions with related parties which are defined in accordance with **PSAK No. 7 "Related Party Disclosure"**.

All transactions with related parties conducted under normal terms and conditions as those with other parties or otherwise have been disclosed in the Consolidated Financial Statements.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands of Rupiah, except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Foreign Currency Transactions

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

Gains and losses arising from transactions in foreign currencies and the translation of foreign currency monetary assets and liabilities are recognized in the Consolidated Statements of Income.

Bank Indonesia middle rates prevailing on September 30, 2008 and 2007 are as follows :

	<u>2008</u>	<u>2007</u>
1 USD	9,378.00	9,137.00
1 EUR	13,751.43	12,938.00
1 SGD	6,593.56	6,132.03

e. Investment in Associates

Investments through subsidiaries in companies in which the Group has indirect ownership of 20 % to 50 % of the voting rights, and over which the Subsidiaries exercise significant influence, but which they do not control, are accounted for by the Equity method.

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

Provisions are made for decrease in value of long-term investments.

f. Investment 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 investment 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 recognized at discounted acquisition cost or after unamortized premiums.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Investment 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 recognized at fair value, while unrealized gains are recorded in the Statements of Income (Loss).

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 unrealized gains and losses reported as a separate component of equity.

Cost of securities sold is determined using the Weighted Average method.

Dividends from investment are recognized when they are declared.

g. Cash and Cash Equivalents

The Group classified bank balances and unrestricted time deposits with maturity of 3 (three) months or less at the time 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 in the period 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 market value of net assets of the acquired companies at the time of investment. *Goodwill* is amortized using the straight line method for a period of 3 (three) to 20 (twenty) years, based on 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.

k. Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost (or revaluated amount) less accumulated depreciation.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands of Rupiah, except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Property, Plant and Equipment and Depreciation (Continued)

Property, plant and equipment, except for land, are depreciated using the Straight-line method over their estimated useful lives as follows :

Building and Infrastructure	20 Years
Heavy Equipment	5 – 8 Years
Machinery (part of “heavy equipment”), Office Equipment, Vehicles and Office Fixtures	3 – 4 Years

Acquisition of land is stated at cost and is not depreciated. Expenses related to the acquisition or extension of landrights are deferred and amortized over the period of landrights. Acquisition costs include expenses related to the acquisition or extension of landrights.

The cost of maintenance and repairs is charged as expense as incurred. Subsequent expenditures which extend the assets future life or provide further economic benefits are capitalized 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 recognized in current year.

l. Decline in Asset Value

The Group recognizes loss due to decline in asset value if the estimated recoverable amount of an asset is lower than its book value. At every balance sheet date, the Group conducts a review in order to determine indications of recovery of decline in asset value. Recovery of decline in asset value is recognized as income in the period it occurs.

m. Construction in Progress

Construction in progress is stated at cost. The accumulated cost will be reclassified into the related property, plant and equipment account when the construction is completed and ready for use.

n. Intangible Assets

Costs associated with developing accounting and finance procedures and computer software are presented as intangible assets in accordance with **PSAK No. 19 “Intangible Assets” (revision)** and amortized using the Straight-line method over a maximum period of 3 (three) years.

o. Assets under Capital Lease

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.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Transaction Under Capital Lease (Continued)

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

Assets and obligation under capital lease are recorded based on the present value of the lease payments plus residual value (option price).

Leased vehicles are depreciated using the Straight-line method over the economic life of leased assets which is 8 (eight) years.

p. Recognition of Income and Expenses

Contract Income

Income on construction contracts is recognized when it can be estimated reliably. The Group recognizes income in certain period using the percentage of completion method. The stage of completion is measured by referring to the proportionate costs incurred up to the balance sheet date against the estimated total cost of each contract. The full amount of anticipated loss, including any loss related to future contract work, is recognized in the period in which the loss is identified.

Recognition of Income from Coal Sales

Income from coal sales is recognized at the time of delivery to customers.

Expenses are recognized based on the Accrual method.

q. Taxation

All temporary differences between the tax bases of assets and liabilities and their carrying value are recognized as Deferred Tax using the Liability method. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available, against which the assets can be utilized.

Amendments to taxation obligations are recorded when a Tax Assessment Letter is received or, if appealed, when the results of the appeal are determined.

r. Employee Benefits and Pension Benefits

Short-term Employee Benefits

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

Long-term and Post Employment Benefits

The Group recognizes long-term and post employment benefits in accordance with **PSAK No. 24 “Accounting for Pension Benefit Cost” (2004 Revision)** in accordance with Labour Law No. 13/2003 (UU 13/2003). The Group is required to provide a pension with a minimum benefit of equal to pension benefit determined by UU 13/2003. Pension benefit that conforms with UU 13/2003 is the defined benefit pension program.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Employee Benefits and Pension Benefits (Continued)

Long-term and Post Employment Benefits (Continued)

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

The liability recognized in the consolidated balance sheet for pension benefits is the higher of pension benefit obligation under the Group's pension program and pension benefit obligation of 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 adjustment for unrecognized actuarial gains or losses and past service cost. The defined benefits obligations 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 adjustments and changes in actuarial assumptions resulting in 10 % excess 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 is recognized immediately in the Consolidated Statements 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 amortized on a straight-line basis over the vesting period.

s. Accounting for Differences in Value of Restructuring Transactions among Entities under Common Control

Differences in value of restructuring transaction among entities under common control is recorded as if using the pooling interest method. Difference between investment cost and net book value of acquired assets, exclusive of retained earnings, is recorded as "Difference in Value of Restructuring Transactions among 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.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u. Segment Information

Segment information is prepared in accordance with accounting policies adopted in the preparation of the Consolidated Financial Statements.

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

v. Net Income (Loss) per Share

Income (loss) per share is calculated by dividing net income (loss) by weighted average circulated ordinary shares in 9 (nine) months or 15,547,357,080 shares (2007 : 13,145,726,100 shares).

w. Dividends

Dividends distribution to the Company's shareholders is recognized 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 Decision Letter of Bapepam No. Kep-06/PM/2000 dated March 13, 2000, effective from January 1, 2000, the stock issuance costs is recorded as a deduction to paid-in capital and presented as "Additional Paid-in Capital" account in the Equity section of the Balance Sheets.

y. Derivative Financial Instruments

Derivative financial instrument is assessed based on fair value at the time the contract is made, and thereafter re-assessed based on fair value at the date of the financial statements. This derivative financial instrument is used to manage risks that are closely related to fluctuation of foreign exchange. Therefore, gain or loss on derivate instrument is recognized in the Statements of Income. For accounting purposes, the derivative instrument is not considered as hedging instrument. The Company does not use the derivative financial instrument for speculation purposes.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands of Rupiah, except Otherwise Stated)

3. CASH AND CASH EQUIVALENTS

The details as of September 30, are as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Cash on Hand	<u>1,079,546</u>	<u>311,658</u>
Cash in Banks		
R u p i a h		
PT Bank Negara Indonesia (Persero) Tbk	13,843,124	14,515,624
PT Bank Bukopin Tbk	7,247,396	2,834,441
PT Bank Mandiri (Persero) Tbk	3,847,766	309,811
PT Bank International Indonesia Tbk	3,164,250	-
PT Bank Lippo Tbk	2,517,839	7,955,744
Bank Niaga	775,458	-
Bank Danamon	700,089	-
Bank Permata	641,972	-
ANZ Panin	598,876	-
PT Bank Pan Indonesia Tbk	452,124	1,067,361
Deutch Bank	425,037	-
PT Bank Mizuho Indonesia	334,199	252,323
Bank Century	244,854	-
PT Bank OCBC Indonesia	218,444	134,065
PT Bank Mega Tbk	160,100	1,337,656
Others (Accounts with balances below Rp 100 Million each)	114,761	237,117
Total Rupiah	<u>35,286,289</u>	<u>28,644,142</u>
U S D		
PT Bank OCBC Indonesia	31,817,897	8,016,682
PT Bank International Indonesia Tbk	13,161,624	-
D e u t s c h b a n k	5,052,244	-
Bank Danamon	4,851,639	-
Bank Permata	3,651,893	-
PT Bank Negara Indonesia (Persero) Tbk	3,647,059	5,489,235
PT Bank Lippo Tbk	3,178,810	1,717,520
Bank ICBC	1,940,841	-
China Construction Bank	1,587,425	-
PT Bank Mandiri (Persero) Tbk	1,082,394	-
ANZ Panin	772,445	-
Bank Finconesia	567,991	672,902
PT Bank Mizuho Indonesia	494,768	974,426
Citibank N.A, Jakarta	182,540	290,731
Bank Century	123,245	-
PT Bank Mega Tbk	-	1,663,022
PT Bank Pan Indonesia Tbk	-	630,113
Others (Accounts with balances below Rp 100 Million each)	401,684	179,214
Total USD	<u>72,514,499</u>	<u>19,633,845</u>

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands of Rupiah, except Otherwise Stated)

3. CASH AND CASH EQUIVALENTS (Continued)

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
R M B		
China Construction Bank	9,432,564	-
Y E N		
Bank Mandiri	171,763	-
S G D		
PT Bank OCBC	95,433	92,108
Citibank N. A., Jakarta	10,288	14,456
Total SGD	<u>105,721</u>	<u>106,564</u>
Total Cash in Banks	<u>117,510,836</u>	<u>48,384,551</u>
CASH EQUIVALENTS		
Time Deposit		
R u p i a h		
Bank Danamon	20,000,000	-
ANZ Panin	15,452,506	-
PT Bank Pan Indonesia Tbk	15,081,370	518,883,851
PT Bank Bukopin Tbk	8,600,000	102,700,000
Bank Finconesia	4,330,000	-
PT Bank Negara Indonesia (Persero) Tbk	4,048,645	11,520,000
Bank Mandiri	4,000,000	-
Bank Century	1,500,000	-
PT Bank Lippo Tbk	-	90,000,000
PT Bank Capital Tbk	-	5,000,000
PT Bank Arthagraha	-	1,062,119
PT Bank Central Asia Tbk	-	1,000,000
Total Rupiah	<u>73,012,521</u>	<u>730,165,970</u>
U S D		
Bank Finconesia	134,105,400	274,110,000
ANZ Panin	39,184,088	-
PT Bank Negara Indonesia (Persero) Tbk	25,657,190	31,012,809
Deutsch Bank	23,445,000	-
Bank Danamon	4,689,000	-
Bank OCBC	4,194,659	-
Bank Century	1,031,580	-
PT Bank Pan Indonesia Tbk	-	734,347,506
PT Bank Lippo Tbk	-	187,308,500
PT Bank Mizuho Indonesia	-	182,740,000
Total USD	<u>232,306,917</u>	<u>1,409,518,815</u>
Total Cash Equivalents	<u>305,319,438</u>	<u>2,139,684,785</u>
Total Cash and Cash Equivalents	<u>423,909,820</u>	<u>2,188,380,994</u>

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. CASH AND CASH EQUIVALENTS (Continued)

Time deposits and deposits on call represent deposits denominated in Rupiah and USD with maturities of 9 (nine) months. The annual interest is ranging from :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
R u p i a h	7% - 12.50%	7%-12.50%
U S D	4% - 5.37%	4%-4.75%

Refer to Note 33 for balances in foreign currencies.

4. SHORT-TERM INVESTMENTS

The details as of September 30, are as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
PT Treasure Fund Investama	270,113,714	1,076,443,644
PT Peak Capital	241,020,142	-
PT Minnapadi Asset Manajement	20,152,541	-
T o t a l	<u>531,286,397</u>	<u>1,076,443,644</u>

The Company and Subsidiaries made an agreement of investment management with PT Treasure Fund Investama (TFI), third party, for a period of 1 (one) year commencing from the date the fund is received.

Based on the report on development of investment result issued by TFI for the year ended September 30, 2008, the value of the short term investment comprises :

- Rp 141,344,989 owned by the Company which has been placed since January 2007, and
- Rp 128,768,725 owned by TJE, a Subsidiary, which has been placed since December 19, 2007.

Such placement of fund is intended to gain sufficient income.

In 2008, PT Manunggal Infracolusi (MIF) and PT Manunggal Power (MP), Subsidiaries, made an investment in PT Minna Padi Asset Manajemen (Minna)-third party, amounting to Rp 50,000,000 and Rp 20,000,000, respectively earning an interest at 10 % per annum for a period of 1 (one) year maturity since the placement of funds in marketable securities in the form of private or public shares on short-term or long-term bonds through Minna, as fund manager. On September 30, 2008, the return on investment of MIF and HP amounted to Rp 10,026,514 and Rp 10,126,027, respectively.

On June 27, 2008, PT Manunggal Power and PT Manunggal Engineering, Subsidiaries made an investment in PT Peak Capital, Third Party amounting to Rp 174,136,137 and Rp 66,884,025, respectively earning a minimum interest at 10 % net.

Fair value of securities is determined based on their market value (marked to market).

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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5. TRADE RECEIVABLES

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

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Third Parties		
Shanghai Electric	169,711,028	59,225,699
PT Chevron Pasific Indonesia	101,280,351	-
PT Pec-Tech Indonesia	27,780,698	-
JGC/KBR Indonesia	20,569,182	21,829,030
Beijing Electric Power C	16,275,991	-
Chengda Engineering Corporation	14,707,245	52,316,173
Kobe Steel Ltd	13,545,199	48,434,647
PT International Nickel Indonesia	11,420,039	7,150,881
China National Elect Equip	6,037,845	-
Talent Shine	5,626,800	-
PT Barata Indonesia (Persero)	4,542,594	4,542,594
PT Segara Hero Sakti	4,500,000	-
PT Indah Kiat Pulp & Paper	3,942,015	8,034,526
PT Riau Andalan Pulp & Paper	3,926,507	4,460,370
PT Jurong Engineering Lestari	3,650,028	3,086,882
PT PLN	2,844,795	-
PT Tripatra Engineering	2,550,190	76,457,139
JO Cakra Catur Nikki C	1,823,357	-
PT Thames Pam Jaya	1,271,270	-
PT Holcim Indonesia	992,594	1,239,931
PT Pundi Daya Peraya	967,420	-
PT Pec-Tech Cranes & Heavy Equipment	960,168	2,269,901
PT Tanjung Enim Lestari	747,896	8,476,904
PT Balfour Beatty Sakti	-	6,670,000
PT General Agromesin Lestari	-	1,107,500
PT Indocement Tunggal P	-	1,611,997
PT Dwi Prima Sembada	-	1,257,823
Rockwood Material H	-	826,416
PT Pratama Energi Konstruksi Teknologi Indonesia	-	29,187,160
Others (Accounts with balances below Rp 700 Million each)	13,304,120	11,444,644
T o t a l	432,977,332	349,630,217
Provision for Doubtful accounts	<u>(13,036,606)</u>	<u>(5,578,177)</u>
N e t	<u>419,940,726</u>	<u>344,052,040</u>

Changes of provision for doubtful accounts are as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Balance at Beginning of Year	9,414,599	1,454,611
Changes during the Year :		
Addition of Provision	3,809,677	4,123,566
Receivables Write-off	<u>(187,670)</u>	<u>-</u>
Balance at End of Period/Year	<u>13,036,606</u>	<u>5,578,177</u>

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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5. TRADE RECEIVABLES (Continued)

Aging analysis of the Company's trade receivables is as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Not Yet Due	142,760,487	194,582,589
Over due :		
1-30 Days	45,091,004	83,193,027
31-60 Days	11,954,491	43,338,733
61-90 Days	19,828,049	7,416,179
91-150 Days	81,168,091	6,932,470
Over 150 Days	<u>132,175,210</u>	<u>14,167,219</u>
T o t a l	<u><u>432,977,332</u></u>	<u><u>349,630,217</u></u>

Based on a review of the status of accounts receivable from each consumer for the nine-month periods ended September 30, 2008 and 2007, the Group Management is of the opinion that the allowance for doubtful accounts is sufficient to cover potential losses arising from the non-collection of accounts receivable.

On September 30, 2008 and 2007, trade receivables amounting to US 7,578,884 (Full USD) and Rp 45,361,210 were used as collateral for certain loan 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 based on the contract. The retention will be released to TJE, a subsidiary 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 Statement of Income. Recognition of the underestimation is made at the time of occurrence.

Details of retention receivables are as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
PT Tripatra Engineering Teknologi Indonesia	33,642,310	17,061,486
PT Chevron Pacific Indonesia	21,110,891	-
JGC/KBR Indonesia	11,243,362	14,533,334
Kobe Steel Ltd	10,702,202	1,015,376
Chengda Engineering Corporation	5,303,984	11,000,948
China National Elect Equip	3,773,008	-
PT Pec-Tech Indonesia	3,520,874	-
Mitsubishi Corporation	2,464,569	1,108,556

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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6. RETENTION RECEIVABLES – THIRD PARTIES (Continued)

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
PT Energi Sengkang	2,266,359	-
Shanghai Electric	1,700,469	-
PT Indah Kiat Pulp & Paper	19,255	1,184,006
PT Jurong Engineering Lestari	-	2,679,058
PT Pratama Energi Konstruksi Teknologi Indonesia	-	8,046,583
Others (Accounts with balances below Rp 500 Million each)	336,265	1,149,449
T o t a l	<u>96,083,548</u>	<u>57,778,796</u>
Provision for Doubtful Accounts	<u>(22,611)</u>	<u>(22,611)</u>
N e t	<u><u>96,060,937</u></u>	<u><u>57,756,185</u></u>

Changes of provision for doubtful accounts are as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Balance at Beginning of Year	22,611	22,611
Changes in Current Year :		
Addition of Provision	-	-
Receivables Write-off	-	-
Balance at End of Period/Year	<u><u>22,611</u></u>	<u><u>22,611</u></u>

Based on a review of the status of accounts receivable from each customers for the nine month periods ended September 30, 2008 and 2007, 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.

Refer to Note 33 for balances in foreign currencies.

7. UNBILLED CONTRACT REVENUE – THIRD PARTIES

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

Details of unbilled contract revenue for construction work in progress are as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Shanghai Electric	370,233,462	-
PT Chevron Indonesia	170,402,690	-
Chengda Engineering Corporation	17,077,153	-
PT Energi Sengkang	9,359,027	-
China National Elect Equip	8,024,254	-
Beijing Electric Power Construction	6,639,521	-
PT Pec-tech Indonesia	6,258,046	-
PT Tanjung Enim Lestari	4,146,466	4,819,535
JGC/KBR Indonesia	4,068,132	-

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7. UNBILLED CONTRACT REVENUE – THIRD PARTIES (Continued)

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
PT International Nickel Indonesia	3,985,650	2,441,406
Kobe Steel Ltd	2,989,306	9,829,823
PT Tripatra Engineering	-	61,544,086
PT Jurong Engineering Lestari	-	861,893
Pemda Bengkalis	-	505,453
PT Pratama Energi Konstruksi Teknologi Indonesia	-	17,349,956
Others (Accounts with balances below Rp 500 Million each)	1,316,230	1,006,139
T o t a l	<u><u>604,499,937</u></u>	<u><u>98,358,291</u></u>

Refer to Note 33 for balances in foreign currencies.

8. RELATED PARTIES INFORMATION

The Group, in their regular conduct of business, has engaged in transactions with related parties principally consisting of revenue, purchases, advances, office rental, loan and other financial transactions using the same pricing 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 Companies.
- iii. The Companies having the same key management.
- iv. Owned by the Company's employees and Subsidiaries.

b. S u m m a r y

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

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Current Assets		
Trade Receivables		
PT Central Protienaprima	97,335,612	-
TDGP/KSO	1,658,793	-
PT Cilegon Fabricators	1,237,079	-
Truba Arabia Co., Ltd.	1,007,833	514,843
Others (Accounts with balances below Rp 100 Million each)	270,082	458,504
T o t a l	<u><u>101,509,399</u></u>	<u><u>973,347</u></u>

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8. RELATED PARTIES INFORMATION (Continued)

b. Summary (Continued)

Receivables from related parties represents 1.51 % of total consolidated assets in 2008 (2007 : 0.02 %).

	2008	2007
Retention Receivables		
PT Jurong Engineering Lestari	-	-
	-	-

Receivable from related parties represents nil % of total consolidated assets in 2008 (2007 : nil %).

	2008	2007
Uncollectible Contract Receivables		
PT Central Daya Energi	4,558,338	-
	4,558,338	-
Other Receivables		
PT Ranyza Energi	553,969,541	-
PT Enimax Power Energi	97,102,633	-
NII	19,773,534	-
Meta Epsi	16,080,000	-
Panimax Inti Mining	15,578,043	-
Bangka Manunggal Power	12,534,087	-
PT Basin Coal Mining	4,868,187	-
Musi Power Energy	3,959,965	-
Palembang Power Energy	3,921,834	-
TAME Investment	3,269,797	-
Others (Accounts with balances below Rp 1 Billion each)	4,614,213	3,298,046
T o t a l	735,671,834	3,298,046
Provision for Doubtful Accounts	(539,660)	(539,660)
	735,132,174	2,758,386
N e t	735,132,174	2,758,386

Other receivables from related parties represent 10.93 % of total consolidated assets in 2008 (2007 : 0.06 %).

	2008	2007
Non Current Assets		
Trade Receivables		
PT Truba Dewata Guna Prasada	735,016	735,016
Others	-	-
T o t a l	735,016	735,016
Provision for Doubtful Accounts	-	-
	735,016	735,016
N e t	735,016	735,016

Receivables from related parties represent 0,01 % of total consolidated assets in 2008 (2007 : 0,01 %).

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8. RELATED PARTIES INFORMATION (Continued)

b. Summary (Continued)

Loan to PT Truba Dewata Guna Persada represents loan for working capital purpose with interest at 17 % per annum. On January 31, 2007, TJE, a Subsidiary and PT Truba Dewata Guna Persada agree not to charge the loan with interest of 17 % commencing from January 1, 2006.

On June 30, 2007, TJE's management, a Subsidiary wrote-off all of its outstanding loan and provision for doubtful account from PT Global Jaringan Nusantara and Business to Business. Such write-off was made since the Company obtained the assurance that those companies were not able to settle such loans.

Based on a review of the status of receivables from related parties – other receivable for the periods ended June 30, 2008 and 2007, 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.

	2008	2007
Current Liabilities		
Trade Payables		
PT Menamas (Mena)	1,720,494	1,720,494
Koperasi Tri Tunggal	1,120,165	1,343,382
PT Prasada Samya Mukti	74,442	176,469
PT Cilegon Fabricators	106,982	561,144
Others (Accounts with balances below Rp 100 Million each)	3,864	3,865
T o t a l	3,025,947	3,805,354
Retention Payables		
PT Cilegon Fabricators	61,418	-
Koperasi Tri Tunggal	18,554	-
T o t a l	79,972	-
T O T A L	3,105,919	3,805,354

Payables from related parties represent 0.06 % of total consolidated payables in 2008 (2007 : 0.13 %).

	2008	2007
Contract Advances		
PT Bangka Manunggal Power	328,230	-
PT Equator Manunggal Power	797,130	-
T o t a l	1,125,360	-

Contract advances from related parties represent 0.02 % of total consolidated payables in 2008 (2007 : nil %).

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8. RELATED PARTIES INFORMATION (Continued)

b. Summary (Continued)

Non Current Liabilities

Stockholder Payable

This account represents a subordinated loan received by the Company from PT Alam Manunggal (AM), a Shareholder. The loan amounted to Rp 2,552,049,207 as part of convertible bonds issued by Indo Infrastructure Pte. Ltd. amounting to USD 300,000,000 (full USD). (Refer to Note 35.i).

The Shareholder payable represents 56.45 % of the total consolidated payables as of September 30, 2008 (2007 : 82.48 %).

	2008	2007
Revenues		
PT Cilegon Fabricators	149,076	168,912
PT Jurong Engineering Lestari	-	11,042,956
T o t a l	149,076	11,211,868

Revenues from related parties represent 0.01 % of total consolidated revenues in 2008 (2007 : 1.13 %).

	2008	2007
Purchases		
Koperasi Tri Tunggal	8,363,152	1,082,279
PT Prasada Samya Mukti	2,413,138	-
PT Cilegon Fabricators	1,736,522	1,736,522
T o t a l	12,512,812	2,818,801

Purchases from related parties represent 0.77 % of total consolidated revenues in 2008 (2007 : 0.35 %).

	2008	2007
Office Rental Expense		
PT Prasada Samya Mukti	1,813,950	1,741,050
	1,813,950	1,741,050

Office rental expense to a related party represents 0.81 % of total consolidated expenses in 2008 (2007 : 1.63 %).

The Rental Agreement with PT Prasada Samya Mukti was made based on Lease Agreement No. LGL-SWPSM 0001 – 0105 dated January 3, 2005, as amended by Lease Amendment No. LGL-SW PSM 0001-0106 dated December 26, 2005. This lease agreement had a period of 1 year from January 1, 2006 to January 1, 2007 and is extendable as agreed by both parties. This lease transaction is conducted on an arm-length basis.

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8. RELATED PARTIES INFORMATION (Continued)

b. Summary (Continued)

Non Current Liabilities (Continued)

Aging Schedule of Receivables

	2008	2007
Not Yet Due	14,565,469	973,347
Overdue:		
1 - 30 Days	14,285,135	-
31 - 60 Days	14,445,170	-
61 - 90 Days	13,866,055	-
91 - 150 Days	42,972,240	-
Over 150 Days	1,375,330	-
T o t a l	101,509,399	973,347

Refer to Note 33 for balances in foreign currencies.

9. INVENTORIES

The details as of September 30, are as follows :

	2008	2007
Consumables	25,214,750	2,616,779
Construction Materials	18,882,929	2,159,745
Finished Goods	8,262,901	707,484
Tools	8,068,317	861,242
Raw Materials	4,655	7,322
T o t a l	60,433,552	6,352,572

Inventories amounting to Rp 11,252,125 as of September 30, 2008 and 2007 have been pledged as collateral for certain loans obtained by the Company as explained in Note 24.

Based on the result of physical inventory count for the nine-month periods ended September 30, 2008 and 2007, the Group's management is of the opinion that provision for inventory obsolescence is unnecessary as the carrying value is fully recoverable.

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

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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10. ADVANCES AND PREPAID EXPENSES

The details are as follows :

	<u>2008</u>	<u>2007</u>
Advances		
Operational	296,845,187	16,096,794
Purchases	244,324,847	-
Projects	240,453,639	27,372,256
Purchase of Shares of Stock	165,656,648	70,287,000
Purchase of Fixed Assets	133,167,750	-
Coal Purchases	26,915,966	-
Others	58,672,546	19,345,639
T o t a l	<u>1,166,036,583</u>	<u>133,101,689</u>
Prepaid Expenses		
Projects	390,162,583	67,514,047
Bank Guarantee	15,464,391	-
Operational	9,351,274	-
Rent	7,088,281	4,306,598
Insurance	4,845,005	2,319,832
Others	385,839	153,038
T o t a l	<u>427,297,373</u>	<u>74,293,515</u>
Others - Construction in Process	<u>283,790,216</u>	<u>82,958,841</u>
T O T A L	<u>1,877,124,172</u>	<u>290,354,045</u>

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

Project Owners	Balance	
	<u>2008</u>	<u>2007</u>
Kobe Steel Ltd	57,210,741	2,634,221
Checron Pacific Indonesia	45,857,941	-
CNEEC - Indramayu	29,806,294	-
Chengda Eng. Corp.	22,009,973	2,878,985
CNTIEC - Suralaya	9,352,106	-
Beijing Electric Power Construction-Paiton	9,132,214	-
Shanghai Electric	7,757,229	-
Central Proteinaprima	3,673,777	-
PT Riau Andalan Pulp & Paper	1,642,963	2,229,648
Mitsubishi Corporation	1,607,878	-
PT International Nikel Indonesia	1,385,819	3,702,505
PT Jurong Engineering Lestari	-	4,096,491
JGC/KBR Indonesia	-	13,960,303
PT Tripatra Engineering	-	7,978,028
Other Projects (Accounts with balances below Rp 500 Million each)	200,725,648	30,033,866
T o t a l	<u>390,162,583</u>	<u>67,514,047</u>

Advances for projects consist mainly advances for subcontractors and suppliers. Operational advances consist mainly of travel expenses and operational expenses incurred by employees assigned to specific projects for immediate realization.

Refer to Note 33 for balances in foreign currencies.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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11. INVESTMENTS

a. Investment in Associates

Investee	September 30, 2008						
	Percentage Of Ownership	December 31, 2007	Net Income (Loss) (9 Months)	Dividends	Additions	Deductions	September 30, 2008
PT Prasada Samya Mukti	49,00	7,902,557	-	-	-	(7,902,557)	-
PT Truba Dewata Guna Prasada	48,00	1,653,937	(5,772)	-	1,293,233	(1,400,000)	1,541,398
PT Gulf Truba Engineering and Construction Co. W.L.L	49,00	546,390	-	-	-	-	546,390
Truba Arabia Co., Ltd.	50,00	26,311,168	10,101,760	-	-	(2,072,024)	34,340,904
Maxima Coal Pte. Ltd.	50,00	3,241,599	-	-	-	-	3,241,599
Greenzone Pte. Ltd.	25	-	-	-	29,824,740	-	29,824,740
Meta Epsi	28,91	<u>57,779,912</u>	-	-	-	-	<u>57,779,912</u>
T o t a l		<u>97,435,563</u>	<u>10,095,988</u>	<u>-</u>	<u>31,117,973</u>	<u>(11,374,581)</u>	<u>127,274,943</u>

Investee	September 30, 2007						
	Percentage Of Ownership	December 31, 2007	Net Income (Loss) (9 Months)	Dividends	Additions	Deductions	September 30, 2007
PT Prasada Samya Mukti	49,00	10,200,239	(1,753,564)	(385,493)	-	-	8,061,182
PT Truba Dewata Guna Prasada	48,00	1,869,643	(206,463)	-	-	-	1,663,180
PT Gulf Truba Engineering and Construction Co. W.L.L	49,00	693,538	(147,148)	-	-	-	546,390
Truba Arabia Co., Ltd.	50,00	14,344,891	3,729,390	-	-	-	18,074,281
Rotex Engineering & Service Pte. Ltd.	50,00	808,714	-	-	-	(808,714)	-
PT Suar Alam Engineering	25,00	-	-	-	2,500,000	-	2,500,000
T o t a l		<u>27,917,025</u>	<u>1,622,215</u>	<u>(385,493)</u>	<u>2,500,000</u>	<u>(808,714)</u>	<u>30,845,033</u>

b. Other Long-term Investments

i. Investment in equity securities – third parties

	<u>2 0 0 8</u>	<u>2 0 0 7</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 Equator Manunggal Power (Percentage of Ownership: 19,6%)	7,840,000	196,000
PT Bangka Manunggal Power (Percentage of Ownership: 19,6%)	3,920,000	245,000
PT Banyuasin Power Energi (Percentage of Ownership: 19%)	234,000	234,000
PT Ranyza Energi (Percentage of Ownership: 19%)	190,000	190,000

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11. INVESTMENTS (Continued)

b. Other Long-term Investments (Continued)

	2008	2007
PT Panimax Inti Mining (Percentage of Ownership: 16%)	4,000	-
PT Musi Power Energi (Percentage of Ownership: 12%)	3,000	-
PT Palembang Power Energi (Percentage of Ownership: 12%)	3,000	-
PT Centra Daya Energi (Percentage of Ownership: 19.9%)	-	501,050
Carrying amount	44,795,129	33,967,179
Provision for Decline in Value of Other Long - Term Investments	(18,111,281)	(18,111,281)
TOTAL	26,683,848	15,855,898

ii. Investment in securities held to maturity – third party

	2008	2007
PT Indah Kiat S. A1 Rp 1,000,000 Coupon 14 %	775,977	833,424
Total Other Long-Term Investments	27,459,825	16,689,322

On July 22, 2008, MIS and Ferry sold their shares in PT Panimax Inti Mining amounting to 20 shares and 1 share at Rp 1,000 per share, or at Rp 20,000 and Rp 1,000, respectively, to PT Ocean Metal Indo. Therefore, the ownership of MIS in PT Panimax Inti Mining becomes 4 shares or 16 % of the total paid-in capital.

On July 22, 2008, MIS sold its 21 shares in PT Musi Power Energi to PT Mitra Makmur Nusantara and PT Ocean Metal Indo amounting to 11 shares and 10 shares at Rp 1,000 per share, or at Rp 11,000 and Rp 10,000, respectively. Therefore, the ownership of MIS in PT Musi Power Energi becomes 3 shares or 12 % of the total paid-in capital.

On July 22, 2008, MIS sold its 21 shares in PT Palembang Power Energi to PT Mitra Makmur Nusantara and PT Ocean Metal Indo amounting to 11 shares and 10 shares at Rp 1,000 per share, or at Rp 11,000 and Rp 10,000, respectively. Therefore, the ownership of MIS in PT Palembang Power Energi becomes 3 shares or 12 % of the total paid-in capital.

On March 20, 2007, based on Notarial Deed No. 10 of Public Notary Benediktus Andy Widyanto, SH, MP, Subsidiary, made an investment in shares of stock of PT Banyuasin Power Energy (BPE) in which MP's ownership amounted to Rp 234,000 (234 shares @ Rp 1,000) or equivalent to 19 % of BPE's paid-in capital.

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11. INVESTMENTS (Continued)

b. Other Long-term Investments (Continued)

On March 20, 2007, based on Notarial Deed No. 9 of Public Notary Benediktus Andy Widyanto, SH, MP, Subsidiary, made an investment in shares of stock of PT Bangka Manunggal Power (BMP) in which MP's ownership amounted to Rp 245,000 (245 shares @ Rp 1) and on April 18, 2008, based on Notarial Deed No. 52 of Public Notary Yulia, SH, MP, Subsidiary, increased its investment to Rp 3,920,000 (3,920,000 shares @ Rp 1) or equivalent to 19.6 % of BMP's paid-in capital.

On March 16, 2007, based on Notarial Deed No. 8 of Public Notary Benediktus Andy Widyanto, SH, MP, Subsidiary, made an investment in shares of stock of PT Ranyza Energi (RE) in which MP's ownership amounted to Rp 190,000 (190 shares @ Rp 1,000) or equivalent to 19 % of RE's paid-in capital.

On March 12, 2007, based on Notarial Deed No. 5 of Public Notary Benediktus Andy Widyanto, SH, MP, Subsidiary, made an investment in shares of stock of PT Equator Manunggal Power (EMP) in which MP's ownership amounted to Rp 196,000 (196 shares @ Rp 1,000). On April 11, 2008, based on Notarial Deed No. 39 of Public Notary Yulia, SH, MP, Subsidiary, increased its investment to Rp 7,840,000 (7,840 shares @ Rp 1,000) or equivalent to 19.6 % of EMP's paid-in capital. EMP is a company involved in trading, services, industry and constructions, particularly in electric power.

Notes receivable with nominal value of USD 45,000,000 (USD full amount) incurred by MIF and MP, the Subsidiaries, used a fixed rate of Rp 9,256 (Rupiah full amount) per 1 USD. Such receivables were issued on June 26, 2006 by Goal Trading Assets Ltd, with acquisition price of Rp 398,000,000 or equivalent to USD 43,000,000 (USD full amount), with discounted result for 3 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, machinery, motor vehicles and inventories amounting to Rp 1,219,754,620 (based on appraisal carried out by PT Fierra Admiratiara, an independent appraiser, on June 26, 2006). Commitments to the above collaterals are currently in process.

Master Agreement dated June 26, 2006 made between the Company, Goal Trading Assets Ltd. and PT Kertas Basuki Rachmat (KBR) was terminated on June 27, 2007. On June 27, 2007, the proceeds from the liquidation of such investment amounting to Rp 151,403,946, representing the Company's ownership through MIF, Subsidiary. Such proceeds were placed in form of one-month time deposit at PT Bank Mega Tbk up to July 27, 2007, earning interest at 8.25 % per annum and are automatically rolled over. The proceeds from the liquidation of the Company's investment through MP, Subsidiary amounting to Rp 252,783,737 were placed in TFI. (refer to 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 (Rupiah full amount) for 1 USD upon maturity. The management intended to withdraw the notes receivable in Rupiah.

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12. TRADE FINANCING

Trade financing represents the financing provided by the Company, for working capital purposes to the following entities :

Company's Name	Business Activity	2 0 0 8	2 0 0 7
HE Project (PSM)		747,612	-
PT Pangaji Mario Refconindo	Coal Supply	72,036	70,184
PT Asricitra Pratama	Computer Sleeper Supply	-	769,761
G r o s s		819,648	839,945
Provision for Uncollectible Trade Financing		<u>(47,673)</u>	<u>(47,673)</u>
N e t		<u>771,975</u>	<u>792,272</u>

Analysis on changes in doubtful financing receivable balances is as follows :

	2 0 0 8	2 0 0 7
Allowance for Doubtful Accounts - Beginning	47,673	3,768,666
Financing Receivable Write-off	-	<u>(3,720,993)</u>
Allowance for Doubtful Accounts - Ending	<u>47,673</u>	<u>47,673</u>

13. PROPERTY, PLANT AND EQUIPMENT

The details as of September 30, are as follows :

	2 0 0 8			
	Beginning	Additions	Disposals	
Acquisition Cost				
Direct Acquisitions				
L a n d	45,178,477	8,309,727	-	53,488,204
Building and Infrastructure	42,985,273	57,694,093	22,078,670	78,600,696
Heavy Equipment	341,014,615	803,668,911	-	1,144,683,526
Office Equipment	24,588,830	24,741,509	4,582,840	44,747,499
Transportation Equipment	27,905,944	2,524,952	1,595,981	28,834,915
Furniture and Fixtures	<u>3,102,136</u>	<u>695,258</u>	<u>1,908,723</u>	<u>1,888,671</u>
Total Direct Acquisitions	<u>484,775,275</u>	<u>897,634,450</u>	<u>30,166,214</u>	<u>1,352,243,511</u>
Indirect Acquisitions				
V e h i c l e s	10,764,711	6,196,144	3,937,125	13,023,730
M a c h i n e r y	1,812,382	1,321,541	-	3,133,923
Work in Progress	<u>27,272,270</u>	-	-	<u>27,272,270</u>
Total Indirect Acquisition	<u>39,849,363</u>	<u>7,517,685</u>	<u>3,937,125</u>	<u>43,429,923</u>
Joint Operation				
Office Equipment	<u>73,500</u>	-	<u>73,500</u>	-
Total Cost	<u>524,698,138</u>	<u>905,152,135</u>	<u>34,176,839</u>	<u>1,395,673,434</u>

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13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2 0 0 8			
	Beginning	Additions	Disposals	Ending
Accumulated Depreciation				
Direct Acquisitions				
Building and Infrastructure	7,951,915	9,489,560	-	17,441,475
Heavy Equipment	117,452,314	13,270,125	-	130,722,439
Office Equipment	12,782,656	8,863,784	327,188	21,319,252
Transportation Equipment	11,353,556	5,007,035	246,164	16,114,427
Furniture and Fixtures	1,110,009	516,162	771,441	854,730
Total Direct Acquisitions	<u>150,650,450</u>	<u>37,146,666</u>	<u>1,344,793</u>	<u>186,452,323</u>
Indirect Acquisitions				
Vehicles	375,178	2,254,759	-	2,629,937
Machine	18,878	12,580,749	-	12,599,627
Total Indirect Acquisition	<u>394,056</u>	<u>14,835,508</u>	<u>-</u>	<u>15,229,564</u>
Joint Operation				
Office Equipment	73,370	-	73,370	-
Total Accumulated Depreciation	<u>151,117,876</u>	<u>51,982,174</u>	<u>1,418,163</u>	<u>201,681,887</u>
Net Book Value	<u>373,580,262</u>			<u>1,193,991,547</u>
	2 0 0 7			
	Beginning	Additions	Disposals	Ending
Acquisition Cost				
Direct Acquisitions				
Land	22,783,012	-	-	22,783,012
Building and Infrastructure	12,424,591	19,276,780	-	31,701,371
Heavy Equipment	107,990,196	160,475,331	-	268,465,527
Office Equipment	14,235,615	8,163,345	-	22,398,960
Transportation Equipment	18,683,925	8,001,400	2,902,734	23,782,591
Furniture and Fixtures	2,404,270	446,593	-	2,850,863
Total Direct Acquisitions	<u>178,521,609</u>	<u>196,363,449</u>	<u>2,902,734</u>	<u>371,982,324</u>
Direct Acquisitions				
Vehicles	-	555,252	-	555,252
Work in Progress	-	25,880,099	-	25,880,099
Total Direct Acquisitions	<u>-</u>	<u>26,435,351</u>	<u>-</u>	<u>26,435,351</u>
Joint Operation				
Office Equipment	73,500	-	-	73,500
Total Acquisition Cost	<u>178,595,109</u>	<u>222,798,800</u>	<u>2,902,734</u>	<u>398,491,175</u>

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13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2 0 0 7			
	Beginning	Additions	Disposals	Ending
Accumulated Depreciation				
Direct Acquisitions				
Building and Infrastructure	3,765,931	2,890,500	-	6,656,431
Heavy Equipment	76,387,460	36,112,754	-	112,500,214
Office Equipment	8,566,592	3,217,909	-	11,784,501
Transportation Equipment	8,329,667	3,520,589	2,035,786	9,814,470
Furniture and Fixtures	619,841	333,955	-	953,796
Total Direct Acquisitions	<u>97,669,491</u>	<u>46,075,707</u>	<u>2,035,786</u>	<u>141,709,412</u>
Direct Acquisitions				
Vehicles	-	225,568	-	225,568
Joint Operation				
Office Equipment	70,154	2,464	-	72,618
Total Accumulated Depreciation	<u>97,739,645</u>	<u>46,303,739</u>	<u>2,035,786</u>	<u>142,007,598</u>
Net Book Value	<u>80,855,464</u>			<u>256,483,577</u>

The increase in acquisition cost and accumulated depreciation of fixed assets of TJE, Subsidiary, amounting to Rp 9,131,832 and Rp 6,419,908, respectively on September 30, 2008, represents the addition of beginning balance of PT Prasada Samya Mukti (PSM)'s fixed assets after its acquisition in January 2008. In 2008, TJE, Subsidiary, reclassified the acquisition cost and accumulated depreciation of unused fixed assets amounting to Rp 6,387,919 and Rp 2,836,839, respectively, to the property, plant and equipment account.

TJE, Subsidiary, owns 8 plots of land with remaining Building Use Rights of between 9 to 23 years.

On September 30, 2008, the fixed assets of TJE, Subsidiary comprising 7 buildings, 94 units of heavy equipment and 136 transportation equipment have been insured with Asuransi Jasa Indonesia, Asuransi Tokio Marine Indonesia and Primus Finance (third parties) for risks caused by fire and other damages with coverage value of Rp 140,000,000. The Group's management is of the opinion that the coverage value is sufficient to cover any loss on the insured assets.

On September 30, 2008 dan 2007, several fixed assets belonging to TJE, a subsidiary, with value amounting to Rp 56,457,080, were pledged as collaterals for several loans obtained as described in Note 24.

Depreciation charges are allocated as follows :

	2 0 0 8	2 0 0 7
Cost of Revenues	22,955,227	13,192,098
Operating Expenses	12,128,685	4,236,941
Total Depreciation Charges	<u>35,083,912</u>	<u>17,429,039</u>

The Group's management is of the opinion that there is no decline in the value of property, plant and equipment.

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14. UNUSED ASSETS

The management of TJE, a Subsidiary, classified several assets comprising land and mess buildings located in Paiton, East Java, as unused assets. The aforementioned assets were initially purchased to support the Paiton project which has been completed. As of the date of this report, the management of TJE has no plan to sell those assets.

15. GUARANTEE DEPOSITS

This account mainly consist of time deposits used as collateral for bank guarantee.

2 0 0 8									
Bank	Description	Balance			Total Rp	Rate			Maturities
		USD (Full Value)	SGD (Full Value)	Rp		USD (%)	SGD (%)	Rp (%)	
Bank BNI	Deposit for Tripatra Project, Tjwi Kimia Project, PT JGC / KBR Indonesia Project, Mitsubishi Corp. Project	6,928,176	-	743,755	65,716,189	3.75	-	3.99 - 6.50	October 31, 2010
	Deposit for Pelabuhan Ratu Project, SBLC TJE shares	3,610,000	-	-	33,302,250	3.50	-	-	November 7, 2011
Bank Mizuho	Deposit for Kobe Steel Project	70,195	-	-	658,289	2.60-2.75	-	-	May 31, 2009
Bank OCBC	Deposit for Tripatra Project, Tripatra term-loan Project	367,525	-	-	3,390,418	3.25	-	-	October 13, 2008
Bank Century	Deposit for PLTU Bangka Belitung Project	891,000	-	12,304,154	20,523,629	3.25	-	8.00	October 11, 2011
Deutsch Bank	Deposit for Sengkang Energi and Chengda Project	1,548,161	-	-	14,518,654	1.80	-	-	March 2, 2009
Bank Permata	Deposit for China National Technical Imp Project	2,379,843	-	2,470,000	24,788,168	2.25	-	7.50	April 12, 2011
Bank BII	Deposit for Chevron Pasific Indonesia Project	1,571,513	34,248	48,450	7,748,705	3.25	1.50	7.50	May 31, 2011
Bank ICBC	Deposit for Pelabuhan Ratu Project	14,293,943	-	-	134,048,597	3.25	-	-	May 31, 2011
Jasindo	Deposit for Pelabuhan Ratu Project	2,110,000	-	-	19,464,751	3.50	-	-	November 7, 2011
T o t a l		<u>33,770,356</u>	<u>34,248</u>	<u>15,566,359</u>	<u>324,159,650</u>				

2 0 0 7									
Bank	Description	Balance			Total Rp	Rate			Maturities
		USD (Full Value)	SGD (Full Value)	Rp		USD (%)	SGD (%)	Rp (%)	
Bank BNI	Deposit for Tripatra Project, Tjwi Kimia Project, PT JGC / KBR Indonesia Project.	1,414,943	-	2,408,101	14,278,335	3.75	-	6.25	December 31, 2006 - October 13, 2009
Bank OCBC	Deposit for Tripatra Project, Tripatra term-loan Project	1,046,168	-	-	9,558,837	5.25	-	-	January 11, 2008 - October 13, 2008
T o t a l		<u>2,461,111</u>	<u>-</u>	<u>2,408,101</u>	<u>23,837,172</u>				

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 :

	2 0 0 8	2 0 0 7
Local		
Bangun Sarana Baja	18,448,391	-
PT Multi Averindo	12,959,787	-
PT Central Proteinaprima	11,126,232	-
PT Wijaya Karya Beton	10,432,101	-
Dicky Cons	7,767,302	-

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16. TRADE PAYABLES – THIRD PARTIES (Continued)

	2008	2007
PT Adhi Karya	7,561,195	-
Faza International Pte. Ltd.	7,033,500	-
Indo Jaya W	6,525,579	-
Mekar Jaya Abadi	5,821,474	-
PT Mayapada Auto	5,706,800	2,324,224
Lancarjaya Mandiri	4,610,581	-
PT Sarana Baja Perkasa	4,053,674	2,202,021
Fajar Hamparan	4,010,189	1,536,626
Artha Utama	3,751,998	-
PT Samesta Engineering	3,587,823	-
PT GT Kabel Indonesia	3,326,232	-
PT Alfa Smart Flexindo	3,234,948	-
PT Kiattaruna Gemakarya	2,423,661	2,010,547
Cipta Sarana Nusindo	2,095,396	-
PT Purnama Jaya A	1,934,534	-
PT Krazu Nusantara	1,878,188	-
PT Rancang Bangun P	1,755,297	-
Sumber Alam	1,699,572	-
Masuma M	1,689,055	-
PT Esabindo Pratama	1,678,585	1,472,216
Sukses Pratama	1,541,296	1,191,224
Indo Jaya D	1,539,058	-
PT Swa Kelola Sukses	1,538,741	-
Mitsubishi Corporation	1,530,498	-
Tunas Financindo	1,475,689	-
PT Pectech Ind	1,461,906	-
PT Surya Sudeco	1,425,600	1,522,740
Drilinco Maju	1,408,200	1,145,236
PT Trafoindo PP	1,328,016	-
PT San Putera S	1,325,785	1,296,383
PT Dunia Saftindo	1,311,189	-
Graha Arjani	1,305,121	-
PT Mammoet Ind	1,286,193	-
Kranindo Perjaya	1,183,395	-
Riau Jaya	1,125,078	-
S u c o f i n d o	1,122,694	-
PT Great Dynamic	1,110,575	1,481,959
PT Tiga Landasan Utama	1,086,323	-
Berdikari Pondasi	1,066,626	-
Meranti Jaya	1,032,078	-
PT Trimanunggal	1,031,126	-
PT Coates Hire Ind	1,021,516	-
Hidup Baruna	1,017,460	-
PT Indokomponen SF	1,015,894	-
PT Putra Bintang Sembada	-	1,983,108
Chengda Engineering	-	5,000,000
Riau Saudara M	-	1,272,625
International Machinery	-	3,811,575
PT Sarana Jaya	-	1,282,006

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16. TRADE PAYABLES – THIRD PARTIES (Continued)

	<u>2008</u>	<u>2007</u>
Hidup Baru	-	962,309
PT Tehate Putra Tunggal	-	1,999,196
PT Satya Mitra Surya Persada	-	1,175,586
PT Widy Kencana Jaya	-	1,140,727
Aldira Trics Indonesia P	-	1,090,977
PT Purna Buana Yudha	-	1,062,735
Others (Accounts with balances below Rp 950 Million each)	224,274,610	76,880,867
T o t a l	<u>389,676,761</u>	<u>113,844,887</u>
Overseas		
Tiong Woon Cont Pte. Ltd.	-	9,250,406
T O T A L	<u><u>389,676,761</u></u>	<u><u>123,095,293</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.

The details as of September 30, are as follows :

	<u>2008</u>	<u>2007</u>
Shanghai Electric	343,146,884	-
China National Elect Equip	73,063,655	-
Kobe Steel Ltd.	35,599,894	57,357,303
S u l f i n d o	31,548,662	-
Mitsubishi Corporation	27,371,139	153,941
Chengda Engineering	24,531,581	44,378,409
Beijing Electric	19,506,240	-
Mitra Selaras Utama	2,535,000	-
PT JGC / KBR Indonesia	2,357,804	8,225,999
PT Rekayasa Industri	139,958	157,606
PT Pec-Tech Indonesia	109,415	1,563,974
PT Riau Andalan Pulp & Paper	-	406,161
Others (Accounts with balances below Rp 100 Million each)	1,187,742	222,672
T o t a l	<u><u>561,097,974</u></u>	<u><u>112,466,065</u></u>

Refer to Note 33 for balances in foreign currencies.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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18. DIVIDEND PAYABLE

On September 30, 2007, the remaining dividend payable amounted to Rp 9,702,218.

In the Annual General Meetings of Stockholders of TJE, a Subsidiary, on April 26, 2006, the Stockholders agreed to distribute cash dividends from the 2005 profits amounting to Rp 22,458,264 or Rp 149.72 per share (Rupiah full amount). As of September 30, 2008, the remaining dividend payable amounted to Rp 363,587.

19. OTHER PAYABLES

The details as of September 30, are as follows :

	<u>2008</u>	<u>2007</u>
Third Parties		
Operational	19,684,097	-
Salary and Employee Welfare and Insurance	1,393,148	1,002,199
Others	884,915	3,007,953
Total	<u>21,962,160</u>	<u>4,010,152</u>

20. ACCRUED EXPENSES

The details as of September 30, are as follows :

	<u>2008</u>	<u>2007</u>
Project	320,957,936	48,151,218
Salary and Employee Welfare	16,498,127	19,360,788
Bond Interest Payables	5,923,288	-
Insurance	1,158,439	-
Others	4,083,429	278,355
Total	<u>348,621,219</u>	<u>67,790,361</u>

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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21. TAXATION

a. Prepaid Taxes

The details as of September 30, are as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Company		
Value Added Tax	8,971,114	3,647,040
Income Tax Article 23	1,878,192	1,285,889
Income Tax Article 25	4,022,164	-
Others	42,998	19,000
T o t a l	<u>14,914,468</u>	<u>4,951,929</u>
Subsidiaries		
Income Tax Article 22	63,477	-
Income Tax Article 23	10,425,931	-
Income Tax Article 25	3,516,315	-
Corporate Income Tax Overpayment	1,711,775	14,336,699
Income Tax Article 28 A	1,389,161	-
Departure Tax (Fiscal)	115,500	-
Value Added Tax	58,559,784	8,587,427
Others	-	24,000
T o t a l	<u>75,781,943</u>	<u>22,948,126</u>
T O T A L	<u>90,696,411</u>	<u>27,900,055</u>

b. Taxes Payable

The details as of September 30, are as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Company		
Income Tax Article 4 (2)	108,708	166
Income Tax Article 21	411,534	468,026
Income Tax Article 23	337,043	65,641
Income Tax Article 26	2,818	-
Income Tax Article 29	-	4,438,830
Value Added Tax	1,075,448	68,538
T o t a l	<u>1,935,551</u>	<u>5,041,201</u>
Subsidiaries		
Income Tax Article 4 (2)	249	275
Income Tax Article 21	4,798,388	2,054,311
Income Tax Article 23	4,193,557	62,091
Income Tax Article 25	52,500	1,937,144
Income Tax Article 26	144,392	-
Income Tax Article 29	38,273,811	17,551,998
Value Added Tax	37,615,062	19,425,101
Others	-	787,340
T o t a l	<u>85,077,959</u>	<u>41,818,260</u>
T O T A L	<u>87,013,510</u>	<u>46,859,461</u>

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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21. TAXATION (Continued)

c. Corporate Income Tax

A reconciliation between income (loss) before income tax as presented in the consolidated statements of income (loss) and taxable income for the nine-month periods ended September 30, 2008 and 2007, is as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Income before Income Tax based on Consolidated Financial Statements	278,337,122	175,003,496
Net Income - Subsidiaries	<u>(254,268,647)</u>	<u>(115,271,443)</u>
Income before Company's Income Tax	<u>24,068,475</u>	<u>59,732,053</u>
Temporary Differences :		
D e p r e c i a t i o n	(348,727)	(455,545)
Amortization of Stock Issuance Cost	(4,915,376)	(4,915,376)
Difference between Commercial Depreciation and Lease Payment	<u>(2,312,320)</u>	-
Total Temporary Differences	<u>(7,576,423)</u>	<u>(5,370,921)</u>
Permanent Differences :		
Income Subject to Final Tax	(31,496,785)	(29,260,339)
D o n a t i o n	12,307	65,648
Entertainment and Representation	247,458	2,145,849
Lease Interest Expense	1,892,944	-
Obligation Under Capital Lease	(5,486,277)	-
Tax Expenses	2,781,070	-
Others	<u>86,339</u>	<u>-</u>
Total Permanent Differences	<u>(31,962,944)</u>	<u>(27,048,842)</u>
Current Year Fiscal Gain (Loss)	(15,470,892)	27,312,290
Accumulated Fiscal Loss	<u>-</u>	<u>(2,003,123)</u>
Estimated Taxable Income (Loss)	<u>(15,470,892)</u>	<u>25,309,167</u>
Calculation of Income Tax :		
10 % x 50,000	-	5,000
15 % x 50,000	-	7,500
30 % x 25,209,167	<u>-</u>	<u>7,562,750</u>
T o t a l	-	7,575,250
Tax Credit :		
Income Tax - art 23	(335,299)	(3,117,420)
Income Tax - art 25	(4,692,524)	-
Departure Tax (Fiscal)	<u>(43,000)</u>	<u>(19,000)</u>
Corporate Income Tax	<u>(5,070,823)</u>	<u>4,438,830</u>

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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21. TAXATION (Continued)

c. Corporate Income Tax (Continued)

	<u>2008</u>	<u>2007</u>
Income Tax Benefit (Expense)		
Company		
Current	-	(7,575,250)
Deferred	<u>(2,272,927)</u>	<u>(2,212,213)</u>
Total	<u>(2,272,927)</u>	<u>(9,787,463)</u>
Subsidiaries		
Current	(60,658,771)	(33,512,894)
Deferred	<u>(11,989,054)</u>	<u>2,919,029</u>
Total	<u>(72,647,825)</u>	<u>(30,593,865)</u>
Consolidated		
Current	(60,658,771)	(41,088,144)
Deferred	<u>(14,261,980)</u>	<u>706,816</u>
Total	<u>(74,920,751)</u>	<u>(40,381,328)</u>

Estimated fiscal loss for the year 2007 as presented above is in accordance with the amount reported by the Company in its Annual Tax Returns to the Tax Service Office.

d. Deferred Taxes

The details as of September 30, are as follows :

	<u>December 31, 2007</u>	<u>Credited (Charged) to Income Statement</u>	<u>September 30, 2008</u>
Subsidiaries			
Fiscal Loss	15,686,170	-	15,686,170
Difference between Commercial and Fiscal Depreciation	(13,580,615)	(462,413)	(14,043,028)
Estimated Liability for Post Employment Benefits	6,258,286	(6,211,092)	47,194
Allowance for Decline in Value of Long-term Investment	5,433,384	5,071,277	10,504,661
Difference between Commercial Depreciation and Principal Installment of Obligation Under Capital Lease	(15,292)	-	(15,292)
Allowance for Doubtful Receivables	4,373,203	(111,847)	4,261,356
Allowance for Bonus	3,412,212	(3,412,212)	-
Allowance for Professional Expenses	150,001	-	150,001
Others	<u>2,229,472</u>	<u>(2,151,149)</u>	<u>78,323</u>
Deferred Tax Assets	<u>23,946,821</u>	<u>(7,277,436)</u>	<u>16,669,385</u>

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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21. TAXATION (Continued)

d. Deferred Taxes (Continued)

	December 31, 2006	Credited (Charged) to Income Statement	September 30, 2007
Subsidiaries			
Difference between Commercial and Fiscal Depreciation	210,893	326,068	536,961
Estimated Liability for Post Employment Benefits	4,446,168	1,416,392	5,862,560
Allowance for Decline in Value of Long-term Investment	5,433,384	-	5,433,384
Allowance for Doubtful Receivables	2,415,008	1,468,646	3,883,654
Allowance for Bonus	2,101,085	(7,373)	2,093,712
Allowance for Professional Expenses	150,000	-	150,000
Others	59,916	18,719	78,635
Deferred Tax Assets	<u>14,816,454</u>	<u>3,222,452</u>	<u>18,038,906</u>

e. Deferred Tax Liabilities

The details as of September 30, are as follows :

	December 31, 2007	Credited (Charged) to Income Statement	September 30, 2008
Company			
Fiscal Loss	(600,937)	-	(600,937)
Difference between Commercial and Fiscal Depreciation	(136,663)	(104,618)	(241,281)
Amortization of Stock Issuance Cost	(1,966,150)	(1,474,613)	(3,440,763)
Leases	(596,974)	(693,479)	(1,290,453)
T o t a l	<u>(3,300,724)</u>	<u>(2,272,710)</u>	<u>(5,573,434)</u>
Subsidiary			
Difference between Commercial and Fiscal Depreciation	(88,524)	237	(88,287)
Deferred Tax Liabilities	<u>(3,389,248)</u>	<u>(2,272,473)</u>	<u>(5,661,721)</u>

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21. TAXATION (Continued)

e. Deferred Tax Liabilities (Continued)

	2 0 0 7				September 30, 2 0 0 7
	December 31, 2 0 0 6	Adjustment to Retained Earning	After Adjustment	Credited (Charged) to Income Statement	
Company					
Fiscal Loss	-	-	-	(600,937)	(600,937)
Difference between Commercial and Fiscal Depreciation	-	-	-	(136,663)	(136,663)
Amortization of Stock Issuance Cost	-	-	-	(1,474,613)	(1,474,613)
T o t a l	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,212,213)</u>	<u>(2,212,213)</u>
Subsidiary					
Difference between Commercial and Fiscal Depreciation	9,808,650	(11,621,398)	(1,812,748)	(452,675)	(2,265,423)
Fiscal Loss	471,642	-	471,642	(471,642)	-
L e a s e s	-	-	-	(17,764)	(17,764)
T o t a l	<u>10,280,292</u>	<u>(11,621,398)</u>	<u>(1,341,106)</u>	<u>(942,081)</u>	<u>(2,283,187)</u>
Deferred Tax Liabilities					<u>(4,495,400)</u>

22. ESTIMATED LIABILITIES FOR POST-EMPLOYMENT BENEFITS

Estimated Liabilities for Post-Employment Benefits is calculated by an Independent 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 last actuarial valuation of the provision for employee benefits dated December 31, 2006 was prepared based on the report from PT Eldridge Gunaprima Solution dated January 15, 2007, independent actuary, 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 % from 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 changes in the provision for employee benefits are as follows :

	2 0 0 8	2 0 0 7
Beginning Balance	20,599,574	14,996,920
Provision for the Current Year	9,225,720	5,215,017
Amount paid during the Year	(4,184,055)	(2,047,845)
Ending Balance	<u>25,641,239</u>	<u>18,164,092</u>

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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23. MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES

The details as of September 30, are as follows :

Subsidiaries	2 0 0 8			Ending Balance
	Beginning Balance	Income (Loss) of Subsidiaries	Addition/ (withdrawal)	
PT Gading Megah	(232,262)	8,092	-	(224,170)
PT Truba Mandiri (formerly PT Truba Riau Mandiri Engineering)	1,547,118	221,042	(47,118)	1,721,042
PT Anugerah Binaprakasa	158,505	23,809	-	182,314
PT Truba Jaya Engineering (formerly PT Truba Jurong Engineering)	49,045,024	2,723,214	-	51,768,238
PT Manunggal Multi Energi	2,206,491	(108,944)	-	2,097,547
PT Truba Segihan Utama	4,608,492	(1,719)	-	4,606,773
PT Menamas Mitra Energi	35,340,515	3,190,291	2,814,203	41,345,009
PT Prasada Samya Mukti	-	575,555	7,660,995	8,236,550
PT Central Daya Energi	-	3,835,297	-	3,835,297
T o t a l	92,673,883	10,466,637	10,428,080	113,568,600

Subsidiaries	2 0 0 7			Ending Balance
	Beginning Balance	Income (Loss) of Subsidiaries	Addition/ (withdrawal)	
PT Gading Megah	99,675	6,556	(2,129)	104,102
PT Truba Mandiri (formerly PT Truba Riau Mandiri Engineering)	1,464,855	230,433	(158,175)	1,537,113
PT Anugerah Binaprakasa	151,076	7,879	(3,925)	155,030
PT Truba Jaya Engineering (formerly PT Truba Jurong Engineering)	165,432,172	(792,620)	(150,420,811)	14,218,741
PT Manunggal Multi Energi	-	2,216,347	7,318	2,223,665
PT Truba Segihan Utama	-	4,500,000	99,972	4,599,972
PT Menamas Mitra Energi	-	31,737,324	289,690	32,027,014
T o t a l	167,147,778	37,905,919	(150,188,060)	54,865,637

24.a BANK LOANS

The details as of September 30, are as follows :

	2 0 0 8	2 0 0 7
Bank International Indonesia	134,668,080	-
PT Bank Bukopin Tbk	71,841,154	81,911,191
PT Bank Mizuho Indonesia	49,234,500	18,274,000
Bank Danamon	22,904,551	-
ANZ Panin	12,284,030	-
PT Bank Negara Indonesia (Persero) Tbk	7,500,000	12,410,371
PT Bank OCBC Indonesia	1,084,236	24,319,186
PT Bank Pan Indonesia Tbk	233,128	263,430
T o t a l	299,749,679	137,178,178
Less : Short Term Bank Loans	(82,385,577)	(40,768,288)
T o t a l	217,364,102	96,409,890

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24.a BANK LOANS (Continued)

TJE, Subsidiary, obtained a credit facility from PT Bank International Indonesia Tbk, with maximum limit of USD 34,000,000 (USD Full Amount). Such facility bears an average interest of 7 % per annum in 2008, and is collateralized with trade receivables amounting to USD 12,500,000 (USD Full Amount) and guarantee mortgage of the same bank account. The facility will fall due on May 06, 2011.

TJE, Subsidiary, obtained a credit facility from PT Bank OCBC Indonesia with maximum limit of USD 9,500,000 (USD Full Amount). Such facility bears an average interest of 9 % per annum in 2008 and 2007. This facility is guaranteed by Jurong Engineering Ltd, standby letter of credit from OCBC-Bank Singapore, trade receivables amounting to Rp 13,378,829 and marginal deposit amounting to USD 1,046,168 (USD Full Amount). The facility will fall due on October 13, 2008.

TJE, Subsidiary, obtained a credit facility from PT Bank Mizuho Indonesia with maximum limit of USD 14,000,000 (USD Full Amount) and a forex line facility of USD 7,000,000 (USD Full Amount). Such facility bears an average interest of 7.61 % per annum in 2008 and 2007. The facility will fall due on August 27, 2009.

TJE, Subsidiary, obtained several credit facilities from PT Bank Danamon Tbk, with details as follows :

- On June 3, 2008, TJE obtained a credit facility with maximum limit of USD 1,353,846 (USD Full Amount). Such facility bears an average interest of 7.25 % per annum in 2008 and is collateralized with certain assets amounting to Rp 15,123,000 and a corporate guarantee from PT Manunggal Infracolusi. The facility will fall due on July 3, 2011.
- On June 3, 2008, TJE obtained a credit facility from the same bank with maximum limit of USD 1,178,800 (USD Full Amount). On June 12, 2008 the maximum limit was increased to USD 1,296,680 (USD Full Amount). Such facility bears an average interest of 7.25 % per annum in 2008 and is collateralized with certain assets amounting to Rp 15,114,000 and a corporate guarantee from PT Manunggal Infracolusi. The facility will fall due on September 3, 2011.
- On June 12, 2008, TJE obtained a credit facility from the same bank with maximum limit of Rp 8,000,000. Such facility bears an average interest of 11.5 % per annum in 2008 and is collateralized with certain assets amounting to Rp 10,000,000 and a corporate guarantee from PT Manunggal Infracolusi. The facility will fall due on May 31, 2012.
- On June 12, 2008, TJE obtained a credit facility from the same bank with maximum limit of USD 2,280,000 (USD Full Amount) (equivalent to Rp 21,204,000). Such facility bears an average interest of 7.25 % per annum in 2008 and is collateralized by a corporate guarantee from PT Manunggal Infracolusi and certain assets amounting to USD 2,905,000 (USD Full Amount). The facility will fall due on June 12, 2011.
- On June 12, 2008, TJE obtained a credit facility from the same bank with maximum limit of Rp 9,152,000. Such facility bears an average interest of 12 % per annum in 2008. The facility is collateralized with certain assets amounting to Rp 12,856,950 and a corporate guarantee from PT Manunggal Infracolusi. The facility will fall due on June 12, 2011.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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24a. BANK LOANS (Continued)

TJE, Subsidiary, obtained a credit facility from PT Bank Negara Indonesia (Persero) Tbk with maximum limit of Rp 27,500,000 . Such facility bears an average interest of 14 % per annum in 2008 and 2007. The facility was collateralized with trade receivables amounting to Rp 5,749,000, inventories amounting to Rp 11,252,125, fixed assets amounting to Rp 44,423,080 and the Company's marginal deposit. This loan was settled in 2008.

TJE, Subsidiary, obtained a working capital credit facility from PT Bank Panin Tbk with maximum limit of Rp 350,000. Such facility bears an average interest of 14.25 % per annum in 2008 and 2007. The facility will fall due on February 21, 2013.

On November 06, 2006, Menamas, Subsidiary, entered into a credit agreement with PT Bank Bukopin Tbk as covered in Notarial Deeds No. 10 and 12 of Public Notary Tetty Herawati Soebroto, S.H., MH, with details as follows :

1. Installment Credit Facility I

This credit facility has a maximum limit of Rp 7,500,000 for a period of 60 months or up to November 6, 2011. The loan bears an interest at rates ranging from 12.25 % to 14.75% in 2008 and 2007 and is used to purchase equipment and overhaul services for Gas Power Plant (PLTG) Unit 3.

2. Installment Credit Facility II

This credit facility has a maximum limit of Rp 80,000,000 for a period of 84 months or up to November 6, 2013. The loan bears an interest at rates ranging from 12.25% to 14.75 % per annum.

This credit facility is intended to be used to take over the Credit Investment and IDC of PLTG Unit 3 from PT Bank Mandiri (Persero) Tbk and to pay the Overhaul services.

These credit facilities are guaranteed with the following :

- Property Right Certificate No. 1029/Pasar Minggu for a plot of land with an area of 3,920 M² under the name of Ir. Bakti Santoso Luddin.
- Equipment of the Gas Power Plant (PLTG) Unit 3 and its supporting equipment.
- The Company's invoice to PT Perusahaan Listrik Negara (Persero) amounting to Rp 282,783,312.
- Shares in Subsidiaries with details as follows :
 - PT Menamas amounting to 10,540 shares with total value of Rp 10,540,000,000 (Rupiah full amount).
 - PT Meta Epsi amounting to 11,500 shares with total value of Rp 11,500,000,000 (Rupiah full amount).
 - PT Manunggal Power amounting to 23,460 shares with total value of Rp 23,460,000,000 (Rupiah full amount).

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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24a. BANK LOANS (Continued)

In relation to such credit facilities, the Company, without approval from PT Bank Bukopin Tbk, shall not perform among others, the following :

- Obtain a new loan or take over from other banks, other credit institutions, and or other parties.
- Give loan to other members of group or to other parties which have no business relationship.
- Change the Company's Articles of Association, Directors, Commissioners and Stockholders.
- Make overdraft and cross clearing
- Transfer and/or lease out the land, equipment, invoice and shares to other parties.

PT Bank Bukopin Tbk has given its approval on the change on the Company's Stockholders as stated in its Letter No. 2444/GKPO IV-DHIK/IV/2007 dated April 19, 2007.

24b. BONDS PAYABLE

This account represent the obligation arising from TJE I Bond issuance in 2007 with fixed interest rate (Bonds Payable). Such bond issuance has obtained the effective statement of Bapepam-LK as covered in Letter No. S-6497/BL/2007 dated December 19, 2007. The total bonds issued by TJE, Subsidiary amounted to Rp 200,000,000. TJE received all of the bond proceeds on January 8, 2008.

These bonds were issued without any notes and have a period of 2 (two) years 6 (six) months with a fixed interest rate of 11.75 % per annum. These bonds were offered at nominal value of 100 % of principal amount. The bond interest will be payable quarterly. The first bond interest was made on April 8, 2008 and the last interest payment will be made on the bonds maturity which is on July 8, 2010. The bonds are listed in the Indonesia Stock Exchange.

Such bonds received a rank of "id BBB+" from PT Pefindo. All of the bondholders' interest are represented by PT Bank Niaga as Trustee. The bonds are not collateralized by any special guarantee but by all of TJE's assets including moveable or non-moveable assets, currently existing or to be exist in the future in accordance with Articles 1131 and 1132 of Civil Law of the Republic of Indonesia. Except for TJE's assets which have been specially collateralized to its creditors.

TJE, Subsidiary, made a provision of fund for the bond interest payment at the latest 3 (three) months before the settlement date at the amount of 1 period payment of bond interest. TJE is also required to meet several general requirements, among others, to maintain its total liability to total equity ratio which should not exceed 2 :1.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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25. CAPITAL STOCK

The details of stockholders as of September 30, are as follows :

Stockholders	2 0 0 8		Value
	Number of Shares	Percentage of Ownership	
PT Mandala Kapital	4,419,235,000	28.43 %	441,923,500
PT Alam Manunggal	1,962,696,629	12.63	196,269,663
Indo Infrastructure Group Pte. Ltd.	1,976,184,272	12.71	197,618,427
Public (Ownership below 5 %)	7,189,241,179	46.23	718,924,118
T o t a l	15,547,357,080	100.00 %	1,554,735,708

Stockholders	2 0 0 7		Value
	Number of Shares	Percentage of Ownership	
PT Mandala Kapital	4,000,000,000	28.73 %	400,000,000
PT Alam Manunggal	1,962,696,629	14.10	196,269,663
Indo Infrastructure Group Pte. Ltd.	2,037,303,371	14.63	203,730,337
Public (Ownership below 5 %)	5,922,201,300	42.54	592,220,130
T o t a l	13,922,201,300	100.00 %	1,392,220,130

Additional paid-in capital – net consists of :

	2 0 0 8	2 0 0 7
Share Premium	148,390,980	82,277,046
Stock Issuance Costs	(32,646,231)	(26,262,839)
Stock Conversion Costs	-	(1,557,270)
T o t a l	115,744,749	54,456,937

During the Public Offering period from October 6, 2006, the Company offered 5,000,000,000 registered common stocks with nominal value of Rp 100 (Rupiah Full Amount). Such stock was offered to the public at the offering price of Rp 110 (Rupiah Full Amount) and the Company issued 2,800,000,000 Warrant Series I as incentive for new stockholders whose names are registered in the allotment for Public Offering issued by the Securities Administration Bureau on the allotment dated October 12, 2006. Every stockholder of 25 new shares will receive 14 warrants in which each warrant entitles the owner to purchase 1 new share issued from the Company's portfolio. Warrant Series I are the securities which give the right to the owner to purchase the registered common stock at nominal value of Rp 100 (Rupiah Full Amount) per share at the execution price of Rp 135 (Rupiah Full Amount) which can be conducted during the execution period from April 16, 2007 to October 15, 2009.

Based on the Report of Stockholder List made by the Securities Administration Bureau, the Company's registered shares as of September 30, 2008 amounted to 15,547,357,080 shares, part of which amounting to 2,547,357,080 was from the conversion of Warrant Series I.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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25. CAPITAL STOCK (Continued)

Based on the Share Sale and Purchase Agreement dated June 22, 2006 which is not covered in a Notarial Deed, the Company shares owned by TJE, Subsidiary, and Rudy Solaiman amounting to 970 and 29 shares, respectively, were sold to PT Maxima Integra Investama (MII), related party.

On the same date, Rudi Solaiman sold 1 of his shares to Heru Hidayat which is not covered in a notarial deed.

Such share sale and purchase agreements were approved in the Company's Extraordinary General Meeting of Stockholders (EGMS) as covered in Meeting Resolution Deed No. 17 dated June 22, 2006 of Public Notary Humberg Lie, S.H., S.E., M.Kn., in Tangerang regarding the Restatement of EGMS Resolutions dated June 16, 2006 which approve, among others, the following :

- a. Sale of all Company shares owned by TJE, Subsidiary, amounting to 970 shares to MII;
- b. Sale of all Company shares owned by Rudy Solaiman, totaling 30 shares, to MII amounting to 29 shares and to Heru Hidayat amounting to 1 share.

Due to such share sale and purchase, the Company's Stockholders become as follows :

Stockholders	Number of Shares	Percentage of Ownership	Value
PT Maxima Integra Investama	999	99.90 %	999,000
Heru Hidayat	1	0.10	1,000
T o t a l	<u>1,000</u>	<u>100.00 %</u>	<u>1,000,000</u>

Based on Share Sale and Purchase Deed No. 57 dated June 26, 2006 of Public Notary Robert Purba, S.H., in Jakarta, MII sold its 999 shares in the Company to PT Alam Manunggal. And based on Share Sale and Purchase Deed No. 58 dated June 26, 2006 of Public Notary Robert Purba, S.H., in Jakarta, Heru Hidayat sold his 1 share in the Company to PT Nusantara Langit Biru.

Such share sale and purchase agreements were approved in the Company's Extraordinary General Meeting of Stockholders (EGMS) as covered in Notarial Deed No. 56 dated June 26, 2006 of Public Notary Robert Purba, S.H. in Jakarta.

Due to such share sale and purchase, the Company's Stockholders become as follows :

Stockholders	Number of Shares	Percentage of Ownership	Value
PT Alam Manunggal	999	99.90 %	999,000
PT Nusantara Langit Biru	1	0.10	1,000
T o t a l	<u>1,000</u>	<u>100.00 %</u>	<u>1,000,000</u>

Based on Notarial Deed No. 56 dated June 26, 2006 of Public Notary Robert Purba, SH., in Jakarta as approved by the Minister of Law and Human Rights of the Republic of Indonesia in Letter No. C-19166 HT.01.04.TH.2006 dated June 29, 2006, the Company increased its authorized capital from Rp 2,000,000 to Rp 3,200,000,000 and increased its subscribed and fully-paid capital from Rp 1,000,000 to Rp 800,000,000 and changed its share par value from Rp 1,000,000 (Rupiah Full Amount) to Rp 100 (Rupiah Full Amount). Such increase in subscribed and fully paid capital is intended for the expansion of the Company's operational activities.

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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26. REVENUES

The details are as follows :

	<u>2008</u>	<u>2007</u>
Contract Revenues		
Tanks and Pipes	712,810,296	156,295,086
Construction Services for Power Plant	656,256,500	-
Maintenance	233,074,092	358,771,631
Power Plant	155,380,352	27,850,713
Industrial Plant	149,010,337	172,639,138
Trading	58,515,287	12,188,466
Civil Work	2,745,359	18,854,115
Others	57,185,435	94,061,404
T o t a l	<u>2,024,977,658</u>	<u>840,660,553</u>
Sale of Coal	46,025,361	153,076,926
Coal Storage Services	<u>247,349</u>	<u>-</u>
T O T A L	<u><u>2,071,250,368</u></u>	<u><u>993,737,479</u></u>

The details of contract owners with net contract value exceeding 10 % of the Company's total revenue are as follows :

	<u>Total</u>		<u>Percentage to Total Sales</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			%	%
Project Owners				
PT Chevron Pacific Indonesia	644,382,506	-		-
Shanghai Electric	172,238,883	-		-
Kobe Steel Ltd.	143,737,413	-		-
Tripatra Engineering	79,696,492	239,661,851		24.00%
PT International Nickel Indonesia	66,559,290	75,380,373		-
JGC / KBR Indonesia	63,102,879	139,293,127		14.00%
PT Riau Andalan Pulp & Paper	61,109,165	135,842,856		13.00%
T o t a l	<u>1,230,826,628</u>	<u>590,178,207</u>		
Income from Sale of Coal				
PT Kasih Industri Indonesia	<u>-</u>	<u>153,076,926</u>		15.00%
T O T A L	<u><u>1,230,826,628</u></u>	<u><u>743,255,133</u></u>		

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

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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27. COST OF REVENUE

The details are as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Cost of Construction		
Construction Materials	469,532,957	150,269,574
Salaries, Wages and Employee Welfare	275,344,636	193,988,319
S u b c o n t r a c t o r s	268,910,704	130,136,432
Operational Expenses	146,788,608	61,734,761
Rental Expenses	133,221,756	45,032,219
Placement and Relocation	90,997,976	25,441,793
Depreciation of Property, Plant and Equipment	22,955,227	13,192,098
Cost of Goods Sold	12,014,122	9,266,473
O t h e r s	151,437,012	30,084,954
	<u>1,571,202,998</u>	<u>659,146,623</u>
Cost of Coal		
Purchase of Coal	39,999,082	138,868,132
Shipping Costs	2,914,797	778,242
P e n a l t y	1,815,933	-
Coal Quality Examination	219,941	22,656
Insurance Premium	11,520	3,626
O t h e r s	4,000	11,106
	<u>44,965,273</u>	<u>139,683,762</u>
T O T A L	<u><u>1,616,168,271</u></u>	<u><u>798,830,385</u></u>

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

28. OPERATING EXPENSES

The details are as follows :

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
Salaries, Wages and Employee Welfare	104,834,830	59,939,550
Management Fee	30,448,095	679,909
Depreciation of Property, Plant and Equipment	12,128,685	4,236,941
R e n t a l	10,362,027	3,545,896
Taxes and Licences	10,250,674	4,484,474
Professional Fees	8,264,486	3,175,374
T r a v e l l i n g	6,830,628	7,590,532
Allowance for Doubtful Accounts	4,518,747	4,895,487
I n s u r a n c e	4,508,024	803,126
Postage and Telecommunications	2,828,189	1,342,254
Training and Education	2,539,602	1,100,243
Representation and Entertainment	1,873,301	3,081,750
Office Equipment	1,728,072	963,487
Fuel, Water and Electricity	1,229,680	728,721
T r a n s p o r t a t i o n	1,076,825	496,106

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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28. OPERATING EXPENSES (Continued)

	2008	2007
Amortization and Deferred Charges	978,694	1,465,429
Repairs and Maintenance	978,147	773,231
Research and Development	-	1,371,066
Others	18,920,501	5,625,165
T o t a l	224,299,207	106,298,741

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

29. INCOME FROM INVESTMENTS

The details are as follows :

	2008	2007
Interest on Time Deposits	35,335,334	33,698,354
Gain on Investment in Mutual Funds	21,539,858	41,626,995
Interest on Bank Current Accounts	1,439,032	2,221,178
Others - Net	18,031,014	7,118
T o t a l	76,345,238	77,553,645

30. OTHER INCOME (EXPENSES)

The details are as follows :

	2008	2007
Interest Expense	(30,296,392)	(4,723,176)
Financial Charges	(4,835,876)	(6,095,416)
Gain (Loss) on Foreign Exchange - Net	(3,647,524)	20,085,448
Others - Net	(20,615)	(2,047,573)
T o t a l	(38,800,407)	7,219,283

31. EARNINGS (LOSS) PER SHARE

The "Earnings per share" according to PSAK No. 56 (see Note 2v) and calculation of total weighted average of outstanding shares are as follows :

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

	2008	2007
Net Income	193,013,798	123,342,669

PT TRUBA ALAM MANUNGGAL ENGINEERING Tbk AND SUBSIDIARIES
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31. EARNINGS (LOSS) PER SHARE (Continued)

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

	2 0 0 8	2 0 0 7
Net Income	12.50	9.00

The calculation of total weighted average of outstanding shares for the period from January 1 and ending September 30, 2008 is as follows :

	Total Days	Outstanding Shares	Total Weighted Average
Period Beginning and Ending on January 1 up to March 31, 2008	90	15,270,266,587	5,090,088,862
Period April 1 up to April 30, 2008	30	15,398,280,487	1,710,920,054
Period May 1 up to May 31, 2008	30	15,547,357,080	1,727,484,120
Period June 1 up to June 30, 2008	30	15,547,357,080	1,727,484,120
Period July 1 up to July 31, 2008	30	15,547,357,080	1,727,484,120
Period August 1 up to August 31, 2008	30	15,547,357,080	1,727,484,120
Period September 1 up to September 30, 2008	30	15,547,357,080	1,727,484,120
T o t a l	270		15,438,429,516

The calculation of total weighted average of outstanding shares for the period from January 1 and Ending September 30, 2007 is as follows :

	Total Days	Outstanding Shares	Total Weighted Average
Period Beginning and Ending on January 1 up to March 31, 2007	90	13,000,000,000	4,333,333,333
Period April 1 up to April 30, 2007	30	13,017,008,500	1,446,334,278
Period May 1 up to May 31, 2007	30	13,135,952,600	1,459,550,289
Period June 1 up to June 30, 2007	30	13,145,726,100	1,460,636,233
Period July 1 up to July 31, 2007	30	13,612,879,840	1,512,542,204
Period August 1 up to August 31, 2007	30	13,616,908,340	1,512,989,816
Period September 1 up to September 30, 2007	30	13,922,201,300	1,546,911,256
T o t a l	270		13,272,297,409

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32. DERIVATIVE FINANCIAL INSTRUMENT

TJE, Subsidiary, entered into a derivative transaction in form of forward and spot contract with PT Bank Mizuho Indonesia to reduce the risk in exchange rate fluctuation.

Due to this transaction, TJE continuously reviews and evaluates the risks and makes necessary adjustments to minimize risks related to such transaction.

On September 30, 2008 and December 31, 2007, there was no derivative transaction which meets the criteria of a hedging transaction for accounting purposes. Therefore, all gains (losses) on such derivative transaction are recorded in the current Statement of Income.

On December 31, 2007, TJE entered into currency future contract by selling USD 4,500,000 (USD full amount) in 2008 at the agreed contract value. The unrealized gain on changes in fair value of such contract amounted to Rp 141,571 which was recorded in the current Statement of Income. The derivative liabilities arising from such transaction are presented as derivative Financial Instruments in the Balance Sheet.

On September 30, 2008, TJE, Subsidiary entered into currency future contract with PT Bank Mizuho Indonesia and Deutsche Bank by selling USD 5,000,000 (USD full amount) in July 2008 and September 2008 and USD 4,000,000 (USD full Amount) in August and October 2008, at the agreed contract value. The unrealized gain on changes in fair value of such contract amounted to Rp 170,442 and Rp 168,601 which was recorded in the current Statement of Income. The derivative liabilities arising from such transaction are presented as derivative Financial Instruments in the Balance Sheet.

33. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of September 30, 2008 and 2007, the Company and Subsidiaries have the following assets and liabilities in foreign currencies :

		2 0 0 8		2 0 0 7	
		Foreign Currency	Equivalent to	Foreign Currency	Equivalent to
Assets					
Cash and Cash Equivalents	USD	41,356,313	387,839,506	156,728,676	1,432,029,913
	SGD	11,736	77,383	-	-
	RMB	7,974,008	11,249,890	-	-
Trade Receivables	USD	47,302,158	443,599,638	17,605,423	160,860,750
	SGD	14,006	92,347	9,324	57,182
Other Receivables	USD	330,699	3,101,296		
	SGD	60,468	398,698		
Retention Receivables	USD	10,061,897	94,360,470	3,993,065	36,484,635
Receivables - Related Parties	USD	78,377	735,019	340,000	3,106,580
T o t a l			<u>941,454,247</u>		<u>1,632,539,060</u>

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33. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (Continued)

	2 0 0 8		2 0 0 7		
	Foreign Currency	Equivalent to	Foreign Currency	Equivalent to	
Liabilities					
Bank Loans	USD	22,992,588	215,624,490	4,661,616	42,593,185
Trade Payables	USD	25,107,407	235,457,264	844,059	7,712,167
	SGD	2,309	15,227	-	-
	RMB	46,144,224	65,101,195	-	-
Other Payables	USD	107,413	151,539	-	-
Due to Stockholder	USD	272,131,500	2,552,049,207	272,131,500	2,486,465,515
Other - Special	USD	5,612,600	52,634,963	-	-
Contract Advance	USD	54,890,679	514,764,788	12,063,184	110,221,312
T o t a l			<u>3,635,798,673</u>		<u>2,646,992,179</u>
Total Assets (Liabilities) - Net			<u>(2,694,344,426)</u>		<u>(1,014,453,119)</u>

As of September 30, 2008, the monetary assets and liabilities denominated in foreign currencies were reported in Rupiah using the exchange rate of USD 1 = Rp 9,378 (2007 : Rp 9,137), SGD 1 = Rp 6,593.56 (2007 : Rp 6,132) and EUR 1 = Rp 13,751.43. The foreign exchange rates will still fluctuate in the future, and the Indonesian Rupiah may depreciate or appreciate significantly against other currencies.

34. SEGMENT INFORMATION

a. Primary Segment

The details are as follows :

	2 0 0 8		
	Construction	Coal and Others	T o t a l
Operating Revenue			
Third Parties	1,949,147,045	122,103,323	2,071,250,368
Segment Income			
Cost of Revenue	(1,711,667,887)	(128,799,591)	(1,840,467,478)
Interest Income	71,802,322	4,542,916	76,345,238
Others - Net	(36,491,098)	(2,309,309)	(38,800,407)
Equity in Net Earnings of Associates	10,095,988	-	10,095,988
Income Tax Expense	(74,920,751)	-	(74,920,751)
Minority Interest in Net Income of Subsidiaries	(10,599,824)	110,664	(10,489,160)
Net Income	<u>197,365,795</u>	<u>(4,351,997)</u>	<u>193,013,798</u>
Total Assets	<u>6,104,448,709</u>	<u>620,595,793</u>	<u>6,725,044,502</u>
Total Liabilities	<u>4,038,703,853</u>	<u>481,786,724</u>	<u>4,520,490,577</u>

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34. SEGMENT INFORMATION (Continued)

a. Primary Segment (Continued)

The details are as follows :

	2 0 0 8		
	Construction	Coal and Others	Total
Cash Flows from Operating Activities			
Receipts from Customers	1,445,476,129	308,339,765	1,753,815,894
Payments to Suppliers	(1,542,820,574)	(200,668,322)	(1,743,488,896)
Others	(59,010,930)	(53,628,963)	(112,639,893)
Cash Flows from Investing Activities	(985,925,836)	(33,320,574)	(1,019,246,410)
Cash Flows from Financing Activities	(316,809,115)	(19,630,831)	(336,439,946)
	2 0 0 7		
	Construction	Coal and Others	Total
Operating Revenue			
Third Parties	840,660,553	153,076,926	993,737,479
Segment Income			
Cost of Revenue	(761,979,741)	(143,149,385)	(905,129,126)
Interest Income	74,606,034	2,947,611	77,553,645
Others	7,260,286	(41,003)	7,219,283
Equity in Net Earnings of Associates	1,622,215	-	1,622,215
Income Tax (Expense) Benefit	(36,323,307)	(4,058,021)	(40,381,328)
Minority Interest in Net Earnings of Subsidiaries	(11,171,717)	(107,782)	(11,279,499)
Net Income	<u>114,674,323</u>	<u>8,668,346</u>	<u>123,342,669</u>
Total Assets	<u>4,492,975,163</u>	<u>160,800,450</u>	<u>4,653,775,613</u>
Total Liabilities	<u>2,999,771,091</u>	<u>16,866,339</u>	<u>3,016,637,430</u>
Other Information			
Depreciation	16,383,705	1,045,334	17,429,039
Cash Flows from Operating Activities			
Receipts from Customers and Third Parties	661,571,797	161,791,680	823,363,477
Payment to Suppliers	(606,785,032)	(133,316,907)	(740,101,939)
Others	(110,583,459)	(48,644,119)	(159,227,578)
Cash Flows from Investing Activities	(1,012,260,340)	(1,554,987)	(1,013,815,327)
Cash Flows from Financing Activities	2,672,659,137	-	2,672,659,137

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34. SEGMENT INFORMATION (Continued)

b. Secondary segment

The details are as follows :

	2008	2007
Revenue from Third Parties		
Sumatra	834,294,502	461,058,656
Java	657,391,694	283,594,306
Sulawesi	115,411,481	75,380,374
Kalimantan	68,206,027	32,669,591
Papua	63,102,879	-
Others	332,843,785	141,034,552
T o t a l	2,071,250,368	993,737,479
Cost of Revenues		
Sumatra	782,715,950	394,656,949
Java	426,718,330	183,058,575
Sulawesi	93,563,809	59,871,240
Kalimantan	73,834,876	29,110,795
Papua	49,652,894	-
Others	189,682,412	132,132,826
T o t a l	1,616,168,271	798,830,385

Information on geographic segment assets is not presented considering that all projects are under the control of companies domiciled in Jakarta.

35. COMMITMENTS

- a. On August 7, 2006, MP, a Subsidiary, signed a Memorandum of Understanding (MoU) with the Regent of Karangasem for the construction project of Power Plant (IPP) 2 x 100MW in Karangasem District (Pemda Dati II), Bali. Pemda Dati II provides land for the project while MP, a Subsidiary, will act as investor and contractor. This MoU is valid up to August 7, 2008.
- b. On October 20, 2006, the Company entered into a Memorandum of Understanding (MoU) with PT Central Pertiwi Bahari for the construction project of 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.
- c. Throughout 2006, the Company signed the following Memorandum of Understandings (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.

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35. COMMITMENTS (Continued)

d. On February 21, 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 to establish PT Truba Segihan Utama which will operate in mining, construction, trading, land transportation, service and workshop. The ownership interest of MIS, Subsidiary, amounted to Rp 10,500,000 (10,500 shares @ Rp 1,000) and the ownership of SHS amounted to Rp 4,500,000 (4,500 shares @ Rp 1,000).

e. On May 21, 2007, the Company had its Annual General Meeting of Stockholders and decided as follows :

Change the use of the proceeds obtained from the initial public offerings (net) to finance the construction of power plant as a whole or in stages within one book year or several book years through the investment in shares of stock and/or through convertible bonds and/or through loans to IPP (Independent Power Producer) projects as follows :

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

The financing can be made directly by the Company and/or through the Subsidiary, PT Manunggal Power. If the financing is made by PT Manunggal Power, the Company shall make an increase in the paid-in capital in PT Manunggal Power and/or provide a loan to PT Manunggal Power intended particularly for the construction of the power plant.

f. On July 27, 2007, PT Alam Manunggal sold its 2,037,303,371 shares in the Company to Indo Infrastructure Group Pte. Ltd. (a Company established in Singapore and which is fully owned by PT Alam Manunggal). Such shares represent 15.50 % of the subscribed and fully paid capital in the Company and were sold at the price of USD 272,131,500 (USD Full Amount). Such 2,037,303,371 shares is used as a requirement for the convertible bond issuance by Indo Infrastructure Group Pte. Ltd. amounting to USD 300,000,000 (USD Full Amount) for a period up to 2010.

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35. COMMITMENTS (Continued)

- g. TJE, Subsidiary, entered into commitments on June 30, 2008 to complete the following projects :

Customers	Contract Value		Period of Completion
	Foreign Currency USD	Rp	
Shanghai Electric Corp - PT. Maxima Infrastruktur T-3108	207,500,000	-	August - 2010
PT Chevron Pasific ndonesia T-0467	149,500,000	-	September - 2010
PT Chevron Pasific ndonesia T-4070	62,464,320	-	March - 2009
CNEEC T-3109	54,250,000	-	March - 2010
Chengda Engineering Corp T-3107	34,580,000	-	December - 2009
PT Manunggal Engineering T-3113	28,000,000	-	May - 2010
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
Beijing Electric Power Corp Co T-3112	15,800,000	-	January - 2010
Kobe Steel, Ltd. T-5088	12,550,000	-	November - 2008
Tripatra Flour T-7145	7,341,444	248,314,859	June - 2008
PT Sengkang Energy T-3110	6,904,789	-	October - 2008
PT Manunggal Engineering T-3116	5,700,000	-	May - 2009
Kobe Steel Ltd. G-1146	5,560,000	-	September - 2008
T o t a l	<u>661,344,602</u>	<u>356,188,663</u>	

On June 30, 2008, TJE, the Subsidiary, received a combined facility from PT Bank Negara Indonesia (Persero) Tbk (BNI) amounting to Rp 327,500,000; combined facility from PT Bank OCBC Indonesia amounting to USD 8,000,000 (USD Full Amount), Deutsche Bank amounting to USD 6,500,000 (USD Full Amount), PT Bank Mizuho Indonesia amounting to USD 14,000,000 (USD Full Amount), Bank Permata amounting to USD 20,000,000 (USD Full Amount) and PT Bank International Indonesia amounting to USD 34,000,000 (USD Full Amount). The amount of facilities used as of June 30, 2008 from BNI amounting to USD 9,908,920 (USD Full Amount) and Rp 91,409,789; from PT Bank OCBC Indonesia amounting to USD 4,110,422 (USD Full Amount) and Rp 37,918,641, Deutsche Bank amounting to USD 7,166,479 (USD Full Amount) and from PT Bank Mizuho Indonesia amounting to USD 11,099,290 (USD Full Amount) and Rp 102,390,950.

On December 2007, the Company through MIS, Subsidiary, entered into a Cooperation Agreement with EDF Trading Limited domiciled in the United Kingdom for the coal trading through a subsidiary Maxima Coal Pte. Ltd. established in Singapore.

The total investment of MIS amounted to SGD 500,000 (SGD Full Amount) or 50 % ownership. Such investment has been effective since February 13, 2008.

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35. C O M M I T M E N T S (Continued)

- h. On January 4, 2008, MP, Subsidiary, entered into a Share Sale Purchase Agreement with Mohammad Soleh and Sri Andini, stockholders of PT Navigat Innovative Indonesia (NII) with total purchase price of USD 4,000,000 (USD Full Amount). NII is the stockholder of PT Bukit Pembangkit Innovative which is constructing a Coal Fired Power Plant of 2x100MW in Palembang, South Sumatera.
- i. Based on the Amendment to Subordinated Loan dated January 16, 2008, the Company increased its non-interest bearing Subordinated Loan from PT Alam Manunggal, Stockholder, from USD 272,131,500 (USD Full Amount) to USD 375,000,000 (USD Full Amount) with several conditions as follows :
- the loan will not be converted into the Company shares before the fifth year since the first time the loan is withdrawn. However, after the fifth year since the first time the loan is withdrawn, the remaining loan payable amount will be converted into the Company share.
 - All requirements and obligations related to this Agreement should be met by the Company and conducted in accordance with all material aspects of the agreement.
 - This Agreement and its rights during the agreement term shall not be transferred by the Company or AM, except that AM, in accordance with prevailing laws, is involved in a merger, consolidation or sell its shares.
- j. Based on Resolution Deed of General Meeting of Stockholders of PT Central Daya Energi (CDE) No. 39 dated January 21, 2008 of Public Notary Suwanti Sukiman, SH., notary in Jakarta, the Stockholders agreed to :
- Sell all of the company 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 (Rupiah Full Amount)).
 - Accept the resignation of Melania Halim as CDE's President Commissioner. Therefore, the Commissioner and Directors of CDE become as follows :
- | | | |
|--------------------|---|-----------------|
| President Director | : | Ricky Kosasih |
| Director | : | Oscar Ekadinata |
| Commissioner | : | Johannes Boyke |
- Such decision became effective starting January 17, 2008.
- k. On April 8, 2008, PT Enimax Power Energi, the Subsidiary of PT Maxima Infrastruktur (MIS), entered into a Cooperation Agreement with PT Prima Mitra Buana and PT Baktiartha Pancawali for the project of development, construction, operation, maintenance and Funding of Bali Syngas Project (IGCC) with the capacity of 1x330 MW located in Karangasem, Bali.

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35. COMMITMENTS (Continued)

- I. Based on the Amendment to Subordinated Loan dated July 22, 2008, the Company increased its non-interest bearing Subordinated Loan from PT Alam Manunggal, Stockholder, from USD 272,131,500 (USD Full Amount) to USD 375,000,000 (USD Full Amount) with several conditions as follows :
- The loan will not be converted into the Company shares before the fifth year since the first time the loan is withdrawn. However, after the fifth year since the first time the loan is withdrawn, the remaining loan payable amount will be converted into the Company share.
 - Issuance and delivery of shares, if needed, shall be in accordance to the Laws and regulations prevailing in Indonesia. There should be a confirmation about the market value from an independent assessor and approval of the minority stockholders, in accordance with laws and regulations in Indonesia.
 - Should there be any "Change of Control" or "Possible Change of Control", AM may inform the Company in writing, declare that all non-convertible obligations to be immediately due and payable, and instruct the Company to settle in advance all loans within the period of 10 days since the letter is received by the Company. Should the Company fail to settle such loan in the given 10 days, AM may inform the Company in writing to convert all loans into the Company shares through *right issue* on the basis of *pari passu* with other stockholders within the period of 60 days.

36. NEW ACCOUNTING STANDARDS

The Indonesian Institute of Certified Public Accountants has issued several revisions on Statements of Financial Accounting Standards (PSAK) with details as follows :

PSAK 16 (2007 Revision) – Property, Plant and Equipment (to be applied in the Financial Statements which period starts on or after January 1, 2008)

PSAK 13 (2007 Revision) – Investment in Property (to be applied in the Financial Statements which period starts on or after January 1, 2008).

PSAK 30 (2007 Revision) – Rent (to be applied in the Financial Statements which period starts on or after January 1, 2008).

PSAK 50 (2006 Revision) – Financial Instrument : Presentation and Disclosure (to be applied in the Financial Statements which period starts on or after January 1, 2009).

PSAK 55 (2006 Revision) – Financial Instrument : Recognition and Measurement ((to be applied in the Financial Statements which period starts on or after January 1, 2009).

The Company is still studying the effects that may arise from the implementation of those statements to Consolidated Financial Statements.

39. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the Financial Statements that were completed on December 5, 2008.