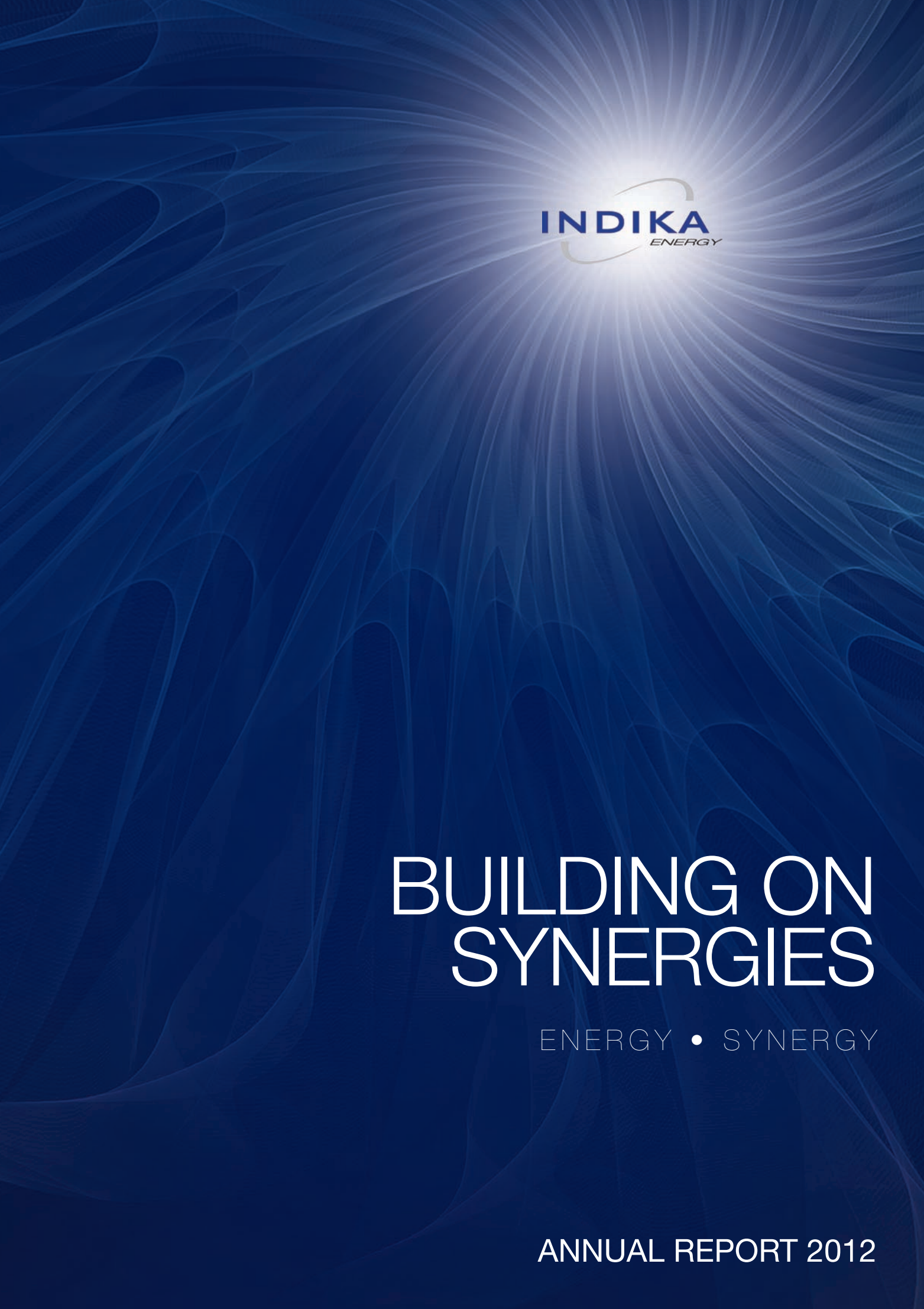


BUILDING ON SYNERGIES

ENERGY • SYNERGY

ANNUAL REPORT 2012



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BUILDING ON SYNERGIES

Indika Energy prudently continues to pursue the corporate plan to become a fully integrated energy company by extracting greater value from the synergies of businesses across energy resources, energy services, and energy infrastructure, from exploration to mining, transhipment to customers, and usage of coal Indika Energy produces for power generation plants. In 2012, those strategic milestones were achieved, and the resulting synergies from the intra-group cross-selling opportunities to Indika Energy's own customers and cost synergies derived in the long term from integrated operations helped deliver more stable earnings and improved cash-flow in contributions from diversification in the energy services and energy infrastructure businesses of the Company.

CORPORATE OVERVIEW

MILESTONES

INDIKA ENERGY'S JOURNEY

2000

- The establishment of Indika Energy.

2004

- Indika Energy acquired a 41% stake in Kideco.
  Kideco was established in 1982, engages in surface open-cut coal mining in East Kalimantan. Kideco holds CCoW first generation Mining Rights until 2023.

2006

- Indika Energy acquired another 5% stake in Kideco. Indika Energy now owns 46% stake.

2007

- Indika Energy completed mergers with Tripatra Company and Ganesha Intra Development Company.
  Tripatra Company was established in 1973, engages in engineering, procurement and construction (EPC), operation & maintenance (O&M) in the energy sector.
- The establishment of Cirebon Electric Power, a 660MW coal-fired steam power generation plant. Indika Energy owns 20% stake in CEP.
- Tripatra acquired a 45% stake in Cotrans Asia, a tug & barges for coal logistics, established in 2004.
- Tripatra acquired a 46% stake in Twinstar Shipping Ltd, a transhipment company (floating loading facility), established in 2004.

2008

- Indika Energy launched its IPO, offering 937,284,000 shares or 20% of enlarge capital.
- The establishment of Sea Bridge Shipping, a transhipment service company, in which Tripatra owns 46% stake.
- Kuala Pelabuhan Indonesia become Tripatra wholly owned subsidiary through the acquisition of an additional 50.1% stake.
- The establishment of Intan Resource Indonesia.
- Indika Energy acquired 100% stake in Indika Capital Pte Ltd (previously Westlake Capital Pte Ltd) and Citra Indah Prima.

2012

- Indika Energy divested 28.75% of its shares in Petrosea.
- Indika Energy acquired 60% stake in Mitra Energi Agung.
  MEA was established in 2008, a greenfield coal asset which holds an IUP concession area of 5,000 hectares in East Kalimantan.
- Indika Energy acquired 85% stake in Multi Tambangjaya Utama.
  MTU was established in 1989, a high-rank bituminous thermal and coking coal mine holding third generation CCoW based in Central Kalimantan, with a concession area of 24,970 hectares.
- Cirebon Electric Power, a 660 MW coal-fired steam power generation plant, reached Commercial Operation Date (COD).

2009

- Indika Energy acquired 98.55% stake in Petrosea.
  Petrosea was established in 1972, engages in engineering & construction (E&C) and coal mining contractor.

2011

- Indika Energy acquired 51% stake in MBSS.

2010

- The establishment of Indika Logistic & Support Services (ILSS).
- Indika Energy entered into an Option Agreement to acquire 51% stake in MBSS.
  MBSS was established in 1994, engages in sea transportation and logistics services.

SIGNIFICANT DEVELOPMENTS IN 2012

February

Indika Energy re-floated 28.75% of its shares in Petrosea, raising net proceeds of US$106.7 million and recorded net gains of US$57.2 million.

This compulsory re-float was carried-out in compliance to BAPEPAM-LK's requlation following the acquisition of Petrosea and its tender offer completed in August 2009. Post transaction, the Company remains Petrosea's largest shareholder with 69.8% interest.

March

Indika Energy acquired 60.0% interest in MEA, a greenfield coal asset which holds an IUP concession area of 5,000 hectares in East Kalimantan.

May

Indika Energy acquired 85.0% interest in MTU, a high-rank bituminous thermal and coking coal mining company, which hold a third generation CCoW with concession area of 24,970 hectares in Central Kalimantan.



June

Indika Energy retired its remaining US$65 million Senior Notes issued in 2007.

July

Cirebon Electric Power, a 660MW coal-fired steam power generation plant, reached Commercial Operation Date (COD).

This is the first coal-fired power project in Indonesia equipped with efficient and environmentally friendly supercritical boiler technology.



AWARDS 2012







13th January 2012
Best Corporate Citizen Award 2012

Indika Energy was awarded as Best Corporate Citizen 2012 by The New Economy, London. This award is presented to business organizations which contribute to the public through direct corporate involvement in societal activities.

The New Economy confers this award every year to promote sustainable Corporate Social Responsibility (CSR) strategies in various sectors. The New Economy is a quarterly magazine that covers and analyses events and information pertaining to constructive global economic development.

This award reflects Indika Energy's commitment to carrying out CSR as an integral part of its corporate values and culture. Indika Energy's CSR program focuses on Education, Health, Community Development, and the Environment.

7th February 2012
MDG Awards 2011

Indika Energy was presented with a Special Award at the MDG (Millennium Development Goals) Awards 2011 for the *Gerakan Indonesia Mengajar* program by the Vice President of Republic of Indonesia, Prof. Dr. Boediono. This award was presented in acknowledgement of the Company's special and innovative efforts in the allocation of funds towards the achievement of the long-term sustainable MDG program through *Gerakan Indonesia Mengajar.*

Improving education in Indonesia is a goal that Indika Energy wants to achieve, and *Gerakan Indonesia Mengajar* is a form of the realization of this goal, by working together to ensure sustainable development of our nation in education sector.

20th February 2012
CSI Awarded ISO & OHSAS Certification

Corporate Security Indika (CSI) has earned ISO 9001:2008 (Quality Management System) and OHSAS 18001:2007 (Workplace Health and Safety) certification. CSI is the work unit responsible for developing and maintaining safety systems to minimize operational risks for Indika Energy and all of the people it employs.

Ir. S. Widodo (Business Country Manager Lloyd's Register Quality Insurance) presented the certification directly to Mr. Arsjad Rasjid (Co-CEO of Indika Energy). Mr. Arsjad then conveyed the certification to the CSI Team led by Mr. M.B. Setiadharma (Senior Vice President Corporate Security Indika Energy).

This CSI achievement is a direct result of the initiative that was part of Indika Energy's Transformation program started in 2010. CSI's strong commitment and spirit toward continuous







improvement has resulted in this important and satisfying achievement. Most interestingly, the audits conducted for both certifications arrived at an "Unqualified Opinion", which means that CSI has proven beyond a doubt that it can effectively fulfil and implement the procedural stipulations set out in ISO and OHSAS standards.

31st October 2012
International Project Management Association 2011

In October 2012, Tripatra awarded the "Best Project Excellence in Mega Sized Projects for EPC Jambi Merang Development Gas Production & Facilities" from the International Project Management Association (IPMA). The IPMA assesses project performance on a global basis. The IPMA assessors came from Poland, Austria, UK, Germany and Australia.

For the same project, in March 2012, Tripatra won the APFPM Award (The Asia Pacific Federation of Project Management) for "The Best EPC Company" and also won IAMPI Award as the best project by IAMPI (*Ikatan Ahli Manajemen Proyek Indonesia).*

3rd December 2012
Sustainability Reporting Award 2012

At the end of 2012, Indika Energy was awarded with the "Best Sustainability Report 2011 - Runner Up Group B Category Services" at the Sustainability Reporting Awards 2012, held by the National Center for Sustainability Reporting (NCSR).

The award was presented to Indika Energy's Vice President - Corporate Affairs, Tino Ardhyanto by the Chairman of the SRA Award 2012 judges, Sarwono Kusumaatmadja.

SRA 2012 marked the 8th year the awards have been presented to companies that submit their CSR reports, which cover three main aspects: economy, environment and social criteria. Indika Energy was awarded on how it dealt with the challenging issues of sustainable development, including energy conservation, preservation of the environment, water management, waste management, and prevention of air pollution, as well as the improvement of the quality of life for communities living around the company's operational sites. This year's award was particularly gratifying as there were many companies from the South East Asia region who also participated.



VISION

To be a world-class Indonesian energy company recognized for its integrated competencies on energy resources, services and infrastructure.

MISSION

1. To capitalize on the abundant energy resources in support of the global economic growth.
2. To create integration and synergies across businesses.
3. To create optimum shareholders value.
4. To continuously develop its human capital.
5. To become a good corporate citizen.

VALUES

We strive to:

1. Ensure integrity in all of our business endeavors.
2. Instill the spirit of unity, diversity and respect for each other.
3. Promote the culture of teamwork and excellence.
4. Be a responsible steward for the local communities and the environment.

VISION, MISSION AND VALUES



INDIKA ENERGY AT A GLANCE

PT Indika Energy Tbk. ("Indika Energy" or "the Company") was listed in Indonesian Stock Exchange (IDX) in 2008. Established in 2000, Indika Energy has grown to be one of Indonesia's leading integrated energy companies with a portfolio of businesses spanning in the energy resources, energy services and energy infrastructure sectors.

Over the years, the Company has grown from strength to strength both organically and through acquisition of synergistic businesses. We believe our portfolio of businesses enables us to provide complementary products and services to domestic and international customers, thereby positioning us to capture growth opportunities across the Indonesian energy sector.

By the end of 2012, Indika Energy has grown into a company with US$2.3 billion of assets and 8,911 employees, operating across the Indonesia archipelago.

The three business pillars of Indika Energy are:

Energy Resources

46.0%
Ownership

PT Kideco Jaya Agung,
Indonesia's third largest coal mining company, located in East Kalimantan.

85.0%
Ownership

PT Multi Tambangjaya Utama,
a high-rank bituminous thermal and coking coal asset in Central Kalimantan.

34.9%
Ownership

PT Santan Batubara,
a coal mining company in East Kalimantan.

60.0%
Ownership

PT Mitra Energi Agung,
a greenfield coal mining project in East Kalimantan.



Energy Services

69.8%
Ownership

PT Petrosea Tbk.,
an engineering & construction (E&C) and coal contract mining company.

100%
Ownership

PT Tripatra Engineering and PT Tripatra Engineers & Constructors, engineering, procurement and construction (EPC) oil & gas services companies.

Energy Infrastructure

51.0%
Ownership

PT Mitrabahtera Segara Sejati Tbk.,
an integrated sea transportation & logistics services company.

20.0%
Ownership

PT Cirebon Electric Power,
a 660 MW coal-fired steam power generation plant in Cirebon, West Java.

CAPABILITIES ACROSS THE ENTIRE COAL VALUE CHAIN




8
Stockpile terminal
KIDECO
mbss
9
Coal loading
to barge
mbss
10
CTA
mbss
Barging
11
Transhipment
PT Sea Bridge Shipping
mbss
Off-taker Power Plant
12
CIREBON
ELECTRIC POWER

OPERATIONAL MAP



ENERGY RESOURCES

1. Multi Tambangjaya Utama
2. Kideco Jaya Agung
3. Santan Batubara
4. Mitra Energi Agung

ENERGY SERVICES

1. South Sumatra Gas Project
2. Salak & Drajat Geothermal Project
3. Exxon Mobil Cepu Project
4. Donggi-Senoro Project
5. Gunung Bayan Pratama Project
6. Kideco Project
7. Santan Batubara Project
8. Adimitra Baratama Nusantara Project

ENERGY INFRASTRUCTURE

Floating Crane

1. FC Nicholas
2. FC Rachel
3. FC Ben Glory
4. FC Abby
5. FC Chloe
6. FC Blitz

1. Cirebon Electric Power
2. Petrosea Offshore Supply Base
3. Kuala Pelabuhan Indonesia



BUSINESS STRATEGIES

Indika Energy's core business strategies are reflected in its focus on creating synergies within the Company to boost organic growth and expansion through acquisition.

1 TO CAPITALIZE ON INDONESIA'S ABUNDANT NATURAL RESOURCES AND GROWTH IN ENERGY DEMAND, INCLUDING IDENTIFYING AND ACQUIRING ATTRACTIVE ENERGY INVESTMENTS.

Indika Energy seeks out investments in the energy sector through a disciplined acquisition approach based on deep comprehension of energy assets. This requires Indika Energy to stay informed of natural resources regulatory developments and to promote the Indonesia's economic development through its domestic and international interests.

2 TO INTEGRATE DIVERSE ENERGY PLATFORMS AND EXTRACT OPERATIONAL EFFICIENCIES.

Indika Energy's expertise and capabilities now span the entire coal energy operations business chain. Improved operational flexibility and cost management, and the provision of efficient services to clients throughout the value chain, are critical to extracting synergies from this integration.

3 TO LEVERAGE EXISTING PARTNERSHIPS AND EXPERTISE IN THE ENERGY SECTOR BY PURSUING INITIATIVES AIMED AT SUPPLYING AND SERVING NEW MARKETS.

Currently, Indika Energy plays a considerably large role in the coal mining industry as well as nationwide energy services including the logistics and energy infrastructure (power plant) businesses. Kideco's international customers include leading power plant companies from 16 countries across Asia and Europe. Its eco-friendly, low-calorific, low-ash and low-sulfur coal gives rise to the possibility through blending of creating new products, for new markets.

4 TO OPTIMIZE PRODUCTION AND OPERATIONAL EFFICIENCIES BY LEVERAGING EXISTING ASSETS, AND BY DEVELOPING HIGHLY PRODUCTIVE AND EFFICIENT NEW MINES.

Through structured planning, Indika Energy's advanced Information and Communication Technology (ICT) system will collectively be harnessed to support business goals and objectives.

5 TO CONTINUE TO DIVERSIFY EARNINGS SOURCES AND STABILIZE CASH FLOWS.

Indika Energy's prudent business strategy focuses on acquiring and integrating attractive investments to grow earnings towards generating stable cashflow. Increased capital funds were allocated for expansion of contract mining capacity and infrastructure activities, and for working capital needed for new EPC contracts.

These strategies were further strengthened in 2012 especially with completion of MTU acquisition and the commencement of CEP (Key developments in 2012, page 8-9). These achievements have further strengthening Indika Energy's integrated value chain business model.

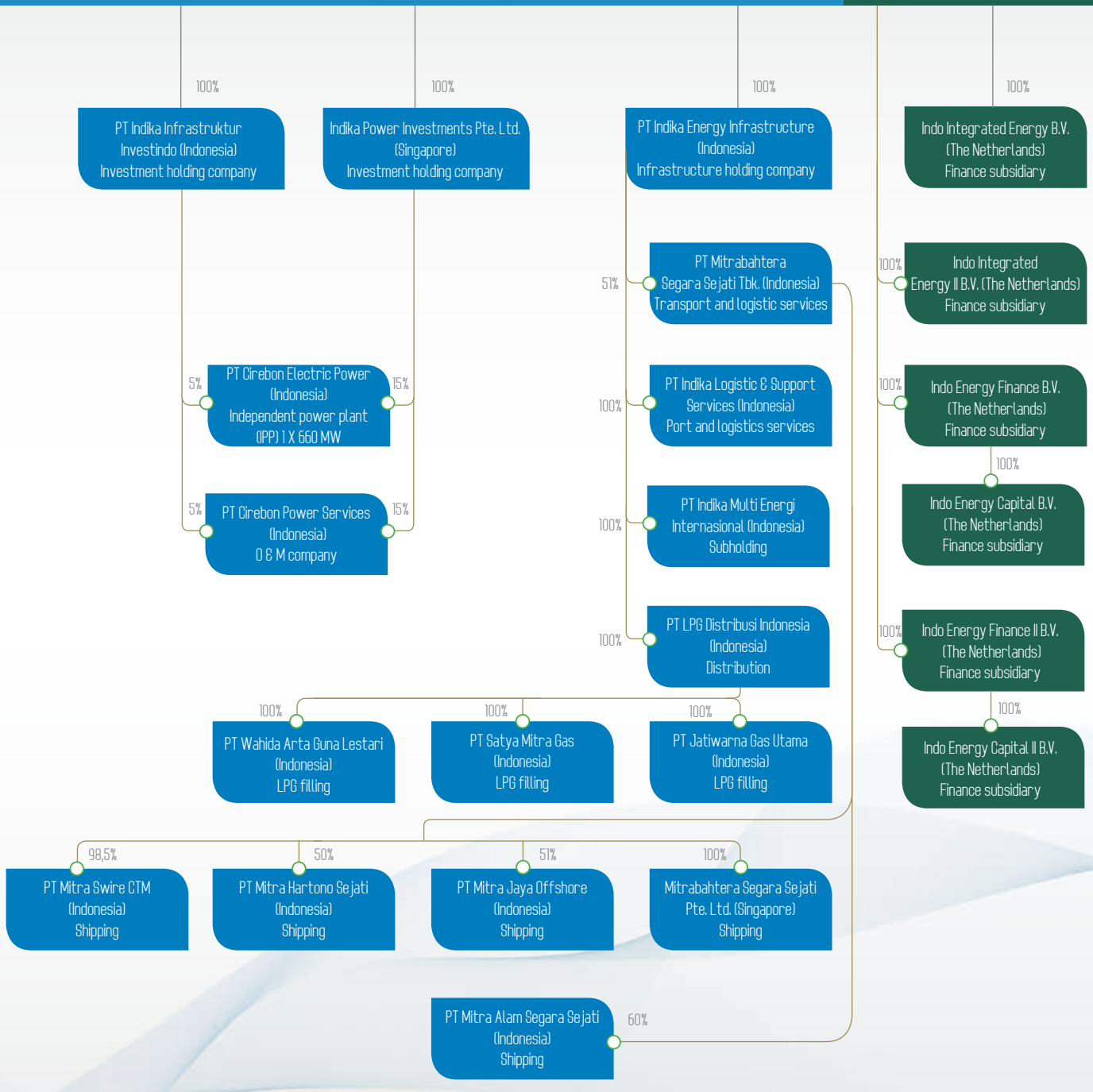
CORPORATE STRUCTURE

PT INDIKA ENERGY Tbk.



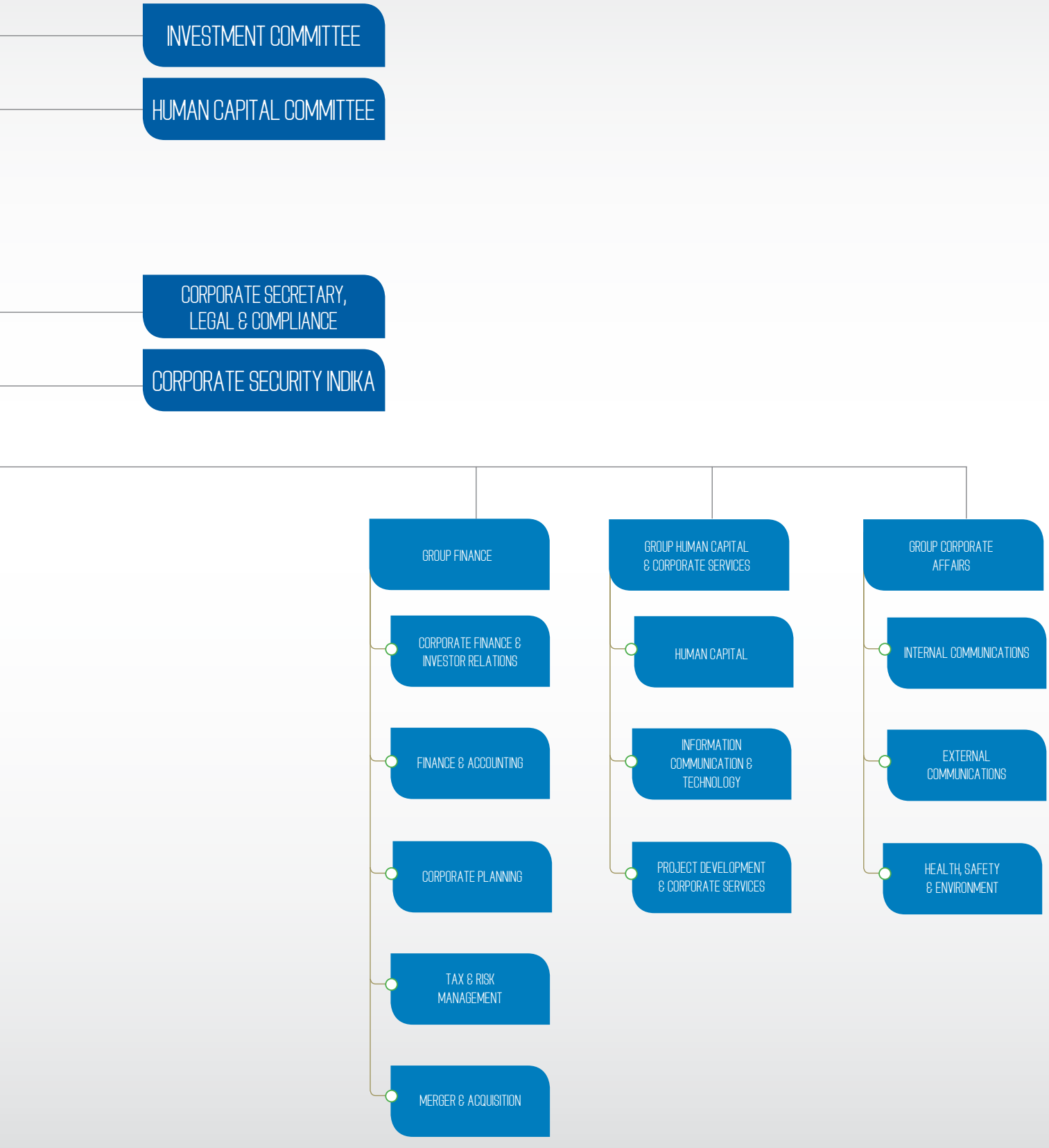
Note :
100% shares ownership of Indonesian limited liability company (PT) held by 2 shareholders which both are PT Indika Energy Tbk and or its subsidiaries

ENERGY INFRASTRUCTURE



ORGANIZATION STRUCTURE




INVESTMENT COMMITTEE
HUMAN CAPITAL COMMITTEE
CORPORATE SECRETARY, LEGAL & COMPLIANCE
CORPORATE SECURITY INDIKA
GROUP FINANCE
CORPORATE FINANCE & INVESTOR RELATIONS
FINANCE & ACCOUNTING
CORPORATE PLANNING
TAX & RISK MANAGEMENT
MERGER & ACQUISITION
GROUP HUMAN CAPITAL & CORPORATE SERVICES
HUMAN CAPITAL
INFORMATION COMMUNICATION & TECHNOLOGY
PROJECT DEVELOPMENT & CORPORATE SERVICES
GROUP CORPORATE AFFAIRS
INTERNAL COMMUNICATIONS
EXTERNAL COMMUNICATIONS
HEALTH, SAFETY & ENVIRONMENT

2012 FINANCIAL HIGHLIGHTS

INDIKA ENERGY FINANCIAL HIGHLIGHTS

Expressed in US$, unless otherwise stated

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	2012	2011	2010
Revenues	749,705,785	593,398,921	414,491,196
Cost of Contracts and Goods Sold	556,462,501	462,615,208	346,089,601
Gross Profit	193,243,284	130,783,713	68,401,595
General and Administrative Expenses	158,569,000	109,705,618	75,226,492
Operating Profit (Loss)	34,674,284	21,078,095	(6,824,897)
Equity in profit of Associates and Jointly Controlled Entities	178,983,576	222,267,857	158,883,092
Profit - Attributable to the Owners of the Company	68,680,536	127,868,804	103,433,719
Outstanding Shares	5,210,192,000	5,210,192,000	5,207,142,000
Earnings per share	0.0132	0.0245	0.0199
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Investment in associates	288,079,887	330,330,452	289,469,539
Investment in jointly-controlled entities	25,528,684	22,892,000	15,626,000
Investments in units of funds – Third party	40,026,825	10,245,048	100,443,411
Investments in bond – Third party	-	65,249,669	-
Total Current Assets	690,693,534	702,194,125	526,450,953
Total Non-Current Assets	1,656,570,522	1,312,828,194	734,031,589
Total Assets	2,347,264,056	2,015,022,319	1,260,482,542
Total Current Liabilities	527,616,177	492,108,268	151,204,356
Total Non-Current Liabilities	794,927,594	668,136,394	515,881,691
Total Liabilities	1,322,543,771	1,160,244,662	667,086,047
Total Equity	1,024,720,285	854,777,657	593,396,495
Total Liabilities & Equity	2,347,264,056	2,015,022,319	1,260,482,542
GROWTH (%)			
Revenues	26.3	43.2	73.3
Cost of Contracts and Goods Sold	20.3	33.7	92.5
Gross Profit	47.8	91.2	15.2
General and Administrative Expenses	44.5	45.8	79.5
Operating Profit (Loss)	64.5	408.8	-139.1
Profit - Attributable to the Owners of the Company	-46.3	23.6	6.4
Total Assets	16.5	59.9	1.9
Total Liabilities	14.0	73.9	-1.0
Total Equity	19.9	44.0	5.4
OPERATING RATIO			
Operating Profit (Loss) / Revenues (%)	4.63	3.55	-1.65
Profit Attributable to the Owners of the Company / Revenues (%)	9.16	21.55	25.00
Operating Profit (Loss) / Total Equity (x)	0.03	0.02	-0.01
Profit Attributable to the Owners of the Company / Total Equity (x)	0.07	0.15	0.17
Operating Profit (Loss) / Total Assets (x)	0.01	0.01	-0.01
Profit Attributable to the Owners of the Company / Total Assets (x)	0.03	0.06	0.08
FINANCIAL RATIO			
Total Current Assets / Total Current Liabilities (x)	1.3	1.4	3.5
Total Liabilities / Total Equity (x)	1.3	1.4	1.1
Total Liabilities / Total Assets (x)	0.6	0.6	0.5

Revenues

+26.3%

2012 **749,705,785**
2011 **593,398,921**

in US$

Gross Profit

+47.8%

2012 **193,243,284**
2011 **130,783,713**

in US$

Profit - Attributable to the Owners of the Company

-46.3%

2012 **68,680,536**
2011 **127,868,804**

in US$

Equity in profit of Associates and Jointly Controlled Entities

-19.5%

2012 **178,983,576**
2011 **222,267,857**

in US$

Adjusted EBITDA*

+35.5%

2012 **332,285,242**
2011 **245,221,363**

in US$

Total Equity

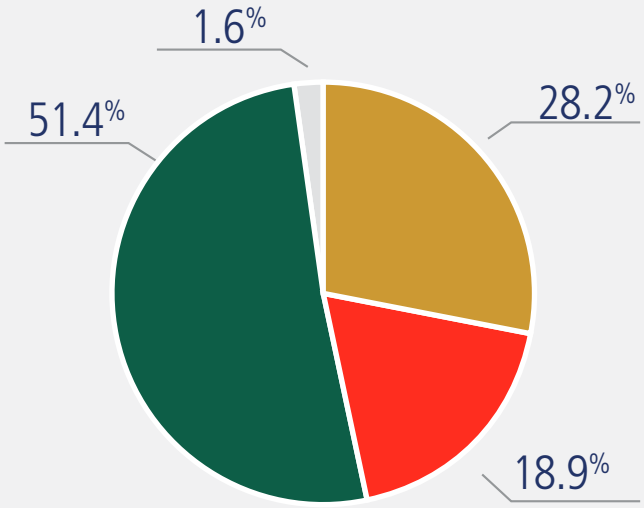
+19.9%

2012 **1,024,720,285**
2011 **854,777,657**

in US$

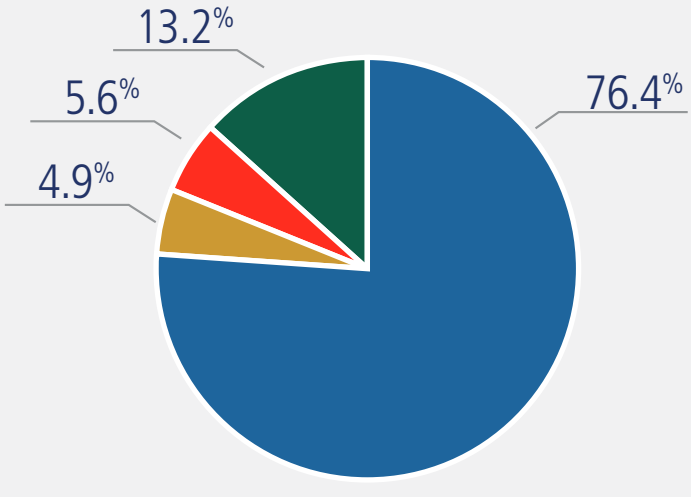
*) including dividends received from associates and jointly controlled company

REVENUE BREAKDOWN 2012



US$749.7 million

PROFIT - ATTRIBUTABLE TO THE OWNERS OF THE COMPANY



US$68.7 million

STOCKS HIGHLIGHTS

Share Price

(in Rp)

2012	Open	Highest	Lowest	Close	2011	Open	Highest	Lowest	Close
1st Quarter	2,125	2,725	2,125	2,525	1st Quarter	5,100	5,300	3,725	3,950
2nd Quarter	2,575	2,575	1,560	1,860	2nd Quarter	3,975	4,350	3,675	3,850
3rd Quarter	1,910	2,050	1,510	1,620	3rd Quarter	3,825	3,875	2,250	2,250
4th Quarter	1,600	1,600	1,290	1,420	4th Quarter	2,200	2,950	2,175	2,175

Stock Trading Volume and Value

(in Rp)

2012	Q1	Q2	Q3	Q4	2011	Q1	Q2	Q3	Q4
Average/day – Volume (lot)	32,722	18,923	13,460	10,178	Average/day – Volume (lot)	29,686	21,875	15,768	21,339
Average/day – Value (Rp billion)	41.0	19.6	11.7	7.5	Average/day – Value (Rp billion)	61.5	44.5	26.1	25.3

Share Listing Chronological

Description	Shares Offered	Total Number of Shares	Date of Effective Statement from Bapepam-LK/Shareholders Meeting Approval	Listing Date IDX
Initial Public Offering	937,284,000	5,207,142,000	2 June 2008	11 June 2008
Employee and Management Stock Option	3,050,000	5,210,192,000	8 May 2008	11 August 2011

Use of Proceeds from Initial Public Offering as of December 31, 2012

In million Rupiah

Net proceeds from Initial Public Offering (IPO) (after deduction of expenses)	2,312,130
Use of proceeds in accordance with the IPO Prospectus	
Capital Expenditures and Energy Services Business Development, to fulfil capital expenditure requirements, such as cost and expenses to secure EPC and O&M contracts, and for the subsidiaries' business development	320,291
Energy resources business development, including the acquisition and development of Coal Resources, capital expenditure, exploration, and expanding the business of subsidiaries; and	1,154,506
Financing the Company's business development plan for energy infrastructure, including the development and acquisition power plant	106,975
Changes in the use of Proceeds for the IPO *	
The remaining proceeds from the IPO shall be used for energy resources, services and infrastructure's business development, including but not limited to acquisition and financing to cover capital expenditure and working capital	730,358
Total Proceeds Used	2,312,130
Remaining Balance of Proceeds	0

*) Annual General Meeting of Shareholders dated June 8, 2011 approved changes in the use of proceeds as stated in the IPO prospectus.

Dividend Policy

	Dividend Amount (in billion Rp)	Dividend per share (Rp)	Dividend Pay Out Ratio	Dividend Payment Date
2008	**437.40**	**84.00**	40.32% of 2008 Net Income	3 July 2009
2009	**362.83**	**69.68**	50.00% of 2009 Net Income	25 June 2010
2010	249.94	(Dividend Interim) 48.00	-	30 November 2010
	135.39	(Final Dividend) 26.00	-	29 July 2011
Total	**385.30**	**74.00**	50.00% of 2010 Net Income	
2011	**312.61**	**60.00**	25.79% of 2011 Net Income	26 July 2012

ASSOCIATE COMPANY – KIDECO

Expressed in million US$, unless otherwise stated

COMPREHENSIVE STATEMENTS OF INCOME	2012	2011	2010
Sales	2,357.3	2,266.6	1,604.9
Cost of Sales	1,623.9	1,401.9	1,024.4
Gross Profit	733.4	864.7	580.5
Operating Expenses	40.4	40.8	24.6
Operating Income	692.9	823.9	555.9
Net Income	380.0	456.1	316.3
STATEMENT OF FINANCIAL POSITION			
Total Current Assets	523.7	604.0	476.8
Total Non-Current Assets	221.4	213.7	189.3
Total Assets	745.1	817.7	666.1
Total Current Liabilities	312.1	316.5	276.5
Total Non-Current Liabilities	46.9	45.3	44.8
Total Liabilities	359.1	361.8	321.2
Total Equity	386.0	456.0	344.8
Total Liabilities & Equity	745.1	817.7	666.1
GROWTH (%)			
Sales	4.0	41.2	22.3
Cost of Sales	15.8	36.8	27.1
Gross Profit	-15.2	49.0	14.7
Operating Expenses	-0.8	65.6	50.4
Operating Income	-15.9	48.2	13.5
Net Income	-16.7	44.2	9.9
Total Assets	-8.9	22.8	-8.7
Total Liabilities	-0.7	12.6	-8.5
Total Equity	-15.3	32.2	-8.9
OPERATING RATIO			
Operating Income / Sales (%)	29.4	36.3	34.6
Net Income / Sales (%)	16.1	20.1	19.7
Operating Income / Total Equity (x)	1.8	1.8	1.6
Net Income / Total Equity (x)	1.0	1.0	0.9
Operating Income / Total Assets (x)	0.9	1.0	0.8
Net Income / Total Assets (x)	0.5	0.6	0.5
FINANCIAL RATIO			
Total Current Assets / Total Current Liabilities (x)	1.7	1.9	1.7
Total Liabilities / Total Equity (x)	0.9	0.8	0.9
Total Liabilities / Total Assets (x)	0.5	0.4	0.5

Revenues

+4.0%

2012 **2,357.3**
2011 **2,266.6**

in million US$

Gross Profit

-15.2%

2012 **733.4**
2011 **864.7**

in million US$

Operating Income

-15.9%

2012 **692.9**
2011 **823.9**

in million US$

Net Income

-16.7%

2012 **380.0**
2011 **456.1**

in million US$

EBITDA

-15.1%

2012 **719.4**
2011 **847.3**

in million US$

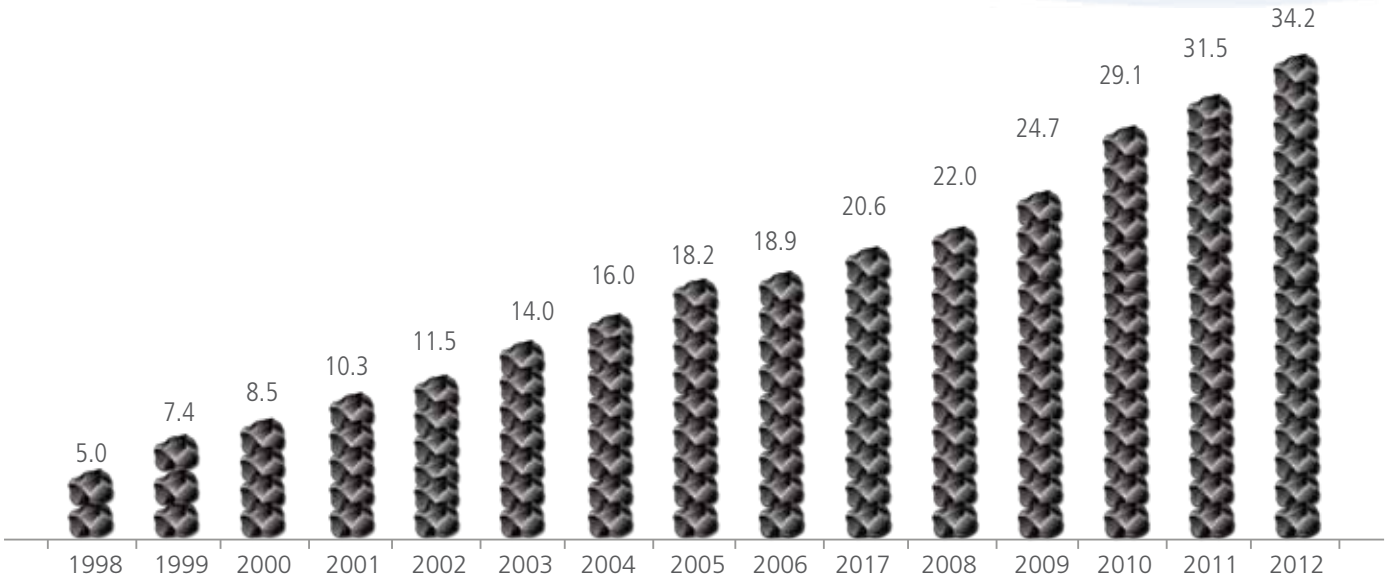
Sales Volume

+8.1%

2012 **34.2**
2011 **31.6**

in million Tonnes

Kideco's Coal Production (in million tonnes)



Coal Reserves by Pit (in million tonnes)

Area	Calorific Value (kcal)	Proved	Probable	Total
Roto South	4,870	91	66	157
Roto North	5,470	-	18	18
Roto Middle	4,730	22	17	39
Susubang	5,120	-	16	16
Samarangau	4,430	79	342	421
Total		**192**	**459**	**651**

Based on JORC Report dated April 2011

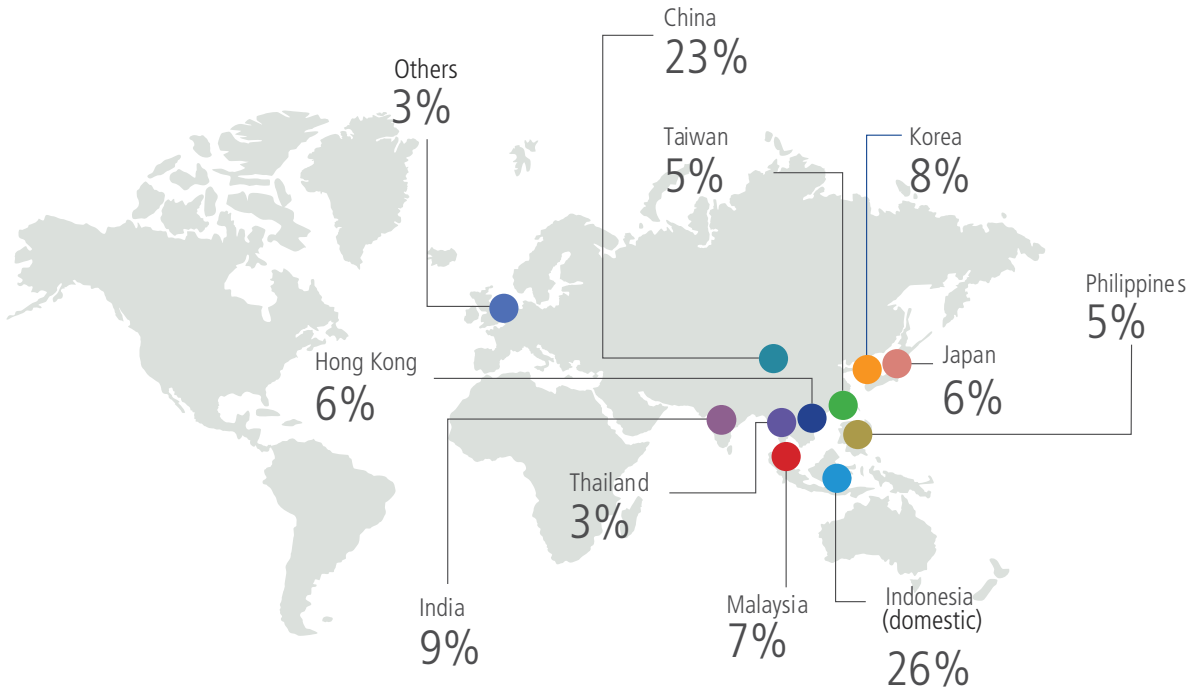
651
million tonnes Reserves

Coal Resources by Pit (in million tonnes)

Area	Measured	Indicated	Inferred	Total
Roto South	106	114	44	264
Roto North	-	22	57	79
Roto Middle	27	33	62	122
Susubang	-	21	7	28
Samarangau	88	570	225	883
Total	**221**	**760**	**395**	**1,376**

1.38
billion tonnes Resources

Sales by Destination 2012



Operation by Pit in 2012

Description	Roto North	Roto South	Roto Middle	Samarangau	Susubang	Total
Overburden (million bcm)	18.2	125.6	31.0	57.6	7.1	239.4
Production (million tonne)	2.4	16.3	3.6	11.3	0.5	34.2
Stripping Ratio (x)	7.6	7.7	8.6	5.1	13.7	7.0

239.4 million bcm
Overburden

7.0 x
Stripping Ratio

PRESIDENT COMMISSIONER'S MESSAGE

PRESIDENT COMMISSIONER'S MESSAGE

"BY MAINTAINING STRICT DISCIPLINE IN INVESTMENT STRATEGY AND MANAGEMENT FOCUS ON OPERATIONAL EXCELLENCE, THE BOARD OF COMMISSIONER ARE CONFIDENT THAT OUR COMPANY IS WELL POSITIONED TO DELIVER ATTRACTIVE LONG TERM INVESTMENT RETURN."

WIWOHO BASUKI TJOKRONEGORO
President Commissioner



Dear Shareholder,

In 2012, all coal-based companies in Indonesia were directly impacted by the sharp decline of coal prices in the global market. The year had begun with a positive outlook but this deteriorated with the slow-down in China and India, as well as Korea and Japan, worsened by the European debt crisis and the delay in the recovery of the United States economy. Instead of a cyclical recovery in coal prices, the downward trend extended into late 2012 and beyond. To address this adverse market development, in the final quarter of 2012 Indika Energy made adjustments of the long term business plan to ensure the continued balanced performance of the Company in achieving desired returns on equity.

In the long term, the demand for coal as a competitive source of energy according to the International Energy Agency is expected to remain strong. The developing economies in Asia have forecasted steady increase in their demand for coal as a key source of energy. China and India will continue to have a high demand for coal. Meanwhile, Indonesia will significantly increase the domestic demand for coal as the per capita consumption of electricity rises among the population of 240 million. The country's steady economic growth affirms this position, and as prosperity rises, the need for power generation will rise in tandem. Coal will also be in strong demand by other ASEAN economies to fuel their growing power supply needs.

Against this backdrop, Indika Energy prudently continues to pursue its corporate plan to become a fully integrated energy company to extract greater value from the synergies of businesses across energy resources, energy services, and energy infrastructure, from exploration to mining and processing, transhipment to customers, and usage of coal for power generation plants.

In 2012, strategic milestones were achieved, with the acquisition of coal assets, PT Multi Tambangjaya Utama (MTU) in Central Kalimantan, and PT Mitra Energi Agung (MEA) in East Kalimantan, to complement those of Kideco and Santan. In July 2012, Indika Energy also successfully commenced the operation of PT Cirebon Electric Power, a 660 MW coal-fired power plant (PLTU) in West Java, which further strengthened our domestic coal market position.

The synergies derived from integrated operations helped deliver better revenue than the previous years.The revenue of Indika Energy rose by 26.3% in 2012 to US$749.7 million, resulting in the increase of gross profit by 47.8% to US$193.2 million. Meanwhile, the net gains of US$57.2 million from the re-float of Petrosea's shares in February 2012 representing 28.75% of issued shares were consolidated into Indika Energy's balance sheet.

However, in 2012 Indika Energy incurred higher cost covering start-up operation costs and general & administration costs related to the development of MTU and MEA coal mining assets as well as development of other businesses.

Further, the non-operational costs such as interest, amortization of intangible assets related to acquisitions, higher minority interest portion related to Petrosea's share divestment, and lower profit contribution from Company's investment in Kideco and Santan, resulted in the decline of Indika Energy's net profit to US$68.7 million.

As we move forward, the volatility of coal price coupled with capital and operational cost pressures remain the biggest challenge for the company. By maintaining strict discipline in investment strategy and management focus on operational excellence, The Board of Commissioner are confident that our company is well positioned to deliver attractive long term investment return.

On behalf of The Board of Commissioners, I would like to take this opportunity to thank all of our shareholders, employees and business partners, for their support and confidence in Indika Energy. On a final note, I wish to express our appreciation to Mr Muhammad Chatib Basri, who had ably served as an Independent Commissioner in Indika Energy till June 2012, and wish him success in his new appointment in public service.



Wiwoho Basuki Tjokronegoro
President Commissioner

PRESIDENT DIRECTOR'S MESSAGE

PRESIDENT DIRECTOR'S MESSAGE

> “IN 2012, THE KEY ELEMENTS OF INDIKA ENERGY’S MISSION TO CAPITALISE ON INDONESIA’S ABUNDANT COAL RESOURCES WERE REALISED FOR OPTIMAL SHAREHOLDER VALUE.”

M. ARSJAD RASJID P. M.
President Director



Buoyed by a strong domestic market, the Indonesian economy grew by 6.5% in 2012 – the fastest since 1996 - apparently resilient to the global economic slowdown impacting most of the developed countries and emerging markets. Private consumption expenditure grew by 5.28% to Rp1,442.2 trillion from Rp1,369.9 trillion in 2011, complemented by a robust investment climate and accelerated infrastructure development. Incremental fiscal stimulus and monetary easing has helped the economy to contribute positively to the expanding global demand and outperform the growth prospects of advanced economies.

Indika Energy's core strategy is centred on growth through organic expansion and strategic acquisitions to build a strong portfolio of businesses along the coal mining value chain. In line with the Company's vision and mission, the corporate plan is to pursue a robust effort to secure premium assets in the three business pillars of energy resources, energy services and energy infrastructure. Within this frame of reference, Indika Energy approached 2012 aimed at an alignment and consolidation of these businesses, with a focus to "build on synergies" across the business operations and human capital aspects of the Company, while maintaining a prudent financial profile.

In 2012, the key elements of Indika Energy's mission to capitalise on Indonesia's abundant coal resources were realised for optimal shareholder value. Integrating the Information and Communications Technology (ICT) systems and human capital strategy across the Company's businesses was a crucial step in drawing on synergies from within the value-chain. This was achieved through the standardisation and integration of the information technology platforms, such as the (ERP) and Human Resources Management System (HRMS), and other decision making systems that support the business process.

At the same time, to pursue the business objective of strengthening the energy resource portfolio, Indika Energy's acquisition of Multi Tambangjaya Utama (MTU) in Central Kalimantan fulfilled two objectives: adding a coal assets to the energy resources portfolio and complementing the existing low caloric coal resources with higher caloric and coking coal assets, which have the potential to mitigate the volatility in global coal prices.

Finally, in the Company's energy infrastructure segment, 2012 also marked the commencement of operations of the 660 MW coal fired power plant (CFPP) in Cirebon, West Java. Now, the Company's integrated businesses are present along mining value chain to the delivery of electricity.

Against these milestones, the global price of coal fell drastically in the second half of 2012. This was matched by a brief 11.3% decline in coal consumption of 103 million tonnes by the United States in 2012, led by a 11.6% decline in coal use for electricity generation, and the resumption of Australian thermal coal exports. The impact of the falling coal price was immediately felt by all coal-based companies in Indonesia, which reported decline in earnings. As a consequence, Indika Energy's contribution from associate company fell by 19.5% to US$179.0 million, directly the result of a 16.7% decline in Kideco's net profit to US$380.0 million.

Therefore, in terms of the Company's financial performance, revenues increased by 26.3% from US$593.4 million to US$749.7 million in 2012. This was mainly the result of an increase in revenues recorded by Petrosea's contract mining business expansion, and an increase in Tripatra's revenues from new EPC contracts, as well as the full-period consolidation of MBSS and higher volumes of coal transported during the year.

The full-period consolidation of MBSS and expansion in operations at Petrosea and Tripatra in 2012 caused the Total Cost of Contracts and Goods Sold to rise by 20.3% to US$556.5 million from US$462.6 million in 2011.

Despite the increase in the cost of contracts and goods sold, the Company was able to expand its gross margin to 25.8% from 22.0% and gross profit rose 47.8% to US$193.2 million. To meet the Company's expansion and capacity requirements, operating expenses increased by 44.5% from US$109.7 million to US$158.6 million in 2012. The Company's operational performance was brought down by higher general and administrative expenses as a result of the Company's expansion

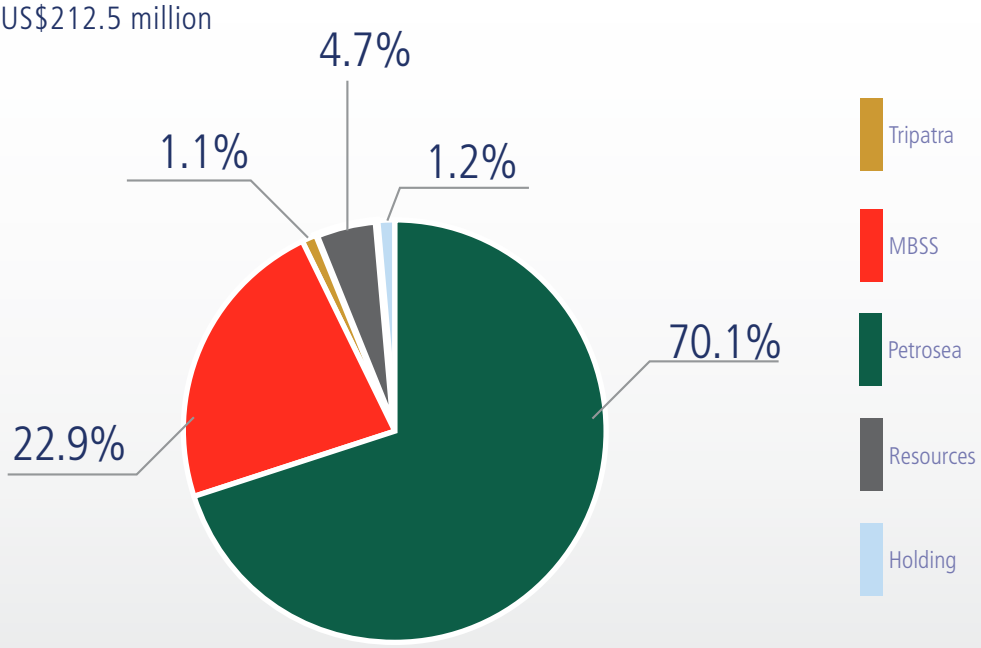
> “THE COMPANY WILL CONTINUE TO CONSERVE CAPITAL WHILE REMAINING COMMITTED TO CAPACITY EXPANSION, AND EXPLORING ALTERNATIVE SOLUTIONS...”

programme, as well as additional costs associated to the development of newly acquired coal mining assets, MEA and MTU. Further, the combination of lower earnings contribution from associates company including Kideco declined by 19.5% to US$179.0 million, coupled with interest expense of US$74.9 million and amortization of intangible assets expense of US$34.1 million; minority portion of US$18.5 million (US$13.0 million resulted from the divestment of Petrosea shares), brought down net profit of the Company to US$68.7 million in 2012, which fell by 46.3% from US$127.9 million reported in 2011.

In the second half of 2012, Indika Energy focused on adapting and responding to the potentially less favourable coal market environment in the near term by reducing capital expenditure, reviewing cash preservation, and extending further extraction of synergies across the subsidiaries. This prudent approach in the use of working capital meant investing to expand capacity and develop infrastructure where and when necessary, in order to increase equity returns in the business. Therefore the new capital expenditure was primarily to support operations in MBSS and Petrosea, where improving the average age and youthfulness of the fleet and heavy equipment, plant and machinery served to enhance operational reliability and productivity. The Company will continue to conserve capital while remaining committed to capacity expansion, and exploring alternative solutions, such as rental with third-parties where it is feasible,as well as safeguarding operating margins.

Realised Capital Expenditures in 2012

US$212.5 million



As discussed earlier, any volatility of coal prices in the global market may adversely impact across Indika Energy's business units. The Company will continuously review its corporate plan to mitigate the impact of the global coal price volatility.

The key actions taken to assuage the impact of the volatility in coal prices are:

Diversifying the Energy Asset Base
In May 2012, Indika Energy acquired MTU, a coking coal and bituminous thermal coal producer in Central Kalimantan, which directly complements the Company's resources of medium caloric coal from Santan Batubara and sub-bituminous coal from Kideco. Thermal bituminous and coking coal are higher in quality and can command better prices, providing some flexibility in coal supply strategies to mitigate volatility in pricing.

Energy services is the main contributor to Indika Energy's consolidated business, and the growth strategy focused on building up the Company's energy resource assets through acquisition of attractive and strategic mining rights. MTU represents a key acquisition in this direction, and was further complemented by MEA, the green-field coal asset in East Kalimantan acquired in March 2012. MTU was in the final stages of obtaining operational permits and is expected to commence operations in the second half of 2013. Although the coal prices declined in 2012, the long term outlook is good and future demand for coal expected to rise continuously.

Kideco and MTU are Indika Energy's two anchors in the energy resources business pillar. These coal assets are expected to balance out the strength of the energy services business pillar of which Tripatra and Petrosea are the other two anchor companies. Tripatra also began to diversify the company's expertise in EPC projects by exploring potential projects in deep water offshore exploration in Indonesia.

Meanwhile, Indika Energy will actively strengthen the energy resources segment and extract more synergies and value out of its expertise and diversified customer base, including in oil and gas. In this next phase, Indika Energy has been in discussion with partners Total S.A. to explore the oil and gas block in the Province of West Papua, in the Southwest Bird's Head, offshore Salawati Basin, in early 2013. As with all energy resource exploration activities, the Company will maintain a prudent approach, balancing each opportunity with planned outcomes to boost the overall value accretion of Indika Energy.

Portfolio Consolidation with Strategic Acquisitions
As part of the journey to build an integrated energy company along the coal value chain, Indika Energy has looked at organic growth as well as strategic acquisitions to achieve that goal. In the energy infrastructure business pillar of Indika Energy, MBSS completed the set of services along the coal value chain, from extraction through to delivery to customers, and eased the impact of softened coal prices in its operations in several ways. MBSS's revenue stability is supported by long-term contracts with minimum volume guaranteed. Further, MBSS also has a diversified thermal coal customer base, which ensure fleet slot optimisation, minimises idle capacity, and improves its operational flexibility, especially when the coal market is under duress.

Synergies from Within
Finally, as part of Indika Energy's own long term plan to build synergies across the energy value chain, 2012 also marked the anticipated launch of commercial operations of the CEP, 660 MW Coal Fired Power Plant to supply electricity to PT PLN (Persero), the national electricity provider, and the start of the 30 year supply contract. Approximately 65.0% of CEP's annual fuel demand, or 1.85 million tonnes of coal per annum, will be supplied by Kideco.

Disciplined Investment Strategy
In February 2012, the Company, in compliance to Bapepam-LK regulations refloated shares and reduced its ownership in Petrosea to 69.8% from 98.55% when acquired in 2009. This secondary sale of 28.75% ownership in Petrosea raised a net proceed of US$106.7 million for the Company and accounted for net gains of US$57.2 million in the resulting equity

transaction. The significant gains attested to the value accreted through the investment and management of the subsidiary, as well as consolidation of value from the investment income which strengthens the Company's balance sheet position. This once again demonstrated the disciplined investment strategy aimed at delivering attractive returns over the cost of investment.

These actions fine-tuned Indika Energy's growth strategy to safeguard the long term prospects to deliver sustainable gains over the current and longer term, leveraging the diversified portfolio mix of customers and resources, and drawing on the synergies of the integrated and consolidated businesses to moderate the effect of global coal price volatility.

In fulfilling corporate obligations to stakeholders and ensure compliance to regulations, Indika Energy has put in place stringent controls and safeguards to protect the Company's assets and business interests. The integrity of the corporate actions based on sound ethics reflects the best practices in good corporate governance and maintains a level of transparency to build trust with investors. The Good Corporate Governance (GCG) Code sets out clearly that all corporate activities must be responsible, independent, fair and represent the best interests of the Company to achieve sustainable, long-term benefits to the industry, shareholders, the community and the environment.

> "THE COMPANY WILL CONTINUOUSLY REVIEW ITS CORPORATE PLAN TO MITIGATE THE IMPACT OF THE GLOBAL COAL PRICE VOLATILITY."

To draw on the synergies of the value chain across the Company's business units, the pivotal elements of information and communications technology (ICT) have been strongly leveraged to ensure that business processes are supported by systems which provide timely and accurate data in an efficient and objective, and transparent manner. The Enterprise Resources Planning (ERP) and Human Resources Management System (HRMS) are part of the corporate-wide initiative for ICT support in the Company's business units, and is the cornerstone for all future business units. The ICT effort also demonstrates the model of shared services organisations and their role within the integrated operations and systems of the Company. As Indika Energy further evolves in the transformation process with business improvement processes on a performance based management system, ICT will enable "dashboards and portals" in its architecture to effectively serve the management's needs for a nimble decision making process, especially in the face of volatile markets and changing business paradigms.

> "INDIKA ENERGY STRONG COMMITMENT TO EDUCATION IS REFLECTED IN OUR CORPORATE SOCIAL RESPONSIBILITY (CSR) EFFORTS WHICH WERE AIMED AT HELPING PEOPLE AND COMMUNITIES REALISE THEIR POTENTIAL AND IMPROVE THEIR SOCIAL AND ECONOMIC OPPORTUNITIES."

In 2012, the Human Capital (HC) strategy moved a notch up in pace. As Indika Energy achieved the structural integration of business units along the coal mining value chain, there were many significant new areas which opened up for people in the operation of specialised equipment in the field to professional and technical expertise in the energy and mining operations. Recruiting the right talent for these new positions became a key challenge in keeping abreast of the operational expansion. The HC strategy is integral to many aspects of the long term growth plan. We launched multiple initiatives to percolate the best talent from our executive, managerial and supervisory levels upwards through internal leadership capability building programmes. At the same time, we have been continuing the effort to prepare top talent for career growth and refresh the leadership over time through practical succession planning. In doing so, we are sensitive about matching our best talent to the right roles and ensuring they have the best tools and support in place. It will not be an easy task and will have to be moderated over time in the coming years, while incorporating global best practices. The establishment of a standardised performance management system in Indika Energy reflects this core commitment to create a high quality performance oriented culture for our people to achieve their full potential at the workplace.

This strong commitment to education is reflected in Indika Energy's corporate social responsibility (CSR) efforts which were aimed at helping people and communities realise their potential and improve their social and economic opportunities. Internally, the Indika Energy *Cerdaskan Anak Bangsa* (Indika Energy Educates the Nation's Children)" program provides support for outstanding children of employees. On a broader level, as a founding partner of *Gerakan Indonesia Mengajar* (Indonesia Educates Movement), Indika Energy funds the placement of young talented educators to outlying districts across the country. Indika Energy also runs an internship program with the *Karya Salemba Empat* (KSE) Foundation which covers full tuition, educational assistance funds and grants for the implementation of Work Internships for 125 students from reputable universities across Indonesia. We believe these meaningful CSR efforts in education contribute directly to the development of Indonesia's human capital and improve the economic opportunity for the next generation.

To conclude, I would like to reiterate that these strategic business initiatives were set in place to build on the synergies inherent in an integrated energy company to create a resilient and nimble Company able to respond to strategic opportunities and a potentially challenging business environment. The synergy achieved was aimed at enhancing Indika Energy's competitive advantages in the Indonesian coal mining industry and the global thermal coal market, both of which are expected to steadily grow in the long term.

In the process of leading the management team through the Company's transformative phases and in the consolidation of systems and operations across the business units, there were many people and stakeholders whose support and dedication deserves to be acknowledged here. In particular, and on behalf of the Board of Directors, I would like to express our appreciation for the counsel and support of the Board of Commissioners, who provided meaningful guidance through every step.

We also thank the government of Indonesia for their commitment to encouraging investment and promoting the framework for the growth of the coal mining industry. Finally, we would like to thank the shareholders, partners and people of Indika Energy and their families, for their constant dedication and support. We look to the coming year with measured optimism and continued prudence, and are confident of taking Indika Energy to a new level in the Indonesian energy industry by retaining the Company's reputation as a reliable partner in the business.



M. Arsjad Rasjid P. M.
President Director

BOARD OF COMMISSIONERS & BOARD OF DIRECTORS

THE BOARD OF COMMISSIONERS



DEDI ADITYA SUMANAGARA

Independent Commissioner



AGUS LASMONO

Vice President Commissioner



WIWOHO BASUKI TJOKRONEGORO

President Commissioner

INDRACAHYA BASUKI

Commissioner

ANTON WAHJOSOEDIBJO

Independent Commissioner

THE BOARD OF COMMISSIONERS



WIWOHO BASUKI TJOKRONEGORO
President Commissioner

Age 73, appointed as President Commissioner of Indika Energy in February 2007. Currently Bapak Wiwoho Basuki Tjokronegoro holds positions as PT Indika Mitra Energi (since 2005) and President Commissioner of PT Teladan Resources (since 1998), PT Indoturbine (since 2005), PT Teladan Utama (since 2008). Previously he also held positions as President Commissioner of TPEC (1989-2012) and TPE (1992-2012). Graduated with Magna Cum Laude from the University of Kansas, earning a Bachelor of Science in Petroleum Engineering in 1964 and a Master of Science in Petroleum Engineering in 1965. Bapak Wiwoho Basuki Tjokronegoro also completed post-graduate study in Earth Science at Stanford University in 1969.



AGUS LASMONO
Vice President Commissioner

Age 41, appointed as Vice President Commissioner of Indika Energy since February 2007. Bapak Agus Lasmono also holds position in President Director of PT Indika Multi Media (since 1997), Commissioner of PT Indika Inti Mandiri (since 1999), President Commissioner of PT Indika Inti Corpindo (since 2004) and Commissioner of Kideco (since 2004), Independent Commissioner of PT Surya Citra Media Tbk. and PT Surya Citra Televisi (since 2005), and President Director of PT Indika Mitra Energi (since 2010). He earned his Bachelor of Arts in Economics from Pepperdine University, Malibu, California, United States in 1993 and Master degree in International Business from West Coast University, Los Angeles, California, United States in 1995.



INDRACAHYA BASUKI
Commissioner

Age 39, appointed as Commissioner of Indika Energy since February 2007. Bapak Indracahya Basuki also holds positions as Director of PT Teladan Resources and PT Indika Mitra Energi (since 2005). Previously Bapak Indracahya Basuki also held positions as Commissioner of TPEC and TPE (2007-2012). He earned a Bachelor of Science in Mechanical Engineering from Columbia University, New York, United States in 1996 and a Master of Business Administration from Rice University, Houston, Texas, United States in 2002.

ANTON WAHJOSOEDIBJO

Independent Commissioner



Age 73, appointed as Independent Commissioner of Indika Energy since March 2008. Bapak Anton Wahjosoedibjo also holds several other positions as President Director of PT Pranata Energi Nusantara, an energy development process consulting company, which he co-founded in May 2002, as well as the Vice Chairman of the Board of Advisors of the Indonesian Electrical Power Society. Previously, Bapak Anton Wahjosoedibjo was an executive advisor at Amoseas Indonesia Inc. and Senior Vice President and Deputy Managing Director of PT Caltex Pacific Indonesia (Chevron). He retired from Chevron and an affiliated company in 2001 after 40 years of services. He earned a degree in Electrical Engineering from the Bandung Institute of Technology (ITB), Indonesia in 1962. He attended the post-graduate study in Electrical Engineering at the University of Pennsylvania (1966), and earned a Petroleum Professional Diploma from the International Petroleum Institute, Tulsa, Oklahoma, United States in 1976. He also attended various executive programs at Stanford University, Palo Alto, California and National University of Singapore (1983), The Southern Methodist University of Dallas, Texas (1988) and Princeton University, New Jersey, United States.

DEDI ADITYA SUMANAGARA

Independent Commissioner



Age 65, appointed as Independent Commissioner of Indika Energy in May 2010. Bapak Sumanagara also holds position as President Commissioner of PT Semen Gresik (Persero) Tbk and currently is a member of the Board of Councilors of the Indonesian Chamber of Commerce and Industry (Kamar Dagang & Industri Indonesia) (2009-2014) and Chairman of the Board of Councilors of the Association of Indonesian Mining Professionals (Perhimpunan Ahli Pertambangan Indonesia) (2012-2015). Previously he held positions as Chairman of the Indonesian Chamber of Commerce and Industry (2004-2009), President Director of PT Aneka Tambang (Persero) Tbk. (1997-2008), Commissioner of PT Indonesia Chemical Alumina (2008-2012) and Director of Development of PT Aneka Tambang (Persero) Tbk. (1994-1997). He has more than 34 years experience in the mining industry. Earned his degree in Geological Engineering in 1974 from the Bandung Institute of Technology.

THE BOARD OF DIRECTORS



AZIS ARMAND

Unaffiliated Director

WISHNU WARDHANA

Vice President Director

M. ARSJAD RASJID P. M.

President Director



PANDRI PRABONO-MOELYO

Director

EDDY JUNAEDY DANU

Director

RICHARD BRUCE NESS

Director

WADYONO SULIANTORO WIRJOMIHARDJO

Director

THE BOARD OF DIRECTORS





M. ARSJAD RASJID P. M.
President Director

Age 42, appointed as President Director of Indika Energy in November 2005. Currently he also holds positions as Director of Kideco (since 2005), President Director of PT Indika Infrastruktur Investindo (since 2007), Commissioner of Tripatra (since 2007), Commissioner of PT Indika Mitra Energi (since 2010), President Commissioner of MBSS (since 2010) and Director of PT Indika Energy Infrastructure (since 2010). Bapak Arsjad Rasjid studied at the University of Southern California in Computer Engineering in 1990 and earned his Bachelor of Science in Business Administration in 1993 from Pepperdine University, California, United States. In March 2012, he completed the Executive Education Global Leadership and Public Policy for the 21st Century program at the Harvard Kennedy School, United States.

WISHNU WARDHANA
Vice President Director

Age 42, appointed as Vice President Director of Indika Energy since May 2009. Currently Bapak Wishnu Wardhana also holds positions as President Commissioner of PT Indika Infrastruktur Investindo (since March 2008); Vice President Commissioner of Tripatra (since 2012); Commissioner of PT Indika Mitra Energi (since 2005), PT Indoturbine (since 2005), Kideco (since 2005), and PT Indika Energy Infrastructure (since June 2010); President Director of PT Teladan Resources (since 2004) and PT Indika Inti Corpindo (since 2007). He earned his Bachelor of Arts in Economics from Pepperdine University, California, United States in 1993.





AZIS ARMAND
Unaffiliated Director

Age 45, appointed as Unaffiliated Director of Indika Energy since March 2008. He also holds positions as Commissioner of PT Indika Inti Corpindo (since 2008), PT Indika Infrastruktur Investindo (since 2008) and Petrosea (since 2009). He has more than 10 years extensive experiences in Corporate Finance and Investment, with previous careers as Rating Manager at PT Pemeringkatan Efek Indonesia (1995-1997) and Associate at JP Morgan Chase (1997-2004). He earned a degree in Economics from the Faculty of Economics University of Indonesia in 1991 and Master in Urban Planning from the University of Illinois in Urbana-Champaign, United States in 1995.

PANDRI PRABONO-MOELYO
Director

Age 64, appointed as Director of Indika Energy in February 2007. Bapak Pandri Prabono-Moelyo has more than 35 years experience with Tripatra. He previously held positions as President Director of Tripatra from 1989 to 2010, and as President Commissioner of Petrosea July 2009-October 2010). Currently he also holds the positions as President Commissioner of Tripatra (since 2012), Commissioner of Petrosea (since May 2011), Director of Tripatra (Singapura) Pte. Ltd. (since 2005). He has extensive experience in dealing with large scale international construction contracts and in practices and characteristics of construction industries in Indonesia. Earned his degree in Mechanical Engineering from the Bandung Institute of Technology in 1974 and a Master of Business Administration from Central Institute of Management in 1989.

THE BOARD OF DIRECTORS





WADYONO SULIANTORO WIRJOMIHARDJO
Director

Age 60, appointed as Director of Indika Energy since February 2007 and President Director of Petrosea in October 2010. Previously he held positions as Commissioner of Tripatra (March 2008-April 2010) and Petrosea (July 2009-October 2010). He also holds positions as Director of Tripatra (Singapura) Pte. Ltd. (since 2005) and Vice President Director of PT Indika Infrastruktur Investindo (since February 2009). Bapak Wadyono Suliantoro Wirjomihardjo has more than 36 year experiences with Tripatra, holding several key positions, including as Project Director (1992-1999), Executive Director Operational (1992-2002) and Executive Director Finance (2002-2007). Earned his degree in Mechanical Engineering from the Bandung Institute of Technology (ITB) in 1975.

RICHARD BRUCE NESS
Director

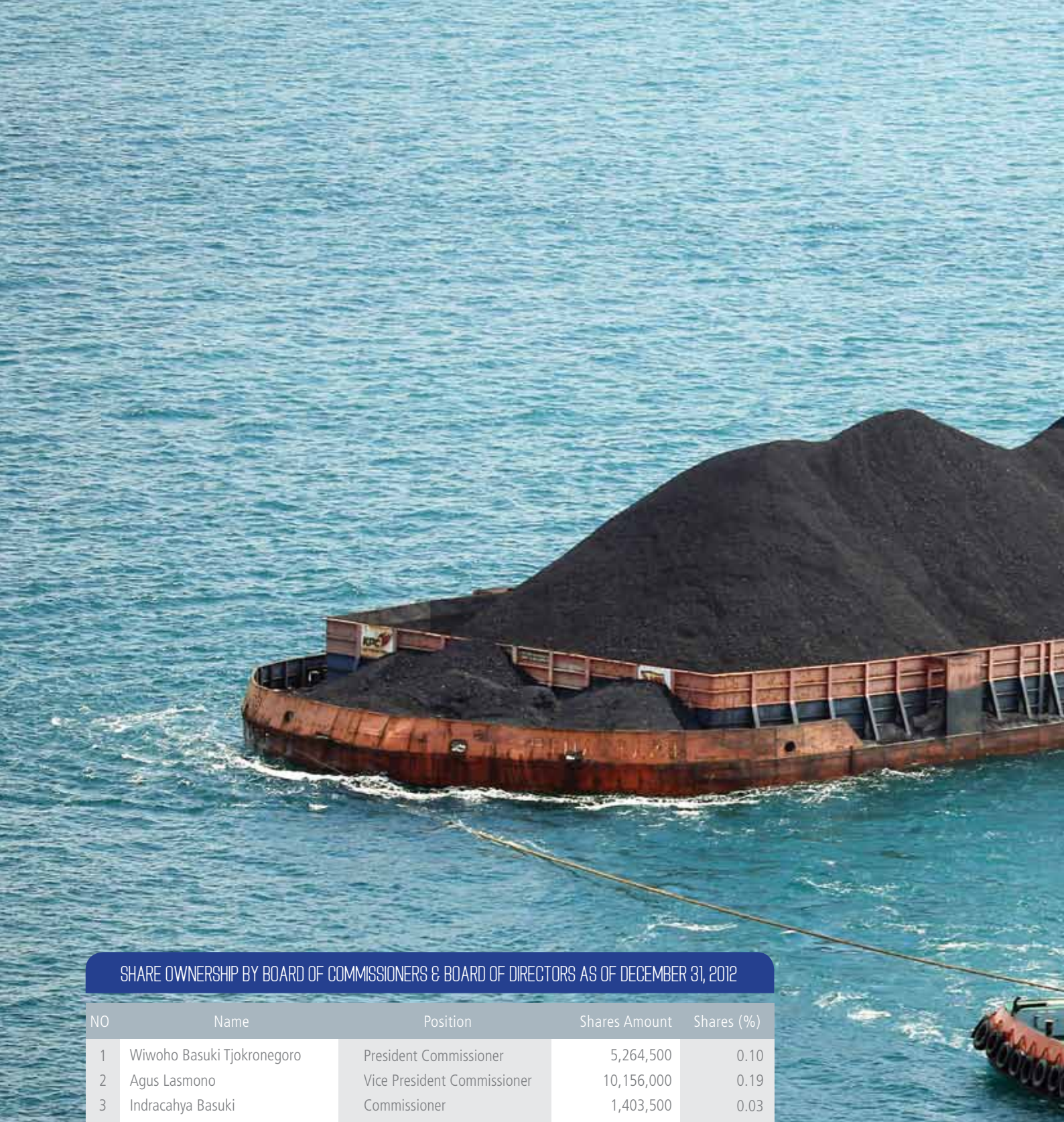
Age 63, appointed as Director of Indika Energy since May 2009. Currently he is the Head of the Resources Division at Indika Energy (since July 2008) as well as President Commissioner of Petrosea (since October 2010). Bapak Richard Bruce Ness has been actively involved in the energy, resources and mining sectors for more than 30 years. Key positions he previously held, include Commissioner of MBSS (November 2010-May 2011), President Director at various affiliates and subsidiaries of Newmont, mining consultant at PT Clinton Indonesia and Vice President of PT Freeport Indonesia. Bapak Ness also holds the position of Chairman of Mining for the American Chamber of Commerce, Indonesia. He earned a degree in Mechanics from Moorhead Technical Institute, Minnesota, United States in 1969 and attended Moorhead State University, Minnesota, United States for additional studies in post-secondary education until 1979. Bapak Ness also completed the Professional Management program at Harvard Business School, United States in 1992.



EDDY JUNAEDY DANU

Director

Age 62, appointed as Director of Indika Energy since May 2009. He also holds other positions such as Vice President Commissioner of PT Indika Infrastruktur Investindo. He has been with Tripatra for more than 34 years, where previously he held positions such as Commissioner of Tripatra and Executive Director for Marketing and Operational. Has more than 36 years experience in engineering and project management and has served as Project Engineer and Project Manager for various large-scale oil and gas EPC projects. He graduated with a degree in Electrical Engineering from Bandung Institute of Technology (ITB) in 1973 and a Master in International Business from Prasetya Mulya Business School in 1998.



SHARE OWNERSHIP BY BOARD OF COMMISSIONERS & BOARD OF DIRECTORS AS OF DECEMBER 31, 2012

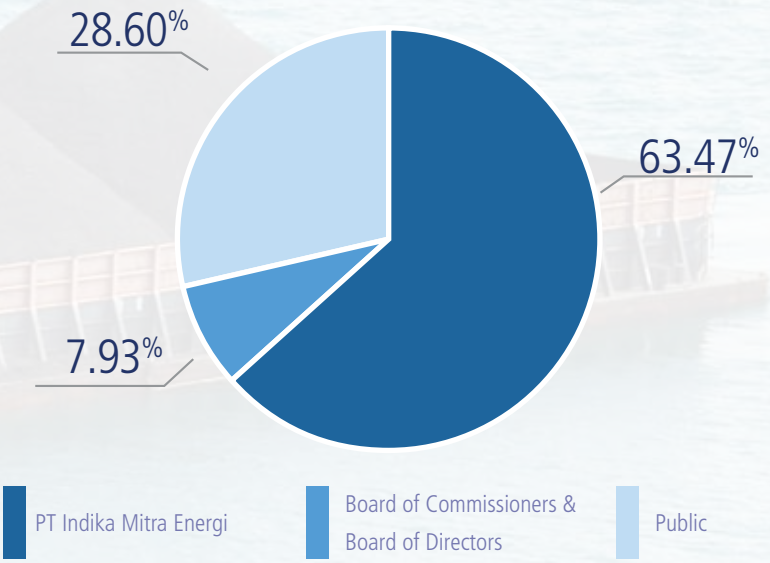
NO	Name	Position	Shares Amount	Shares (%)
1	Wiwoho Basuki Tjokronegoro	President Commissioner	5,264,500	0.10
2	Agus Lasmono	Vice President Commissioner	10,156,000	0.19
3	Indracahya Basuki	Commissioner	1,403,500	0.03
4	Anton Wahjosoedibjo	Independent Commissioner	-	-
5	Dedi Aditya Sumanagara	Independent Commissioner	-	-
6	M. Arsjad Rasjid P.M.	President Director	1,208,000	0.02
7	Wishnu Wardhana	Vice President Director	1,208,500	0.02
8	Pandri Prabono-Moelyo	Director	231,100,200	4.44
9	Wadyono Suliantoro Wirjomihardjo	Director	79,083,000	1.52
10	Eddy Junaedy Danu	Director	81,680,500	1.57
11	Richard Bruce Ness	Director	810,000	0.01
12	Azis Armand	Director – Unaffiliated	1,208,000	0.02
	Total		**413,122,200**	**7.93**



CAPITAL STRUCTURE AS OF DECEMBER 31, 2012

Authorized Capital	Subscribed & Paid-Up Capital
Rp1,700,000,000,000 (Divided into 17,000,000,000 Shares, Each Share With a Par Value of Rp100)	Rp521,019,200,000 (US$56.892.154) (Divided into 5,210,192,000 Shares)

SHAREHOLDING STRUCTURE AS OF DECEMBER 31, 2012



CONTROLLING SHAREHOLDERS AS OF DECEMBER 31, 2012

Ownership Status	Number of Shares	Ownership (%)
PT Indika Mitra Energi*	3,307,097,790	63.47
Public (under 5%)	1,903,094,210	36.53

*) Controlled by Wiwoho Basuki Tjokronegoro and family with 40.5% ownership, and Agus Lasmono with 59.5% ownership.

SHARE OWNERSHIP COMPOSITION AS OF DECEMBER 31, 2012

Ownership Status	Number of Shares	Ownership (%)
Limited Liability Companies	3,362,744,971	64.54
Institutions – Foreign	620,499,393	11.91
Individuals – Domestic	715,158,131	13.73
Mutual Funds	94,288,505	1.81
Insurances	281,335,500	5.40
Pension Funds	82,911,000	1.59
Employees	35,579,500	0.68
Foundations	15,257,000	0.29
Individual – Foreign	2,398,500	0.05
Cooperatives	19,500	0.00
TOTAL	**5,210,192,000**	**100.00**

MANAGEMENT REPORT

The Management Analysis and Discussion of the Company's Performance



ECONOMY & INDUSTRY OVERVIEW

ECONOMY OVERVIEW

The hope in 2012 was for a rapid expansion of the global economy following an initial recovery early in 2012. However, in a recently published report dated October 2012, International Monetary Fund (IMF) figures show only 3.3% global output growth, split between 5.3% expansion in the emerging world and 1.3% in the developed world. Both the US and EU continued to struggle to maintain momentum, while China's growth mirrored the weakness in other large economies, slowing in response to policy tightening to restrain excess and the global slowdown. Even oil exporting countries, like Russia, suffered from the effects of global economic uncertainty. Other significant problems affecting the larger developing economies, including China, were weakened demand for exports and increased volatility in capital flows and commodity prices.

Indonesia bucked the global economic trends and with gross domestic product (GDP) growth of 6.5% in 2012 was amongst the best performing economies in the world. The strength of the Indonesian economy has been driven by growing domestic consumption, representing 60% of total GDP, and by a relatively youthful demographic profile with over 50% of the population aged below 30 years. Further, foreign direct investment (FDI) in Indonesia is expected to rise to US$30 billion in 2012, from US$19.5 billion in 2011. The record inflows have helped isolate Indonesia – South East Asia largest economy – from a slowdown in its overall exports. Investment was driven primarily by the mining, transport and chemicals sectors. Mining remained the country's biggest sector despite new rules limiting foreign ownership and export.

Indonesia today with its 240 million population is the 16th largest economy in the world with 45 million forming an emerging consumer class concentrated in urban areas with 53% of the population in its major cities contributing 74% of the GDP. In 2012 McKinsey's report estimates Indonesia will become the seventh largest economy in the world by 2030. However, in the short term, as investment and global commodity prices move in tandem, the weakened commodity earnings in 2012 are expected to filter into the country's wider economy as well. Indonesia may also face a wider current account deficit as a result of the increase in import of capital goods and raw materials as well as a decline in commodity exports, which would exert pressure on the Rupiah.

INDUSTRY OVERVIEW

The trend of the last decade for coal continued with coal supplying nearly half of the incremental primary energy supply globally. Coal demand grew 4.3% in 2011, or 304 million tonnes (mt). Chinese demand grew by 233 mt. China's demand continued to grow in 2012, after becoming the world's largest importer, surpassing Japan which held the position for decades. Eventhough coal demand growth is slowing, coal's share of the global energy mix is still rising, and by 2017 coal will come close to surpassing oil as the world's top energy source. The world is forecasted to burn around 1.2 billion more tonnes of coal per year by 2017.

India will increase its influence in coal markets: endowed with large coal reserves, a population of more than 1 billion, electricity shortages and the largest pocket of energy poverty in the world, India makes the perfect cocktail to boost coal consumption. Domestic industry's performance will allow India to be the largest seaborne coal importer by 2017 with 204 mtce (million tonnes of coal equivalent) and the second-largest coal consumer, surpassing the United States. India and China will lead the growth in coal consumption over the next five years. Other north Asian importers such as Taiwan and Korea are expected to have moderate increases in thermal coal imports. More rapid growth is expected in the developing ASEAN countries – namely Malaysia, Thailand, the Philippines and Vietnam – driven by their growing manufacturing and construction industries as well as inadequate domestic coal reserves.

In 2012, Indonesia surpassed long-standing leader Australia as the largest exporter of thermal coal in the world on a tonnage basis. While floods in Queensland in 2010-2011 constrained Australian exports, Indonesia growth did not stop, surpassing the 300 mt level.

Further, 2012 exports from the United States grew strongly just as Australia reached export output above their pre-flood level resulting in a supply imbalance, which led to a significant decline of global coal prices in the second half of the year. This was not alleviated by an anticipated cyclical rise in demand with the onset of the northern hemisphere winter. Industry experts expect that the demand supply balance will adjust throughout 2013 to bring coal prices back in line with long term trends.

> "THE STRENGTH OF THE INDONESIAN ECONOMY HAS BEEN DRIVEN BY GROWING DOMESTIC CONSUMPTION, REPRESENTING 60% OF TOTAL GDP, AND BY A RELATIVELY YOUTHFUL DEMOGRAPHIC PROFILE WITH OVER 50% OF THE POPULATION AGED BELOW 30 YEARS."

OPERATIONAL REVIEW

2012 was a key year for Indika Energy.

In February, the Company successfully re-floated 28.75% of Petrosea's shares, raising US$106.7 million in net proceeds with a gain of US$57.2 million. In March and May, the Company acquired 60.0% of PT Multi Energi Agung (MEA) and 85.0% of PT Multi Tambangjaya Utama (MTU), respectively. MEA is a low-rank coal greenfield project in East Kalimantan, while MTU is a high-rank thermal and coking coal third generation Coal Contract of Work (CCoW) in Central Kalimantan. With the successful addition of these two assets to our coal mining portfolio, the Company expects to be able to provide to its customers a full range of coal products, from low-rank sub-bituminous to coking coal.

In July, PT Cirebon Electric Power (CEP), of which the Company owns 20.0%, commenced commercial operation by supplying electricity to PLN - State-owned Electricity Company. CEP is a 660MW coal-fired steam power generation plant equipped with supercritical boiler technology, the first such facility in Indonesia.

Further, Kideco supplies to CEP 1.85 million tonnes of coal per annum, or approximately 65.0% of CEP's annual fuel demand.

Following the above key developments, the Company is now present with integrated operations in all segments of the coal business value chain.In the second half of the year, the Company focused on adapting and responding to the less favourable coal market environment, by reviewing measures for capital expenditures reduction, cash preservation, and further extraction of synergies amongst our subsidiaries. The Company will continue its strategy to grow and consolidate its operations along the value chain of coal mining and the delivery of energy to customers.

Indika Energy is principally structured around three business pillars: **Energy Resources, Energy Services** and **Energy Infrastructure.**



ENERGY RESOURCES



The Energy Resources business pillar involves the exploration, production and processing of coal. The Company has been engaged in coal mining since 2004, through the acquisition of 41.0% interest in Kideco, which later increased to 46.0% in 2006.

In 2009, the Company added Santan to its coal business portfolio, through the acquisition of Petrosea. Today, with the addition of MEA and MTU, the Company owns stakes in four coal mining companies within the Energy Resources, of which only Kideco and Santan are producing assets at present.

The following table sets forth certain information regarding our energy resources assets:

	Indika's Ownership	Coal Reserves (in million Tonnes)	Coal Resources (in million Tonnes)	Concession Area (Hectares)
Kideco	46.0%	651.0(1)	1,376.0(1)	50,921
Santan	34.9%	17.3(2)	61.5(2)	24,930
MEA	60.0%	—(3)	—(3)	5,000
MTU	85.0%	40.6(4)	75.2(4)	24,970

1) Source: Based on a JORC-compliant report prepared by PT Runge Indonesia dated April 2011.
(2) Source: Based on a JORC-compliant report prepared by PT Runge Indonesia as of January 1, 2011 in respect of the Separi block.
(3) Currently under exploration.
(4) Source: Based on a USGS-compliant January 2011 report prepared by PT LAPI ITB and based on management estimates



PT KIDECO JAYA AGUNG

Kideco was established in 1982 and engages in surface open-cut coal mining at its 50,921 hectares concession area in East Kalimantan, Indonesia, where it holds coal mining rights until 2023 under first-generation Coal Contract of Work (CCoW). As Indonesia's third-largest coal mining company measured by production, Kideco represents the Company's core asset in the energy resources pillar, with total production reaching 34.2 million tonnes in 2012, an increase of 8.6% from 31.5 million tonnes reported in 2011.

Located in Paser Regency, East Kalimantan, Kideco operates five mine concession sites using open pit mining methods in Roto North, Roto South, Roto Middle, Susubang and Samarangau, with aggregate probable and proven coal reserves estimated at 651 million tonnes and total estimated coal resources at 1,376 million tonnes based on JORC (Australian Joint Ore Reserves Committee) dated April 2011. Kideco has identified potential additional coal resources at its Samu and Pinang Jatus concession areas, where detailed exploration work has yet to commence.

Kideco produces a range of sub-bituminous coal containing very low levels of sulphur (0.1%) and ash (average 2.5%). In addition, Kideco's coal produces relatively low levels of nitrogen during combustion, making it environmentally friendly for use in coal-fired power plants.

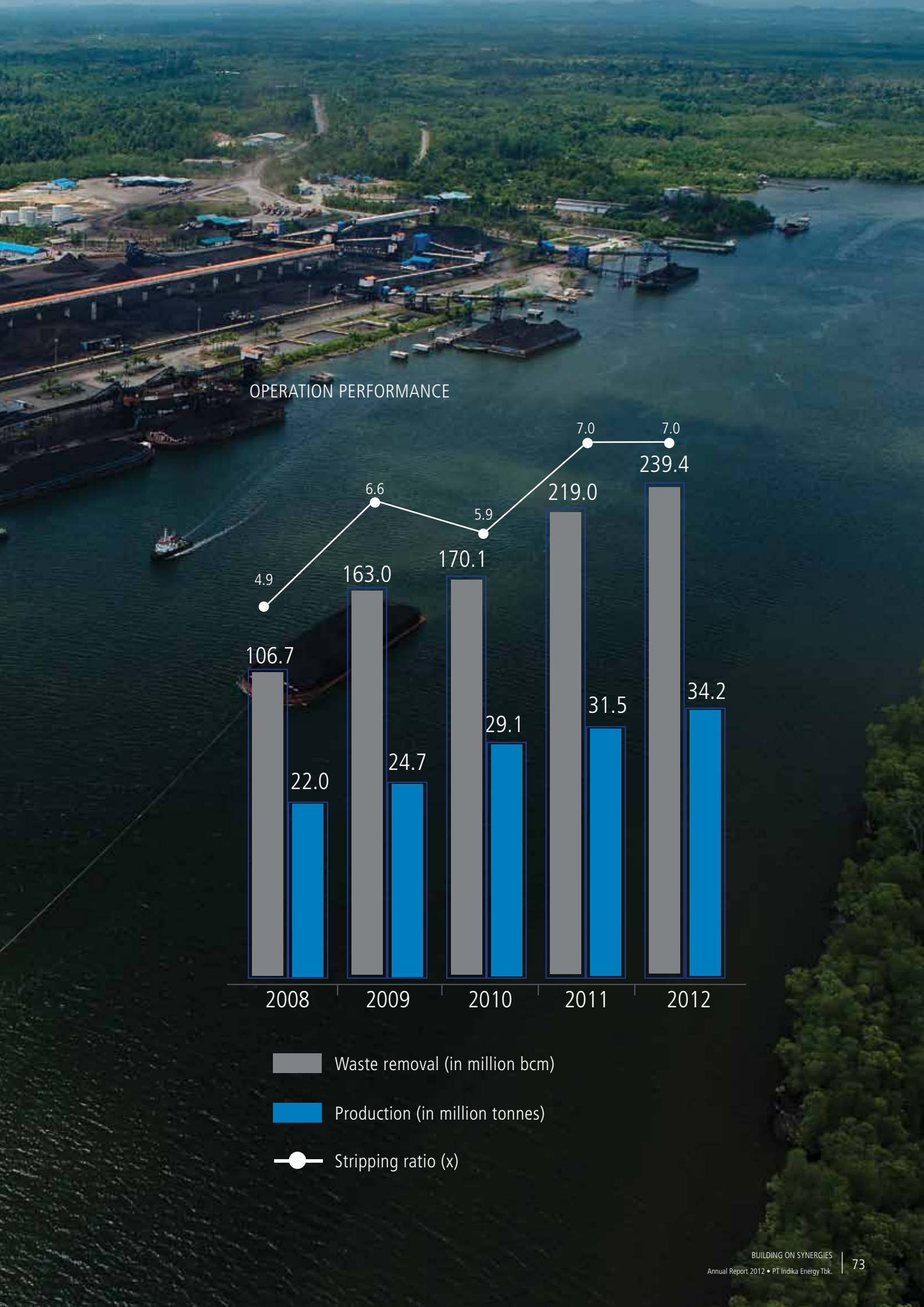
Supported by a well-developed infrastructure located in favourable geographical terrain with a well-planned coal mine, Kideco maintained its strip ratio of 7.0x during a very challenging coal market in 2012, and was able to hold its position as one of the lowest cost coal producers in the world.

Kideco remains an industry leader in terms of meeting customer coal delivery obligations, maintaining its zero occurrence of force majeure since the start of its mining operation in 1993. It also has consistently met its production targets over the last few years, and in particular overcame the challenge of declining coal prices that put many Indonesian coal companies at risk of missing their production targets in 2012.
In 2012, Kideco invested US$32.7 million in the process of completing an expansion plan to increase production capacity to 50 million tonnes by mid-2013, to accommodate for future production growth.

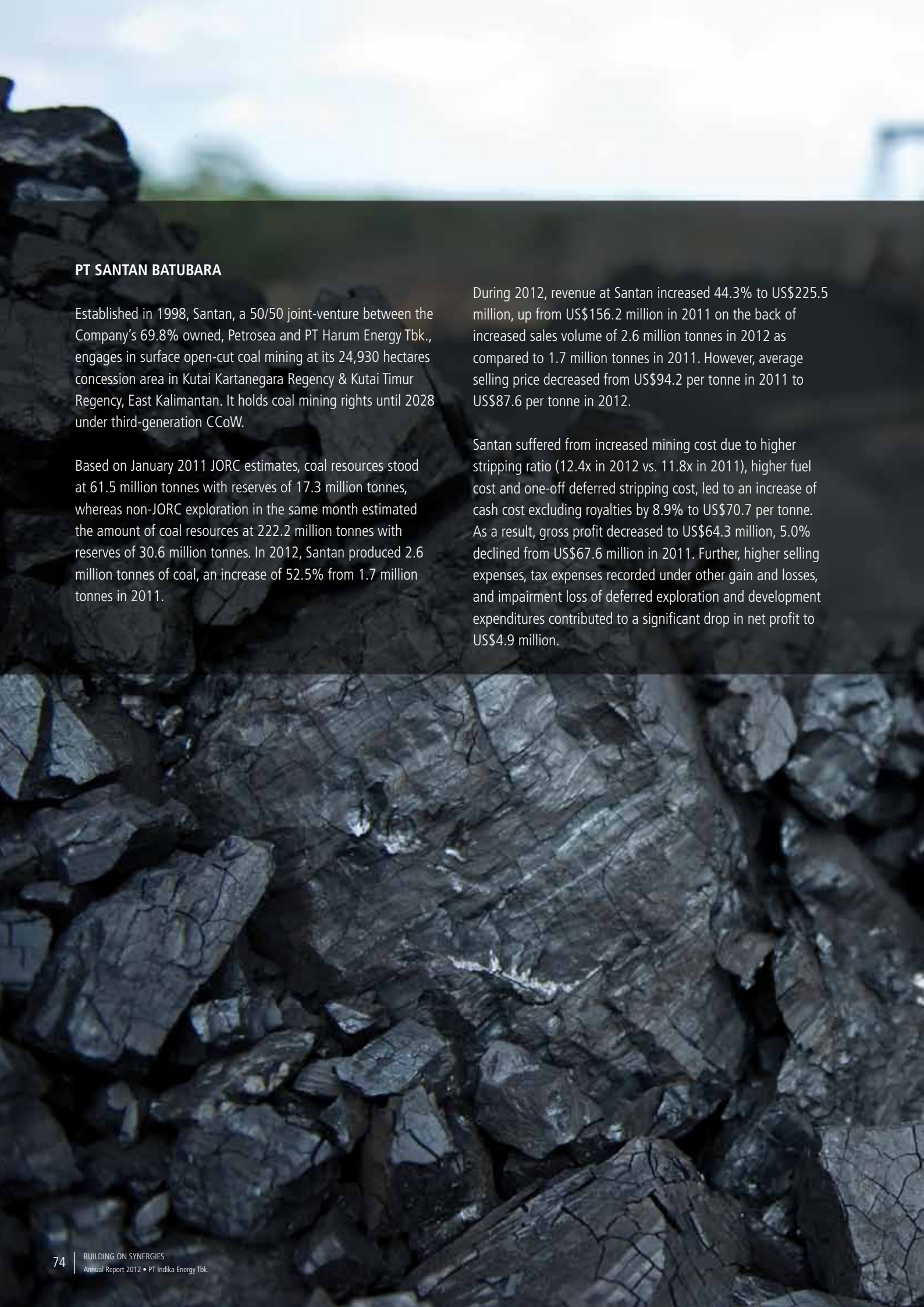
Reflecting its proven reliability, Kideco has built a strong international customer base in Asia and Europe, the majority of which are power plants. Kideco supplies coal to more than 50 customers in over 16 countries. Domestically, Kideco sold 8.8 million tonnes in 2012, representing 25.8% of total output surpassing the Domestic Market Obligation (DMO) requirement.

During 2012, revenue at Kideco increased 4.0% to US$2.4 billion, up from US$2.3 billion in 2011. Average selling price decreased from US$71.6 per ton in 2011 to US$68.8 per tonne in 2012, however this decline was more than offset by increased sales volumes from 31.6 million tonnes in 2011 to 34.2 million tonnes in 2012.

Two significant factors impacting Kideco's results in 2012 are the decline in average sales price and the increase in fuel cost. Cash cost excluding royalties in 2012 increased 9.6% to US$38.5 per tonne. As a result, gross profit decreased 15.2% from US$864.7 million in 2011 to US$733.4 million in 2012, while profit for the year decreased by 16.7% to US$380.0 million. Based on this result, Kideco has declared dividend of US$335.0 million, equivalent to 88.1% pay-out ratio.



OPERATION PERFORMANCE



PT SANTAN BATUBARA

Established in 1998, Santan, a 50/50 joint-venture between the Company's 69.8% owned, Petrosea and PT Harum Energy Tbk., engages in surface open-cut coal mining at its 24,930 hectares concession area in Kutai Kartanegara Regency & Kutai Timur Regency, East Kalimantan. It holds coal mining rights until 2028 under third-generation CCoW.

Based on January 2011 JORC estimates, coal resources stood at 61.5 million tonnes with reserves of 17.3 million tonnes, whereas non-JORC exploration in the same month estimated the amount of coal resources at 222.2 million tonnes with reserves of 30.6 million tonnes. In 2012, Santan produced 2.6 million tonnes of coal, an increase of 52.5% from 1.7 million tonnes in 2011.

During 2012, revenue at Santan increased 44.3% to US$225.5 million, up from US$156.2 million in 2011 on the back of increased sales volume of 2.6 million tonnes in 2012 as compared to 1.7 million tonnes in 2011. However, average selling price decreased from US$94.2 per tonne in 2011 to US$87.6 per tonne in 2012.

Santan suffered from increased mining cost due to higher stripping ratio (12.4x in 2012 vs. 11.8x in 2011), higher fuel cost and one-off deferred stripping cost, led to an increase of cash cost excluding royalties by 8.9% to US$70.7 per tonne. As a result, gross profit decreased to US$64.3 million, 5.0% declined from US$67.6 million in 2011. Further, higher selling expenses, tax expenses recorded under other gain and losses, and impairment loss of deferred exploration and development expenditures contributed to a significant drop in net profit to US$4.9 million.

PROJECTS UNDER DEVELOPMENT

MITRA ENERGI AGUNG (MEA)

In March 2012, Indika Energy acquired a 60.0% equity interest in MEA, a greenfield coal asset which holds an IUP concession area of 5,000 hectares in East Kalimantan. Exploration has commenced on the concession area, and MEA has applied for the necessary environmental permits with the intention to begin production in the event adequate coal resources are identified through exploration efforts.

MULTI TAMBANGJAYA UTAMA (MTU)

In May 2012, the Company acquired 85.0% interest in MTU, a high-rank bituminous thermal and coking coal holding third generation CCoW based in Central Kalimantan, with a concession area of 24,970 hectares.

Located approximately 30 km northeast of Ampah city and approximately 250 km north of Banjarmasin, MTU has developed coal haul roads with a capacity of 3.0 million tonnes per year, a conveyor jetty crusher with a capacity of 10 million tonnes per year and a barge port with a capacity of 5.0 million tonnes per year, and continues to upgrade and expand its infrastructure to support future mining operations. MTU has obtained an environmental permit to extract up to 1.2 million tonnes of coal per year and is in the process of obtaining necessary operating permits.

OTHER PROJECTS

The West Kalimantan Project and exploration activities in Papua are currently suspended with the resources redeployed to MTU and MEA.

Highlights of Exploration Activities in 2012

MTU

Activities	Target	Actual
Confirmation drilling (m)	26,500 m	RC: 13,883 m Jacro: 1,425 m Total: 15,308 m
Mapping (near mine)	5,517 Ha	3,410 Ha
Mapping AOI	11,356 Ha	7,117 Ha

MEA

Activities	Target	Actual
Confirmation drilling (m)	16,500 m	Jacro: 16,608 m Total: 16,608 m
Mapping (near mine)	2,500 Ha	2,500 Ha

Papua - Baliem

Activities	Target	Actual
Confirmation drilling (m)	10,000 m	Jacro: 1,457 m Total: 1,457 m
Mapping (near mine)	10,000 Ha	6,686 Ha

ENERGY SERVICES

The Energy Services business pillar consists of Tripatra and Petrosea. Tripatra is a provider of engineering, procurement and construction (EPC), operations and maintenance (O&M), and logistics services in the energy sector. Petrosea offers contract mining and engineering & construction (E&C) services. The Energy Services sector contributed US$594.8 million of revenue in 2012, a 31.3% increase from US$453.2 million in 2011. Petrosea contributed 64.8% from the Energy Services revenue, with Tripatra contributing the rest.



TRIPATRA

Tripatra, since its establishment in 1973, has played a significant role providing Energy Engineering services, comprising of EPC, O&M and logistic business. Its strong engineering capabilities and skilled project management are the key drivers of its success in implementing world class projects.

Through Tripatra, the Company's equity interests in associates and subsidiary extends to:

PT Kuala Pelabuhan Indonesia (KPI),
a subsidiary, which provides integrated operations, management, logistics, maintenance and portside services;

PT Sea Bridge Shipping Indonesia (SBS),
an associate, which provides coal shipping services, including providing tug boats, barges and gear, and gearless floating cranes along with transhipment services; and

PT Cotrans Asia Indonesia (Cotrans),
an associate, which provides coal transportation and transhipment services.

In 2012, Tripatra realized revenue of US$210.1 million. The EPC project with Mobil Cepu Ltd. accounted for almost 42.6% the total revenue earned by Tripatra, increasing from US$7.1 million in 2011 to US$89.5 million in 2012. In addition, Tripatra earned revenue from the Perta-Samtan Gas and Chevron geothermal projects in the amount of US$47.6 million. Tripatra's subsidiary KPI also reported revenue of US$56.8 million. In 2012, Tripatra reported net profit of US$11.2 million.

Backlog in 2012

in million US$

Description of Project	Contract Period	Remaining Contract Value per December 31, 2012
Perta-Samtan Gas	2010–2012	0.5
Chevron - Salak & Drajat Geothermal	2010-2012	18.7
Chevron - Flexible Program Management 3	2010-2011	-
Chevron - Rapak	2011-2012	7.7
Pertamina HE ONWJ	2011-2012	-
Premier Oil	2010-2013	16.3
Exxon Mobil - Cepu	2011-2014	295.6
Donggi - Senoro	2012-2014	285.8
Conoco Phillips	2012-2013	14.2
Foster Wheeler - Cilacap RFCC Project	2012-2013	2.7
Total		**641.6**



PETROSEA

Petrosea has over 40 years of experience in contract mining, engineering and construction (E&C), and logistics services. Currently operating four mining sites situated in Kalimantan, these are the Gunung Bayan Pratama Coal Mine Project, the Santan Batubara Coal Mine Project, the Adimitra Baratama Nusantara Coal Mine Project, and the Kideco Coal Mine Project. The Engineering and Construction (E&C) division, continued its focus on completing existing contracts for 2012, which included an ammonium nitrate plant owned by PT Kaltim Nitrate Indonesian East Kalimantan.

Petrosea has two jointly controlled companies. The first is Santan Batubara, a coal mining join venture with PT Harum Energy Tbk. with 50.0% share held by each. The other is PT Tirta Kencara Cahaya Mandiri, which Petrosea owns 47.0% in partnership with PDAM Tirta Kerta Raharja, operating under the auspices of the Regency Government of Tangerang to develop and improve the Cikokol Water Treatment Plant in Tangerang.

Two and a half years following the acquisition of 98.55% interest in Petrosea in 2009, Indika Energy has completed the divestment of 28.75% interest in Petrosea in February 2012, in compliance with Bapepam-LK regulation and raised a net proceed of US$106.7 million. After the divestment, Indika Energy now holds a total interest of 69.8%.

Since acquired by the Company in 2009, Petrosea has grown its contract mining business from removing 72.2 million bcm overburden and extracting 2.4 million tonnes of coal to 156.7 million bcm overburden and 9.9 million tonnes of coal in 2012.

Total revenue increased 46.1% to US$385.5 million, of which the contract mining division contributed 92.5%. Gross profit grew 47.7% from US$76.3 million in 2011 to US$112.7 million in 2012. However, Petrosea reported net profit of US$49.1 million in 2012, a reduction of 6.7% from the 2011 result, primarily due to significantly lower contribution from Santan.

During the year, Petrosea signed a new contract with Gunung Bayan with total value of US$483.6 million which brought Petrosea's total backlog to US$1,772.3 million by the end of 2012.



Backlog in 2012

in million US$

Description of Project	Contract Period	Remaining Contract Value per December 31, 2012
Contract Mining:		
Gunung Bayan Pratama	2009–2017	500.3
Santan Batubara	2009–2016	373.0
Adimitra Baratama Nusantara	2009–2018	658.7
Kideco Jaya Agung	2011-2015	144.2
Sub Total		**1,676.2**
Engineering & Constructions Contracts:		
POSB	2004-2015	95.5
Engineering & Constructions	2009-2012	0.6
Sub Total		**96.1**
Total		**1,772.3**

HEAVY EQUIPMENTS

Heavy Equipments	Units
Dump trucks	241
Excavators	42
Bulldozers	46
Graders	27
Major mining equipment	**356**
Ancillary equipment	162
Total	**518**

ENERGY INFRASTRUCTURE

Indika Energy continued to build its foothold in the infrastructure pillar following the 2010 establishment of PT Indika Energy Infrastructure (IEI) as a holding company for related business enterprise and projects in this sector. IEI has two subsidiaries, PT Indika Logistic & Support Services and PT LPG Distribusi Indonesia. This was significantly bolstered with the acquisition of Mitrabahtera Segara Sejati (MBSS) in 2011, a company which provides one-stop solutions coal logistics services.

In the energy infrastructure sector, the Company also owns Cirebon Electric Power (CEP), a power generation plant project in West Java, which has a power purchase agreement to supply PLN for 30 years, using the low-calorific coal provided by Kideco. Through the Company's asset of Petrosea, the multi-functional and multi-user POSB infrastructure facility located at Kariangau, Tanjung Batu, West Balikpapan, provides a range of cost-effective services to international and national clients in the oil, gas and coal industries.

In 2012, energy infrastructure contributed 19.0% of the total consolidated revenues and approximately 29.3% of the total consolidated gross profit. The income before tax for this sector in 2012 continued upward and grew its contribution by US$6.4 million or 19.1% over 2011. Revenues increased to US$142.2 million from US$98.6 million in 2011, mainly from the full-year consolidation of MBSS in 2012 compared with nine-months in 2011, and due to improved performance of MBSS in 2012 with new contracts supplementing existing contracts.

MITRABAHTERA SEGARA SEJATI (MBSS)

MBSS is a fully-integrated coal transport and logistics (with one-stop-solution) service company incorporated in 1994. The management team has in-depth knowledge of geological the sociocultural aspects gained from more than 17 years of experience in the business.

In 2012, MBSS revenue grew 16.3% to US$141.4 million, driven mainly from revenue increases in barging which grew by 17.0%, and floating cranes which grew by 14.4% over 2011. Revenues in barging totalled US$106.6 million of 75.3% the total revenues of MBSS, and floating cranes totalled US$34.9 million or 24.7%. New contracts in 2012 were from Cotrans in barging worth US$5.7 million, and Berau in floating crane worth US$3.4 million.

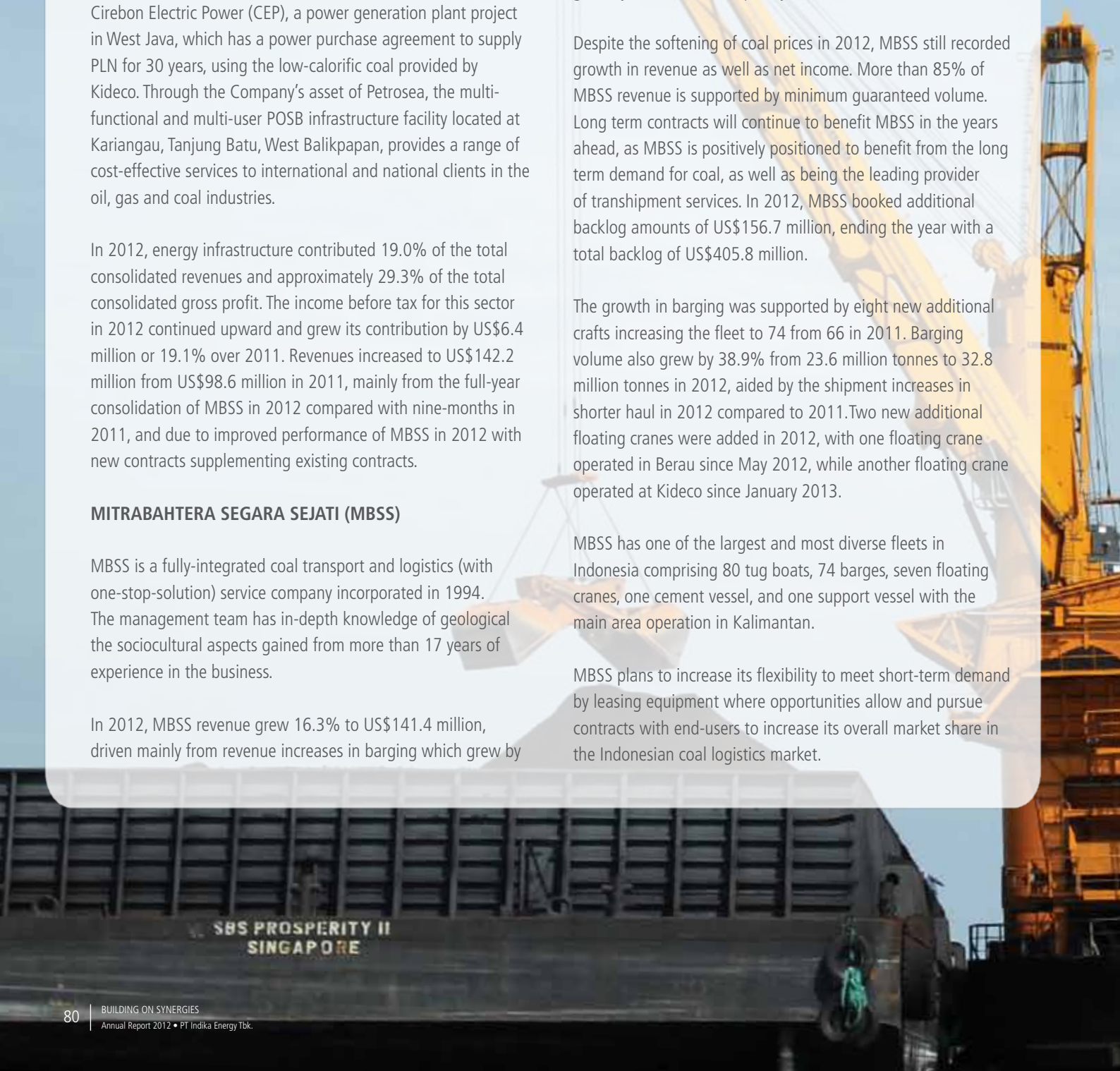
MBSS recorded gross profit of US$56.4 million up 14.3% over 2011, and EBITDA of US$64.4 million up by 20.6% over 2011, and profit attributable to the company of US$36.5 million which grew by 23.2% over the prior year.

Despite the softening of coal prices in 2012, MBSS still recorded growth in revenue as well as net income. More than 85% of MBSS revenue is supported by minimum guaranteed volume. Long term contracts will continue to benefit MBSS in the years ahead, as MBSS is positively positioned to benefit from the long term demand for coal, as well as being the leading provider of transhipment services. In 2012, MBSS booked additional backlog amounts of US$156.7 million, ending the year with a total backlog of US$405.8 million.

The growth in barging was supported by eight new additional crafts increasing the fleet to 74 from 66 in 2011. Barging volume also grew by 38.9% from 23.6 million tonnes to 32.8 million tonnes in 2012, aided by the shipment increases in shorter haul in 2012 compared to 2011.Two new additional floating cranes were added in 2012, with one floating crane operated in Berau since May 2012, while another floating crane operated at Kideco since January 2013.

MBSS has one of the largest and most diverse fleets in Indonesia comprising 80 tug boats, 74 barges, seven floating cranes, one cement vessel, and one support vessel with the main area operation in Kalimantan.

MBSS plans to increase its flexibility to meet short-term demand by leasing equipment where opportunities allow and pursue contracts with end-users to increase its overall market share in the Indonesian coal logistics market.



Backlog in 2012

in million US$

Description of Project	Contract Period	Remaining Contract Value per December 31, 2012
Barging		
Adaro Energy	2010-2017	134.0
Kaltim Prima Coal	2006-2014	26.2
Holcim Indonesia	2010-2015	19.5
Bahari Cakrawala Sebuku	2010-2015	1.8
Bukit Asam (Persero)	2010-2012	0.0
Berau Energy	2010-2012	0.1
Banpu	2011-2015	13.1
Indocement Tunggal Prakarsa	2010-2013	0.3
Borneo Indo Bara	2011-2012	23.0
Alfa Trans Raya	2011-2012	0.0
Kideco Jaya Agung	2012-2014	11.2
Singlurus Pratama	2012-2013	0.1
Sub Total		**229.3**
Transhipments		
Kideco Jaya Agung	2010-2015	75.2
Adaro Indonesia	2008-2014	9.9
Berau Energy	2010-2015	22.7
Jembayan Muarabara (Sakari)	2010-2012	0.4
Banpu	2011-2013	0.9
Berau Coal	2012-2021	67.4
Sub Total		**176.5**
Total		**405.8**



CIREBON ELECTRIC POWER (CEP)

Indika Energy formed international partnerships with Marubeni Corporation, Komipo-Korea Midland Power Co. Ltd and Samtan Co. Ltd to develop this 660 MW coal-fired steam power generation plant in Cirebon, West Java. The Company owns 20.0% of the shares in CEP through PT Indika Infrastruktur Investindo and Indika Power Investments, Pte. Ltd. CEP commenced operations and supplied electricity to PLN (Persero) on July 27, 2012.

The Power Purchase Agreement (PPA) was signed on August 20, 2007 for a 30 year contract between PT PLN (Persero) and PT CEP. The coal will be supplied primarily from Kideco Jaya Agung.

With the commencement of operations supply electricity to PLN, the Indonesian national provider of electricity, there have been significant gains in knowledge, cost control, the financial modelling and management of the power plant.

This 660 MW coal-fired steam power generation plant is one of the most prestigious power projects in Indonesia utilizing the efficient and environmentally friendly supercritical boiler technology.



PETROSEA OFFSHORE SUPPLY BASE (POSB)

Petrosea Offshore Supply Base (POSB) is a provider of offshore supply logistics services for the national and international oil and gas companies operating in the Makassar Strait. Located at Kariangau, Tanjung Batu, West Balikpapan (East Kalimantan), POSB maintains an integrated, multi-functional approach in supply base operations to support customers in the oil and gas sector. Clients include Chevron, Exxon Mobil, Total Indonesie, and ENI. POSB's extensive capabilities include craneage and materials handling for large individual shipments as well as large volume bulk materials deliveries. In addition, there are covered and open storage facilities, a cargo marshalling area, an incinerator, a chemical drum containment area, tubular inspection shops and emergency response training facilities. In 2012, POSB contributed 6.9% of Petrosea's total revenue, reflecting a consistent rise over the past five years.

Building on its reputation in a leader in supply operations in Indonesia, POSB maintains exception standards towards personnel safety, health and the environment. Operational staff is certified to fight and manage oil spill contingencies, with the priority towards ensuring clients receive the highest quality service.



FINANCIAL REVIEW

2012 Financial Highlights:

- Revenue US$749.7 million, a 26.3% increase over US$593.4 million reported in 2011.
- Gross profit US$193.2 million, a 47.8% increase over US$130.8 million reported in 2011.
- Income from associates and jointly-controlled entities declined by 19.5% to US$179.0 million in 2012 attributable to lower average selling price per tonne realized by Kideco (FY12 US$68.9 vs. FY11 US$71.6) and Santan (FY12 US$87.6 vs. FY11 US$94.2)
- Profit attributable to the Owners of the Company US$68.7 Million, a 46.3% decline from US$127.9 million reported in 2011.
- As at December 31, 2012, the Company reported cash & cash equivalent and other financial assets of US$421.1 million and total debt of US$1.0 billion.

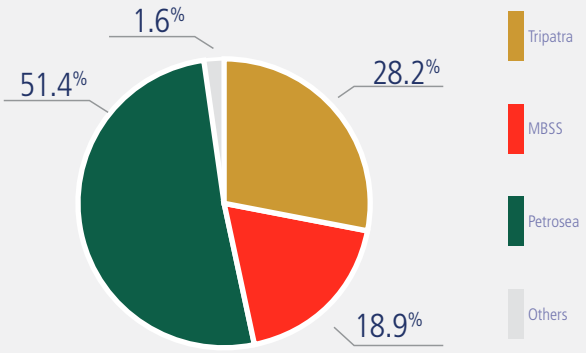
Revenue

The Company's revenue increased 26.3% to US$749.7 million against US$593.4 million reported in the corresponding period last year due mainly to:

a) Petrosea's revenue advanced by 46.1% YoY to US$385.5 million primarily on the back of growing volumes of overburden removal in the contract mining business with reported revenue of US$356.8 million against US$233.0 million in 2011. The overburden removal volume increased 35.0% from 116.1 million bcm (or bank cubic metre) to 156.7 million bcm recorded in 2012.

b) Tripatra's revenue up 10.7% YoY to US$210.1 million contributed primarily by 1) EPC Project – Exxon Mobil, Cepu US$89.5 million; 2) KPI – Freeport contract US$56.8 million; 3) Perta-Samtan Gas and Chevron Geothermal Projects US$47.6 million.

c) MBSS' revenue up 16.3% YoY to US$141.4 million on the back of higher coal volume transported by barging, where volume went up by 38.9% to 32.8 million tonnes. MBSS' revenue contribution to the Company in 2011 was only nine-month (US$99.0 million) compared to full year contribution in 2012 (US$141.4 million).



US$749.7 million

Revenue Breakdown in 2012

Cost of Contracts and Goods Sold

The cost of contracts and goods sold increased 20.3% to US$556.5 million from US$462.6 million in 2011, in line with the business expansion experienced in the Company's business units - increase in number of fleets, materials used, headcount, and repair & maintenance costs.

Gross Profit

As result of the above factors, the gross profit of the Company rose by 47.8% to US$193.2 million from US$130.8 million in 2011.

General and Administrative Expenses

General and administrative expenses (G&A) increased US$48.9 million (+44.5% YoY) to US$158.6 million in 2012 due to increase in cost associated to the development of newly acquired coal assets (MEA and MTU) and business expansion at Petrosea, Tripatra and MBSS, primarily on:

a) Salaries, wages and employee benefit - increased by US$19.8 million (+32.7% YoY) to US$80.1 million. This increase was due in particular to the expansion in overall headcounts from 7,054 in 2011 to 8,911 in 2012, including one-time retirement allowances recorded at Tripatra. These expenses account for approximately 50.5% of the overall G&A and represent 10.7% of the Company's revenue;

b) Vehicle, building and equipment rental - increased by US$11.4 million YoY to US$21.7 million, in particular expenses related to coal exploration in search of new mining areas. This accounts for 13.7% of overall G&A and represent 2.9% of revenue;

c) Rental heavy equipment expenses - US$12.9 million, was due to MTU's mine developments;

d) Depreciation expenses at US$12.0 million (+87.4%) represent approximately 7.5% of the overall G&A in 2012.

Equity in Profit of Associates & Jointly Controlled Entities

Equity in profit of associates & jointly controlled entities declined by 19.5% from US$222.3 million in 2011 to US$179.0 million in 2012, as a result mainly of lower income derived from both Kideco and Santan.

Kideco's reported profit of US$380.0 million on revenue of US$2.4 billion (Profit down 16.7% from US$456.1 million in 2011 due to lower ASP - FY2012 US$68.9 vs. FY2011 US$71.6);

Santan's reported profit of US$4.9 million on revenue of US$225.5 million (Profit decreased 78.7% from US$23.0 million reported in 2011 due to lower ASP - FY2012 US$87.6 vs. FY2011 US$94.2);

Sea Bridge Shipping's reported profit of US$12.7 million (+5.5% YoY) on revenue of US$31.1 million;

Cotrans' reported Net Profit of US$4.8 million (-20.0% YoY) on Net Revenue of US$76.0 million.

Investment Income

Investment income increased by 27.4% to US$9.4 million in 2012 from US$7.4 million in 2011 primarily due to higher interest earned on unused cash resulting from net proceeds from the divestment of Petrosea's shares in February 2012 and dividends received from Kideco in 2012.

Finance Cost

Finance costs stayed at US$74.9 million in 2012 (US$74.7 million in 2011) as there was no significant change in the Company's average debt balance during the year.

Amortization of Intangible Assets

Amortization of intangible assets increased by 82.4% to US$34.1 million from US$18.7 million in 2011 due to: 1) significant increase in intangible assets value which jumped 161.6% to US$371.8 million from US$142.1 million in 2011, resulting from the acquisition of MTU and MEA. The said intangible assets were amortised on a straight-line basis, based on their estimated "useful lives" - 27 years for MTU and 7 years for MEA; and 2) full year amortization of intangible assets resulting from the acquisition of MBSS as compared to nine-months in 2011.

Others - Net
Other charges jumped significantly to US$11.4 million from US$3.1 million in 2011 primarily due to a US$5.6 million loss incurred by Petrosea's heavy equipment disposal and US$1.4 million one-off deferred exploration expenses.

Income before Tax
As a result of the above factors, income before tax decreased by 31.7% to US$105.4 million in 2012 from US$154.4 million in 2011.

Tax Expense
Tax expense rose by 13% from US$16.1 million to US$18.2 million in 2012, mainly due to an increase in final tax at MBSS following the increase in its revenue and Petrosea's deferred tax expenses.

Profit for the Year
As a result of the above factors, the Company's profit for the year 2012 decreased by 36.9% from US$138.3 million in 2011 to US$87.2 million in 2012.

Profit Attributable to the Owners of the Company
Profit Attributable to the Owners of the Company decreased by 46.3% from US$127.9 million in 2011 to US$68.7 million in 2012.

In additions to the above mentioned factors, the drop in Profit Attributable to the Owners of the Company was also partly due to the completion of the sale of Petrosea's shares in February 2012, which reduced Indika Energy's ownership percentage to 69.8% resulting in the net increase of non-controlling interests in the net income of Petrosea by US$13.0 million.

Current Assets
Current Assets decreased by 1.6% YoY to US$690.7 million, as a result of the decrease in Cash and cash equivalents, and other financial assets by US$78.7 million netted off with the increase mainly in Trade receivables, Estimated earnings in excess of billings on contracts, Prepaid tax and Inventories.

The movement of the Cash and cash equivalents, and other financial assets were primarily funds inflow from dividends received, proceeds from re-floating of the Company's shares in Petrosea and bank loans to finance the acquisition of MTU. The funds were primarily used for debt repayment, MTU and MEA acquisitions, capital expenditure and dividends.

Property, Plant and Equipment
Property, Plant and Equipment increased by US$162.5 million to US$752.7 million mainly due to the purchases of new heavy equipment, tugs, barges, and floating cranes and includes those of MTU and MEA's assets acquired by the Company, offset with depreciation expenses.

Intangible Assets
The Company's Intangible Assets jumped 161.6% to US$371.8 million from US$142.1 million in 2011, resulting from the acquisition of MTU and MEA. The said intangible assets were amortised on a straight-line basis, based on their estimated "useful lives" - 27 years for MTU and seven years for MEA.

The Intangible Assets acquired in a business combination are identified and recognised separately from goodwill when they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Goodwill
The Goodwill arising in the business combinations is recognised as an asset at the date of control is acquired or acquisition date. Goodwill rose by 83.1% due to the acquisition of MTU.

Investment in Associates and Jointly Controlled Entities
Investment in Associates and Jointly Controlled Entities decreased by approximately US$39.6 million, mainly due to decrease in net income of Kideco from US$456.1 million in 2011 to US$380.0 million in 2012 and decrease in net income of Santan from US$23.0 million in 2011 to US$4.9 million in 2012.

An Associate is an entity over which the Company and its subsidiaries are in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

Deferred Expenditures

Deferred Expenditures increased significantly by 322.6% to US$25.1 million in relation to the newly acquired coal assets, MTU and MEA, and other coal projects which are still under development. Deferred Expenditures consist of expenditures related to coal project developments including desktop study, geological mapping, technical feasibility study, licenses and exploration activities.

Current Liabilities

The Company's current liabilities increased 7.2%, US$35.5 million, to US$527.6 million mainly due to 1) increases in bank loans to fund working capital and acquisition of MTU and 2) increase in current maturities of long term debts. The said increases were partially offset with the repayment of US$65.0 million bonds and US$180.0 million bank loans to finance the acquisition of MBSS in 2011.

Non-Current Liabilities

Non-current liabilities increased by 19.0% to US$794.9 million mainly due to increases in 1) long term debts - to finance tugs, barges and floating cranes for MBSS, and heavy equipment for Petrosea; 2) deferred tax liabilities – arising from intangible assets due to MTU & MEA acquisition.

Equity

Equity increased by 19.9% to US$1,024.7 million due to increase in 1) other equity (+3,093.8%), US$57.2 million gain from re-floating of 28.75% Petrosea's shares. Indonesian Accounting Standards require that any change in corporate interests that do not result in a loss of control are accounted for as equity transactions and therefore gains from the sale should be recorded as part of equity instead of profit and loss;

2) retained earnings (+8.9%), resulting from current year net income less dividends distributed;

3) however, the above were offset by an increase in non-controlling interest (+53.5%), mainly from i) the increase of Petrosea's non-controlling interest from 1.45% to 30.2% and ii) the acquisition of MEA and MTU.

BUSINESS PROSPECTS AND KEY RISK FACTORS

THERMAL COAL INDUSTRIAL REVIEW

BUSINESS PROSPECTS

Demand from the Pacific market for thermal coal is set to continue to grow strongly over the next several decades and the international thermal coal is positioned to remain the most important energy source outside of crude oil.

Coal has many important uses worldwide. The most significant uses are in electricity generation, steel production, cement manufacturing and as liquid fuel (CTL). Since 2000, global consumption of coal has grown faster than that of any other fuel.

The world's five largest coal users - China, USA, India, Russia and Japan - account for 77% of total global coal use. The biggest market for coal is Asia, which currently accounts for over 50% of global coal consumption, of which China is responsible for a significant proportion. Many countries do not have natural energy resources sufficient to cover their energy needs, and must therefore import energy to meet their requirements. Japan, China, Taiwan and Korea, for example, import significant quantities of thermal coal for electricity generation and coking coal for steel production.

Indonesia accounts for almost 40% of the global seaborne thermal coal exports, encompassing current and emerging demand across the Pacific basin. Imports are dominated by developing Asian economies with China, Japan and India leading the market shares.

Indonesia's low rank coal have less ash and sulphur, which gives it value as a blend coal in other markets such as China and India where the domestic supply has higher ash and sulphur content. Indonesian export of thermal coal is driven by its lower cost structure (both on an absolute per tonne as well as on an energy-adjusted per tonne basis). This stems from a combination of favourable factors: the abundance of reserves at low strip ratios, good transhipment facilities from pit to port, an availability of labour, and proximity to the Asian demand centres at competitive freight rates.

In 2012 the price of lower energy coal declined. Modest demand increases absorbed some excess supply and a price rebound is expected to due to the longer term steady growth in demand. Indonesia almost exclusively supplies low rank coal, and is expected to command an increasing share of the country's exports. The lower ash and sulphur content makes it valuable in markets like India and China as a blend coal as the domestic coal there is higher ash and sulphur.

As the world's largest thermal coal exporter, Indonesia is well placed to benefit from the increased demand growth China, India and the Pacific region. Local demand has also been steadily increasing; however, exports will continue to account for between 70% and 80% of total production throughout the next decade.

The two coal-producing companies in the Indika Energy are Kideco, an associate company, and Santan Batubara, a jointly controlled company.

KEY RISK FACTORS

In line with the Company's practice of good corporate governance, risk management is an effective strategy to avert potentially negative impact of internal and external events. An overview of key risk factors which can affect Indika Energy's operations and financial performance are discussed here.

Factors Related to the Energy Resources Sector

The selling prices for Kideco's and Santan Batubara's coal are susceptible to the global coal market prices, which are in turn sensitive to changes in coal mining capacity, output levels, patterns of demand and consumption of coal from the power generation industry and related industries of which coal is principally used. In addition, the global economic crisis has depressed world coal prices since 2011 due to economic slowdown.

Improvement in distribution and lower ocean freight rates can improve the overall price competitiveness of other coal exporting sources such as the US. Economic slowdown in Asian markets can be adverse to the export business and in turn affect Kideco's ability to make lucrative divided payments to Indika.

The New Mining Regulation (2009) requires that mining business license holders must mine, process and refine the coal by themselves, while the use of mining contractors are permissible for the stripping and removal of overburden and transportation, other than coal excavation and loading.

Other amendments and new regulations concerning the prioritisation of supply for domestic interests or on processing activities could have a material effect on the business, financial condition and results of operations and prospects, and those of Kideco, MTU and Santan Batubara.

Factors Related to the Energy Services Sector
The company's capacity in energy services derived from Tripatra and Petrosea, and depends on capital spending by large coal, mineral, infrastructure, including national and international companies which are directly affected by trends in global and regional coal prices, and a variety of natural factors.

The award of new contracts and its timing in relation to the existing contracts are also critical, as some are price-fixed contracts. The reliability of third-party subcontractors in the engineering phases, in geological initial stage phases, as well as shortages in supply of equipment, machinery and consumables are a potential risk.

Factors Related to Investments in the Energy Infrastructure Sector
MBSS service contracts with its customers contain commercial agreements on price and minimum tonnage requirements, among other things. The termination or expiry of contracts, increases in operating costs and repair of vessels and delivery of new ones are potential concerns.

Other Factors Related to Kideco and Indika Energy
Supply to qualified technical personnel and other skilled workers is a significant risk for Kideco and Indika Energy, as the energy sector expands in Indonesia. The Company's diverse portfolio of business has its own environmental risks, and compliance to new requirements in its operations can result in significant costs.

As the Company expands its capacity along the coal mining value chain with new acquisitions, it will face challenges arising from the integration of the new business, in terms of strategy, shareholder and partner interests. The backlog related to Petrosea, MBSS and Tripatra represents revenue each company expects to realise as a result of performing work in its future contracts. These contracts may be determined by a particular terms and conditions which can affect the future operating results.

Factors Related to Indonesia
With the Company's key assets and operations located in Indonesia, future economic, legal, social conditions and government policies can materially and adversely affect the results of operations and prospects. Fluctuations in the Rupiah and government exchange rate policies against the US dollar and other currencies have a direct impact on the Company's financial condition.

Risks Related to the Notes and Guarantees
An economic slowdown or recession as a result of changes in capital or exchange controls or the withholding of financial assistance by multinational lenders can affect the Company's ability to meet the respective obligations for the Notes and the Guarantees issued. Indika Energy's ability to make payments of interest and principal on the Notes are dependent on the receipt of dividends from Kideco during the term of the Notes, and if this is materially less than the historical payments, it will in turn affect the Issuer's ability to make payments on the principal and interest of the Notes.

INFORMATION & COMMUNICATIONS TECHNOLOGY (ICT)

Indika Energy's effective growth strategies have shaped the Company's diverse portfolio of related businesses along the coal mining value chain, building on the synergies derived from proven operational expertise, prudent fiscal management and consistent approach in executing the corporate plans.

ICT ROLE

The Company's Information and Communication Technology division (ICT) is primarily focussed on providing information for decision making as well improving the business processes to increase efficiency. Integrating the information systems and adopting best practices for business processes across the Company is a crucial step towards harnessing the synergies of the value-chain. This involves bringing very different systems and operational needs together to provide the integrated solutions. Thus, the Company utilizes applications and infrastructure to enable the overall corporate objective of achieving excellence in business performance by providing accurate and timely access to business information to the management team.

ICT ARCHITECTURE

The ICT framework in the Company can be better understood using the following architecture (see illustration). The roof represents the components that management needs for decision making. These include the "dashboards and portals" atop the structure, and correspond to the Enterprise Resources Planning (ERP).

In 2012, a new ERP strategy was constituted as the cornerstone for all business units, aimed at improving the existing ERP system, featuring software more suited for the Company's capacity needs for the future as well. The Target Operating Model is designed to achieve efficiency in the application architecture. The Road Map tracks the development and implementation according to the ERP schedule for the specific business units.

The pillars of the ICT architecture reflect the Company's business pillars of energy Resources, Services and Infrastructure, which have specialised and diverse application systems suited to each business unit's specific needs. The OpsDB system launched by ICT for the Energy Services pillar was designed to assist in the monitoring of mining operation productivity for Petrosea, while the Fleet Management System was designed to get real-time operational data from the field to ensure efficient and productive use of working assets. The Engineering Document Management System and Material Tracking Systems were developed for Tripatra to achieve the administrative efficiency and productivity to maintain operational excellence, and support the Company's overall business initiatives. Among the application systems to support the Engineering, Procurement and Construction (EPC) projects, is a tender bidding system. In addition, an application for procurement requests and filing personal claims for approval can be done online and even with a mobile communications device.

The foundation of ICT within Indika Energy is to support the overall business initiatives in energy resources, services and infrastructure. Across the entire corporate structure, ICT has the significant function of standardising and integrating the information technology platforms, centralisation of data (including its storage and protection), support the enterprise data communication needs (from LAN, Metro WAN, VSAT, radio link, leased lines and so forth, in remote sites/project offices as well as corporate head offices), and in IT asset and license management. The establishment of the Centralised Data Center is a significant step towards delivering a robust and secure environment for the Company's ICT platform catering to all its business units.

SHARED SERVICES ORGANIZATION

As a result of these endeavours and to draw synergies from across the Company, the ICT services have become a model of Shared Services Organisation (SSO) in Indika Energy. The ICT SSO effectively provides critical business support services to all business units in the entire organisation with the specific aim to integrate business systems for centralisation and standardisation. This allows business units to avoid acquiring duplicate systems or replicating efforts.

GOVERNANCE

ICT's own processes have to reflect the very principles and objectives it aims to achieve for the Company, and its policies have to clearly spell out how ICT is utilised in Indika Energy's business processes. There are clear lines of accountability established in terms of who, what and how these decisions are made, as well as what the priorities are, how the benefits are to be realised and tracked, and who retain the ownership of the systems in place, for continuous review and improvement.



CORPORATE GOVERNANCE

OVERVIEW

As a public listed company in the Indonesian Stock Exchange (IDX), Indika Energy strives not only for excellent in corporate performance but also as a model of Good Corporate Governance (GCG). This commitment to good corporate governance is to establish the highest level of trust with our shareholders, employees, business partners and the community towards our business and the environment.

Good corporate governance ensures a proper compliance to prevailing regulations in every aspect of our operations, the avoidance of conflict of interests, clarity in scope for internal reporting and the domination of the elements in the Company (such as the General Meeting of Shareholders (GMS), Board of Commissioners, Audit Committee, GCG Committee, Investment Committee, Human Capital Committee, Board of Directors, and Corporate Secretary), and proper implementation of corporate social responsibility.

Defining the elements of the Company, their respective function and roles demonstrates Indika Energy effort for a sustainable commitment to good governance and corporate credibility and trust, beyond excellence in business performance and operations.

PRINCIPLES

Transparency

To maintain objectivity in conducting its business, the Company must provide all the necessary material and relevant information to the stakeholders by facilitating the easy access of accurate and timely information, in a meaningful and easily understood manner. This is not limited to the statutory information as required by law and regulatory bodies, but includes all necessary information required by the stakeholders to make informed decisions. Information which is deemed by law and regulation to be proprietary and confidential may not be disclosed, according to the nature and designation of the person and the privileges assigned thereto.

Accountability

The Company is managed properly through quantifiable methods, taking prudent care of the interest of both stakeholders and the business. The Company strives to be accountable for its performance in a transparent and fair manner, in order to deliver and maintain consistent performance.

Responsibility

The Company maintains caution and ensures compliance with the laws and regulations, Articles of Association, corporate practices, as well as in fulfilling its corporate social responsibility



towards the community at large, in order to maintain long term sustainability of its business actions. Therefore, in so doing, Indika Energy seeks to be recognised as a good corporate citizen.

Independency

The Company is managed by its independency in order to avoid domination and intervention by certain parties. The Company's elements of GMS, Commissioners and Board of Directors, must be allowed to perform their functions and duties in accordance to Articles of Association and applicable laws and regulations, free from interfering acts of domination and conflict of interest, or intervention and influences of third parties, in order that they are able to uphold a process of due diligence in making objective and sound business decisions.

Fairness and Equality

The Company is committed to prioritising the interests of the shareholders and other stakeholders based on the principles of fairness and equality.

Company's Values

The Indika Energy Company's Values are:

1. To ensure integrity in all of our business endeavours.
2. To instill the spirit of unity, diversity and respect for each another.
3. To promote the culture of teamwork and excellence.
4. To be a responsible steward for the local communities and the environment.

CORPORATE ELEMENTS

GENERAL MEETING OF SHAREHOLDERS (GMS)

In accordance to the Articles of Association and the regulations pertaining to the limited liability company, and in consideration of the accountability of the Board of Commissioners and the Board of Directors to the shareholders, Indika Energy holds Annual GMS every year in a timely manner and the Extraordinary GMS for corporate actions that fall beyond the authority of the Board of Commissioners and the Board of Directors.

The General Meeting of Shareholders (GMS) is the highest level element of the Company's corporate structure, and functions as a forum for shareholders to discuss important matters and make decisions concerning the performance of the Company over the past year and plans for the development of the Company in the future.

Indika Energy held its Annual and Extraordinary GMS in Jakarta on 14th June 2012. The GMS was attended by shareholders and officially acknowledged by authorized representative.

Among the matters discussed and approved at the Annual GMS were:

1. Acceptance of the Annual Report and the Board of Directors Statement of Responsibility and the Board of Commissioners' Supervisory Report concerning the financial administration and management of the Company for the year ending on December 31, 2011.
2. Approval of the Company's Financial Statements, including the Balance Sheet and Income Statement for the year ending on December 31, 2011, which had been audited by the Osman Bing Satrio & Associates Public Accountants Office and given an Unqualified Opinion as reflected in Report No. GA112 0147 IE ALH, thus granting full release and discharge (acquit et de charge) to the Board of Directors as regards the Directors' management and the Commissioners' supervision throughout 2011 as long as the actions are reflected in Company's Financial Statements year 2011.
3. Approval of the utilization of Net Profit for the year ending on December 31, 2011, as follows:

(i) The amount of Rp10,000,000,000.00 (ten billion Indonesian Rupiah) shall be held in reserve in the fulfillment of the Section 70, Article 1, of Law No. 40, 2007 concerning the Limited Liability Companies.

(ii) a. Decision that as much as Rp312,611,520,000.00 (three hundred and twelve billion six hundred and eleven million five hundred and twenty thousand Rupiah) or Rp60.00 (sixty Rupiah) per share was to be designated for disbursement to shareholders as cash dividends.

b.)Provision of power and authority to the Directors of the Company with the right of substitution, to conduct the payment of cash dividends and to determine the procedures for the distribution and the date for the payment of final cash dividends, including the official attendance of an official or officials from the Stock Exchange or other related bodies, and also the presentation of and request for approval of the payment of cash dividends.

(iii) Provision of authority in connection with the achievement of the reported net profit to the Company's Board of Commissioners to determine the specific benefit to the Board of Commissioners, the Board of Directors and the employees of the Company. In doing so, the Board of Commissioners shall take into consideration the recommendations of the Company's Human Capital Committee.

(iv) Recording of the remaining Net Profit 2011 as retained earnings to strengthen the capitalization of the Company.

4. Approval of the provision of authority to the Company's Board of Commissioners to appoint a Public Accountant to examine the books of the Company for the Fiscal Year ending on 31st December 2012, while providing power and authority to the Company's Board of Directors to determine remuneration and other requirements in connection with the appointment of the Public Accountant.

5. (i) Approve the extension of the tenure of the members of the Board of Commissioners and Board of Directors that will end as of 10th March 2013, as follows:
President Commissioner: Wiwoho Basuki Tjokronegoro
Vice President Commissioner: Agus Lasmono
Commissioner: Indracahya Basuki
Independent Commisioner: Anton Wahjosoedibjo
President Director: M. Arsjad Rasjid P. M.
Unaffiliated Director: Azis Armand
Director: Pandri Prabono-Moelyo
Director: Wadyono Suliantoro Wirjomihardjo,
until the closure of the Annual General Meeting of Shareholders for the fiscal year ending on 31st December 2012.

(ii) Acceptance of the resignation of Bapak Muhammad Chatib Basri as a member of the Board of Commissioners of the Company as of the end of this Annual GMS, and the full provision of acquit et de charge to him in relation to his supervisory duties for the Company, with the result that at the end of the Meeting, the composition of the Board of Commissioners and the Board of Directors Perseroan stands as follows:

Board of Commisioners
President Commisioner: Wiwoho Basuki Tjokronegoro
Vice President Commisioner: Agus Lasmono
Commisioner: Indracahya Basuki
Independent Commisioner: Anton Wahjosoedibjo
Independent Commisioner: Dedi Aditya Sumanagara

Board of Directors
President Director: M. Arsjad Rasjid P. M.
Vice President Director: Wishnu Wardhana
Unaffiliated Director: Azis Armand
Director: Pandri Prabono-Moelyo
Director: Wadyono Suliantoro Wirjomihardjo
Director: Richard Bruce Ness
Director: Eddy Junaedy Danu

6. Acceptance of the report and statement of responsibility concerning the realization of the utilization of funds resulting from the Company's initial public offering as presented by the Board of Directors of the Company.

7. Acceptance and ratification of the renewed provision of power and authority to the Board of Commissioners of the Company in connection with the implementation of the Employee and Management Stock Option Plan (EMSOP), including and not limited to the implementation of changes to the Article of Association in connection with the issuance of shares in the Company as a result of the carrying out of the EMSOP.

8. Provision of authority with the right of substitution to the Board of Directors to take and perform every act deemed necessary, including but not limited to, prepare and sign any deed with regard to the resolutions of the Annual GMS.

The Extraordinary GMS approved the following:

1. a. Approval for changes to Article 14, point (2) of the Company's Articles of Association to stipulate the following:
   (2)The members of the Board of Directors are appointed and dismissed by the General Meeting of Shareholders, with the said appointments being in effect from the date determined in the General Meeting of Shareholders in which they were appointed and ending at the closure of the General Meeting of Shareholders in the second year after their appointment date without in any way limiting the right of the General Meeting of Shareholders to dismiss members of the Board of Directors at any time
   b. Approval for changes to Article 17, point (3) of the Company's Articles of Association to stipulate the following:
   (3)The members of the Board of Commissioners are appointed and dismissed by the General Meeting of Shareholders, with the said appointments being in effect from the date determined in the General Meeting of Shareholders in which they were appointed and ending at the closure of the General Meeting of Shareholders in the second year after their appointment date without in any way limiting the right of the General Meeting of Shareholders to dismiss members of the Board of Commissioners at any time.

BOARD OF COMMISSIONERS

As of 31 December 2012, the Board of Commissioners comprised five members. Two of the members were Independent Commissioners. This is in accordance with the regulation on the required number of Independent Commissioners as stated in the Bapepam Circular Letter No. SE-03/PM/2000 and IDX Regulation No. I-A, which stipulates that at least 30% of the Board of Commissioners must be Independent Commissioners.

Structure and Membership

In 2012, the Board of Commissioners consisted of:
President Commissioner: Wiwoho Basuki Tjokronegoro
Vice President Commissioner: Agus Lasmono
Commissioner: Indracahya Basuki
Independent Commissioner: Anton Wahjosoedibjo
Independent Commissioner: Dedi Aditya Sumanagara

Members of the Board of Commissioners are appointed by the GMS for a two year term without in an anyway limiting to the right of the GMS to dismiss them at any time.

Duties and Responsibilities

The Board of Commissioners functions to supervise the policies and management of the Company by the Board of Directors, and to give advice and input to the Board of Directors in related to the implementation of policies and management.

The scope of the Indika Energy Board of Commissioners duties covers the following:

- Supervising the Board of Directors' management of the Company based on the prevailing laws, regulations, and the Company's Articles of Association;
- Carrying out duties in accordance with the Articles of Association, prevailing laws and regulations, and/or the GMS' decisions;
- Analysing and reviewing the annual report presented by the Board of Directors, as well as signing such report;
- Approving Work Plans and the Company's Budget;
- Monitoring the implementation of Work Plans and Company's Budget, as well as reporting the results of their evaluation and opinions in the GMS;
- Keeping abreast of the Company's activities and giving opinions and advice to the Board of Directors in every important matter related to the Company's management, in accordance with its supervisory function in the Company;

- Monitoring the effectiveness of Good Corporate Governance practices and the implementation of Corporate Social Responsibility within the Company;
- Determining the nomination system enforcing transparent evaluation of the Board of the Commissioners' and the Board of Directors' performance and remuneration by considering the review from the Human Capital Committee which is further proposed at the GMS to obtain approval;
- Determining the nomination system, and undertaking transparent evaluation of performance remuneration for senior level employees who are not members of the Board of Directors (advisors), upon consideration of reviews from the Human Capital Committee;
- Enhancing competence and knowledge continuously to carry out duties professionally.

Whereas the responsibilities of Indika Energy's Board of Commissioners are as follows:

- Indika Energy's Board of Commissioners is responsible for monitoring the management of the Company;
- Every member of the Board of Commissioners shall come with good intentions, prudence, and responsibility in implementing the duty of supervising and giving advice to Indika Energy's Directors for the interest of the Company and in accordance with the Company's aims and objectives;
- Every member of the Board of Commissioners is personally responsible for the Company's lossess if the concerned party if guilty or negligent in conducting his/her duties. This responsibility is jointly and severals by every member of the Board of Commissioners;
- Members of the Board of Commissioners are not responsible for losses as mentioned above, if it is proven that the members of the Board of Commissioners:
  - have carried out supervision with good intentions and prudence in Indika Energy's interests, in accordance with Indika Energy's aims and objectives;
  - have no personal interests, direct or indirectly, in management actions of the Board of Directors that caused the losses; and,
  - have advised the Board of Directors to prevent the losses from occurring or to prevent continuation of the losses.
- On behalf of the Company, Shareholders which representing a minimum one tenth (1/10) of total issued shares with voting rights may file charges in district court on behalf of the Company against members of the Board of Commissioners for mistakes and negligence that have caused losses to the Company.

Meeting Frequency and Attendance

Board of Commissioners meetings can be administered at any time deemed necessary by one or more members of the Board of Commissioners, or upon written request from one or more members, or upon the written request of one or more of the shareholders who jointly represent one tenth (1/10) or more of the total shares with voting rights. Board of Commissioners meetings are deemed legitimate and entitled to make legally binding decisions only if at least half (1/2) of the Board of Commissioners members are either present or represented in the meeting.

Resolutions of the Board of Commissioners meetings must be passed in consensus. Failing to achieve such consensus, the resolution shall be passed by voting on affirmative votes of at least more than half (1/2) of the total votes cast at the meeting including the votes of the President Commissioner and Vice President Commissioner, provided that any resolutions of the Board of Commissioners meeting shall be signed by the President Commissioner and Vice President Commissioner.

The Board of Commissioners may also pass valid resolutions without convening a Board of Commissioners meeting, provided that all members of the Board of Commissioners have been notified in writing and all members of the Board of Commissioners have granted their approval for the written proposals as evidenced by their signed consent. The resolutions passed in such a manner shall have the same legal force as the resolutions lawfully passed at the Board of Commissioners meetings.

Record of Meetings of the Board of Commissioners The Board of Commissioners of the Company held ten meetings in 2012 on the dates listed below and with the attendance record shown in the accompanying table.

1. 23 April;
2. 18 May;
3. 19 May;
4. 21 May;
5. 6 June;
6. 12 June;
7. 29 June;
8. 5 July;
9. 16 October; and
10. 14 December.

Name	Position	Attendance
Wiwoho Basuki Tjokronegoro	President Commissioner	100%
Agus Lasmono	Vice President Commissioner	100%
Indracahya Basuki	Independent Commissioner	100%
Anton Wahjosoedibjo	Independent Commissioner	100%
Dedi Aditya Sumanagara	Independent Commissioner	100%

Remuneration of the Board of Commissioners
The remuneration of the Board of Commissioners for the year 2012 was US$2.8 million

COMMITTEES UNDER THE BOARD OF COMMISSIONERS
To ensure that the Board of Commissioners can perform its tasks effectively, they are supported by four committees under the Board of Commissioners. These are the Audit Committee, Good Corporate Governance Committee, Investment Committee, and Human Capital Committee.

AUDIT COMMITTEE
The Audit Committee assesses the consolidated financial statements on a quarterly as well as yearly basis to assure the Board of Commissioners that the Company's consolidated financial statements are prepared in accordance with Indonesian Statements of Financial Accounting Standards and that all information is both complete and accurate prior to the report's publication. This assessment also helps to identify and provide solutions to potential issues with the Board of Directors prior to their publication.

Based on the recommendations made by the Audit Committee, the Board of Commissioners approved the consolidated financial statements' publication. The Audit Committee also assesses the Public Accountant's performance on the audited consolidated financial statements for the previous year.

Legal Basis for Establishment
The establishment of the Company's Audit Committee are in compliance with Bapepam-LK rule No. IX.I.5. The regulation requires listed companies to have an Audit Committee in line with the practices of Good Corporate Governance.

The presence of the Audit Committee is to enhance the implementation of good corporate governance practices within the Company's operations and expansion. The committee is chaired by an Independent Commissioner and consists of two independent professional members with appropriate qualifications and extensive financial experiences.

Structure, Membership and Profiles
The Audit Committee should consist of at least three members, which are appointed, re-appointed, and dismissed by the Board of Commissioners.

The Audit Committee currently consists of one chairman and two members. The members of the Audit Committee in 2012 were:

Chairman, Anton Wahjosoedibjo
For profile of Bapak Anton Wahjosoedibjo, please refer to Section 5 the Board of Commissioners Profiles.

Member, Maringan Purba Sibarani
Age 70, has been with the Audit Committee of Indika Energy since March 2008. Once held the position of Director of PT Indofood Sukses Makmur Tbk for nine years and a public accountant for 16 years. Graduated from the Faculty of Economics at the University of Indonesia, major in Accounting. He is the Head of the Accounting Department at the Faculty of

Economics, Trisakti University, and a Lecturer for the Professional Education for Accountant Program at the Trisakti University and Parahyangan University.

Member, Deddy Harijanto Sudarijanto
Age 41, has been with the Audit Committee of Indika Energy since 2010. He is also the Commissioner of MBSS (since 2010), President Director of PT Polypet Karyapersada (since 2004) and PT Rekamitrayasa Komunika (since 2003), and Director of PT Indika Multi Media (since 2001). He graduated from Northeastern University with a BSc. in Industrial Engineering in 1993 and an MSc. in Industrial Management from Stanford University in 1994.

Duties and Responsibilities
The main tasks and responsibilities of the Audit Committee include analysis of the following issues:

- adequacy of internal control system, including corporate risk management;
- reliability of financial statements; and
- compliance with applicable rules.

The Audit Committee acts as the independent advisor of the Board of Commissioners.

Implementation of Duties and Responsibilities
The Audit Committee's responsibility for reviewing the scope of internal control covers:

- analysing every corporate risk and the implementation of risk management by the Board of Directors;
- evaluating the Work Plan and the implementation of the internal audit;
- reviewing the status of significant recommendations regarding internal control from the internal and external auditors;
- reviewing and reporting to the Board of Commissioners regarding complaints about the Company.

The Audit Committee reviews financial information that will be publicly issued by the Company such as financial statements, financial prospects, and other financial information through the following steps:

- reviewing interim financial statements to ensure that the report is fair and represents real business results and significant fluctuations if there are any, in accordance with general industrial and economic conditions;
- understanding significant issues regarding reporting and accounting, including recent regulations and the most updated statements from experts/professionals that can be implemented in the Company and could materially affect the financial statements;
- reviewing to ensure that external auditors have implemented adequate audits by:
  a. reviewing the adequacy of the audit scope, including staffing, schedule, and the scope of examination; and
  b. monitoring whether the examination is done objectively, in accordance with the applicable Auditing Standards.

The Audit Committee reviews the Company's compliance with capital market regulations and other prevailing laws related to the Company's operations, through the following actions:

a. understanding the laws and regulations which are significantly related to the Company's operations and reviewing the system and procedures to identify whether or not the Company has complied with the applicable laws; and
b. reviewing issues related to laws and regulations which have been reported to the Company's Legal Consultant, External Auditor, Internal Auditor, and Investor Relations' Division, as well as any issues publicised in newspapers or other media.

Meeting Frequency and Attendance
The Audit Committee of the Company held four meetings in 2012 on the dates and with the attendance record as shown in the table below.

Dates	Activities	Attendance
14 March	Meeting with the Internal Audit	100%
19 July	Meeting with the Internal Audit	100%
24 September	Meeting with the Internal Audit	100%
3 December	Meeting with the Internal Audit	100%

GOOD CORPORATE GOVERNANCE (GCG) COMMITTEE

The GCG Committee is responsible for assisting the Board of Commissioners to comprehensively review the GCG policies established by the Board of Directors and assessing the consistency of their implementation, including those that are related to business ethics and corporate social responsibility (CSR).

Structure, Membership and Profiles

The GCG Committee currently consists of one chairman and two members. The members of the GCG Committee in 2012 were:

Chairman, Arief T. Surowidjojo

Age 59, has been with the GCG Committee of Indika Energy since 2010. As a founding partner of Lubis Ganie & Surowidjojo Law Firm, he has assisted in more than 100 clients for initial public offerings since 1989 focuses his expertise in corporate finance, project finance, corporate restructuring, merger and acquisition, governance, and commercial litigation. Mr. Arief T. Surowidjojo has been a Senior Lecturer in business contract drafting at the Faculty of Law University of Indonesia since 1990. He earned a Bachelor of Law Degree from the University of Indonesia in 1977, and a Master's Degree in Law from the University of Washington, Seattle, in 1984.

Member, Anton Wahjosoedibjo

For profile of Bapak Anton Wahjosoedibjo, please refer to Section 5 the Board of Commissioners Profiles.

Member, Indracahya Basuki

For profile of Bapak Indracahya Basuki, please refer to Section 5 the Board of Commissioners Profiles.

Duties and Responsibilities

GCG Committee is responsible for developing internal system within the Company to ensure compliance of GCG principles, including principles of transparency, accountability, responsibility, independence, and fairness and equality in the management and supervision of business units within the Company. The implementation of GCG principles in a firm, consistent and sustainable way will improve the performance of the Company, the investment value of its shareholders, and the role of the Company in national economic development, and in the welfare improvement of the Company's employees and stakeholders, including communities where the Company does its business activities.

GCG Committee is also responsible for building a culture of business ethics and good working environment within the Company, which is based on the vision, mission and values, action plans, programmes, and good behaviour that can be a model for all the elements within the Company in achieving the main objectives in a well-measured, efficient, effective and sustainable manner.

GCG Committee is also responsible for ensuring that the Company has a clear guidance and can be implemented in compliance to any and all legal and administrative obligations that must be met by all companies in the Group pursuant to the prevailing laws and regulations.

GCG Committee is also responsible for the presence, existence and development of the Company which brings benefits to all stakeholders of the Company through its corporate social responsibility (CSR) and environmental programmes as required by prevailing laws and regulations, or does so based on the proactive initiatives of the Company on its own. In addition, the GCG Committee has an obligation to conduct a review and provide input on the plans, programmes, and implementation of CSR efforts regularly.

To carry out the above responsibilities, the GCG Committee shall make and update from time to time a number of related guidance documents for the Board of Commissioners and the Board of Directors of the Company.

Meeting Frequency and Attendance

The GCG Committee of the Company held seven meetings in 2012 on the dates and with the attendance record as shown in the table below.

	Dates	Activities	Attendance
1.	27 January	Meeting with the Chief Executive Officer of PT Indika Indonesia Resouces	100%
2.	21 February	Meeting with the Corporate Secretary of Indika Energy with regard to the Indika Energy's reporting activities and complianceand preparation of 2011 Annual Report	100%
3.	16 March	Meeting with the Head of Internal Audit Indika Energy with regard to the appraisal and reporting update for the activities of the Internal Audit	100%
4.	10 April	Meeting with the Head of Internal Audit Indika Energy	100%
5.	3 August	Meeting with Legal Department of Indika Energy with regard to the appraisal and reporting update for Legal Department	100%
6.	10 August	Meeting with Petrosea's Corporate Secretary, a subsidiary of Indika Energy	100%
7.	9 November	Meeting with the Legal Department with regard to the previous discussion of the Meeting Report with the Legal Department	100%

In 2012, Indika Energy has been developing several improvements to the structure and membership as well as duties and responsibilities of the Good Corporate Governance Committee so that Indika Energy will have a more effective structure, membership and activities of the Good Corporate Governance Committee.

INVESTMENT COMMITTEE

The Investment Committee is responsible for assisting the Board of Commissioners in reviewing the risk management system that has been set in place by the Board of Directors, including as and when the Company initiates corporate actions and in assessing the Company's risk tolerance.

Structure, Membership and Profiles

Members of the Investment Committee may not have direct or indirect personal interests related to the material information of the Company.

The Investment Committee currently consists of one chairman and five members. The members of the Investment Committee in 2012 were:

Chairman, Wiwoho Basuki Tjokronegoro
Member, Agus Lasmono
Member, Indracahya Basuki
Member, Dedi Aditya Sumanagara
Member, M. Arsjad Rasjid P.M.
Member, Wishnu Wardhana

For the profiles of the Chairman and members of the Investment Committee, please refer to the Section 5 Board of Commissioners and Board of Directors Profiles.

Duties and Responsibilities

The main duties and responsibilities of the Investment Committee cover the following:

- understanding the Company's risk management that covers various corporate risks from strategy, system, and policies on corporate risk management, internal control, including methodology and infrastructure;
- reviewing policies, procedures, recommendations, and implementation of business strategy;
- evaluating several risk measurement models and giving further recommendation;
- monitoring the balance between policies and implementation of risk management;
- evaluation of various risk management models used by the Company and providing recommendations;
- evaluating several risk management policies upon request from the Board of Commissioners;
- monitoring and giving recommendations on sustainable education plans for risk management personnel;
- coordinating the implementation and supervision of the existence and level of effectiveness of each component of the Company's Enterprise Risk Management (ERM);
- measuring the effectiveness of each ERM component that is implemented within the Company;

- reviewing the Company's investment policies and procedures;
- reviewing recommendations on investment and capital expenditure proposed by the Board of Directors, in accordance with the regulation on the Board of Commissioners' authority; and
- monitoring and implementing investment/capital expenditure approved by the Board of Commissioners based on sampling.

In 2012, Indika Energy has been developing several improvements to the structure and membership as well as duties and responsibilities of the Investment Committee so that Indika Energy will have a more effective structure, membership and activities of the Investment Committee.

HUMAN CAPITAL COMMITTEE

The Human Capital Committee was formed by the Board of Commissioners to assist them in reviewing and approving the Corporate Organisation Structure and other human capital concerns, such as employee remuneration and benefits, as well as the professional development and training of employees.

Structure, Membership and Profiles

Members of the Human Capital Committee do not have personal interests, directly or indirectly, to that related to material information of the Company.

The Human Capital Committee consists of one chairman and three members. The members of the Human Capital Committee in 2012 were:

Chairman, Agus Lasmono
Member, Wiwoho Basuki Tjokronegoro
Member, M. Arsjad Rasjid P.M.
Member, Wishnu Wardhana

For the profiles of the Chairman and members of the Human Capital Committee, please refer to the Section 5 Board of Commissioners Profiles

Duties and Responsibilities

The main duties and responsibilities of the Human Capital Committee are as follows:

- developing transparent criteria for the selection, qualification, requirements and nomination procedures for the candidates to the Board of Directors, as well as senior level managers one level under the Directors, including the Board of Commissioners' secretary and committee members;
- helping the Board of Commissioners to ensure that candidates for the Board of Directors, including candidates for the secretary of the Board of Commissioners and members of the Committees which are nominated internally or externally, have complied with the agreed selection criteria and nomination procedure;
- ensuring that the Company has a transparent formula for calculating remuneration, benefits and facilities to be prepared as a proposal at the Annual GMS;
- assisting the Board of Commissioners to contemplate and determine the remuneration policy and facilities for the Board of Commissioners, Board of Directors, the secretary of the Board of Commissioners, members of the Committees and other bodies of the Board of Commissioners.

In 2012, Indika Energy has been developing several improvements to the structure and membership as well as duties and responsibilities of the Human Capital Committee so that Indika Energy will have a more effective structure, membership and activities of the Human Capital Committee.

BOARD OF DIRECTORS

The Company has seven members of the Board of Directors. They are responsible for the operational and management activities of the Company and work for the interest of the shareholders and stakeholders of the Company. Members of the Board of Directors are appointed by the GMS for a two year term without prejudice to the right of the GMS to dismiss them at any time.

The President Director shall be entitled and competent to act for and on behalf of the Board of Directors and represent the Company. In case the President Director is absent or presented

from attending due to any reason whatsoever, of which impediment no evidence to any third party shall be required, the Vice President Director jointly with one Director or two members of the Board of Directors shall be entitled and competent to act for and on behalf of the Board of Directors and represent the Company.

Structure and Membership

In 2012, the Board of Directors consisted of:

President Director, M. Arsjad Rasjid P.M.
Vice President Director, Wishnu Wardhana
Director (Unaffiliated), Azis Armand
Director, Pandri Prabono-Moelyo
Director, Wadyono Suliantoro Wirjomihardjo
Director, Richard Bruce Ness
Director, Eddy Junaedy Danu

Duties and Responsibilities

The following are the responsibilities and tasks of the Board of the Directors:

- managing the Company's activities;
- applying policies, principles, values, strategies, aims, and performance targets that been evaluated and approved by the Board of Commissioners;
- ensuring continuity of the long term business of the Company;
- ensuring achievement of performance targets and implementation of regulations and principles of prudence.

Meeting Frequency and Attendance

Board of Directors meetings may be held at any time deemed necessary by one or more members of the Board of Directors, or upon written request from one or more members of the Board of Commissioners, or upon the written request of one or more shareholders who jointly represent one tenth (1/10) or more of the total shares with voting rights. Board of Directors meetings are deemed legitimate and entitled to make legally binding decisions only if at least one half (1/2) of the Board of Directors members are either present or represented in the meeting. Resolutions of the Board of Directors meetings must be based on consensus. Failing to achieve consensus, the resolution shall be passed by voting based on affirmative votes of at least more than half (1/2) of the total votes cast at the meeting.

The Board of Directors may also pass valid resolutions without convening a Board of Directors meeting, provided that all members of the Board of Directors have been notified in writing and all members of the Board of Directors have granted their approval for the written proposals as evidenced by their signed consent. The resolutions passed in such a manner shall have the same legal force as the resolutions lawfully passed at a Board of Directors meeting.

In 2012, the Board of Directors administered meetings which among others were aimed at discussing current market conditions, the Company performance and other aspects relating to the Company's operations and business as well as to approve the corporate actions of the Company.

Record of Meetings of the Board of Directors

In 2012, the Board of Directors of the Company held nine Board of Directors meetings on the dates listed below, with the appended table of attendance record as follows:

1. 10 January;
2. 23 April;
3. 16 May;
4. 18 May;
5. 19 May;
6. 12 June;
7. 22 June;
8. 25 June; and
9. 14 December.

Attendance Record:

Nama	Position	Attendance
M. Arsjad Rasjid P.M.	President Director	100%
Wishnu Wardhana	Vice President Director	100%
Azis Armand	Unaffiliated Director	100%
Eddy Junaedy Danu	Director	100%
Pandri Prabono-Moelyo	Director	100%
Wadyono Suliantoro Wirjomihardjo	Director	100%
Richard Bruce Ness	Director	100%

Remuneration of the Board of Directors
The Board of Directors received remuneration for their services in 2012 of US$4.9 million.

CORPORATE SECRETARY

The Corporate Secretary works with the Legal and Investor Relations Divisions to share the Company's public information and ensure the distribution of the Company's information is carried out accurately, clearly, efficiently, and comprehensively in accordance to the prevailing laws and regulations, and upon the instruction of the Board of Commissioners and the Board of Directors. In performing its function, the Corporate Secretary adheres to the principles of GCG, particularly those of accountability and transparency, so as to maintain and enhance the corporate trust and integrity in the capital market with its stakeholders.

Duties and Responsibilities
The Corporate Secretary functions as contact person of the Company with external parties in particular the government, capital market authorities, media and related stakeholders. The Corporate Secretary facilitates the effective and transparent communication with the regulators and authorities, capital market participants, and ensures the availability of information on material transactions and corporate actions.

Implementation
In 2012, the Company submitted all required reports in a timely manner to regulators, including the Bapepam-LK and Indonesia Stock Exchange (IDX).

Profile
Dedy Happy Hardi
Corporate Secretary of PT Indika Energy Tbk. in 2008. Currently he also holds positions as Director in MBSS, PT Sea Bridge Shipping and Commissioner of PT Indika Indonesia Resources. Previously he held positions as Head Legal Counselor of PT Media Nusantara Citra Tbk. (2005-2007), Head Legal Counselor of PT Bhakti Investama Tbk. (2000- 2007), Legal Counselor of PT Bhakti Investama Tbk. (1997-2000) and Legal Corporate Banking Division of PT Bank Danamon Indonesia Tbk. (1996-1997). He graduated from the Faculty of Law at the University of Indonesia in 1996.

INTERNAL AND EXTERNAL AUDITOR

Internal Auditor
In accordance with Bapepam-LK Regulation No. IX.I.7 related to the Formation and Guidelines of the Internal Audit Charter, Indika Energy's Head of Internal Audit is appointed by the Board of Directors. The internal audit team assists the Board of Directors in monitoring the financial processes of the Company and provides related consultation on internal information management and decision making processes.

The internal audit is an independent appraisal function established within the Company to examine and evaluate the activities of the Company.

The internal audit department comprises full-time employees of the Company who report to the Head of Internal Audit. The Head of Internal Audit has a dual reporting relationship; he is functionally responsible to the Company's Audit Committee while administratively reporting to the President Director and Vice-President Director (known as the Co-Chief Executive Officers) from whom he derives support and direction.

During 2012, the Internal Audit department executed its reviews in accordance to the Audit plan formulated at the beginning of the year in consultation with the Audit Committee. The scope of the review covered the Company's operations and the adequacy of internal controls in financial and operational areas, and the integrity of financial information. The findings and recommendations, including any remedial steps to be taken, are communicated to the relevant senior management at the end of each internal audit engagement. The final audit reports are sent to the Audit Committee. During the year in review, the internal auditors meet with the Audit Committee to discuss assignments completed, the findings, recommendations and remedial actions to be taken, as well as the status of the audit plan.

The internal auditors have full access to all records, property, functions and employees of the Company, as well as to the Board of Directors and the Board of Commissioners in the course of their work. The Head of Internal Audit also has full and direct access to the Chairman of the Audit Committee.

Mission
The internal audit department's mission is to provide an independent and objective assurance and consultation to add value and improve the Company's operations through input given to the management in the form of analysis, recommendations and effective risk management at a reasonable cost in the areas under review.

Scope and Duties
The internal auditors will always endeavour to improve management control, profitability and corporate image during the conduct of an audit. Auditors aim to determine whether risk management, internal controls, corporate governance processes designed and implemented are adequate and functioning properly. Any findings are communicated to the relevant management for action.

Accountabilities and Responsibilities
The Internal Audit Department (IAD) has the responsibility to report to Board of Directors and the Audit Committee. The record of meetings which took place in 2012 was:

1. 14 March;
2. 19 July;
3. 24 September; and
4. 3 December.

The IAD is responsible for the Audit Plan for the following year, implementing the Audit Plan including ad-hoc audits as required, and examine and review the adequacy and effectiveness of internal controls, the reliability and integrity of the financial information and operational activities, review the tools securing the Company's assets and make specific summary reports.

Authority and Code of Ethics
The IAD has unrestricted access to the Board of Commissioners, the Board of Directors, and the Audit Committees at all times. To serve their function, the IAD has unlimited access to all functionaries, records, property and employees. However, to preserve the independence of the IAD, auditors are not permitted to be involved in operational duties such as the conduct and approval of accounting transactions outside the scope of the IAD. The code of ethics for the IAD adheres to those issued by the Institute of Internal Auditors' Standard for the Professional Practice of Internal Auditing.

Profile
Kasturin
Age 48, appointed as Head of Internal Audit of PT Indika Energy Tbk in 2008. He also holds position as Commissioner of PT Marmitria Land sejak tahun 2008. Graduated from the Sekolah Tinggi Akuntansi Negara (STAN) Jakarta with Accounting major and earned the Indonesian Certified Public Accountant (CPA). Bapak Kasturin also served as State Accountant, Accountant Public and Management Consultant. Prior to this, Bapak Kasturin also joined as a member of the PT Fatrapolindo Nusa Industri Tbk. Audit Committee (2004-2007), Chief of the Audit Investigation and Documentation Process Team for Golden Truly Group at the Attorney General's Office (1997-2010) and a Member of the team involved in the Finalisation of the MSAA for Bank Surya (1998-2006)

External Auditor
The role of the external auditor is to provide an informed opinion about the Company's financial report, in an independent manner, and deliver opinions which are objective and acceptable to the shareholders and stakeholders. The external auditor is appointed at the GMS.

The external auditor functions without any influence from the Board of Commissioners, the Board of Directors, or any other parties with vested interest in the Company. The external auditor is required to maintain its good reputation and should be appointed from among the leading public accountant firms. The external auditor is required to maintain confidentiality of corporate information they have access to, during and after performing the audit process.

CODE OF CONDUCT

1. Accurate Bookkeeping
   The Company's books should be stored properly so as to accurately reflect the transactions. No one was allowed to falsify the records of the Company's employees in any way.

   The company's books and records must be kept in such a way that it completely:
   - Reflects things related to the Company's transactions such as receipts, expenditures, assets, and liabilities.
   - Records all transactions in accordance with the provisions of the legislation.
   - Complies with safety policies and environment (HSE), employment, accounting, and financial reporting standards, as well as other policies.
2. Bribery and Illegal Business Practices
   None of the company employee may, either directly or through intermediaries, offer or give anything of value to employees or government officials. The Company's employees should refrain from doing illegal or unethical actions that may damage the reputation of the Company's business.
3. Business Gifts
   To other companies or other sub-vendors, business partners, or Indika Energy's competitors, Indika Energy's employees should not be looking for, ask, or accept the following matters from the parties: gift, payment of money, cost, service, opportunity, or other assistance.
4. Donations Fund
   Reasonable donations for the benefit of humanity, social, educational, sports, professional / business should be done upon written request. Such donations should be estimated or planned in conjunction with the preparation of the annual budget of the Business Plan.
5. Confidential Information
   None of the Company's employees or ex-employees is allowed to open a trade secret or other confidential information. Confidential information in question here is the bid price for the equipment, products / services, and labor, marketing strategies, financing plans, agreements with suppliers, plans acquisitions, divestitures or changes in organization, information about products and technology company, except if it has been has been widely publicized.
6. Conflicts of Interest
   Employees are not allowed to have investments or relationships with other organizations that could put him in a position of conflict with the interests of the Company's largest.
7. Environment, Health, and Safety
   All employees must comply with laws and regulations in terms of environmental protection and safety of employees.
8. Equality of Opportunity
   The Company will provide equal employment opportunity for all people, regardless of ethnicity, religion, race, customs, and gender. The Company makes an exception to this policy only when hiring employees for positions that require specific physical abilities in performing the primary functions of the job.
9. Controlling and Financial Reporting
   All employees must follow the internal accounting systems and procedures accordingly. All financial and accounting transactions must be accurately reported in the financial records and financial statements of the Company.
10. Computer Security and Data Usage
    Each employee is responsible for protecting the security of:
    - The company's confidential information and customer
    - Computer security and information systems company
    - The data and financial information stored in the Company's system
11. Intellectual Property Rights
    Employees must protect the Company's intellectual property and are not allowed to violate the rights of the third parties in matters of intellectual property.
12. Business in Foreign Countries
    The Company's employees must comply with the Indonesian laws and the laws of the country where employees are assigned. No employee should try to avoid these laws directly or indirectly.

13. Anti-Harassments Policy
    Indika Energy upholds a commitment to maintain a work environment that is free from discrimination and sexual harassment, in which all individuals are treated with respect and dignity.
14. Political Donations
    None of the Company's employees may, either directly or through intermediaries, use the Company's funds or resources to contribute to political parties or party officials.
15. Deviation on Records
    The Company should establish procedures to achieve these record-keeping purposes:
    - Keeping active and inactive records in an appropriate storage facility.
    - Identifying and protecting vital and historical records.
    - Microfilm and electronics can be used for appropriate applications.
    - Following the guidelines of international laws and the applicable guidelines, including provisions of law relating to filing lawsuits, government investigations, and audits required by law.
    - Keeping records for a period determined in accordance with Schedule of Corporate Record Keeping.
    - Encouraging the routine destruction of records that are no longer needed for operational storage when not required by law or Record Keeping Schedule.

OTHER CORPORATE INFORMATION

Relating to the final decision of the Indonesian Supreme Court in favour of the Company with regard to the use of historical net book value in accounting for the merger of the Company, PT Tripatra Company (TPC) and PT Ganesha Intra Development Company (GID) ("**Final Decision**"), up to the issuance of this Annual Report, the Company has not yet received the original copy for the Final Decision. Such Final Decision, however, has already been uploaded to and can be read on the official website of the Indonesian Supreme Court and applies a valid and binding legal power.

HUMAN CAPITAL

One of the proactive responses taken by Indika Energy to deal with the global economic crisis and resultant softening in the coal markets, as well as the slowdown in economic growth in Asia, lies in the Company's People Strategy. The People Strategy is needed to execute and was aligned with the Company's operational growth, which meant filling up critical headcount to support the expansion, exploration and development activities of the Company to prepare for the future.

Through alignment of the People Strategy with Vision, Mission and Goals of the the Company, effort was focused to recruit, fit and develop the right people to shape and achieve the desired performance culture for future competitive advantage.
Having more than 10,000 employees with various background and unique skills, Indika Energy made every effort to improve the Human Capital process: from recruitment, performance management system, talent management and compensation and benefit, to be more effective and standardised across the Company.

The remuneration strategy was reviewed, accountability matrix was re-mapped and standard operational procedures were analysed to meet the Company's needs, Human Capital regulations renewed, and new employee handbooks were distributed and communicated internally to ensure compliance by all employees in each business unit.

Internally, the Human Capital (HC) strategy was aimed at the improvement of employee engagement, and extracting synergies from various strengths available while aligning the people in the Company to the corporate mission and vision.

First, this process of alignment to the corporate strategy was achieved through synergised efforts in capability building across the Company.

Synergy was achieved through these three key HC platforms:

Human Capital (HC) Forum: a platform for HC leaders to coordinate effort and exchange information and ideas for improvement. HC leaders in the Company and its subsidiaries meet monthly to review initiatives, issues and effectiveness of programs, and also to specifically address the challenges confronting the implementation of the HC action plans.

The various aspects of the organisation, behaviour and performance of each person in the Company are aligned to create a strong foundation for a "people oriented advantage" in the future.

This was discerning action to demonstrate how the people element can be a corporate competitive advantage for innovation and creativity within Indika Energy, and not as a matter of for corporate's responsibilities, especially in difficult economic circumstances.

Leadership Capability Building: comprising two key elements of Executive learning programs and Leadership Essentials for managers and supervisors.

The Leadership Capability Building program reached 190 leaders in the Company at all levels, consisting 10 classes of a total of 4,264 training and development man-hours. This reflects Indika Energy's belief that "Leadership is ultimately about creating a way for people to contribute to making something extraordinary happen." (Alan Keith, Genentech, *The Leadership Challenge*).

The Executive Leadership Development Program (ELDP) for the Executive Leaders is a three-day program facilitated by thought-leaders and practitioners from the Graziadio School of Business and Management, Pepperdine University, USA
This provided a platform for all executive leaders in the Company to interact, consolidate their understanding of the business environment, and share a common language and framework to manage the business more effectively through strategic leadership skills they will develop.

The Managers and Supervisors Leadership Program offered middle-managers the tools to develop their aptitude and matriculate the leadership essentials. Five batches of manager-level participants underwent the Essentials Leadership for Managers (ELM) comprising a three-day immersion in the principles of leadership, attitudes and values concepts in The Leadership Challenge (James M. Kouzes & Barry Posner) and the

importance of leadership legacies in the workplace. Meanwhile, another two batches at the supervisor-level underwent the Supervisory Excellence program which was designed and launched to support them in the corporate transformation process.

In addition, there was the overall learning and development program listed in a catalogue (Learning Menu 2012) which was aimed at encouraging Indika Energy people to own and develop their leadership competencies and technical expertise needed in their day to day job.

Overall, through various programs available in The Learning Menu and other developmental aids that designed with sensitivity to the technical competencies, Indika Energy has allocated 10,163 training hours or an average of 29.29 hours per eligible employee and for the target allocated for such development activities.

Leadership Summit 2012: the annual leadership summit for the Company's senior executives focussed on the targeted milestones and the measurement of results of.the corporate Vision, Mission and Destination Strategy (VMDS)

The theme for the 2012 Leadership Summit was "Aligning Strategies & Performance Management" and was attended by 80 Executive Leaders of the Company, providing a two-and-half days workshop for these top executives in each business unit to discuss the vision, mission and determine the corporate road map and strategy map for the future.

The Balance Scorecard framework was also introduced which will lend clear focus to business performance measures for finance, the customer, operations, learning and growth.

At the Company's 2012 Leadership Summit, the management made its commitment to develop employee engagement through improved communication internally and compelling leadership behaviour which will help build a culture of excellence and establish the performance management system.

Second, the alignment to corporate strategy (VMDS) would be achieved by **building and institutionalising systems and processes** -which support critical services across the Company. The initiatives are:

Human Capital Service System / HCSS: In early 2012, The Human Capital Service System was launched to provide an easy and convenient access to information for employees. This was aimed to improve business process to be more efficient and reliable for all employees across the Company.

Some subsidiaries also implemented data integration via the Human Capital Service System (HCSS), which was to have a bigger role in supporting all human resource management performance needs in the Company

The Company's needs have grown more complex with its expansion to create a fully-integrated value chain in coal mining. This demands a system that can enforce the synergy and increase efficiency through accurate, reliable and accessible Human Capital Management.

Performance Management System: In 2012, the Performance Management System was introduced, and fully reflected the comprehensive and integral aspect of the People Strategy now in place in the Company. The accountability of persons are agreed upon and documented, so each person has a clear understanding of their performance indicators and direction.

Performance reviews are evaluated regularly and included in the mid-year review. This process is highly dependent on support from the top management and must be a regular feature in the leadership calendar, with best practices becoming as natural to the executive as a habit, which is the objective of achieving a performance-oriented culture for Indika Energy.





CORPORATE SOCIAL RESPONSIBILITY (CSR)

Indonesia is one of the fastest developing economies in the world, and geographically one of the most spread out.

There are many areas where local communities and their culture can benefit from corporate support in efforts to make a difference. In aspiring to be a model corporate citizen, Indika Energy has maintained Corporate Social Responsibility (CSR) as a fundamental value in the Company culture.

Indika Energy has contributed at national and local level in education, health, community development and in support of environmental care.

EDUCATION

"Indika Energy Cerdaskan Anak Bangsa"

Indika Energy has consistently applied good corporate social responsibility to internal stakeholder as well by launching the "*Indika Energy Cerdaskan Anak Bangsa*" Scholarship Program in 2012.

This program provides scholarships for the children of the employees, from elementary to high school students, who have performed well in their studies. This is both an incentive and recognition program which stands to improve the academic performance of the children of employees. The program has helped in employee engagement with better morale and encouraged greater productivity, while also giving more opportunity for these families to progress in personal prosperity in their future. This program is part of Indika Energy's commitment to enrich the Indonesian society through education.

The Indika Energy *Cerdaskan Anak Bangsa* Program was rolled out at Indika Energy's 12th anniversary commemoration on 2 November 2012.

"Gerakan Indonesia Mengajar"

As a founding partner, Indika Energy has always given its full support to the growth of *Gerakan Indonesia Mengajar*.

In 2012, *Gerakan Indonesia Mengajar* marked a milestone achievement with 293 young teachers placed in 17 Regencies/ Districts in 16 Provinces throughout Indonesia, aimed to achieve a positive impact by improving the resources of education, in particular for the 21,192 children studying at regency/district level who benefit directly.

The *Gerakan Indonesia Mengajar* output program saw significant results, not only in terms of teaching and learning activities at school, but also in extracurricular activities, community education, and parent-teacher meetings.

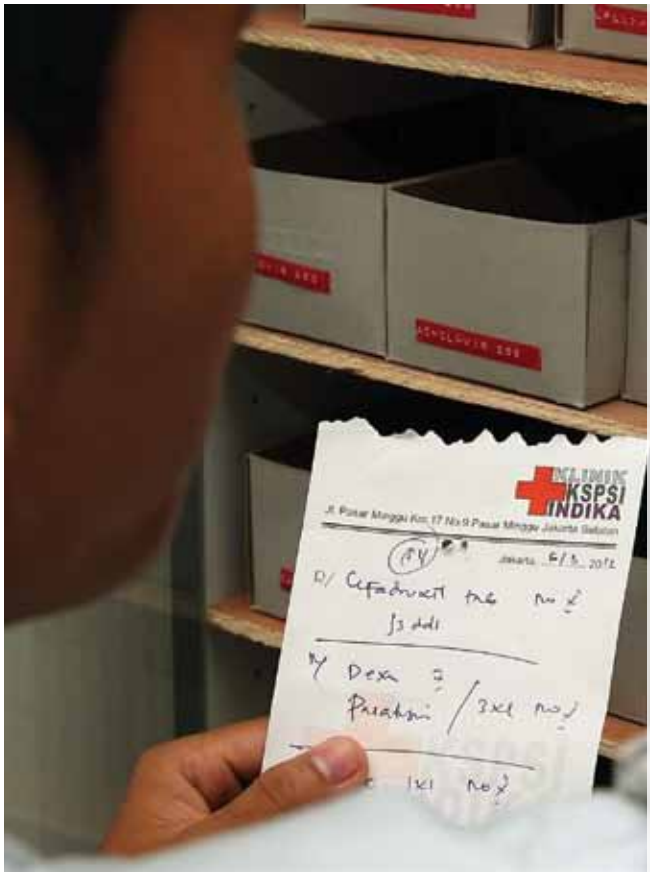
Overall, *Gerakan Indonesia Mengajar* has had an extensive influence nationwide and inspired the emergence of similar movements in other areas, such as the *Solo Mengajar, Kaltim Mengajar and UI Mengajar.*

***"Karya Salemba Empat* (KSE) Scholarships"**

Last year was the second year that Indika Energy cooperated with the *Karya Salemba Empat* (KSE) Foundation through the *Program Beasiswa Mahasiswa Perguruan Tinggi* (University Student Scholarship Program).

This program is aimed specifically to support college students who have financial difficulties in reaching their dream of finishing University and to become someone with integrity, nationalism and with love for their country.

It provides two kinds of scholarships which are Regular Scholarships that covers cost of living and Research Scholarships that covers funds for research that are applicative or can have an impact towards community welfare. There are 44 college students as participants in this scholarship program from 7 universities in Java and Kalimantan (University of Indonesia, Padjajaran University, Gadjah Mada University, Bandung Institute of Technology, Bogor Institute of Agriculture, Institut Teknologi Sepuluh Nopember and Mulawarman University).



HEALTH

KSPSI-Indika Clinic

In 2012, the collaboration between Indika Energy and KSPSI (*Konfederasi Serikat Pekerja Seluruh Indonesia*) is now already in its third year. This program began with the opening of one clinic in Pasar Minggu, South Jakarta in February 2010 and and has expanded by the opening of the second clinic in the Tangerang Regency, specifically in the Cikupa District on the 23rd July 2011.

The Cikupa Clinic has the capacity to provide 400 thousand workers with healthcare services in the Tangerang Regency.

COMMUNITY DEVELOPMENT

Support for Indonesian Team at 2012 Olympics

On 27 June 2012 in Jakarta, Indika Energy signed an cooperation agreement with the Indonesian Olympics Committee to support the preparations for and the sending of the Indonesian contingent to the 2012 Olympiad XXX in London, England, which took place on 27 July to 12 August 2012.

Indika Energy's support for the Team Indonesia competing in the 2012 Olympiad XXX was part of its commitment as model corporate citizen to reflect the strong sense of national pride and promote the "fraternal" spirit of the Games among Indonesians and the international community.



In this way, Indika Energy aspires to promote Indonesian spirit of community development and realise the national potential for the social and economic advancement of the people. The social value of good sportsmanship can help create a spirit of resilience and perseverance toward achieving greater good for all and promotes a healthy and competitive mindset.

Economic Empowerment Support

Through Petrosea, Indika Energy has established *Kelompok Usaha Bersama*, KUBE (Community Small Business Group) in the Sukamaju and Mulawarman Villages in the Santan Batubara area of Kutai Kartanegara. The aim of establishment of KUBE is to provide assistance to communities surrounding its operational areas by improving their welfare.

Another Indika Energy subsidiary, MBSS, has established the Koperasi Tenaga Kerja Bongkar Muat, TKBM (a stevedores cooperative), and routinely provides internship training for communities surrounding the area of its operational sites.

ENVIRONMENT

Mangrove Forest Rehabilitations

Environmental preservation is also one of Indika Energy's main focus areas in conducting CSR activities. Through Petrosea, the Company is now actively engaged in the rehabilitation of mangrove forests in Kariangau Village, Balikpapan, near the Petrosea Offshore Supply Base (POSB) operational area.

Mangrove forests are an integral coastal ecological system which also protects inhabitants and property from land erosion and potential natural disasters like tsunami waves.





SUBSEQUENT EVENTS



1. **Issuance of a US$500 million 6.375% Senior Notes**
   In January 2013, Indika Energy through its subsidiary completed the issuance of a US$500 million 6.375% Senior Notes due 2023.
   Use of proceeds to:
   - Repay short term debt $235 million that was raised to fund MTU acquisition
   - Prefund US$230 million 2016 Bond callable in November 2013 at 104.875%

2. **Acquire a 10% Participating Interest in the Southwest Bird's Head PSC**
   In February 2013, Indika Energy signed an agreement with Total E&P Indonesia West Papua to acquire a 10% participating interest in the Southwest Bird's Head PSC.

3. **Kideco's Dividend**
   Declared in March 2013, final dividend US$235.0 million, Indika Energy shares – US$108.1 million.

4. **Internal Restructuring in Relation to Ownership of PT Kuala Pelabuhan Indonesia**
   In April 2013, PT Tripatra Engineers and Constructors ("TPEC") has signed and concluded Sale and Purchase Agreement ("SPA") with PT Indika Logistic & Support Services ("ILSS") in relation to the sale of 95.0% ownership in PT Kuala Pelabuhan Indonesia ("KPI").

FINANCIAL STATEMENTS

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PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012, 2011 AND JANUARY 1, 2011/DECEMBER 31, 2010
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

AND INDEPENDENT AUDITORS' REPORT

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
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PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
DIRECTORS' STATEMENT LETTER RELATING TO THE RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012, 2011 AND JANUARY 1, 2011/DECEMBER 31, 2010 AND FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

We, the undersigned:

1.	Name	: M. Arsjad Rasjid P.M.
	Office address	: Mitra Building, 7th Floor, Jl. Jend. Gatot Subroto Kav. 21, Jakarta.
	Domicile as stated in ID Card	: Apartemen The Capital Residence SCBD, Kebayoran Baru - Jakarta Selatan
	Phone Number	: +622125579888
	Position	: President Director
2.	Name	: Azis Armand
	Office address	: Mitra Building, 7th Floor, Jl. Jend. Gatot Subroto Kav. 21, Jakarta.
	Domicile as stated in ID Card	: Jl. Janur Hijau VI Blok TD 2/9 Kelapa Gading - Jakarta Utara
	Phone Number	: +622125579888
	Position	: Finance and Accounting Director (Unaffiliated)

State that:

1. We are responsible for the preparation and presentation of the consolidated financial statements;
2. The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standard;
3. a. All information contained in the consolidated financial statements is complete and correct;
   b. The consolidated financial statements do not contain misleading material information or facts, and do not omit material information and facts;
4. We are responsible for the Company's internal control system.

This statement letter is made truthfully.

Jakarta, March 4, 2013

President Director	Finance and Accounting Director (Unaffiliated)
M. Arsjad Rasjid P.M.	Azis Armand

Deloitte.

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Independent Auditors' Report

No. GA113 0071 IE OS

The Stockholders, Boards of Commissioners and Directors
PT. Indika Energy Tbk and its subsidiaries

We have audited the accompanying consolidated statements of financial position of PT. Indika Energy Tbk and its subsidiaries as of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2012 and 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We did not audit the financial statements of PT Kideco Jaya Agung (KJA), an associate, which is accounted for using the equity method of accounting. The carrying amount of investment in such associate of US$ 256,298,486, US$ 295,425,904 and US$ 251,244,098, as of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, respectively, and equity in net income of US$ 167,872,074 and US$ 202,881,806, for the years ended December 31, 2012 and 2011, respectively, are included in the accompanying consolidated financial statements. Those statements were audited by other independent auditors whose report expressed an unqualified opinion with explanatory paragraph that such financial statements do not include any adjustments that might ultimately result from an adverse decision concerning the offsetting of value added tax input totaling US$ 374,129,640 as of December 31, 2012 against royalty payments due, which offsetting has been rejected by the Government. The report of such other independent auditors has been furnished to us, and our opinion, insofar as it relates to the amounts included for KJA for the years ended December 31, 2012, 2011 and January 1, 2011/December 31, 2010 is based solely on the report of such other independent auditors.

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

In our opinion, based on our audits and the report of the other independent auditors, such consolidated financial statements present fairly, in all material respects, the financial position of PT. Indika Energy Tbk and its subsidiaries as of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, and the results of their operations and their cash flows for the years ended December 31, 2012 and 2011 in conformity with Indonesian Financial Accounting Standards.

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Member of Deloitte Touche Tohmatsu Limited

As discussed in Note 1 to consolidated financial statements, in 2012, the Company and its subsidiaries adopted the Statement of Financial Accounting Standard (PSAK) 10 (revised 2010), the Effect of Changes in Foreign Exchange Rates, and effected to change its functional currency from Indonesian Rupiah to US Dollar and has retrospectively adjusted the accompanying prior years' comparative consolidated financial statements for the change.

OSMAN BING SATRIO & ENY



Drs. Osman Sitorus
Public Accountant License No. AP.0567

March 4, 2013

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

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012, 2011 AND
JANUARY 1, 2011/DECEMBER 31, 2010

	Notes	December 31, 2012	December 31, 2011 *)	January 1, 2011/ December 31, 2010 *)
		US$	US$	US$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	350,375,666	378,655,161	234,767,434
Other financial assets	6	70,770,806	121,195,532	179,769,325
Trade accounts receivable	7			
Related parties	49	33,466,558	19,263,234	4,429,986
Third parties - net of allowance for impairment losses of US$ 2,192,469 as of December 31, 2012, US$ 2,582,047 as of December 31, 2011 and US$ 1,551,329 as of January 1, 2011/ December 31, 2010		109,991,948	102,227,172	62,774,886
Unbilled receivables	8	1,229,008	905,161	243,688
Estimated earnings in excess of billings on contracts	9	24,690,036	6,930,525	9,577,021
Current maturities of other accounts receivable				
Related parties	49	6,042,480	9,606,528	6,049,160
Third parties	10	8,716,972	6,762,572	2,563,341
Inventories - net of allowance for stock obsolescence of US$ 3,014,520 as of December 31, 2012, US$ 2,525,175 as of December 31, 2011 and January 1, 2011/December 31, 2010	11	20,854,037	11,038,364	5,610,045
Prepaid taxes	12	38,522,239	21,042,016	14,270,159
Other current assets	13	26,033,784	21,417,860	6,395,908
Sub total		690,693,534	699,044,125	526,450,953
Noncurrent assets held for sale	21	-	3,150,000	-
Total Current Assets		690,693,534	702,194,125	526,450,953
NONCURRENT ASSETS				
Other accounts receivable - net of current maturities				
Related parties - net of allowance for impairment losses of US$ 2,624,491 as of December 31, 2012, US$ 2,798,743 as of December 31, 2011, and US$ 2,822,693 as of January 1, 2011/ December 31, 2010,	49	53,501,030	50,802,492	58,223,595
Third parties	10	967,773	-	1,026,693
Claim for tax refund	15	6,845,411	9,731,032	25,866,311
Deferred tax assets	44	548,030	191,884	152,041
Deferred expenditures	16	25,092,424	5,936,998	941,772
Investments in associates	14	288,079,887	330,330,452	289,469,539
Investments in jointly-controlled entities	17	25,528,684	22,892,000	15,626,000
Advances and other noncurrent assets	19	13,965,838	33,904,396	9,495,721
Investment property	20	954,577	1,097,313	-
Property, plant and equipment - net of accumulated depreciation of US$ 263,014,395 as of December 31, 2012, US$ 199,056,987 as of December 31, 2011 and US$ 140,189,781 as of January 1, 2011/ December 31, 2010	21	752,660,541	590,189,493	213,471,915
Intangible assets	22	371,820,837	142,119,028	28,677,017
Goodwill	23	115,693,441	63,198,010	29,468,001
Other noncurrent financial assets	24	-	60,911,557	60,772,106
Refundable deposits		912,049	1,523,539	840,878
Total Noncurrent Assets		1,656,570,522	1,312,828,194	734,031,589
TOTAL ASSETS		2,347,264,056	2,015,022,319	1,260,482,542

*) As discussed in Note 1

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012, 2011 AND
JANUARY 1, 2011/DECEMBER 31, 2010 (Continued)

	Notes	December 31, 2012	December 31, 2011 *)	January 1, 2011/ December 31, 2010 *)
		US$	US$	US$
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Bank loans	25	276,657,034	206,805,580	24,047,603
Trade accounts payable	26			
Related parties	49	3,292,909	10,627,922	17,858,970
Third parties		89,855,134	86,308,778	47,754,644
Billings in excess of estimated earnings recognized	9	-	14,329,290	12,697,030
Other accounts payable				
Related parties		-	313,079	62,062
Third parties		8,206,100	2,799,515	1,062,729
Taxes payable	27	5,996,266	8,316,608	4,943,610
Deferred income		-	132,003	690,023
Accrued expenses	28	55,091,293	39,005,734	22,325,548
Advances from customers		199,817	956,547	509,218
Dividend payable		286,466	180,966	-
Current maturities of long-term debts				
Long-term loans	29	32,306,078	30,784,076	863,641
Lease liabilities	30	55,725,080	26,922,585	18,389,278
Bonds payable - net	31	-	64,625,585	-
Total Current Liabilities		527,616,177	492,108,268	151,204,356
NONCURRENT LIABILITIES				
Long-term debts - net of current maturities				
Long-term loans	29	88,391,992	77,898,985	1,504,282
Lease liabilities	30	89,789,367	42,731,143	30,876,098
Bonds payable - net	31	493,663,485	489,393,603	464,233,011
Other long-term liability - third party		1,284,737	3,382,050	-
Deferred tax liabilities	44	98,698,573	38,643,251	9,270,048
Advance received				
Related party	49	1,729,954	1,821,813	1,821,813
Third party		91,199	-	-
Negative goodwill	32	-	-	385,537
Employment benefit obligation	33	21,278,287	14,265,549	7,790,902
Total Noncurrent Liabilities		794,927,594	668,136,394	515,881,691
EQUITY				
Capital stock - Rp 100 par value per share				
Authorized - 17,000 million shares				
Subscribed and paid-up - 5,210,192,000 shares in 2012 and 2011 and 5,207,142,000 shares in 2010	34	56,892,154	56,892,154	56,856,461
Additional paid-in capital	35	239,985,258	239,985,258	238,887,685
Other components of equity	1b,14,47	53,038,273	(1,771,620)	(3,056,507)
Difference in value of restructuring transaction between entities under common control	37	10,862,663	10,862,663	10,862,663
Retained earnings				
Appropriated	48	4,283,901	3,227,712	2,054,141
Unappropriated		431,875,996	397,227,548	286,010,629
Total equity attributable to owners of the Company		796,938,245	706,423,715	591,615,072
Non-controlling interest	36	227,782,040	148,353,942	1,781,423
Total Equity		1,024,720,285	854,777,657	593,396,495
TOTAL LIABILITIES AND EQUITY		2,347,264,056	2,015,022,319	1,260,482,542

*) As discussed in Note 1

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011

	Notes	2012	2011 *)
		US$	US$
REVENUES	38,49		
Contracts and service revenues		738,069,683	552,268,978
Sales of coal		11,636,102	41,129,943
Total Revenues		749,705,785	593,398,921
COST OF CONTRACTS AND GOODS SOLD	39,49		
Cost of contracts and services		545,300,745	423,181,377
Cost of sales of coal		11,161,756	39,433,831
Total Cost of Contracts and Goods Sold		556,462,501	462,615,208
GROSS PROFIT		193,243,284	130,783,713
Equity in profit of associates and jointly-controlled entities	14,17	178,983,576	222,267,857
Investment income	41,49	9,428,630	7,398,947
Gain recognized from acquisition of a subsidiary	1g	2,671,578	-
General and administrative expenses	40	(158,569,000)	(109,705,618)
Finance cost	42	(74,944,802)	(74,652,914)
Amortization of intangible assets	22	(34,050,551)	(18,667,844)
Others - net	43	(11,357,138)	(3,051,679)
INCOME BEFORE TAX		105,405,577	154,372,462
TAX EXPENSE	44	(18,198,145)	(16,105,260)
PROFIT FOR THE YEAR		87,207,432	138,267,202
Other comprehensive income:			
Translation adjustments		3,631,476	6,054,637
Unrealized loss on derivative financial instrument (hedging reserve)	14	(6,005,943)	(5,956,440)
Other comprehensive income		(2,374,467)	98,197
Total comprehensive income for the year		84,832,965	138,365,399
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		68,680,536	127,868,804
Non-controlling interests	36	18,526,896	10,398,398
		87,207,432	138,267,202
Total comprehensive income attributable to:			
Owners of the Company		66,306,069	127,967,001
Non-controlling interests		18,526,896	10,398,398
Total		84,832,965	138,365,399
EARNINGS PER SHARE	46		
Basic		0.0132	0.0245
Diluted		0.0131	0.0244

*) As discussed in Note 1

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011

	Notes	Capital stock	Additional paid-in capital	Other Components of Equity: Unrealized loss on derivative financial instrument (hedging reserve)	Other Components of Equity: Other capital - employee stock option	Other Components of Equity: Unrealized gain (loss) due to decrease in value of investment in units of fund	Other Components of Equity: Cumulative translation adjustments	Other Components of Equity: Other equity	Difference in value of restructuring transaction between entities under common control	Retained earnings: Appropriated	Retained earnings: Unappropriated	Non-controlling interests	Total equity
		US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Balance as of January 1, 2010	34	56,856,461	238,887,685	-	3,660,788	(678,298)	-	-	10,862,663	963,391	254,096,446	1,239,713	565,888,849
Effect of remeasurement	1d	-	-	-	-	-	-	-	-	-	(2,893,392)	-	(2,893,392)
Balance as of January 1, 2010 after remeasurement		56,856,461	238,887,685	-	3,660,788	(678,298)	-	-	10,862,663	963,391	251,203,054	1,239,713	562,995,457
Employee stock option	45	-	-	-	2,968,818	-	-	-	-	-	-	-	2,968,818
Cash dividend	48	-	-	-	-	-	-	-	-	-	(67,558,947)	-	(67,558,947)
Appropriated earnings	48	-	-	-	-	-	-	-	-	1,090,750	(1,090,750)	-	-
Unrealized loss due to decrease in value of investment in units of fund		-	-	-	-	(23,553)	-	-	-	-	23,553	-	-
Total comprehensive income		-	-	-	-	701,851	(9,686,113)	-	-	-	103,433,719	541,710	94,991,167
Balance as of December 31, 2010	34	56,856,461	238,887,685	-	6,629,606	-	(9,686,113)	-	10,862,663	2,054,141	286,010,629	1,781,423	593,396,495
Effect of the first adoption of PSAK 22 (revised 2010)		-	-	-	-	-	-	-	-	-	410,161	-	410,161
Balance as of January 1, 2011 after the first adoption of PSAK 22 (revised 2010)	34	56,856,461	238,887,685	-	6,629,606	-	(9,686,113)	-	10,862,663	2,054,141	286,420,790	1,781,423	593,806,656
Employee stock option	45	35,693	1,097,573	-	1,186,690	-	-	-	-	-	-	-	2,319,956
Cash dividend	48	-	-	-	-	-	-	-	-	-	(15,888,475)	-	(15,888,475)
Appropriated earnings	48	-	-	-	-	-	-	-	-	1,173,571	(1,173,571)	-	-
Acquisition of subsidiary	1b	-	-	-	-	-	-	-	-	-	-	136,174,121	136,174,121
Total comprehensive income		-	-	(5,956,440)	-	-	6,054,637	-	-	-	127,868,804	10,398,398	138,365,399
Balance as of December 31, 2011	34	56,892,154	239,985,258	(5,956,440)	7,816,296	-	(3,631,476)	-	10,862,663	3,227,712	397,227,548	148,353,942	854,777,657
Other equity	1b	-	-	-	-	-	-	57,184,360	-	-	-	60,901,202	118,085,562
Cash dividend	48	-	-	-	-	-	-	-	-	-	(32,975,899)	-	(32,975,899)
Appropriated earnings	48	-	-	-	-	-	-	-	-	1,056,189	(1,056,189)	-	-
Total comprehensive income		-	-	(6,005,943)	-	-	3,631,476	-	-	-	68,680,536	18,526,896	84,832,965
Balance as of December 31, 2012	34	56,892,154	239,985,258	(11,962,383)	7,816,296	-	-	57,184,360	10,862,663	4,283,901	431,875,996	227,782,040	1,024,720,285

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

PT. INDIKA ENERGY Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011

	2012 US$	2011 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	734,653,205	571,324,758
Cash paid to suppliers and employees	(614,595,903)	(409,115,884)
Cash generated from operations	120,057,302	162,208,874
Receipt from claim for tax refund	10,830,593	14,626,476
Interest received	6,581,832	3,994,537
Payment of taxes	(44,960,834)	(31,695,007)
Payment of finance cost	(70,756,746)	(50,759,896)
Net Cash Provided by Operating Activities	21,752,147	98,374,984
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal of other financial assets	359,459,126	159,821,812
Dividends received	212,591,514	168,209,502
Proceeds from shares re-floating	115,988,000	-
Proceeds from sale of property and noncurrent assets held for sale	4,606,993	180,741
Proceeds of advances and other non current assets	3,152,181	-
Placement of other financial assets	(238,079,366)	(100,035,993)
Acquisition of property and equipment	(236,984,469)	(235,397,874)
Acquisitions of associates and subsidiaries	(134,766,996)	(124,120,333)
Payment of advances and other non current assets	(33,361,745)	(47,983,881)
Acquisition of intangible assets	(11,987,835)	-
Disbursements for shares re-floating cost	(9,325,573)	-
Proceeds from accounts receivable from related parties	-	5,583,810
Net Cash Provided by (Used in) Investing Activities	31,291,830	(173,742,216)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans	340,948,364	278,466,631
Proceeds from sale and leaseback transaction	81,000,000	-
Proceeds of additional paid-in capital	2,040,000	-
Payments of bank loans, long-term loans and lease liabilities	(369,917,709)	(114,687,300)
Payment of other accounts payable	(25,610,106)	-
Payments of bonds payable	(65,000,000)	-
Payments of dividend	(43,307,773)	(15,918,681)
Payments of bonds issuance costs	-	(34,737,553)
Proceeds from bonds issuance	-	109,975,601
Payments of advance paid in capital in subsidiary	-	(861,667)
Net Cash Provided by (Used in) Financing Activities	(79,847,224)	222,237,031
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,803,247)	146,869,799
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	378,655,161	234,767,434
Effects of foreign exchange rate changes	(1,476,248)	(2,982,072)
CASH AND CASH EQUIVALENTS AT END OF YEAR	350,375,666	378,655,161

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

1. GENERAL

a. Establishment and General Information

PT. Indika Energy Tbk (the "Company") was established based on notarial deed No. 31 dated October 19, 2000 of Hasanal Yani Ali Amin, SH, public notary in Jakarta. The deed of establishment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his decision letter No. C-13115 HT.01.01.TH.2001 dated October 18, 2001, and was published in State Gazette No. 53, Supplement No. 6412 dated July 2, 2002. The Company's articles of association have been amended several times, most recently by (i) notarial deed No. 232 dated June 26, 2009 of Sutjipto, SH, notary in Jakarta, to conform with Bapepam-LK's Rule No. IX.J.1 pertaining to the Main Articles of Association of Entity that undertakes Public Offering of Equity Securities and Public Entity. Such change was reported to the Minister of Law and Human Rights of the Republic of Indonesia in September 2009, (ii) notarial deed No. 11 dated June 14, 2012 of Andalia Farida, SH, MH, notary in Jakarta, regarding the implementation of Employee and Management Stock Option Program (EMSOP) for Company's shares by issuing new shares amounting to 2 percent (%) from total paid-up capital and to grant authority to the Board of Commisioners to exercise the increase in the Company's paid-up so that the paid–up capital increase from Rp 520,714,200,000 (equivalent to US$ 56,856,461) to Rp 521,019,200,000 (equivalent to US$ 56,892,154). Such change was reported to the Minister of Law and Human Rights of the Republic of Indonesia with letter No. AHU-0062213.AH.01.09 dated July 9, 2012, (iii) notarial deed No. 14 dated June 14, 2012 of Andalia Farida, SH, MH, notary in Jakarta, pertaining to changes to articles 14 and 17 concerning the terms of service of the Directors and Board of Commissioners and changes in the Board of Commissioners. The changes were received and recorded in the Department of Law and Human Rights of the Republic of Indonesia through letter No. AHU-0100824.AH.01.09 dated November 22, 2012.

In accordance with article 3 of the Company's articles of association, the scope of its activities are mainly to engage in trading, construction, mining, transportation and services. The Company started its commercial operations in 2004. As of December 31, 2012, 2011 and January 1, 2011/ December 31, 2010, the Company and its subsidiaries had 7,091, 5,052 and 4,288 employees, respectively.

The Company is domiciled in Jakarta, and its head office is located at Mitra Building, 7th Floor, Jl. Jendral Gatot Subroto Kav. 21, Jakarta.

At December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the Company's management consisted of the following:

		December 31, 2012
President Commissioner	:	Wiwoho Basuki Tjokronegoro
Vice President Commissioner	:	Agus Lasmono
Commissioner	:	Indracahya Basuki
Independent Commissioners	:	Anton Wahjo Soedibjo
		Dedi Aditya Sumanagara
President Director	:	M. Arsjad Rasjid P.M.
Vice President Director	:	Wishnu Wardhana
Operational Director of Energy Resources	:	Richard Bruce Ness
Operational Director of Energy Services	:	Ir. Wadyono Suliantoro Wirjomihardjo
Operational Director of Energy Infrastructure	:	Eddy Junaedy Danu
Director of Business Development	:	Ir. Pandri Prabono-Moelyo
Finance and Accounting Director (Unaffiliated)	:	Azis Armand

		December 31, 2011	January 1, 2011/ December 31, 2010
President Commissioner	:	Wiwoho Basuki Tjokronegoro	Wiwoho Basuki Tjokronegoro
Vice President Commissioner	:	Agus Lasmono	Agus Lasmono
Commissioner	:	Indracahya Basuki	Indracahya Basuki
Independent Commissioners	:	Anton Wahjo Soedibjo	Anton Wahjo Soedibjo
		Muhammad Chatib Basri	Muhammad Chatib Basri
		Dedi Aditya Sumanagara	Dedi Aditya Sumanagara
President Director	:	M. Arsjad Rasjid P.M.	M. Arsjad Rasjid P.M.
Vice President Director	:	Wishnu Wardhana	Wishnu Wardhana
Operational Director of Energy Resources	:	Richard Bruce Ness	Richard Bruce Ness
Operational Director of Energy Services	:	Ir. Wadyono Suliantoro Wirjomihardjo	Ir. Pandri Prabono-Moelyo
Operational Director of Energy Infrastructure	:	Eddy Junaedy Danu	Ir. Wadyono Suliantoro Wirjomihardjo
Director of Business Development	:	Ir. Pandri Prabono-Moelyo	-
Director of Corporate Affairs	:	-	Eddy Junaedy Danu
Finance and Accounting Director (Unaffiliated)	:	Azis Armand	Azis Armand

The chairman and members of the audit committee at December 31, 2012, 2011 and January 1, 2011/December 31, 2010 are as follows:

		December 31, 2012, 2011 and January 1, 2011/December 31, 2010
Chairman	:	Anton Wahjo Soedibjo
Members	:	Deddy Hariyanto
		Maringan Purba Sibarani

b. Subsidiaries

The Company has ownership interest of more than 50%, directly or indirectly, in the following subsidiaries:

Subsidiary	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership			Total Assets Before Elimination		Total Net Income (Loss) Before Elimination	
				December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
PT Indika Inti Corpindo (IIC) and subsidiaries	Jakarta	Investment and general trading	1998	99.99%	99.99%	99.99%	532,076,764	510,835,030	122,656,321	153,991,828
Asia Prosperity Coal B.V. (APC) *)	Netherlands	Financing	2004	99.99%	99.99%	99.99%	345,096	344,934	(52,428)	(60,937)
PT Citra Indah Prima (CIP) and subsidiaries *)	Jakarta	Investment	Under development stage	99.92%	99.92%	99.92%	2,470,637	2,731,913	(77,656)	(165,727)
PT Sindo Resources (SR) *)	Jakarta	Mining	Under development stage	89.93%	89.93%	89.93%	822	939	7,250	(55,584)
PT Melawi Rimba Minerals (MRM) *)	Jakarta	Mining	Under development stage	89.93%	89.93%	89.93%	184	344	7,521	(58,659)
Indika Capital Pte. Ltd. (ICPL) and subsidiaries *)	Singapore	Marketing and investment	2009	99.99%	99.99%	99.99%	77,818,594	53,896,437	(14,052,116)	(23,339,278)
Indika Capital Resources Limited (ICRL) *)	British Virgin Islands	Financing	2009	99.99%	99.99%	99.99%	59,792,155	241,598,131	(11,922,219)	(21,538,262)
PT Indika Indonesia Resources and subsidiaries	Jakarta	Mining and trading	Under development stage	100%	100%	-	383,668,828	13,105,017	(33,399,500)	(427,473)
PT. Mitra Energi Agung *)	East Kalimantan	Coal Mining	Under development stage	60%	-	-	4,442,140	-	(288,143)	-
Indika Capital Investments Pte. Ltd *)	Singapore	Coal and mineral trading and general trading activities	Under development stage	100%	-	-	102,260,705	-	(1,029,420)	-

Subsidiary	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership			Total Assets Before Elimination		Total Net Income (Loss) Before Elimination	
				December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
PT Multi Tambangjaya Utama *)	Central Kalimantan	Coal Mining	2012	85%	-	-	60,489,462	-	(19,863,559)	-
PT Indika Multi Energi and subsidiary	Jakarta	Trading, development, industrial, agriculture, printing, workshop, shipping and services	Under development stage	100%	-	-	25,853	-	-	-
PT Indika Multi Daya Energi *)	Jakarta	Trading, development, services, workshop, industrial, shipping, printing and agriculture	Under development stage	100%	-	-	25,853	-	-	-
PT Tripatra Engineers and Constructors (TPEC) and subsidiaries	Jakarta	Provision of consultancy services, construction business and trading	1989	100%	100%	100%	185,268,718	177,606,430	10,846,781	9,486,248
Tripatra (Singapore) Pte. Ltd (TS) *)	Singapore	Investment	2006	100%	100%	100%	33,317,358	44,614,283	(1,441,430)	101,187
Tripatra Investment Limited (TRIL) *)	British Virgin Islands	Investment	2007	100%	100%	98.55%	4,834,924	15,271,422	6,597	(8,043)
PT Kuala Pelabuhan Indonesia (KPI) *)	Timika, Irian Jaya	Port operation	1995	98.55%	98.55%	98.55%	9,389,555	10,796,261	1,900,401	1,319,031
PT Tripatra Engineering (TPE)	Jakarta	Consultation services for construction, industry and infrastructure	1971	100%	100%	100%	11,305,371	8,446,447	356,686	290,114

Subsidiary	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership			Total Assets Before Elimination		Before Elimination	
				December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
PT Petrosea Tbk and subsidiaries	Jakarta	Engineering, construction, mining and other services	1972	69.80%	98.55%	98.55%	529,742,777	370,922,015	49,115,432	52,642,523
PTP Investments Pte. Ltd. *)	Singapore	Investment	Dormant	69.80%	98.55%	98.55%	1,246,000	1,229,000	(3,502)	(266,414)
PT Petrosea Kalimantan (PTPK) *)	Balikpapan	Trading and contractor	Under development stage	69.80%	98.35%	98.35%	53,000	55,077	(2,836)	338
PT POSB Infrastructure Kalimantan (PTPIK) *)	Balikpapan	Special port management	Under development stage	69.80%	98.35%	98.35%	53,000	55,077	(2,836)	338
PT Indika Power Investments Pte. Ltd., Singapore (IPI)	Singapore	Investment	2006	100%	100%	100%	34,567,659	42,649,607	1,671,601	1,212,940
PT Indika Infrastruktur Investindo (III)	Jakarta	Investment	2007	100%	100%	100%	11,498,360	14,200,408	1,403,151	355,032
PT Indika Energy Infrastructure (IEI) and subsidiaries	Jakarta	Trading, development and services	2010	100%	100%	100%	203,517,686	201,291,875	17,998,267	9,484,831
PT LPG Distribusi Indonesia (LDI) and subsidiaries *)	Jakarta	Trading, industry, mining and services	2010	100%	100%	100%	5,155,033	25,664	(6,312)	(66,746)
PT Wahida Arta Guna Lestari *)	Tasikmalaya	Operations of Station for Gas Filling and Delivery (SPPBE)	2010	100%	100%	100%	1,476,717	1,572,045	110,621	89,527

Subsidiary	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership			Total Assets Before Elimination		Total Net Income (Loss) Before Elimination	
				December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
PT Satya Mitra Gas *)	Semarang	Operations of Station for Gas Filling (SPBE)	2010	100%	100%	100%	1,163,292	1,292,417	(87,859)	(134,860)
PT Jati Warna Gas Utama *)	Jakarta	Operations of station for Gas Filling and Delivery (SPPBE)	Under development stage	100%	100%	-	26,371	27,569	-	-
PT Indika Logistic & Support Services *)	Jakarta	Port operation	2011	100%	100%	100%	9,612,468	9,135,292	(410,503)	(71,189)
PT Indika Multi Energi Internasional *)	Jakarta	Trading, development, industrial, agriculture, printing,workshop, shipping and services	Under development stage	100%	-	-	25,853	-	-	-
PT Mitrabahtera Segara Sejati Tbk and subsidiaries *)	Jakarta	Shipping services, ship rental, shipping bereau and shipping equipment rental and overseas shipping	1994	51%	51%	-	345,350,845	308,919,387	36,552,704	28,026,565
PT Mitra Hartono Sejati **)	Jakarta	Shipping	Under development stage	25.50%	25.50%	-	2,383,194	1,879,791	(355,112)	(193,443)
PT Mitra Swire CTM **)	Jakarta	Shipping	2008	50.46%	50.46%	-	30,403,994	32,467,836	3,257,237	3,084,183

Subsidiary	Domicile	Nature of Business	Start of Commercial Operations	Percentage of Ownership			Total Assets Before Elimination		Total Net Income (Loss) Before Elimination	
				December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Mitra Bahtera Segarasejati Pte. Ltd. **)	Singapore	Shipping	Under development stage	51%	51%	-	1,116,459	1,297,489	(178,962)	(148,787)
Mitra Jaya Offshore **)	Jakarta	Shipping	Under development stage	26.01%	26.01%	-	1,240,951	1,323,335	(82,309)	(1,254)
PT Mitra Alam Segara Sejati **)	Jakarta	Shipping	2012	31%	-	-	18,118,451	-	362,675	-
Indo Integrated Energy B.V. (IIE BV)	Netherlands	Financing	1984	100%	100%	100%	4,671,177	71,272,656	140,267	113,398
Indo Integrated Energy II BV (IIE II BV)	British Virgin Islands	Financing	2009	100%	100%	100%	236,915,915	236,738,533	203,398	289,556
Indo Energy Finance BV and subsidiary	Netherlands	Financing	2011	100%	100%	-	545,410,403	303,488,909	(386,922)	(19,807)
Indo Energy Capital BV *)	Netherlands	Financing	2011	100%	100%	-	303,820,153	303,509,370	21,184,562	13,895,169
Indo Energy Finance II BV and subsidiary	Netherlands	Financing	2012	100%	-	-	-	-	-	-
Indo Energy Capital II BV *)	Netherlands	Financing	2012	100%	-	-	-	-	-	-

*) Indirect ownership
**) Indirectly acquired through MBSS

Year 2012

a. On December 14, 2012, PT Indika Multi Energi (IME) and IEI established PT Indika Multi Daya Energi (IMDE), which will be engaged in activities covering trading, development, services, workshop, industrial, shipping, printing and agriculture.

b. On December 10, 2012, the Company established Indo Energy Finance II B.V (IEFBV II). On the same date, the Company, through IEFBV II, established Indo Energy Capital II B.V (IECBV II), a wholly owned subsidiary by IEFBV II. IEFBV II and IECBV II are domiciled in the Netherlands and were established in relation to the issuance of Senior Notes with face value of US$ 500 million in January 2013 (Note 55).

c. On October 29, 2012, the Company and IEI established IME, which will be engaged in activities covering trading, development, industrial, agriculture, printing, workshop, shipping and services.

d. On September 17, 2012, IIC and IEI established PT Indika Multi Energi Internasional (IMEI), which will be engaged in activities covering trading, development, industrial agriculture, printing, workshop, shipping and services.

e. On May 25, 2012, PT Indika Indonesia Resouces (IIR) has effectively purchased and owned 85% ownership in PT Multi Tambangjaya Utama (MTU) from Asia Thai Mining Company Limited (ATM) and Christien Kurniawan. MTU is engaged in mining activities under the Coal Contract of Work (CCOW) located in Barito, Central Kalimantan. Such acquisition is part of the group's strategy to develop its business in energy resources segment. The Sale and Purchase Agreement (SPA) between IIR and ATM required both parties to set up escrow account of US$ 15 million to be applied against all claims made by IIR to ATM within 12 months after the completion of all conditions precedent under the SPA.

   Simultaneous with the purchase of the above MTU's shares, the Company through Indika Capital Pte. Ltd., Singapore (ICPL) also entered into Distribution Rights and Obligations Sale and Purchase Agreement with International Coal Trading Limited (ICTL), whereby ICPL agreed to acquire ICTL's rights under a distribution agreement previously entered between ICTL and MTU for a sale and purchase of coal from MTU's mine in Central Kalimantan. Based on the above Distribution Rights and Obligations Sale and Purchase Agreement, both parties agreed that there will be post-completion payment of US$ 8 million, payable by ICPL to ICTL following the sale and delivery of the first 500,000 metric tons in aggregate of coal produced from the working area under the CCOW or on November 30, 2013, whichever is earlier. Such post-completion payment is subject to certain purchase price adjustments, to be further agreed between ICPL and ICTL, amongst them are adjustments on the net assets of MTU, availability of certain mine equipment and some other possible purchase price adjustments that are still under discussion as of December 31, 2012, thus the amounts for MTU acquisition are provisional.

   Costs related to acquisition amounting to US$ 1,594,586 were recognized as expenses in the 2012 consolidated statements of comprehensive income.

   The non-controlling interest (15%) recognized at acquisition date was measured at the non-controlling interest's proportionate shares of the fair value of the acquiree's identifiable net asset.

This acquisition was accounted for using the purchase method based on the fair value of the net assets of MTU. Valuation of property, plant and equipment, identifiable intangible assets and some other non-current assets were determined by Kantor Jasa Penilai Publik (KJPP) Stefanus Tonny Hardi & Rekan, an independent appraiser, based on its report dated October 24, 2012.

e.1. Fair value of the net assets of MTU acquired is as follows:

	US$
Current assets	2,539,316
Property, plant and equipment	23,805,477
Intangible assets	186,692,970
Other non-current assets	8,463,668
Deferred tax liability	(46,841,085)
Current liabilities	(25,813,622)
Non-current liabilities	(78,060,038)
Net Assets	70,786,686

Current assets include trade accounts receivable of nil as of acquisition date.

e.2. Goodwill from the acquisition of MTU is determined as follows:

	US$
Consideration paid in cash for:	
- Shares	13,600,000
- Distribution rights	99,064,114
Non-controlling interest on the fair value of net asset acquired	10,618,003
Total	123,282,117
Fair value of the net assets acquired	(70,786,686)
Goodwill	52,495,431

e.3. Net cash out flow on the acquisition amounted to:

	US$
Consideration paid in cash through bank loans	108,890,116
Future settlement through escrow account	3,773,997
Total consideration paid	112,664,113

	US$
Net cash out flow of the acquisitions	108,890,116
Cash and cash equivalents acquired	(27,750)
Net cash out flow	108,862,366

Goodwill arose in the business combination because of the control premium and certain future benefits and intangible assets that do not meet the recognition criteria for identifiable intangible assets.

The acquisition of MTU contributed revenue of nil and net loss of US$ 16,884,025 to the consolidated financial statements for the period from May 25, 2012 to December 31, 2012.

f. On May 8, 2012, IIR established Indika Capital Investments Pte. Ltd., (ICI) which will be engaged in coal and mineral trading and general trading activities.

g. On March 21, 2012, PT Indika Indonesia Resources (IIR) has signed share sales and purchase agreement and closing memorandum with Pacific Emperor Holdings Limited ("Pacific") wherein IIR has effectively purchased and owned 60% ownership in PT Mitra Energi Agung (MEA). MEA is engaged in business of mining activities under the Company Mining Coal Exploration Permit located in East Kutai - East Kalimantan. This acquisition is part of the group's strategy to develop its business in energy resources segment.

This acquisition was accounted for using the purchase method based on the fair value of the net assets of MEA. Valuation of property, plant and equipment and identifiable intangible assets and some other non-current assets were determined by Kantor Jasa Penilai Publik (KJPP) Stefanus Tonny Hardi & Rekan, an independent appraiser, based on its report dated January 31, 2012.

g.1. The fair value of the net assets of MEA acquired are as follows:

	US$
Current assets	1,438,002
Property, plant and equipment	239,287
Intangible assets	65,071,555
Other non-current assets	2,109,105
Deferred tax liability	(16,267,889)
Current liabilities	(1,702,588)
Non-current liabilities	(1,434,843)
Net Assets	49,452,629

Current assets include trade accounts receivable of nil as of acquisition date.

g.2. Goodwill from the acquisition of MEA is determined as follows:

	US$
Consideration paid in cash	27,000,000
Non-controlling interest on the fair value of net assets acquired	19,781,051
Total	46,781,051
Fair value of net assets acquired	(49,452,629)
Negative goodwill	(2,671,578)

IIR recognized negative goodwill of US$ 2,671,578 as bargain purchase gain directly in the 2012 consolidated statements of comprehensive income. Management believes that such bargain purchase gain was mainly due to the lower acquisition cost paid as compared to the expected future economic benefit from the mining rights owned by MEA, while future investments and capital expenditures are still required to develop MEA which was acquired as brownfield.

g.3. Net cash out flow on the acquisition amounted to:

	US$
Settlement of acquisition cost	27,000,000

	US$
Net cash out flow of the acquisition	27,000,000
Cash and cash equivalents acquired	(1,095,370)
Net cash out flow	25,904,630

The acquisition of MEA contributed revenue of nil and net loss of US$ 172,886 on the consolidated financial statements for the period from March 21, 2012 to December 31, 2012.

Acquisition-related costs amounting to US$ 111,675 were recognized as expenses in the 2012 consolidated statements of comprehensive income.

The non-controlling interest (40%) recognized at acquisition date was measured at the non-controlling interest's proportionate shares of the fair value of the acquiree's indentifiable net assets.

h. To comply with the BAPEPAM-LK's regulations regarding Public Company Take-Over, the Company has refloated to the public 25,125,000 shares representing 25% of Petrosea's issued shares. The Letter also stated that Citigroup Global Markets Limited and Macquarie Capital (Singapore) Pte. Limited, as initial purchasers, have an option to buy additional shares of Petrosea with a maximum of 3,782,000 shares. The option was exercised on February 24, 2012.

	US$
Proceeds from shares re-floating - net	106,662,427
Carrying amount of investment	(49,478,067)
Other equity	57,184,360

i. On January 27, 2012, MBSS acquired 600 shares (60% share ownership) of PT Usama Adhi Sejahtera (UAS) for a total price of US$ 23,385 (equivalent to Rp 210,000,000). In March 2012, UAS changed its name to become PT Mitra Alam Segara Sejati and commenced its commercial operations.

Year 2011

a. Indo Energy Capital BV (IEC BV) and Indo Energy Finance BV (IEF BV) were established in relation to the issuance of Senior Notes with face value of US$ 115 million and exchange offer of Notes of US$ 185 million in 2011 (Note 31).

b. Pursuant to the terms of the Option Agreement dated November 26, 2010, as amended by agreement dated February 18, 2011, on April 6, 2011, the Company, through IEI, exercised its call option to purchase 892,513,586 shares which constituted 51% of ownership in MBSS at US$ 0.19 (equivalent to Rp 1,630) per share or for a total consideration of US$ 168,165,200. The acquisition is part of the Company's strategy to develop its business in energy infrastructure segment and to complete the Company end-to-end operations along the coal value chain.

The acquisition was accounted for using the purchase method based on the fair value of the net assets of MBSS. Valuation of property, plant and equipment, investment property and identifiable intangible assets were determined by Kantor Jasa Penilai Publik (KJPP) Stefanus Tonny Hardi & Rekan, an independent appraiser, based on its report dated July 15, 2011.

b.1. Fair value of the net assets of MBSS acquired is as follows:

	US$
Current assets	65,146,457
Property, plant and equipment	203,220,526
Intangible assets	131,029,823
Other non-current assets	26,000,243
Deferred tax liability	(34,931,915)
Current liabilities	(60,767,426)
Non-current liabilities	(66,099,295)
Net Assets	263,598,413

Current assets include trade accounts receivable of US$ 16,142,885 as of acquisition date.

b.2. Goodwill from the acquisition of MBSS is determined as follows:

	US$
Consideration paid through bank loans	168,165,200
Non-controlling interest on the fair value of net assets acquired	129,163,222
Total	297,328,422
Fair value of net assets acquired	(263,598,413)
Goodwill	33,730,009

b.3. Net cash out flows on the acquisition are as follows:

	US$
Settlement of acquisition cost	
Bank loans (Note 25)	168,165,200

	US$
Net cash out flows of the acquisition	
Consideration paid through bank loans	168,165,200
Cash and cash equivalents acquired	(44,044,867)
Net cash out flow	124,120,333

Goodwill arose in the business combination because of the control premium and certain future benefits and intangible assets that do not meet the recognition criteria for identifiable intangible assets.

MBSS contributed US$ 99,003,555 of net revenues and US$ 19,218,956 of net income to the consolidated result for the period from April 6, 2011 to December 31, 2011.

Costs related to the acquisition amounted US$ 115,344 were recognized as expenses in year 2011.

The non-controlling interest (49%) recognized at acquisition date was measured at the non-controlling interest's proportionate shares of the fair value of the acquiree's identifiable net assets.

c. In March 2011, the Company together with ICPL established PT Indika Indonesia Resources (IIR), which will be engaged in mining and trading activities.

d. In 2011, the Company established PT Jati Warna Gas Utama (JGU) which will be engaged in operations of station for gas filling and transportation.

The Company's ownership in IIC, TPE, TPEC, TS, IEC BV., IEF B.V., IEC II B.V., IEF II B.V., IIE II B.V. and IIE B.V. were used as security for the bonds payable on first priority basis (Note 31). IIC's indirect ownership in SR and MRM through CIP were pledged to PT Intan Resource Indonesia (IRI) as a result of the Assignment Agreement for Coal Marketing Right Agreement entered between IRI and CIP (Note 51).

The Company's ownership in IPI was used as collateral in relation to a related party's loan facility (Note 49).

c. Public Offering of Shares of the Company and its Subsidiaries

On June 2, 2008, the Company obtained the notice of effectivity from the Chairman of the Capital Market and Financial Institution Supervisory Agency in his letter No. S-3398/BL/2008 for its public offering of 937,284,000 shares. On June 11, 2008, these shares were listed on the Indonesia Stock Exchange.

As of December 31, 2012 and 2011 and January 1, 2011/December 31, 2010, all of the Company's outstanding shares, 5,210,192 thousand, 5,210,192 thousand and 5,207,142 thousand, respectively, were listed on the Indonesia Stock Exchange.

d. Change of Reporting Currency

Prior to January 1, 2012, the reporting presentation currency used in the preparation of the consolidated financial statements was the Indonesian Rupiah. Starting January 1, 2012, the reporting presentation currency used in the preparation of the consolidated financial statements is the U.S. Dollar which is identified as the Company and its subsidiaries' functional currency based on the Company and its subsidiaries' primary economic environment where the Company and its subsidiaries operate. For reporting purposes of the Company and its subsidiaries whose functional currency is the U.S. Dollar, the beginning balances of the accounts were remeasured as if the reporting presentation currency has been used in prior years, in accordance with PSAK 10 (revised 2010), "The Effects of Changes in Foreign Exchange Rates", the measurement are based on the following:

- Monetary assets and liabilities were translated using the prevailing rates at reporting date;
- Non-monetary assets and liabilities and capital stock were measured using the historical rates;
- Non-monetary items that are measured at fair value in a foreign currency were translated using the exchange rates at the date when the fair value was determined;
- Income and expense were remeasured using the average exchange rate, except for depreciation of property, plant and equipment and amortization of non-monetary assets, which were remeasured using the historical exchange rates of the underlying assets; and

- The remeasurement differences from application of the above procedures were recorded as an adjustment to the retained earnings at January 1, 2010/December 31, 2009.

While for subsidiaries whose functional currency is not the U.S. Dollar, the financial statements were translated to the presentation currency (US$) based on the following:

- Assets and liabilities were translated using the prevailing rates at reporting date;
- Income and expenses were translated using the average exchange rate; and
- All resulting exchange differences were recognized in other comprehensive income.

The summary of the consolidated statements of financial position as of December 31, 2011 and January 1, 2011/December 31, 2010 and consolidated statements of comprehensive income for the year ended December 31, 2011 before and after the remeasurement are as follows:

	December 31, 2011		January 1, 2011/ December 31, 2010	
	Before remeasurement In millions of Rupiah	After remeasurement In United States Dollar *)	Before remeasurement In millions of Rupiah	After remeasurement In United States Dollar *)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	3,433,645	378,655,161	2,110,794	234,767,434
Other financial assets	1,099,001	121,195,532	1,616,306	179,769,325
Trade accounts receivable				
Related parties	174,679	19,263,234	39,830	4,429,986
Third parties - net	926,996	102,227,172	564,409	62,774,886
Unbilled receivables	8,208	905,161	2,191	243,688
Estimated earnings in excess of billings on contracts	62,846	6,930,525	86,107	9,577,021
Current maturities of other accounts receivable				
Related parties	87,112	9,606,528	54,388	6,049,160
Third parties	61,323	6,762,572	23,047	2,563,341
Inventories - net	100,253	11,038,364	50,446	5,610,045
Prepaid taxes	190,809	21,042,016	176,890	14,270,159
Other current assets	173,065	21,417,860	57,506	6,395,908
Sub total	6,317,937	699,044,125	4,781,914	526,450,953
Noncurrent assets held for sale	28,564	3,150,000	-	-
Total Current Assets	6,346,501	702,194,125	4,781,914	526,450,953
NONCURRENT ASSETS				
Other accounts receivable - net of current maturities				
Related parties - net	460,677	50,802,492	523,488	58,223,595
Third parties	-	-	9,231	1,026,693
Claim for tax refund	88,241	9,731,032	183,977	25,866,311
Deferred tax assets	1,740	191,884	1,367	152,041
Deferred expenditures	8,566	5,936,998	8,566	941,772
Investments in associates	3,036,864	330,330,452	2,654,577	289,469,539
Investments in jointly-controlled entities	213,406	22,892,000	146,819	15,626,000
Advances and other noncurrent assets	359,325	33,904,396	86,003	9,495,721
Investment property	10,146	1,097,313	-	-
Property, plant and equipment - net	5,349,777	590,189,493	1,895,715	213,471,915
Intangible assets	1,291,509	142,119,028	312,378	28,677,017
Goodwill	521,343	63,198,010	300,706	29,468,001
Other noncurrent financial assets	552,346	60,911,557	546,402	60,772,106
Refundable deposits	13,376	1,523,539	7,639	840,878
Total Noncurrent Assets	11,907,316	1,312,828,194	6,676,868	734,031,589
TOTAL ASSETS	18,253,817	2,015,022,319	11,458,782	1,260,482,542

*) as restated

	December 31, 2011		January 1, 2011/ December 31, 2010	
	Before remeasurement In millions of Rupiah	After remeasurement In United States Dollar *)	Before remeasurement In millions of Rupiah	After remeasurement In United States Dollar *)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade accounts payable				
Related parties	96,374	10,627,922	160,570	17,858,970
Third parties	782,648	86,308,778	429,362	47,754,644
Billings in excess of estimated earnings recognized	129,938	14,329,290	114,159	12,697,030
Other accounts payable				
Related parties	2,839	313,079	558	62,062
Third parties	25,386	2,799,515	9,555	1,062,729
Taxes payable	75,415	8,316,608	44,448	4,943,610
Deferred income	1,197	132,003	6,204	690,023
Accrued expenses	353,704	39,005,734	200,729	22,325,548
Advances from customers	8,398	956,547	4,626	509,218
Dividend payable	1,641	180,966	-	-
Bank loans	1,875,313	206,805,580	216,212	24,047,603
Current maturities of long-term debts				
Long-term loans	279,150	30,784,076	7,765	863,641
Lease liabilities	244,134	26,922,585	165,338	18,389,278
Bonds payable - net	586,025	64,625,585	-	-
Total Current Liabilities	4,462,162	492,108,268	1,359,526	151,204,356
NONCURRENT LIABILITIES				
Long-term liabilities - net of current maturities				
Long-term loans	706,388	77,898,985	13,525	1,504,282
Lease liabilities	387,486	42,731,143	277,607	30,876,098
Bonds payable - net	4,437,821	489,393,603	4,173,919	464,233,011
Other long-term liability - third parties	30,408	3,382,050	-	-
Deferred tax liabilities	350,417	38,643,251	83,347	9,270,048
Advance received from a related party	20,652	1,821,813	20,652	1,821,813
Negative goodwill	-	-	4,265	385,537
Post-employment benefits obligation	129,360	14,265,549	70,048	7,790,902
Total Noncurrent Liabilities	6,062,532	668,136,394	4,643,363	515,881,691
EQUITY				
Capital stock	521,019	56,892,154	520,714	56,856,461
Additional paid-in capital	2,238,195	239,985,258	2,228,816	238,887,685
Other components of equity	74,143	(1,771,620)	64,880	(3,056,507)
Difference in value of restructuring transaction between entities under common control	97,889	10,862,663	97,889	10,862,663
Retained earnings				
Appropriated	30,000	3,227,712	20,000	2,054,141
Unappropriated	3,475,668	397,227,548	2,506,032	286,010,629
Total equity attributable to owners of the Company	6,436,914	706,423,715	5,438,331	591,615,072
Non-controlling interest	1,292,209	148,353,942	17,562	1,781,423
Total Equity	7,729,123	854,777,657	5,455,893	593,396,495
TOTAL LIABILITIES AND EQUITY	18,253,817	2,015,022,319	11,458,782	1,260,482,542

*) as restated

	2011	
	Before remeasurement In millions of Rupiah	After remeasurement In United States Dollar *)
REVENUES		
Contracts and service revenues	4,848,641	552,268,978
Sales of coal	361,100	41,129,943
Total Revenues	5,209,741	593,398,921
COST OF CONTRACTS AND GOODS SOLD		
Cost of contracts and services	3,735,991	423,181,377
Cost of sales of coal	346,209	39,433,831
Total Cost of Contracts and Goods Sold	4,082,200	462,615,208
GROSS PROFIT	1,127,541	130,783,713
Equity in profit of associates and jointly-controlled entities	1,945,923	222,267,857
Investment income	64,959	7,398,947
General and administrative expenses	(962,652)	(109,705,618)
Finance cost	(657,917)	(74,652,914)
Amortization of intangible asset	(168,238)	(18,667,844)
Others - net	(8,049)	(3,051,679)
INCOME BEFORE TAX	1,341,567	154,372,462
TAX EXPENSE	(141,396)	(16,105,260)
PROFIT FOR THE YEAR	1,200,171	138,267,202
Other comprehensive income:		
Translation adjustments	51,666	6,054,637
Unrealized loss on derivative financial instrument (hedging reserve)	(54,013)	(5,956,440)
Other comprehensive income	(2,347)	98,197
Total comprehensive income for the year	1,197,824	138,365,399

*) as restated

e. Coal Contract of Work ("PKP2B")

MTU acquired various required permits and obtained PKP2B in the Province of Central Kalimantan of approximately 24,270 hectares (ha) and has signed the PKP2B in 1997 with the Government of the Republic of Indonesia.

In accordance with the PKP2B, MTU shall pay royalties to the Government on the exploitation of coal mineral at 13.5% of the coal produced, in cash amount at FOB (Free on Board) or at the price of the contractor's final load out at sale point.

PKP2B license covers the locations of Kananai, Swalang-Mea, Malintut Utara, Kananai Dua, Kananai Timur, Siung Malopot, Malintut Selatan, Tawo Karau, Lumuh dan Sungai Muntok which were obtained on May 4, 2009 and will mature on May 3, 2039.

f. Production Operation Mining Business Permit

Based on the Decree of the Regent of Kutai Timur No. 540.1/K.641/ITK/VII/2012 dated June 6, 2012, MEA was granted a Production Operation Mining Business Permit for 20 years for 3,650 hectares, located in the Kutai Timur Regency, East Kalimantan Province.

MEA is still under exploration stage to determine its coal reserve.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (PSAK) AND INTERPRETATION OF PSAK (ISAK)

a. Standards effective in the current period

In the current year, the Company and its subsidiaries have adopted all of the new and revised standards and interpretations issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to their operations and effective for accounting periods beginning on January 1, 2012. The adoption of these new and revised standards and interpretations has resulted in changes to the Company and its subsidiaries' accounting policies in the following areas, and affected the consolidated financial statements and disclosures for the current or the prior years.

- PSAK 10 (revised 2010), The Effects of Changes in Foreign Exchange Rates

  This revised standard provides indicators in determining an entity's functional currency, which include, among others, the currency (a) that mainly influences sales prices for goods and services; (b) of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services; and (c) that mainly influences labor, material and other costs of providing goods or services.

  When the indicators are mixed and the functional currency is not obvious, management should use its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

  There was limited guidance under the previous standard in regards to the determination of functional currency.

  The Company and its subsidiaries had determined that there is no change in the functional currencies of entities within the Group based on their assessment in accordance with the provisions of the revised standard.

- PSAK 60, Financial Instruments: Disclosures

  This new standard fully adopts the provisions of IFRS 7, Financial Instruments; Disclosure (including amendments to IFRS 7 as of March 2009), with limited exceptions, and supersedes the disclosure requirements of PSAK 50 (revised 2006), Financial Instrument: Presentation and Disclosure.

  This new standard resulted in the disclosures concerning (a) the significance of financial instruments for the Company and its subsidiaries' financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the Company and its subsidiaries' are exposed during the period and at the end of the reporting period, and how the entity manages those risks (Note 47).

- PSAK 33 (revised 2011), Stripping Cost Activity and Environmental Management in the Public Mining and PSAK 64, Exploration for and Evaluation of Mineral Resources.

  The revised PSAK 33 only prescribes the accounting treatment of costs related to stripping activities and environmental management activities. The accounting treatment of exploration and evaluation activity is addressed by PSAK 64, Exploration for and Evaluation of Mineral Resources. The accounting treatment of development or construction activity is addressed by PSAK 19, Intangible Assets and Conceptual Framework. PSAK 64 recognises that some exploration and evaluation assets are intangible and others are tangible. However, PSAK 64 does not prescribe whether exploration and evaluation assets should be classified as tangible or intangible.

According to PSAK 64, an entity shall not apply this standard to expenditure incurred before the exploration and evaluation of mineral resources, such as expenditure incurred before the entity has obtained the legal rights to explore a specific area or after the technical feasibility and commercial viability of extracting mineral resources are demonstrable.

On the adoption of the PSAK 33 and PSAK 64, the Company and its subsidiaries are required to reclassify deferred exploration and development expenditures into mining properties and development properties account on the consolidated statement of financial position.

- ISAK 25, Land Rights

  This interpretation clarifies the treatment of legal cost of land rights.

  The legal cost of land rights upon acquisition of the land is recognized as part of the cost of land in accordance with PSAK 16 (revised 2011), Property, Plant and Equipment or other relevant standards based on the intended use of the land.

  The cost of renewal or extension of legal rights on land is recognized as an intangible asset and amortized in accordance with PSAK 19 (revised 2010), Intangible Assets. Previously, the Company and its subsidiaries had accounted for legal cost on landrights upon acquisition of land as deferred charge and subsequently amortized over the term of such rights.

  The interpretation has been applied prospectively from January 1, 2012 in accordance with the transitional provision.

The following new and revised standards and interpretations have also been adopted in these consolidated financial statements. Their adoption has not had any significant impact on the amounts reported in these consolidated financial statements but may impact the accounting for future transactions or arrangements:

- PSAK 16 (revised 2011), Property, Plant and Equipment
- PSAK 18 (revised 2010), Accounting and Reporting by Retirement Benefit Plans
- PSAK 24 (revised 2010), Employee Benefits
- PSAK 26 (revised 2011), Borrowing Costs
- PSAK 28 (revised 2011), Accounting for Casualty Insurance Contract
- PSAK 30 (revised 2011), Leases
- PSAK 34 (revised 2010), Construction Contracts
- PSAK 36 (revised 2011), Accounting for Life Insurance Contract
- PSAK 45 (revised 2011), Financial Reporting for Non-Profit Organization
- PSAK 46 (revised 2010), Income Taxes
- PSAK 50 (revised 2010), Financial Instruments: Presentation
- PSAK 53 (revised 2010), Share-based Payments
- PSAK 55 (revised 2011), Financial Instrument: Recognition and Measurement
- PSAK 56 (revised 2011), Earnings per Share
- PSAK 61, Accounting for Government Grants and Disclosure of Government Assistance
- ISAK 13, Hedges of Net Investments in Foreign Operation
- ISAK 15, PSAK 24 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- ISAK 16, Service Concession Arrangements
- ISAK 18, Government Assistance – No Specific Relation to Operating Activities
- ISAK 20, Income Taxes – Change in Tax Status of an Entity or its Shareholders
- ISAK 22, Service Concession Arrangements: Disclosures
- ISAK 23, Operating Leases – Incentives
- ISAK 24, Evaluating the Substance of Transactions involving the Legal Form of a Lease
- ISAK 26, Reassessment of Embedded Derivatives

b. Interpretation in issue not yet effective

Effective for periods beginning on or after January 1, 2013 PSAK 38 (revised 2012), Business Combination Under Common Control and Amendment to PSAK 60, Financial Instrument Disclosure.

As of the issuance date of the consolidated financial statements, the effect of adoption of these standards and amendment on the consolidated financial statements is not known or reasonably estimated by management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards. These financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

b. Consolidated Financial Statement Presentation

The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting. The reporting presentation currency used in the preparation of the consolidated financial statements is the United States Dollar (US$), while the measurement basis is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies.

The consolidated statements of cash flows are prepared using the direct method with classifications of cash flows into operating, investing and financing activities.

c. Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately and presented within equity. The interest of non-controlling shareholders maybe initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net asset. The choice of measurement is made on acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus non-controlling interests' share of subsequent changes in equity. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having deficit balance.

Changes in the Company and its subsidiaries interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Company and its subsidiaries interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Company and its subsidiaries lose control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. When assets of the subsidiary are carried at revalued amount or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company and its subsidiaries had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable accounting standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PSAK 55 (revised 2011), Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

d. Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any assets or liabilities resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant accounting standards. Changes in the fair value of contingent consideration classified as equity are not recognized.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under PSAK 22 (revised 2010), Business Combination, are recognized at fair value, except for certain assets and liabilities that are measured using the relevant standards.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Company and its subsidiaries report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amount recognized as of that date.

The measurement period is the period from date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

e. Foreign Currency Transactions and Translation

The books of accounts of the Company and its subsidiaries and associates, except for certain subsidiaries and associates detailed below, are maintained in United States Dollar (US$). Transactions during the period involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At reporting dates, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are credited or charged to profit or loss.

The books of accounts of the following subsidiaries and associates are maintained in their functional currency, which is the Indonesian Rupiah (Rp):

- PT LPG Distribusi Indonesia (LDI)
- PT Satya Mitra Gas (SMG)
- PT Wahida Arta Guna Lestari (WAGL)
- PT Jatiwarna Gas Utama (JGU)
- PT Cotrans Asia (CA)

For consolidation purposes, assets and liabilities of the above subsidiaries and associates at the reporting date are translated into United States Dollar (US$) using the exchange rates at reporting date, while revenues and expenses are translated at the average rates of exchange for the year. The resulting translation adjustments are presented as part of other comprehensive income.

f. Transactions with Related Parties

A related party is a person or entity that is related to the Company and its subsidiaries (the reporting entity):

a. A person or a close member of that person's family is related to a reporting entity if that person:

   i. has control or joint control over the reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following conditions applies:

   i. The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

All transactions with related parties, whether or not made at similar terms and conditions as those done with third parties, are disclosed in the consolidated financial statements.

g. Financial Assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Company and its subsidiaries' financial assets are classified as follows:

- Fair Value Through Profit Or Loss (FVTPL)
- Available-for-Sale (AFS)
- Loans and Receivable

Fair Value Through Profit Or Loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel (as defined in PSAK 7: Related Party Disclosures), for example the entity's board of directors and chief executive officer.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 47.

Available-for-sale (AFS)

Investment classified as AFS are measured at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and in equity as accumulated in AFS Investment Revaluation, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in AFS Investment Revaluation is reclassified to profit or loss.

Investments in unlisted equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are also classified as AFS, measured at cost less impairment.

Dividends on AFS equity instruments, if any, are recognised in profit or loss when the Company's right to receive the dividends are established.

Loans and receivables

Receivable from customers and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for financial instruments other than those financial instruments at FVTPL.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company and its subsidiaries' past experiences of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in equity are reclassified to profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Derecognition of financial assets

The Company and its subsidiaries derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company and its subsidiaries neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company and its subsidiaries recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company and its subsidiaries retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company and its subsidiaries continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

h. Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company and its subsidiaries are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company and its subsidiaries are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments (treasury shares) is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instrument.

Financial liabilities

Financial liabilities are classified as either "at FVTPL" or "at amortized cost".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is part of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel (as defined in PSAK 7: Related Party Disclosures) for example the entity's board of directors and chief executive officer.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 47.

Financial Liabilities at Amortized Cost

Financial liabilities, which include trade and other payables, bonds, bank and other borrowings, initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Company and its subsidiaries derecognizes financial liabilities when, and only when, the Company's and its subsidiaries obligations are discharged, cancelled or expired.

i. Netting of Financial Assets and Financial Liabilities

The Company and its subsidiaries only offset financial assets and liabilities and present the net amount in the statement of financial position where they:

- currently have a legal enforceable right to set off the recognized amount; and
- intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j. Cash and Cash Equivalents

For cash flow presentation purposes, cash and cash equivalents consist of cash on hand and in banks and all unrestricted investments with maturities of three months or less from the date of placement.

k. Joint Venture

Jointly-controlled operations

PT Petrosea Tbk (Petrosea), a subsidiary, engages in some contracts through participation in unincorporated joint operations. In respect of its interests in jointly controlled operations, Petrosea recognises in its financial statements:

a. The assets that it controls and the liabilities that it incurs; and
b. The expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

Jointly-controlled entity

Petrosea recognizes its interest in a jointly controlled entity using the equity method of accounting.

l. Investments in Associates

An associate is an entity over which the Company and its subsidiaries are in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results of operations and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case, it is accounted for in accordance with PSAK 58 (Revised 2009), Non-current Assets Held for Sale and Discontinued Operations. Investments in associates are carried in the consolidated statements of financial position at cost as adjusted by post-acquisition changes in the Company and its subdiaries' share of the net assets of the associate, less any impairment in the value of the individual investments. Losses of the associates in excess of the Company and its subsidiaries' interest in those associates (which includes any long-term interests that, in substance, form part of the Company and its subsidiaries' net investment in the associate) are recognized only to the extent that the Company and its subsidiaries have incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company and its subsidiaries' share of the net fair value of identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition, is recognized as goodwill. Goodwill is included within the carrying amount of the investment and assessed for impairment as part of that investment. Any excess of the Company and its subsidiaries' share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, are recognised immediately in profit or loss.

When the Company and its subsidiaries transact with an associate, profits and losses are eliminated to the extent of its interest in the relevant associate.

m. Inventories

Coal inventories are recognized at the lower of cost and net realizable value. Cost, which includes an appropriate allocation of material costs, labor costs and overhead costs related to mining activities, is determined using the weighted average method. Net realizable value is the estimated sales price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

Spare parts and supplies, diesel fuel and fuel, lubricants and blasting materials are stated at cost or net realizable value, whichever is lower. Cost for spareparts and supplies as well as lubricants are determined using the weighted average method while diesel fuel and fuel are determined using the First-in-First-out (FIFO) method. The provision for obsolete and slow moving inventories is determined on the basis of estimated future usage of individual inventory items. Supplies of maintenance materials are charged to cost of contracts and goods sold and operating expenses in the period in which they are used.

n. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

o. Noncurrent Assets Held for Sale

Noncurrent assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the noncurrent asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Noncurrent assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

p. Investment Properties

Investment properties are properties (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both. Investment properties of the Group consisted of building which is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed using the straight-line method based on the estimated useful life of 20 years.

q. Property, Plant and Equipment - Direct Acquisitions

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognized so as to write off the cost of assets less residual values using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings, leasehold and improvements	5 - 20
Office furniture, fixture and other equipment	4 - 5
Motor vehicles and helicopter	4 - 20
Machinery and equipment	4 - 5
Vessels:	
Speedboat	4
Landed Craft Tank (LCT)	8
Barge, tug boat, motor vehicles and floating crane	16
Plant, equipment, heavy equipment and vehicles	4 - 12

Up to December 31, 2010, plant, equipment, heavy equipment and vehicles of Petrosea are depreciated on an hourly utilization basis over the estimated total machine operating life. Starting January 1, 2011, depreciation of such assets are based on the estimated useful lives mentioned above.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Land is stated at cost and is not depreciated.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

When assets are retired or otherwise disposed of, their carrying amount is removed from the accounts and any resulting gain or loss is reflected in profit or loss.

Construction in progress is stated at cost which includes borrowing costs during construction on debts incurred to finance the construction. Construction in progress is transferred to the respective property, plant and equipment account when completed and ready for use.

r. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessee

Assets held under finance leases are initially recognized as assets of the Company and its subsidiaries at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognized as expense in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Sale and Leaseback

Assets sold under a sale and leaseback transaction are accounted for as follows:

If the sale and leaseback transaction results in` a finance lease, any excess of sales proceeds over the carrying amount of the asset is deferred and amortized over the lease term.

If the sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. If the sale price is below fair value, any profit or loss is recognized immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value is recognized immediately.

For finance leases, no such adjustment is necessary unless there has been an impairment in value, in which case the carrying amount is reduced to recoverable amount.

s. Intangible Assets

Intangible assets acquired in a business combination are identified and recognized separately from goodwill when they satisfy the definition of an intangible asset and their fair value can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible asset, comprising of system development and computer software, include all direct costs related to preparation of the asset for its intended use and is amortized over 3 years using the straight-line method.

t. Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Company and subsidiaries' interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Effective January 1, 2011, goodwill is no longer amortised but is reviewed for impairment at least annually. Previously, goodwill is recognized as asset and amortized using the straight-line method over 5-10 years.

For the purpose of impairment testing, goodwill is allocated to each of the Company and the subsidiaries' cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of the subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

u. Deferred Charges for Landrights

Prior to January 1, 2012, expenses related to the legal processing of landrights are deferred and amortized using the straight-line method over the legal term of the landrights since the legal term of the right is shorter than its economic life.

Starting January 1, 2012, the Company and its subsidiaries adopted ISAK 25, Landrights, which has resulted to reclassification of deferred charges for landrights to cost of land acquisition (Note 2).

v. Impairment of Tangible and Intangible Assets Excluding Goodwill

At reporting dates, the Company and its subsidiaries review the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss or possibility to reverse the impairment that was previously recorded. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

Accounting policy for impairment of financial assets is discussed in Note 3g; while impairment for goodwill is discussed in Note 3t.

w. Exploration and Evaluation Assets

Exploration and evaluation activity involves the search for mineral resources, determination of the technical feasibility and assessment of the commercial viability of the mineral resource.

Exploration and evaluation expenditures comprise of costs that are directly attributable to:
- acquisition of rights to explore;
- topographical, geological, geochemical and geophysical studies;
- exploratory drilling;
- trenching and sampling; and
- activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

Exploration and evaluation expenditures related to an area of interest is written off as incurred, unless they are capitalised and carried forward, on an area of interest basis, provided one of the following conditions is met:

(i) the costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

(ii) exploration activities in the area of interest have not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Exploration and evaluation assets is recorded at cost less impairment charges. As the asset is not available for use, it is not depreciated.

Exploration and evaluation assets are assessed for impairment if facts and circumstances indicate that impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

x. Development Properties

Development expenditure incurred by or on behalf of the Company and its subsidiaries is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises of costs directly attributable to the construction of a mine and the related infrastructure.

Development phase begins after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Once a development decision has been taken, the carrying amount of the exploration and evaluation assets relating to the area of interest is aggregated with the development expenditure and classified under non-current assets as “development properties”.

A development property is reclassified as a “mining property” at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

No depreciation is recognised for development properties until they are reclassified as “mining properties”.

Development properties are tested for impairment in accordance with the policy in Note 3w.

y. Mining Properties

When further development expenditure is incurred on a mining property after the commencement of production, the expenditure is carried forward as part of the mining property when it is probable that additional future economic benefits associated with the expenditure will flow to the Company and its subsidiaries. Otherwise this expenditure is classified as a cost of production.

Mining properties (including exploration, evaluation and development expenditures, and payments to acquire mineral rights and leases) are depreciated using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of the proved and probable reserves.

Mining properties are tested for impairment in accordance with the policy described in Note 3w.

z. Stripping Costs

Stripping costs are recognised as production costs based on the annual planned stripping ratio. The annual planned stripping ratio is determined based on current knowledge of the disposition of coal resources and is estimated not to be materially different from the long term planned stripping ratio. If the actual stripping ratio exceeds the planned ratio, the excess stripping costs are recorded in the statements of financial position as deferred stripping costs. If the actual stripping ratio is lower than planned stripping ratio, the difference is adjusted against the amount of deferred stripping costs carried forward from prior periods or is recognised in the statements of financial position as accrued stripping costs. Changes in the planned stripping ratio are considered as changes in estimates and are accounted for on a prospective basis. The beginning balance of accrued or deferred stripping costs is amortised on a straight-line basis over the remaining mine life, or the remaining term of the mining license (Izin Usaha Pertambangan or IUP), whichever is shorter.

Deferred stripping costs are included in the cost base of assets when determining a cash generating unit for impairment assessment purposes.

aa. Provision

Provisions are recognized when the Company and its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that the Company and its subsidiaries will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

bb. Revenue and Expense Recognition

Contract Revenue and Cost of Contract

When the outcome of a construction contract can be measured realiably, contract revenue and contract cost associated with the construction contracts, are recognized using the percentage-of-completion method, measured by percentage of work completed to date as estimated by engineers and approved by the project owner. At reporting dates, earnings in excess of billings on construction contracts are presented as current assets, while billings in excess of estimated earnings are presented as current liability.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognized to the extent of contract costs incurred that is probable to be recoverable. Contract costs are recognized as expenses in the period they are incurred.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Cost of contracts include all direct materials, labor and other indirect costs related to the performance of the contracts.

Sale of Goods

Revenue from sales of goods is recognized when all of the following conditions are satisfied:

- The Company and its subsidiaries have transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company and its subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period.

The stage of completion of a transaction may be determined by a variety of methods. An entity uses the method that measures reliably the services performed. Depending on the nature of the transaction, the methods may include:

a. Surveys of work performed;

b. Services performed to date as a percentage of total services to be performed; or

c. The proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Dividend Revenue

Dividend revenue from investments is recognized when the shareholders' rights to receive payment has been established.

Interest Revenue

Interest revenue is recognized using the effective interest method.

Expenses

Expenses are recognized when incurred.

cc. Post-employment Benefits

The Company, IIC, Petrosea, MBSS, TPEC and TPE provide defined post-employment benefits to their employees in accordance with Labor Law No. 13/2003. No funding has been made to the defined benefit plans.

The cost of providing post-employment benefits is determined using the Projected Unit Credit Method. The accumulated unrecognized actuarial gains and losses that exceed 10% of the present value of the defined benefit obligations is recognized on the straight-line basis over the expected average remaining working lives of the participating employees (corridor approach). Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

Beginning January 1, 2012, PSAK 24 (revised 2010), Employee Benefits, also allows the recognition of accumulated actuarial gains and losses as other comprehensive income under equity, however, the Company and its subsidiaries continues to apply the corridor approach.

The post-employment benefits obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

When the curtailment or settlement occurs, any resulting gain or loss from is charged to statements of comprehensive income.

dd. Employee and Management Stock Option Program

Employee and Management Stock Option Program (EMSOP), an equity-settled share based payment arrangement, is measured at the fair value of the equity instrument at grant date. The fair value determined at grant date is expensed on a straight-line basis over the vesting period, based on management estimate of equity instruments that will eventually vest. At reporting dates, management revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimate, if any, is recognized in profit and loss over the remaining vesting period, with a corresponding adjustment in Stock Option account under equity.

ee. Income Tax

Non-Final Tax

Current tax expense in the consolidated statements of comprehensive income is determined on the basis of taxable income for the period computed in accordance with the prevailing tax rules and regulations.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and fiscal losses to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences and fiscal losses can be utilized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also charged or credited directly to other comprehensive income.

The measurement of deferred tax assets and liabilities reflects the consequences that would follow from the manner in which the Company and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company and its subsidiaries intend to settle their current tax assets and current tax liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss.

Final Tax

Tax expense on revenues subject to final tax is recognized proportionately based on the revenue recognized in the period. The difference between the final tax paid and current tax expense in the consolidated statement of comprehensive income is recognized as prepaid tax or tax payable. Prepaid final tax is presented separately from final tax payable.

Deferred tax is not recognized for the difference between the financial statement carrying amounts of assets and liabilities and their respective tax bases if the related revenue is subject to final tax.

ff. Earnings per Share

Basic earnings per share is computed by dividing net income attributable to owners of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share is computed by dividing net income attributable to owners of the Company by the weighted average number of shares outstanding as adjusted for the effects of all dilutive potential ordinary shares.

gg. Segment Information

Effective January 1, 2011, PSAK 5 (Revised 2009) requires operating segments to be identified on the basis of internal reports about components of the Company and its subsidiaries that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances. In contrast, the predecessor standard required the Company and its subsidiaries to identify two sets of segments (business and geographical), using a risks and returns approach.

An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to the transaction with other components of the same entity);

b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decision about resources to be allocated to the segments and assess its performance; and

c) for which discrete financial information is available.

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of their performance is more specifically focused on the category of each product, which is similar to the business segment information reported in the prior period.

The accounting policies used in preparing segment information are the same as those used in preparing the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards 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 these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying Accounting Policies

In the process of applying the accounting principles described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the consolidated financial statements, apart from those involving estimates which are dealt with below.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have the significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment Loss on Loans and Receivables

The Company and its subsidiaries make allowance for impairment losses based on an assessment of the recoverability of loans and receivables. Allowances are applied to loans and receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment loss on loans and receivables requires the use of judgment and estimates. Where the expectations are different from the original estimate, such difference will impact the carrying value of loans and receivable and provision for impairment losses on loans and receivables in the year in which such estimate has been changed. The carrying amounts of loans and receivable are disclosed in Notes 7, 10 and 49 to the consolidated financial statements.

Allowance for Stock Obsolescence

The Company and its subsidiaries make allowance for stock obsolescence based on their estimation that there will be no future usage of such inventories or such inventories will be slow moving in the future. While it is believed that the assumptions used in the estimation of the allowance for stock obsolescence reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the carrying value of the inventories and provision for stock obsolescence expense, which ultimately impact the result of the Company and its subsidiaries' operations.

Based on the assessment of the management, currently provided allowance for stock obsolescence of US$ 3,014,520, US$ 2,525,175 and US$ 2,525,175 as of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, respectively, are adequate. The carrying amounts of inventories are diclosed in Note 11 to the consolidated financial statements.

Estimated Useful Lives of Property, Plant and Equipment and Investment Property

The useful life of each of the item of the Company and its subsidiaries' property, plant and equipment and investment property are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property, plant and equipment and investment property would affect the recorded depreciation expense and decrease in the carrying values of property, plant and equipment and investment property.

There is no change in the estimated useful life of property, plant and equipment and investment property during the year, except for Petrosea, a subsidiary, which changed the basis of its depreciation, (refer to Note 3q to the consolidated financial statements). The aggregate carrying value of property, plant and equipment and investment property have been disclosed in Notes 21 and 20 to the consolidated financial statements.

Asset Impairment

Tangible and intangible assets, other than goodwill, are reviewed for impairment whenever impairment indicators are present. While for goodwill, impairment testing is required to be performed at least annually irrespective of whether or not there are indicators of impairment. Determining the value in use of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets (cash generating unit) and a suitable discount rate in order to calculate the present value.

While it is believed that the assumptions used in the estimation of the value in use of assets reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

Based on the assessment of the management, there is no impairment indication on the Company and its subsidiaries' property, plant and equipment, investment property, as well as intangible assets. Impairment testing of goodwill does not result in write down for impairment loss. The carrying value of assets, on which impairment analysis are applied, were described in Notes 21, 20, 22 and 23, respectively, to the consolidated financial statements.

Employment Benefits Obligation

The determination of employment benefits obligation is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rate and rate of salary increase. Actual results that differ from the Company and its subsidiaries' assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While it is believed that the Company and its subsidiaries' assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company and its subsidiaries' employment benefit obligations.

Employment benefit obligations amounted to US$ 21,278,287, US$ 14,265,549 and US$ 7,790,902, as of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, respectively (Note 33).

Measuring Construction Contracts in Progress Measured at Percentage-of-Completion

The determination of percentage of completion of construction contracts in progress is dependent on the judgment and estimations of the engineers. While it is believed that the Company and its subsidiaries' assumptions are reasonable and appropriate, significant differences in actual experience or significant change in assumptions may materially affect the Company and its subsidiaries' revenue recognition.

The consolidated financial statement items related to construction contracts are disclosed in Notes 9 and 51.

Fair value of acquired identifiable assets and liabilities from business acquisition (Note 1)

The fair values of acquired identifiable assets and liabilities in a business acquisition are determined by using valuation techniques. The Company and its subsidiaries' used their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the acquisition date.

To the extent that the determination of fair value of acquired are made based on different assumptions and market conditions, the carrying values of goodwill, intangible assets and other acquired identifiable assets and liabilities from such business acquisitions will be affected.

Valuation of financial instruments

As described in Note 47, the Company and its subsidiaries use valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

Note 47 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

5. CASH AND CASH EQUIVALENTS

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Cash on hand			
Rupiah	588,835	397,331	499,388
U.S. Dollar	92,220	31,870	23,579
Singapore Dollar	416	4,191	4,115
Cash in banks - third parties			
Rupiah			
Citibank, N.A.	16,498,124	5,266,321	1,564,342
PT Bank Mandiri (Persero) Tbk	5,776,463	9,294,332	3,068,958
PT Bank Artha Graha International Tbk	2,741,479	2,025,033	528,417
Standard Chartered Bank	2,517,942	63,300	-
The Hongkong and Shanghai Banking Corporation Limited	1,397,235	676,886	632,521
PT Bank Negara Indonesia (Persero) Tbk	1,284,790	406,705	-
PT Bank CIMB Niaga Tbk	999,971	1,339,546	219,331
PT Bank Central Asia Tbk	645,638	816,939	156,045
PT Bank International Indonesia Tbk	231,511	101,235	-
PT Bank Rakyat Indonesia (Persero) Tbk	124,840	60,432	1,891
PT Bank KEB Indonesia	38,036	40,141	42,709
PT Bank Victoria International Tbk	35,370	50,066	33,367
Bank Papua	25,150	7,168	-
PT Bank Pembangunan Daerah Jawa Barat dan Banten, Bandung Branch	22,449	23,599	23,357
PT ANZ Panin Bank	19,493	9,153	111
JP Morgan Chase Bank, N.A.,	4,179	4,521	4,560
PT Bank Permata Tbk	665	441	-
PT Bank Danamon Indonesia Tbk	222	221	-
PT Bank Tabungan Negara, Semarang Branch	90	1,323	2,225
Deutsche Bank AG	-	4,852	191,859
PT Bank Syariah Mandiri	-	4,632	-
PT Bank UOB Indonesia	-	441	-
U.S. Dollar			
Citibank, N.A.	44,257,878	22,428,209	33,198,754
PT Bank Mandiri (Persero) Tbk	34,817,557	12,096,824	17,252,808
Standard Chartered Bank, Jakarta Branch	30,523,989	51,831	-
PT ANZ Panin Bank, Jakarta Branch	10,856,773	676,445	1,724,947
JP Morgan Chase Bank, N.A.,	5,527,233	25,213,167	5,204,204
The Hongkong and Shanghai Banking Corporation Limited	5,404,298	6,074,989	4,621,510
PT Bank International Indonesia Tbk	4,241,901	2,231,253	-
PT Bank Danamon Indonesia Tbk	4,179,013	1,496,581	-
PT Bank Artha Graha International Tbk	4,011,566	675,452	708,820
DBS Bank Ltd.	3,217,469	6,719,343	2,027,250
ING Bank, N.V.	2,424,684	363,366	98,209
PT Bank CIMB Niaga Tbk	1,759,637	415,527	302,525
PT Bank Negara Indonesia (Persero), Tbk	1,728,791	-	-
PT Bank Permata Tbk	1,081,915	180,304	-
PT Bank KEB Indonesia	1,033,251	869,872	1,017,351
Bank Oversea - Chinese Banking Corporation Limited	975,621	557,675	638,416
UBS AG	661,340	6,948	222
PT Bank Permata Syariah	250,735	4,742	-
PT Bank Central Asia Tbk	228,862	882	1,112
Malayan Banking Berhad, Singapore	14,874	20,291	-
PT Bank Exim	3,503	-	-
PT ANZ Panin Bank, Singapore Branch	2,896	10,035	10,010
Deutsche Bank AG	-	2,194,861	2,194,973
PT Bank Syariah Mandiri	-	37,715	-
Korea Exchange Bank	-	1,434	1,446
Forward	190,248,904	102,958,425	75,999,332

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Forward	190,248,904	102,958,425	75,999,332
Singapore Dollar			
DBS Bank Ltd.	2,035,542	2,791,023	631,187
Bank Oversea - Chinese Banking Corporation Limited	142,551	74,768	82,749
Malayan Banking Berhad, Singapore	41,983	31,981	-
PT Bank International Indonesia Tbk	30,827	1,323	-
Australian Dollar			
The Hongkong and Shanghai Banking Corporation Limited	35,882	33,966	36,036
Dollar Hongkong			
The Hongkong and Shanghai Banking Corporation Limited	10,824,280	-	-
Euro			
PT Bank International Indonesia Tbk	119,104	20,953	-
ING Bank, N.V.	15,642	13,123	12,679
The Hongkong and Shanghai Banking Corporation Limited	8,259	8,050	8,008
Citibank, NA	7,533	19,629	-
Korea Exchange Bank	1,182	993	5,561
Call deposit - U.S. Dollar			
UBS AG - third parties	109,386,336	150,527,128	74,827,605
Time deposits - third parties			
Rupiah			
Citibank, NA	12,409,513	17,438,355	-
PT Bank Artha Graha International Tbk	3,619,442	-	-
PT BPR Bina Dana Cakrawala	1,286,817	1,282,532	1,755,645
PT Bank International Indonesia Tbk	1,044,198	397,442	-
The Hongkong and Shanghai Banking Corporation Limited	707,965	-	-
PT Bank Mandiri (Persero) Tbk	51,519	53,816	52,942
PT ANZ Panin Bank	15,011	15,549	14,904
PT Bank Victoria International Tbk	-	13,796,317	13,054,054
PT Bank CIMB Niaga Tbk	-	11,720,225	-
PT Bank Tabungan Negara	-	1,047,971	-
Deutsche Bank AG	-	190,119	-
U.S. Dollar			
PT Bank CIMB Niaga Tbk	5,131,855	18,120,423	20,551,774
UBS AG	4,336,321	11,089,325	541,097
PT Bank Permata Tbk	4,000,000	-	-
Standard Chartered Bank	3,500,000	-	-
PT Bank Artha Graha International Tbk	1,150,000	2,649,978	1,800,022
JP Morgan Chase Bank, N.A.,	225,000	224,967	225,003
PT ANZ Panin Bank	-	43,146,890	36,106,329
The Hongkong and Shanghai Banking Corporation Limited	-	999,890	2,008,008
PT Bank International Indonesia Tbk	-	-	5,005,784
PT Bank Mandiri (Persero) Tbk	-	-	2,048,715
Total	350,375,666	378,655,161	234,767,434
Interest rates per annum on time deposits			
Rupiah	2.30% - 9.00%	3.17% - 11.00%	4.7% - 11.00%
U.S. Dollar	0.001% - 0.50%	0.065% - 4.00%	0,05% - 4,00%

6. OTHER FINANCIAL ASSETS

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Guarantee deposit for bank loans			
Time deposits - third parties			
U.S. Dollar			
DBS Bank Ltd.	28,589,698	33,125,555	-
PT Bank Mandiri (Persero) Tbk	2,150,000	2,150,000	2,150,000
Restricted Cash in Banks			
PT Bank Pembangunan Daerah Jawa Barat dan Banten (Note 29)	146	110	111
ING Bank, Amsterdam Branch (Note 31)	-	3,391,376	4,910,244
Time deposits - third parties			
U.S. Dollar			
PT Bank CIMB Niaga	4,137	4,411	4,449
DBS Bank Ltd.	-	7,029,363	52,211,394
Deutsche Bank AG, Singapore Branch	-	-	20,049,716
Sub total	30,743,981	45,700,815	79,325,914
Held-for-trading investments at fair value			
Investments in units of funds - third parties			
UBS AG	40,026,825	10,245,048	100,443,411
Investment in bond - third parties			
U.S. Dollar			
UBS AG	-	65,249,669	-
Total	70,770,806	121,195,532	179,769,325
Interest rates per annum			
Time deposits			
U.S. Dollar	0.07% - 0.50%	0.06% - 7.25%	0.03% - 4.00%
Investment in bond	-	0.98%	-

Guarantee deposit for bank loans

Time deposits in DBS Bank Ltd. (DBS) were used as collateral for the short-term loans facilities granted by DBS to IIC (Note 51). These time deposits have terms of three months.

Time deposits in PT Bank Mandiri (Persero) Tbk amounting to US$ 2,150,000 has a term of one month and was used as collateral for credit facilities obtained by TPEC from the same bank (Notes 25 and 51).

Time deposits

In 2010, time deposits placed with Deutsche Bank AG, Singapore Branch represented time deposits with terms of 3 to 6 months and matured in February and April 2011. Such time deposits bear interest rates per annum based on the foreign exchange fluctuation of U.S. Dollar against Indonesian Rupiah within a certain range during the term of the time deposits.

Time deposits in DBS Bank Ltd. (DBS) are not used as collateral and have terms of six months and matured in April 2012.

Held-for-trading investments

UBS AG

Investments in units of fund at UBS AG represent the investment owned by:

Subsidiaries	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
ICRL	40,026,825	10,036,048	100,234,411
TS	-	209,000	209,000
Total	40,026,825	10,245,048	100,443,411

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, unrealized gain on investment in units of fund amounted to US$ 26,825, US$ 12,073 and US$ 370,189, respectively.

The fair value measurement of investment in units of funds were derived from quoted prices in active market for identical assets and liabilities.

Investment in bond

This account represents ICRL's investment in bond issued by UBS AG having a value of US$ 65,000,000. The bond was due in February 2012 and carries fixed interest rate at 0.98% per annum, payable at maturity.

7. TRADE ACCOUNTS RECEIVABLE

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
a. By debtor:			
Related parties			
PT Santan Batubara	25,302,975	11,630,018	4,386,053
PT Kideco Jaya Agung	6,443,980	7,352,227	-
PT Cotrans Asia	1,508,156	-	-
PT Petrosea Calibere - Robert & Schaefer JO	190,181	190,009	43,933
Others (each below US$ 100,000)	21,266	90,980	-
Total	33,466,558	19,263,234	4,429,986

(Forward)

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Third parties			
PT Gunung Bayan Pratama Coal	26,288,800	17,842,964	12,739,824
PT Adimitra Baratama Nusantara	15,486,033	7,023,048	4,940,318
PT Perta-Samtan Gas	14,797,623	19,516,873	7,536,586
Mobil Cepu Ltd	9,737,747	1,334,473	-
PT Adaro Indonesia	8,127,231	6,035,730	-
PT Kaltim Prima Coal	5,545,042	3,112,704	-
PT Bayan Resources	3,192,013	10,572,453	17,554,860
PT Freeport Indonesia	3,010,116	2,153,066	3,239,707
PT Berau Coal	2,794,695	1,896,118	-
PT M.I. Indonesia	2,070,856	673,026	781,047
PT Holcim Indonesia Tbk	2,003,179	2,668,946	-
PT Karbon Mahakam	1,857,803	1,331,716	-
PT Borneo Indobara	1,671,792	2,094,288	-
PT Indocement Tunggal Prakarsa Tbk	1,658,388	1,058,999	-
PT Chevron Geothermal	1,400,397	399,868	-
PT Singlurus Pratama	1,186,583	1,382,995	-
PT Trubaindo Coal Mining	1,042,951	1,273,269	-
PT Prima Multi Artha	897,084	956,661	-
BUT Eni Muara Bakau BV	875,056	6,948	718,284
BUT Niko Resources Limited	756,594	-	-
Chevron Makassar Ltd	693,615	-	-
Premier Oil Natuna Sea BV	586,081	200,265	-
PT Bahari Cakrawala Sebuku	-	1,683,944	-
PT Alfa Trans Raya	-	1,493,604	-
PT Bukit Asam (Persero) Tbk	-	1,279,334	-
PT Kitadin	-	1,220,225	-
BUT Chevron Rapak Ltd.	-	894,464	-
PT Chevron Pacific Indonesia	-	1,981,473	1,319,380
PT Halliburton Indonesia	-	567,049	953,395
PT Bukit Baiduri Energi	-	571,019	557,890
JOB Pertamina Talisman Jambi Merang	-	3,307,345	-
Makasar Strait Exploration Consorsium	-	2,941,001	2,003,424
Others (less than US$ 500,000)	6,504,738	7,335,351	11,981,500
Total	112,184,417	104,809,219	64,326,215
Allowance for impairment losses	(2,192,469)	(2,582,047)	(1,551,329)
Net	109,991,948	102,227,172	62,774,886
Total	143,458,506	121,490,406	67,204,872

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
b. By age category:			
Current	115,589,954	98,527,680	57,284,062
Overdue			
1 - 30 days	20,963,848	12,141,045	5,206,985
31 - 90 days	3,317,448	5,815,505	2,084,084
91 - 180 days	2,455,296	4,996,251	1,478,701
> 181 days	3,324,429	2,591,972	2,702,369
Total	145,650,975	124,072,453	68,756,201
Allowance for impairment losses	(2,192,469)	(2,582,047)	(1,551,329)
Net	143,458,506	121,490,406	67,204,872
Over due but not impaired			
Overdue			
1 - 30 days	20,963,848	12,141,045	5,206,985
31 - 90 days	3,317,448	5,815,505	2,084,084
91 - 180 days	2,455,296	4,996,251	1,478,701
> 181 days	1,131,960	9,925	1,151,040
Total	27,868,552	22,962,727	9,920,810
c. By currency:			
U.S. Dollar	143,791,151	114,220,777	66,560,964
Singapore Dollar	278,761	13,013	13,166
Rupiah	1,581,063	9,838,663	2,182,071
Total	145,650,975	124,072,453	68,756,201
Allowance for impairment losses	(2,192,469)	(2,582,047)	(1,551,329)
Net	143,458,506	121,490,406	67,204,872
Movement in the allowance for impairment losses			
Beginning balance	2,582,047	1,551,329	2,784,134
Impairment losses recognized on receivables	1,882	-	270,826
Translation adjustments	-	63,912	30,125
Balance transferred due to acquisition of MBSS	-	966,806	-
Amounts written off during the year as uncollectible	(391,460)	-	(1,533,756)
Ending balance	2,192,469	2,582,047	1,551,329

Trade accounts receivables disclosed above include amounts of retention receivables which were recorded by TPEC and TPE as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
TPEC			
Third parties			
PT Perta - Samtan Gas	13,997,898	12,008,195	3,311,425
BUT Chevron Geothermal Salak Ltd and BUT Chevron Geothermal Indonesia	285,189	-	-
JOB Pertamina Talisman Jambi Merang	-	780,556	-
Total	14,283,087	12,788,751	3,311,425

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
TPE			
Third parties			
PT Foster Wheeler C & P	4,791	-	-
BUT Chevron Rapak Ltd	-	11,291	-
Total	4,791	11,291	-
Total	14,287,878	12,800,042	3,311,425

Management believes that all such receivables can be realized.

Trade accounts receivable of TPEC, Petrosea and MBSS, consolidated subsidiaries, with a total carrying amount of US$ 65,574,693, US$ 106,565,886 and US$ 49,043,386 as of December 31, 2012, 2011, and January 1, 2011/December 31, 2010, respectively, were used as collateral for bank loans, long-term loans and credit facilities (Notes 25, 29 and 51).

The average credit period on revenues from sales of goods and services are 60 days. No interest is charged on trade accounts receivable.

Allowance for impairment losses on trade receivables are recognized based on estimated recovarable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Management believes that the allowance for impairment losses from third parties is adequate. No allowance for impairment losses was provided on receivables from related parties as management believes that all such receivables are collectible.

8. UNBILLED RECEIVABLES

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Third parties			
Premier Oil Natuna Sea BV	491,498	348,588	-
Conoco Phillips Indonesia Inc. Ltd.	443,955	-	-
PT Foster Wheeler C&P Indonesia	293,555	-	-
PT Pertamina Hulu Energy ONWJ	-	460,190	243,688
BUT Chevron Rapak Ltd	-	96,383	-
Total	1,229,008	905,161	243,688

9. ESTIMATED EARNINGS IN EXCESS OF BILLINGS ON CONTRACTS AND BILLINGS IN EXCESS OF ESTIMATED EARNINGS RECOGNIZED

TPEC has various agreements entered into with third parties for the provision of various construction related services, as disclosed in detail in Note 51f.

Following are the details of construction costs and billed invoices related to those contracts:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Accumulated construction costs	827,271,903	707,637,263	574,559,562
Accumulated recognized profit	82,356,173	99,627,377	84,359,084
Accumulated revenue recognized	909,628,076	807,264,640	658,918,646
Deduction:			
Progress billings	(884,938,040)	(814,663,405)	(662,038,745)
Net	24,690,036	(7,398,765)	(3,120,099)
The above consists of:			
Estimated earnings in excess of billings on contracts	24,690,036	6,930,525	9,577,021
Billings in excess of revenues recognized	-	(14,329,290)	(12,697,030)
Net	24,690,036	(7,398,765)	(3,120,009)

10. OTHER ACCOUNTS RECEIVABLE

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Third parties			
PT Intan Cempaka Perkasa (Note 19)	3,004,964	-	-
Employee loan	2,499,965	2,210,521	1,925,259
PT Airfast Indonesia	1,753,099	-	-
PT Dian Perkasa Shipyard	608,066	648,434	-
Interest receivable from banks	80,128	249,338	298,410
PT Clough (Petrosea - Clough Joint Operation)	-	2,445,964	-
Others	1,738,523	1,208,315	1,366,365
Total	9,684,745	6,762,572	3,590,034
Less current maturities	8,716,972	6,762,572	2,563,341
Noncurrent maturities	967,773	-	1,026,693

PT Dian Perkasa Shipyard

Other accounts receivable from PT Dian Perkasa Shipyard represents a receivable from minority shareholder of PT Mitra Jaya Offshore.

Other accounts receivable denominated in currencies other than the respective functional currency of the Company and its subsidiaries are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Rupiah	7,323,581	6,483,238	3,025,470

No allowance for impairment losses was provided for other accounts receivable as management believes that all such receivables are fully collectible.

11. INVENTORIES – NET

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Coal inventories	9,523,393	-	-
Spare parts and supplies	11,272,897	11,389,662	7,450,108
Diesel fuel and fuel	2,909,956	1,455,702	552,928
Lubricants	143,000	718,175	132,184
Blasting materials	19,311	-	-
Total	23,868,557	13,563,539	8,135,220
Allowance for decline in value	(3,014,520)	(2,525,175)	(2,525,175)
Net	20,854,037	11,038,364	5,610,045
Changes in the allowance for decline in value are as follows:			
Balance at beginning of year	2,525,175	2,525,175	2,352,000
Additions	489,345	-	296,076
Write-off	-	-	(122,901)
Balance at end of year	3,014,520	2,525,175	2,525,175

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, inventories amounting to US$ 7,466,000, US$ 11,019,000 and US$ 8,134,000, respectively, were insured through a consortium led by PT Asuransi Wahana Tata against all risks for US$ 12,336,679, US$ 10,293,551 and US$ 11,889,137, respectively. Spareparts and supplies of MBSS amounting to US$ 3,597,343 were included in the vessel's insurance (Note 21).

Management believes that the insurance coverage is adequate to cover possible losses to inventories insured.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, no decline in the value of inventories was recognized as deduction to the cost of inventories and charged to the current year's profit or loss nor was there a condition or event which indicates recovery of the decline in the value of inventories.

As of December 31, 2012 and 2011, inventories recognized in expenses and was recorded as cost of contracts and goods sold amounted to US$ 97,540,606 and US$ 70,996,961, respectively.

12. PREPAID TAXES

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Excess payment of corporate income tax -			
Company			
2012	79,632	-	-
2010	-	98,478	99,322
Subsidiaries			
2012	7,863,983	-	-
2011	-	17,644	-
2010	-	134,760	55,500
2009	-	121,195	118,229
2008	-	86,348	86,309
2007	-	105,315	105,328
Income tax article 23	96,733	-	-
Value Added Tax - net	30,481,891	20,478,276	13,805,471
Total	38,522,239	21,042,016	14,270,159

13. OTHER CURRENT ASSETS

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Prepaid expense			
Insurance	3,577,043	2,989,918	1,792,342
Rent	3,138,901	1,819,683	-
Others	2,695,983	3,447,955	-
Advance			
Advance for projects	6,105,031	2,419,310	2,356,968
Advance purchase of coal	5,313,766	5,520,000	-
Advance for vessel maintenance	1,874,036	2,924,635	-
Advance purchase of fuel	478,154	-	-
Others	2,850,870	2,296,359	2,246,598
Total	26,033,784	21,417,860	6,395,908

Advance for projects represents advance payments to subcontractors and operational expenses for projects by TPEC and IIC.

Advance purchase of coal represents advance payments made by IIC.

14. INVESTMENTS IN ASSOCIATES

	Carrying amount		
	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
PT Kideco Jaya Agung	256,298,486	295,425,904	251,244,098
PT Sea Bridge Shipping	15,250,624	12,637,299	9,410,688
PT Cirebon Electric Power	11,295,343	17,011,543	24,018,400
PT Cotrans Asia	4,131,384	4,241,198	3,806,355
PT Intan Resource Indonesia	836,382	837,118	806,345
PT Cirebon Power Services	171,624	75,592	74,993
Twinstar Shipping Ltd.	96,044	101,798	108,660
Total	288,079,887	330,330,452	289,469,539

Changes in investments in associates are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Carrying amount at beginning of year	330,330,452	289,469,539	314,499,068
Additions	-	24,998	2,847,379
Equity in profit of associates net of amortization	176,224,448	209,951,857	144,498,092
Dividends	(212,469,070)	(163,159,502)	(172,375,000)
Share in other comprehensive income of associates	(6,005,943)	(5,956,440)	-
Carrying amount at end of year	288,079,887	330,330,452	289,469,539

Other comprehensive income of associate represents unrealized loss on derivative financial instruments of CEP (hedging reserve).

Summarized financial information in respect to the Company's associates above is set out below:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Total assets	1,799,594,913	2,021,436,357	1,254,183,952
Total liabilities	1,310,392,955	1,160,063,695	667,086,046
Net assets	489,201,958	861,372,662	587,097,906
Total revenue for the year	2,612,201,958	2,374,038,846	1,698,058,331
Net income for the year	406,901,984	468,537,317	324,226,528

PT Kideco Jaya Agung

IIC owns 115,159 shares, representing 46% ownership interest in PT Kideco Jaya Agung (KJA), a company engaged in exploration, development, mining and marketing of coal, under a coal cooperation agreement covering an area located in East Kalimantan, Indonesia. KJA is domiciled in Jakarta and started its commercial operations in 1993. Equity in net profit of KJA includes the amortization of intangible assets resulting from the acquisition of IIC's interest in KJA. The amortization amounted to US$ 6,944,988 each for the years ended December 31, 2012 and 2011, respectively.

IIC's investment in KJA was used as collateral on a first priority basis for bonds payable (Note 31).

PT Sea Bridge Shipping

In October 2008, TPEC established PT Sea Bridge Shipping (SBS), a company engaged in domestic goods shipment. TPEC owns 46% ownership interest. SBS is domiciled in Jakarta and started its commercial operations in 2008.

PT Cirebon Electric Power

In 2007, the Company through its subsidiaries, IPI and III, acquired 19.99% of ownership interest in CEP. CEP is engaged in a coal-fired power plant to generate electricity for sale to PT PLN (Persero) and started commercial operation on July 27, 2012. CEP is domiciled in Cirebon - West Java.

Addition of US$ 2,847,379 in year 2010 consisted of reclassification from advance for investment to CEP, representing working capital provided to CEP, which were converted as additional investment of the subsidiaries in CEP in line with approval from the Minister of Law and Human Rights of the Republic of Indonesia through decision letter No. AHU-03284.AH.01.02.Tahun 2010 dated January 21, 2010.

Starting January 1, 2011, the Company and its subsidiaries adopted PSAK 15 (revised 2009), Investments in Associates, which resulted in a reclassification of CEP from advances for investments to investments in associates.

The Company's indirect ownership in CEP was used as collateral to a related party's loan facility (Note 49).

PT Cotrans Asia

In June 2007, TPEC acquired 1,800 shares or 45% ownership in PT Cotrans Asia, a company engaged in coal transportation and transshipment service. PT Cotrans Asia is domiciled in East Kalimantan and started its commercial operations in 2004.

PT Intan Resource Indonesia

IIC owns 866 shares, representing 43.3% of ownership interest in PT Intan Resource Indonesia (IRI), a company engaged in coal trading and mining consultancy. IRI is domiciled in Jakarta and still under development stage.

PT Cirebon Power Services

In February 2010, the Company through its subsidiaries, IPI and III acquired 19.99% of ownership interest in PT Cirebon Power Services (CPS). CPS is engaged in the operation and maintenance of electrical equipment and facility and started its commercial operations on July 27, 2012. CPS is domicile in Cirebon - West Java.

The Company's indirect ownership in CPS was used as collateral to a related party's loan facility (Note 49).

Twinstar Shipping Limited

Investment in share in Twinstar Shipping Limited represents investment of TRIL, a subsidiary, with 46% ownership interest. Twinstar Shipping Limited is a transshipment company domiciled in Hong Kong and started its commercial operations in 2004.

15. CLAIM FOR TAX REFUND

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Company 2007 - 2010 fiscal years	-	4,917,402	6,282,950
IIC 2011 fiscal year	855,831	-	-
IIC 2010 fiscal year	1,960,514	1,003,860	1,012,457
IIC 2006 fiscal year	2,653,788	2,829,951	6,436,993
IIC 2004 and 2005 fiscal years	-	-	5,750,083
KPI 2007, 2008 and 2009 fiscal years	1,375,278	979,819	979,868
Petrosea 2009 fiscal year	-	-	2,957,958
Petrosea 2008 fiscal year	-	-	2,446,002
Total	6,845,411	9,731,032	25,866,311

Tax Assessment Letters

Company

In December 2011 and January 2012, the Directorate General of Taxation (DGT) issued Tax Assessment Letters on the Company's Value Added Tax (VAT) pertaining to year 2007-2010. Based on such assessment letters, the Company's tax overpayment amounted to Rp 56,471 million (equivalent to US$ 6,227,541 in 2011 and US$ 6,282,950 in 2010), netting off with various underpayment totalling to Rp 11,880 million (equivalent to US$ 1,310,139 as of December 31, 2011). The difference between the recorded VAT and tax assessment letters were charged to statements of comprehensive income in 2011.

In February 2012, the Company received the overpayment from DGT.

IIC

2010 and 2011 Fiscal Years

In 2010, Directorate General of Taxation (DGT) issued a Tax Collection Letter (TCL) on IIC's tax obligation for income tax article 26 for the June 2010 fiscal period amounting to Rp 9,103 million (equivalent to US$ 941,392 in 2012, US$ 1,003,860 in 2011 and US$ 1,012,457 in 2010). On the same time, IIC paid such tax obligations, and recorded the amount as part of claim for tax refund. IIC then filed a request letter for reduction or cancellation of TCL from DGT, which was then objected by DGT. IIC filed an appeal against the TCL to Tax Court.

The process in Tax Court is still on going and management believes that the above tax matter will be resolved in favor of IIC and accordingly, no provision was made as of reporting dates.

The same tax status and process also occurred on IIC's tax obligation for income tax article 26 for the December 2010 and June 2011 fiscal periods, where on these tax obligations, DGT issued tax collection letters amounting to Rp 9,855 million (equivalent to US$ 1,019,122 in 2012) and Rp 8,276 million (equivalent to US$ 855,831 in 2012), respectively, in December 2011. These amounts were recorded under claim for tax refund.

Management believes that the above tax matters will be resolved in favor of IIC and accordingly, no provision was made as of reporting dates.

2006 Fiscal Year

In 2010, DGT conducted an audit of the tax obligations of IIC pertaining to year 2006, which include corporate income tax, income taxes article 21, 23 (fiscal period of April-June 2006 and October 2006), value added tax (VAT) on offshore services (fiscal period May-June 2006 and August-October 2006) and VAT (fiscal period January-December 2006). Based on the tax assessment and collection letters issued by DGT dated November 18, 2010, total tax underpayment and related interest amounted to Rp 58,247 million (equivalent to US$ 6,478,362 in 2010), comprising of underpayment of corporate income tax of Rp 57,850 million (equivalent to US$ 6,436,993 in 2010), VAT on offshore services of Rp 207 million (equivalent to US$ 22,985 in 2010), and withholding tax article 21 of Rp 190 million (equivalent to US$ 21,166 in 2010).

At the same time, IIC paid the whole tax obligations. IIC filed an appeal against the assessment letters on corporate income tax with the Tax Office amounting to Rp 57,850 million (equivalent to US$ 6,436,993 in 2010) and recorded the payment of tax assessment letter and tax collection letter as part of claim for tax refund.

In June 2011, DGT issued a revised tax assessment letter on corporate income tax, reducing the underpayment from Rp 57,850 million (equivalent to US$ 6,379,576 in 2011) into Rp 25,638 million (equivalent to US$ 2,829,951 in 2011). A refund of Rp 32,212 million (equivalent to US$ 3,552,322 in 2011) was received by IIC in July 2011. At the same time, IIC is also claiming interest income on the revised tax amount of Rp 3,865 million (equivalent to US$ 426.279 in 2011).

In June 2012, Tax Court has resolved the interest income claim in favor of IIC, however until the issuance date of the consolidated financial statement, IIC has not yet received such interest payment.

While on the remaining amount of Rp 25,638 million (equivalent to US$ 2,653,788 in 2012), DGT has rejected the objection. As a response, the Company filed an appeal and such appeal process is still on-going at reporting date.

Management believes that the above tax matter will be resolved in favor of IIC and accordingly, no provision was made as of reporting dates.

2004 and 2005 Fiscal Years

In 2007, Directorate General of Taxation (DGT) conducted an audit of all the tax obligations of IIC, pertaining to fiscal years 2004 and 2005, which include corporate income tax, income taxes article 21, 23, 26 and value added tax (VAT). Based on the tax assessment letters issued by DGT dated March 4, 2008, total tax underpayment and related interest amounted to Rp 52,928 million (equivalent to US$ 5,886,832 in 2010), comprising of underpayment of withholding tax article 26 of Rp 51,699 million (equivalent to US$ 5,750,083 in 2010), value added tax of Rp 1,229 million (equivalent to US$ 136,728 in 2010) and withholding tax article 23 of Rp 0.4 million (equivalent to US$ 49 in 2010).

Under the prevailing regulation, IIC paid such tax obligation amounting to Rp 51,699 million (equivalent to US$ 5,750,083 in 2010) and recorded such amount as part of claim for tax refund. IIC filed an objection against the assessment letter on witholding tax article 26 with Tax Office.

On March 23, 2009, DGT issued a rejection letter on IIC's objection. In response to such rejection letter, IIC has filed an appeal to the Tax Court on April 8, 2009, which was finally approved and fully resolved in favor of IIC by the Tax Court in May 2011. Prepaid tax, including interest, totalling to Rp 76,514 million (equivalent with US$ 8,510,066 in 2010) was received by IIC on June 22, 2011.

PT Petrosea Tbk

In 2011, Petrosea received Tax Assessment Letters for 2009 fiscal year, as follows:

	Period		Tax Overpayment (Underpayment)
Income taxes			
Article 21	January - December 2009	Rp	(64,182,307)
Article 29	January - December 2009	US$	2,549,697
Value Added Tax	December 2009	Rp	(8,143,942)

2009 Fiscal Year

On June 11, 2010, Petrosea received Overpayment Tax Assessment Letter DGT confirming an overpayment of VAT for the period of May 2009 amounting to Rp 46,131 million.

The refund for this overpayment of Rp 46,018 million after deducting certain taxes underpayment, was received on July 14, 2010.

Petrosea recorded a tax overpayment for 2009 Corporate Income Tax amounting to US$ 2,958 thousand. Based on the Tax Assessment Letter from the Tax Service Office dated June 14, 2011, such overpayment amounted to US$ 2,550 thousand. The difference between the amount recorded and Tax Assessment Letter amounting to US$ 408 thousand was recorded as expense on the 2011 profit or loss.

Petrosea had received the overpayment of the Corporate Income Tax above on July 18, 2011.

Tax Assessment Letters for Joint Operations

	Joint Operations	Period		Tax Overpayment (Underpayment)
VAT - domestic service	PLO JO	January 2008	Rp	(396,686,846)
VAT - domestic service	PLO JO	February 2008	Rp	(139,956,398)
VAT - domestic service	PLO JO	April 2008	Rp	(32,979,568)
VAT - domestic service	PLO JO	May 2008	Rp	(268,153,158)
VAT - domestic service	PLO JO	August 2008	Rp	(2,584,000)
VAT - domestic service	PLO JO	September 2008	Rp	(44,125,662)
VAT - domestic service	PLO JO	July 2009	Rp	(4,701,200)
VAT - domestic service	PLO JO	December 2010	Rp	2,181,012,494

PT Tripatra Engineers and Constructors

Claim for tax refund pertains to KPI's tax appeal for various assessments. KPI filed an appeal to the Tax Court as the Directorate General of Tax rejected all of KPI's objection. Until the issuance date of the consolidated financial statements, KPI has not yet received any decision from the Tax Court.

16. DEFERRED EXPENDITURES

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Exploration and evaluation assets	13,437,488	4,995,226	-
Mining properties	7,462,393	-	-
Deferred stripping cost	2,308,390	-	-
Development properties	1,884,153	-	-
Landrights	-	941,772	941,772
Total	25,092,424	5,936,998	941,772

Exploration and evaluation assets

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Beginning balance	4,995,226	-	-
Additions due to acquisition MEA and MTU at fair value	1,891,422	-	-
Addition	8,343,778	4,995,226	-
Write-off	(1,792,938)	-	-
Ending balance	13,437,488	4,995,226	-

Mining properties

This account represents costs transferred from deferred exploration and development expenditures related to an area of interest, technical feasibility and commercial viability of which are demonstrable, and subsequent costs to develop the mine to the production phase.

	January 1, 2012	Additions due to acquisitions of MEA and MTU at fair value	Additions	December 31, 2012
	US$	US$	US$	US$
Cost	-	9,623,322	-	9,623,322
Accumulated amortization	-	(1,498,037)	(662,892)	(2,160,929)
Net carrying amount	-			7,462,393

Deferred stripping cost

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Beginning balance	-	-	-
Addition	2,308,390	-	-
Ending balance	2,308,390	-	-

Development properties

This account represents deferred costs related to coal exploration activities that have resulted in proved and probable reserves.

No amortization was charged to costs of contracts and goods sold during 2012 since the area has not entered into production stage.

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Beginning balance	-	-	-
Addition	1,884,153	-	-
Ending balance	1,884,153	-	-

Landrights

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Beginning balance	941,772	941,772	-
Addition	10,913	-	941,772
Transfer to property, plant and equipment	(952,685)	-	-
Ending balance	-	941,772	941,772

In 2010, the Company acquired pieces of land located at Tangerang Selatan, Indonesia with total area of 40,343 square meters with Building Use Right (HGB) for a period of 5 to 20 years. Costs incurred in connection with the legal processing of the landrights amounting to US$ 941,772 were deferred and were not amortized as management is certain that extension or renewal of the HGB will be obtained.

Following the adoption of ISAK 25 (revised 2011), the deferred charges for landrights is reclassified to cost of land (Note 21).

17. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Domicile	Percentage of Ownership	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
		%	US$	US$	US$
PT Santan Batubara (SB)	Kalimantan	50			
Beginning balance			20,327,000	13,844,000	5,035,000
Recovery-cost			-	-	100,000
Equity in profit			2,450,148	11,483,000	13,709,000
Dividends received			-	(5,000,000)	(5,000,000)
Ending balance			22,777,148	20,327,000	13,844,000
PT Tirta Kencana Cahaya Mandiri (TKCM)	Tangerang	47			
Beginning balance			2,565,000	1,782,000	1,106,000
Equity in profit			308,980	833,000	676,000
Dividends received			(122,444)	(50,000)	-
Ending balance			2,751,536	2,565,000	1,782,000
Total			25,528,684	22,892,000	15,626,000

In 1998, Petrosea purchased a 50% interest in SB, a company domiciled in Jakarta with project location in Kalimantan, and is engaged in exploring, mining, treating and selling coal, at a cost of US$ 100 thousand. In 2009, SB started its commercial operations.

Since 2004, Petrosea held a 47% interest in TKCM, a company engaged in the water treatment industry.

Summarized financial information in respect to the jointly-controlled entities is set out below:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Total assets	97,650,918	62,303,495	42,267,750
Total liabilities	57,023,149	26,621,714	20,887,804
Net assets	40,627,769	35,681,781	21,379,946
Total revenue for the year	230,679,291	162,830,372	159,245,748
Net income for the year	5,556,804	24,739,152	315,499,983

18. JOINT OPERATIONS

Joint Operation	Method of sharing result	Petrosea's profit share	Duration	Petrosea's share in results of Joint Operations		
				December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
		Percentage		US$	US$	US$
Petrosea-Calibre-Roberts & Schaefer JO	Profit sharing	33.3%	Completed	(13,086)	(1,992)	67,415
Petrosea-Laing O'Rourke Indonesia JO	Profit sharing	50%	On-going	(202,957)	(388,592)	553,523

In 2006, Petrosea entered into a joint operation agreement with PT Robert Schaefer Soros Indonesia and Calibre Projects Pty. Ltd known as the Petrosea - Calibre-Roberts & Schaefer Joint Operation (PCRS JO). The scope of PCRS JO's activities is mainly to engage in feasibility study for engineering and management services for Maruwai Coal facilities.

In 2006, Petrosea established a joint operation with PT Laing O'Rourke Indonesia known as the PT Petrosea - Laing O'Rourke Indonesia Joint Operation (PLOR JO). The scope of the PLOR JO's activity is to engage in engineering and construction services.

Each participant in the above joint operations shall share the rights, benefits, liabilities, obligations, risk, expenses, net profit or net loss in proportion to their respective participating interest, subject to any subsequent changes in the share of profit made pursuant to the joint operation agreements.

19. ADVANCES AND OTHER NONCURRENT ASSETS

	Carrying amount		
	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Investment in shares of stock			
PT Sarana Riau Ventura	1,211	1,211	1,211
Advances for investments			
PT Intan Cempaka Perkasa	4,622,854	8,134,208	8,134,208
PT Karya Sukses Unggulan	-	3,152,181	-
Others	-	945,964	418,978
Advances for purchases of property and equipment	7,058,867	11,718,177	940,212
Advances for projects	478,940	9,827,590	-
Unamortized transaction cost - Notes IV (Note 55)	1,344,036	-	-
Others	459,930	125,065	1,112
Total	13,965,838	33,904,396	9,495,721

PT Intan Cempaka Perkasa

IIC entered into Exploration and Development of Coal Concession Area Agreements with PT Intan Cempaka Perkasa (ICP) dated August 5 and 11, 2008, in which ICP agreed to act on behalf of and for the benefit of IIC to explore, find and/or develop coal concession areas in Indonesia, either as Mining Right (IUP) or Coal Contract of Work. Based on the agreements, IIC agreed to provide funding for the exploration or development of coal concession activities up to the maximum amount of Rp 91,209,000 thousand and Rp 137,650,000 thousand, respectively, in which Rp 228,761,000 thousand (equivalent to US$ 24,981,225) was paid in advance by IIC.

The agreements are valid for one year, effective from the signing date of each of the above agreements. IIC has the right to terminate the agreement at any time and for any reasons by giving a 7 days advance notice to ICP. If until the termination date of each agreement, ICP still cannot fulfill its obligation under these agreements or the agreements were early terminated by IIC, then ICP should refund the advance to IIC, net of all expenses paid-out by ICP related to its obligation under the agreements, within certain period as specified in the agreements. In accordance with the agreements, ICP agreed to give its 75 shares currently owned by PT Citra Bayu Permata as well as the other assets owned by ICP, including its mining concession rights, as collaterals to ICP.

Following the expiration of the agreements with ICP, the agreements have been amended several times, among others, through agreement dated August 5, 2010, where IIC and ICP agreed to amend certain articles in the previous agreements, among others, as follows:

- IIC will pay ICP Rp 20 billion (equivalent to US$ 2,233,140) to compensate all expenses paid-out by ICP related to its obligations under the previous agreements, which management believes relate to its project with CV Tiga Serangkai Binuang (Note 22).

- Rp 73,761,000 thousand (equivalent to US$ 7,627,818 as of December 31, 2012 and US$ 8,134,208 as of December 31, 2011 and January 1, 2011/December 31, 2010) will be used to locate, explore and/or develop coal concession areas in Indonesia. ICP was given a one-year limitation period for the above activities, or ICP should refund the advance to IIC, net of all expenses paid-out by ICP related to the above obligations.

During the period of the agreement up to December 31, 2012, IIC received several times refunds of advances totaling Rp 155 billion.

Having been amended several times, the latest agreements was amended on January 31, 2013, wherein both IIC and ICP agreed on the following:

- To extend the agreement until August 5, 2014;

- To refund to IIC the advance of Rp 29,058,000 thousand in February 2013 and advance of Rp 44,703,000 thousand in August 2014.

Based on the above agreement, advance of Rp 29,058,000 thousand (equivalent to US$ 3,004,964) as of December 31, 2012 was reclassified to other accounts receivable from third party (Note 10) accordingly.

On February 11, 2013, IIC has received payment advance of Rp 29,058,000 thousand (equivalent to US$ 3,004,964) from ICP.

PT Karya Sukses Unggulan

IIC entered into Exploration and Development of Coal Concession Area Agreements with PT Karya Sukses Unggulan (KSU) dated March 17, 2011 and October 20, 2011 in which KSU agreed to act on behalf of and for the benefit of IIC to explore, find and/or develop coal concession areas in Indonesia, either through Mining Right (IUP) or Coal Contract of Work. Based on the agreements, IIC agreed to provide funding for the exploration or development of coal concession activities up to the maximum amount of US$ 2,000,000 and Rp 10,000 million, respectively.

The agreements are valid for one year, effective from the signing date of each agreement. IIC has the right to terminate the agreement at any time and for any reasons by giving a 7 days advance notice to KSU. If until the termination date of each agreement, KSU cannot fulfill its obligation under these agreements or the agreements were early terminated by IIC, then KSU should refund the advance to IIC, net of all expenses paid-out by KSU related to its obligation under the agreements, within certain period as specified in the agreements. In accordance with the agreements, KSU agreed to give its 100% shares owned by KSU's shareholders as well as the other moveable assets owned by KSU, including its mining rights, as collaterals to IIC.

In February 2012, IIC received refund of all advance for investment paid to KSU.

Advances for purchase of property and equipment

Advances for purchases of property and equipment in 2012 and 2011 mainly consist of advances made by MBSS, for the purchase of vessels; and MTU for purchase of heavy equipment.

Advances for project

Advances for project mainly consisted of advances paid by MBSS for floating crane project. In 2012, floating crane project is cancelled and MBSS has received refund of advances.

20. INVESTMENT PROPERTY

	December 31, 2012		
	Beginning balance	Additions	Ending balance
	US$	US$	US$
Cost of building	1,610,125	-	1,610,125
Accumulated depreciation	(512,812)	(142,736)	(655,548)
Net Book Value	1,097,313	(142,736)	954,577

	December 31, 2011			
	Beginning balance	Addition due to acquisition of MBSS at fair value	Additions	Ending balance
	US$	US$	US$	US$
Cost of building	-	1,610,125	-	1,610,125
Accumulated depreciation	-	(468,588)	(44,224)	(512,812)
Net Book Value	-	1,141,537	(44,224)	1,097,313

On December 31, 2012, the fair value of the Company's investment property is US$ 1,058,211.

Investment property consists of building of 636.86 sqm owned by MBSS at Graha Irama Building floor 8, JA. H.R. Rasuna Said, Kuningan, South Jakarta. This investment property is rented to third parties. Rental income from this investment is recorded under other gains in the consolidated statements of comprehensive income.

On December 31, 2012, the building was insured with PT Sompo Japan Insurance Indonesia, third party, against possible losses with sum insured of US$ 539,590. Management believes that the amount is adequate to cover possible losses on the assets insured.

This investment property was pledged as collateral for bank loans (Notes 25). As of December 31, 2012 the loan has been fully repaid and mortage on the investment property has been released.

21. PROPERTY, PLANT AND EQUIPMENT

	January 1, 2012	Additions due to acquisition of MEA and MTU at fair value	Additions	Deductions	Translation adjustments	Reclassifications	Transfer from deferred expenditures	December 31, 2012
	US$	US$	US$	US$	US$	US$	US$	US$
At cost:								
Direct acquisitions								
Land	37,212,031	239,287	60,747	-	(21,969)	190,477	952,685	38,633,258
Buildings, leasehold and improvements	60,260,114	23,407,469	73,851	-	(62,308)	6,595,695	-	90,274,821
Office furniture, fixture and other equipment	22,136,877	219,465	3,019,185	-	(1,619)	2,565,299	-	27,939,207
Vessel	269,227,199	-	30,810,470	-	-	44,724,524	-	344,762,193
Motor vehicles and helicopter	18,804,438	2,843,956	7,694,313	3,776,763	(28,936)	-	-	25,537,008
Machinery and equipment	98,234	3,025,747	89,417	-	-	-	-	3,213,398
Plant, equipment, heavy equipment and vehicles	189,232,994	241,324	62,941,684	101,416,974	(74,224)	17,261,204	-	168,186,008
Leased assets								
Plant, equipment, heavy equipment and vehicles	167,742,069	-	103,823,445	10,330,191	-	38,911,360	-	300,146,683
Construction in-progress	24,532,524	4,492	104,590,893	468,098	-	(111,677,451)	-	16,982,360
Total	789,246,480	29,981,740	313,104,005	115,992,026	(189,056)	(1,428,892)	952,685	1,015,674,936
Accumulated depreciation:								
Direct acquisitions								
Buildings, leasehold and improvements	15,668,512	4,022,448	7,163,851	-	(5,081)	-	-	26,849,730
Office furniture, fixture and other equipment	9,881,881	165,103	4,526,226	-	(694)	-	-	14,572,516
Vessel	41,201,204	-	20,078,560	-	-	-	-	61,279,764
Motor vehicles and aircraft	8,046,376	1,019,386	2,479,259	3,402,460	(10,022)	-	-	8,132,539
Machinery and equipment	83,351	617,316	275,101	-	-	-	-	975,768
Plant, equipment, heavy equipment and vehicles	49,824,127	112,723	21,197,555	15,161,000	(13,048)	(11,501)	-	55,948,856
Leased assets								
Plant, equipment, heavy equipment and vehicles	74,351,536	-	29,595,742	7,274,665	-	(1,417,391)	-	95,255,222
Total	199,056,987	5,936,976	85,316,294	25,838,125	(28,845)	(1,428,892)	-	263,014,395
Net Book Value	590,189,493							752,660,541

	January 1, 2011	Additions due to acquisition of MBSS at fair value	Additions	Deductions	Translation adjustments	Reclassifications	December 31, 2011
	US$	US$	US$	US$	US$	US$	US$
At cost:							
Direct acquisitions							
Land	29,171,774	59,276	7,984,003	-	(3,022)	-	37,212,031
Buildings, leasehold and improvements	30,823,919	3,305,707	2,619,918	-	(9,279)	23,519,849	60,260,114
Office furniture, fixture and other equipment	17,357,552	647,859	4,388,925	502,893	(232)	245,666	22,136,877
Vessel	-	200,957,019	41,178,251	-	-	27,091,929	269,227,199
Motor vehicles and helicopter	9,442,914	1,489,450	7,925,222	49,135	(4,013)	-	18,804,438
Machinery and equipment	98,234	-	-	-	-	-	98,234
Plant, equipment, heavy equipment and vehicles	126,314,755	4,144,500	87,762,924	582,941	(10,439)	(28,395,805)	189,232,994
Leased assets							
Plant, equipment, heavy equipment and vehicles	114,929,262	-	44,863,737	1,023,287	-	8,972,357	167,742,069
Construction in-progress	25,523,286	25,586,081	38,840,279	20,426	-	(65,396,696)	24,532,524
Total	353,661,696	236,189,892	235,563,259	2,178,682	(26,985)	(33,962,700)	789,246,480
Accumulated depreciation:							
Direct acquisitions							
Buildings, leasehold and improvements	11,404,659	442,679	3,822,921	-	(1,747)	-	15,668,512
Office furniture, fixture and other equipment	6,446,590	371,461	3,544,287	480,263	(194)	-	9,881,881
Vessel	-	29,610,475	11,590,729	-	-	-	41,201,204
Motor vehicles and helicopter	5,693,943	605,418	1,794,875	45,254	(2,606)	-	8,046,376
Machinery and equipment	68,435	-	14,916	-	-	-	83,351
Plant, equipment, heavy equipment and vehicles	62,382,043	1,939,333	14,539,899	531,017	(4,131)	(28,502,000)	49,824,127
Leased assets							
Plant, equipment, heavy equipment and vehicles	54,194,111	-	20,626,139	468,714	-	-	74,351,536
Total	140,189,781	32,969,366	55,933,766	1,525,248	(8,678)	(28,502,000)	199,056,987
Net Book Value	213,471,915						590,189,493

	January 1, 2010	Additions due to acquisition of WAGL and SMG at fair value	Additions	Deductions	Translation adjustments	Reclassifications	December 31, 2010
	US$	US$	US$	US$	US$	US$	US$
At cost:							
Direct acquisitions							
Land	7,199,701	730,827	21,242,321	-	(1,075)	-	29,171,774
Buildings, leasehold and improvements	26,482,677	853,631	2,000,186	623,386	(385)	2,111,196	30,823,919
Office furniture, fixture and other equipment	9,416,819	9,946	8,057,951	127,030	(134)	-	17,357,552
Motor vehicles and helicopter	7,774,183	459,393	1,230,029	17,186	(3,505)	-	9,442,914
Machinery and equipment	98,234	-				-	98,234
Plant, equipment, heavy equipment and vehicles	72,535,846	1,221,095	49,703,563	70,000	(4,749)	2,929,000	126,314,755
Leased assets							
Plant, equipment, heavy equipment and vehicles	110,848,000	-	4,081,262	-	-	-	114,929,262
Construction in-progress	3,903,996	-	26,659,486	-	-	(5,040,196)	25,523,286
Total	238,259,456	3,274,892	112,974,798	837,602	(9,848)	-	353,661,696
Accumulated depreciation:							
Direct acquisitions							
Buildings, leasehold and improvements	8,768,481	9,087	3,123,287	496,111	(85)	-	11,404,659
Office furniture, fixture and other equipment	3,503,241	3,260	2,972,093	31,976	(28)	-	6,446,590
Motor vehicles and helicopter	4,161,687	54,865	1,492,109	14,207	(511)	-	5,693,943
Machinery and equipment	48,524	-	19,911	-	-	-	68,435
Plant, equipment, heavy equipment and vehicles	59,434,317	38,947	2,938,142	29,000	(363)	-	62,382,043
Leased assets							
Plant, equipment, heavy equipment and vehicles	33,679,000	-	20,515,111	-	-	-	54,194,111
Total	109,595,250	106,159	31,060,653	571,294	(987)	-	140,189,781
Net Book Value	128,664,206						213,471,915

Depreciation expense was allocated to the following:

	December 31, 2012	December 31, 2011
	US$	US$
Cost of contracts and goods sold (Note 39)	72,703,561	49,550,870
General and administrative expenses (Note 40)	11,816,086	6,382,896
Others (Note 43)	796,647	-
Total	85,316,294	55,933,766

On November 30, 2011, Petrosea signed an Equipment Sales Agreement with a third party whereby Petrosea will sell certain of its unused equipments with net carrying amount of US$ 5,461 thousand for a total sales price of US$ 3,150 thousand, resulting to an impairment loss of US$ 2,311 thousand. As of December 31, 2011, such unused equipments were reclassified to noncurrent assets held for sale amounting to US$ 3,150,000.

Detail of the loss on sale of property, plant and equipment as follows:

	December 31, 2012	December 31, 2011
	US$	US$
Net carrying amounts:		
Property, plant and equipment	6,260,901	653,434
Noncurrent assets held for sale	3,150,000	-
Sale and leaseback assets	83,893,000	-
Proceeds from disposal of:		
Property, plant and equipment and noncurrent assets held for sale	4,606,993	180,741
Sale and leaseback assets	83,893,000	-
Loss on disposal of property, plant and equipment and noncurrent assets held for sale (Note 43)	(4,803,908)	(472,693)

Details of constructions in-progress as of December 31, 2012 are as follows:

	December 31, 2012		
	Percentage of Completion	Accumulated Costs	Estimated Year of Completion
		US$	
Building	0-95%	1,805,454	2013
Office furniture and fixtures	2%	73,960	2013
Vessels	95%	4,538,477	2013
Plant, equipment, heavy equipment and vehicles	0-95%	10,564,469	2013
Total		16,982,360	

As of December 31, 2012, vessels in-progress represent 2 vessels under construction of MBSS. Those vessels are about 95% complete as of December 31, 2012 and are expected to be fully completed by the first quarter of 2013.

Management does not foresee any events that may prevent the completion of the constructions in-progress.

The Company owns several pieces of land located in Bekasi with Building Use Rights (HGB) for 22 years until 2031. The subsidiaries own several pieces of land located in Jakarta, West Nusa Tenggara Paser Kalimantan Timur Regency, Timika and Cibeurem Tasikmalaya Sub-district with Building Use Rights (HGB) for 20 and 30 years until 2028, 2029, 2030 and 2039.

Management believes that there will be no difficulty in the extension of the landrights since all the land were acquired legally and supported by sufficient evidence of ownership.

Property, plant and equipment used as collateral

As of December 31, 2012, certain heavy equipment of Petrosea with a carrying amount of US$ 7,508 thousand and several pieces of land at Timika and Sumbawa with carrying amount of US$ 387 thousand are used as collateral for bank facilities obtained from PT Bank ANZ Indonesia (Note 25). Based on the Credit Facility Agreement with Bank PT ANZ Indonesia, the piece of land were valued at an aggregate amount of Rp 20 billion as of the date of the agreement.

Leased assets are used as collateral for the lease liabilities (Note 30).

On December 31, 2012, MBSS vessels with carrying value of US$ 190,779,819 are pledged as collateral for bank loans and long-term bank loans.

As of December 31, 2012, MBSS vessels namely: Finacia 52, 53, 61 and 62 with carrying value of US$ 4,491,295 are used as collateral loan to Entebe Shipping Pte, Ltd.

The HGB No. 1545 and 1576 are used as collateral for credit facilities obtained by TPEC from PT Bank Mandiri (Persero) Tbk (Notes 25 and 51).

As of December 31, 2012, included in fixed assets of MBSS is vessel FC Princess Rachel and FC Vittoria wherein PT Kideco Jaya Agung, a related party, has an option to purchase such asset at the 60th month or at the end of the contract period (Note 51).

Property, plant and equipment, except land, are insured with various insurance companies against fire, theft and other possible risk to various insurance companies, as follows:

Insurance company	Currency	Sum insured December 31, 2012
PT Asuransi AXA Indonesia	Rp	24,921,000,000
PT Zurich Insurance Indonesia	Rp	25,670,700,000
PT Asuransi Jaya Proteksi	Rp	69,061,722,350
	US$	191,625,000
PT Asuransi Tokio Marine Indonesia	Rp	4,204,500,000
Asuransi Astra Buana	US$	283,749,000
PT Asuransi Wahana Tata	US$	464,450,000
PT Asuransi Himalaya Pelindung	US$	9,951,820
PT Asuransi Raksa Pratikara	Rp	4,086,000,000
Bina Griya General Insurance	Rp	6,380,100,000
PT China Taiping Insurance	US$	51,270,000
PT Tri Dharma Proteksi	US$	600,856
PT Victoria Insurance	Rp	1,424,800,000
Tripa Insurance	Rp	151,000,000
Asuransi Rama Satria Wibawa	Rp	11,199,835,030
Asuransi ACA	Rp	1,566,000,000

Management believes that the insurance coverages are adequate to cover possible losses on the assets insured.

Fair value of property, plant and equipment of the Company and its subsidiaries as of December 31, 2012 amounted to US$ 830,694,173.

Property, plant and equipment includes assets with acquisition cost of US$ 13,678,083, that are already depreciated in full but are still in use.

22. INTANGIBLE ASSETS

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
PT Multi Tambangjaya Utama	191,723,591	-	-
PT Mitrabahtera Segara Sejati Tbk	98,272,367	116,990,914	-
PT Mitra Energi Agung	58,099,603	-	-
PT Citra Indah Prima and Indika Capital Pte. Ltd., Singapore	15,331,051	16,574,041	17,848,967
System development and computer software	5,220,802	4,099,217	3,019,186
PT Petrosea Tbk	3,173,423	4,454,856	6,222,656
CV Tiga Serangkai Binuang	-	-	1,586,208
Net book value at end of year	371,820,837	142,119,028	28,677,017

Changes in intangible assets are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Beginning balance	142,119,028	28,677,017	27,114,350
Addition	2,799,249	1,080,032	6,191,602
Addition due to acquisition of subsidiaries	260,953,111	131,029,823	-
Current year amortization	(34,050,551)	(18,667,844)	(4,628,935)
Ending balance	371,820,837	142,119,028	28,677,017

PT Multi Tambangjaya Utama (MTU)

The intangible assets resulted from the acquisition of MTU, a company engaged in business of mining activities under the Coal Mining Contract of Work located in the North and South Barito - Central Kalimantan.

Fair value of the intangible assets was based on a valuation report prepared by an independent valuer. The valuation is based on income approach with Excess Earning method.

The intangible assets include costs amounting to US$ 9.2 million with regard to purchase of Distribution Rights and Obligations to support MTU's sales of coal.

The intangible asset is amortized over the estimated useful life of 27 years.

PT Mitrabahtera Segara Sejati Tbk (MBSS)

The intangible assets resulted from the acquisition of MBSS and its subsidiaries, which mainly pertains to the long-term contracts of MBSS (Note 51).

Fair value of the intangible assets was based on a valuation report prepared by an independent valuer. The valuation is based on income approach with Excess Earning method.

The intangible asset is amortized over the estimated useful life of 7 years.

In addition to the long-term contracts of MBSS, intangible assets included the computer software of MBSS.

PT Mitra Energi Agung (MEA)

The intangible assets resulted from the acquisition of MEA, a company engaged in business of mining activities under the Company Mining Coal Exploration Permit located in the East Kutai – East Kalimantan.

Fair value of the intangible assets was based on a valuation report prepared by an independent valuer. The valuation is based on income approach with Excess Earning method.

The intangible assets is amortized over the estimated useful life of 7 years.

PT Citra Indah Prima and Indika Capital Pte. Ltd., Singapore

The intangible asset resulted from the acquisition of CIP and pertains to the exploration mining licenses (IUP) of coal concession areas located in West Kalimantan owned by PT Sindo Resource (SR) and PT Melawi Rimba Mineral (MRM), the subsidiaries of PT Citra Indah Prima (CIP). The mining licenses will expire in November 2013. Management believes that there will be no difficulty in obtaining extension for these mining permits.

Fair value of the intangible asset was based on a valuation report prepared by an independent valuer. The valuation is based on income approach with discounted cash flow method.

The intangible asset is amortized over its estimated useful life of 14 years.

System Development and Computer Software

The intangible asset mainly relates to the development of the Company's integrated computer system.

The intangible asset is amortized over its estimated useful life of 3 years.

PT Petrosea Tbk

The intangible asset resulted from the acquisition of PT Petrosea Tbk (Petrosea) and its subsidiaries, which pertains to the long-term contracts of Petrosea (Note 51).

Fair value of the intangible asset was based on a valuation report prepared by an independent valuer. The valuation is based on income approach with Excess Earning method.

The intangible assets is amortized over its estimated useful life of 5 years.

CV Tiga Serangkai Binuang

The intangible asset resulted from fees paid under the "Coal Mining Management Agreement" and the "Agreement for management of Coal Mining Area of CV Tiga Serangkai Binuang" (TSB) between IIC and TSB.

The intangible assets is amortized over its estimated useful life of 2 years.

23. GOODWILL

This account represents the excess of acquisition cost over the Company's interest in the fair value of the net assets of subsidiaries.

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
PT Multi Tambangjaya Utama	52,495,431	-	-
PT Petrosea Tbk and its subsidiaries	34,021,193	34,021,193	34,021,193
PT Mitrabahtera Segara Sejati Tbk and its subsidiaries	33,730,009	33,730,009	-
PT Wahida Arta Guna Lestari	415,997	415,997	415,997
PT Satya Mitra Gas	73,343	73,343	73,343
Total cost	120,735,973	68,240,542	34,510,533
Accumulated amortization			
Beginning balance	5,042,532	5,042,532	1,635,416
Amortization for the year	-	-	3,407,116
Ending balance	5,042,532	5,042,532	5,042,532
Net carrying amount	115,693,441	63,198,010	29,468,001

Effective January 1, 2011, goodwill is no longer amortised but reviewed for impairment at least annually.

Management believes that there is no impairment of goodwill as of December 31, 2012, December 31, 2011 and January 1, 2011/December 31, 2010 hence no provision for impairment is provided.

24. OTHER NONCURRENT FINANCIAL ASSETS

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Restricted Cash in Banks - third parties			
Citibank, N.A., Indonesia (Note 31)	-	50,000,000	50,000,000
JP Morgan Chase Bank, N.A., New York (pre-funded interest reserve account) (Note 31)	-	10,793,607	10,772,106
PT Bank Syariah Mandiri (Note 29)	-	117,950	-
Total	-	60,911,557	60,772,106

Restricted funds in PT Bank Syariah Mandiri represents time deposits of MBSS, which is used as a sinking fund that should be maintained during financing period with customer portion of 52% and 3 months maturity period.

25. BANK LOANS

Bank loans, net of unamortized transaction costs, are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Rupiah			
PT Bank Negara Indonesia (Persero) Tbk	-	97,155	-
U.S. Dollar			
Standard Chartered Bank	74,083,333	64,754,191	-
UBS AG, Singapore Branch	74,083,333	64,672,695	14,747,637
PT Bank Mandiri (Persero) Tbk	53,255,000	2,000,000	3,800,022
Citibank, N.A., Indonesia	49,388,890	49,737,759	5,499,944
PT Bank ANZ Indonesia	12,500,000	12,500,000	-
PT Bank International Indonesia Tbk	7,346,478	6,346,493	-
PT Bank DBS Indonesia	3,000,000	3,000,000	-
PT Bank Permata Tbk	3,000,000	3,000,000	-
PT Bank Rakyat Indonesia (Persero) Tbk	-	697,287	-
Total	276,657,034	206,805,580	24,047,603
Interest rates per annum			
Rupiah	-	12%	-
U.S. Dollar	2,75% - 6%	2,75% - 6,75%	4% - 7%

Standard Chartered Bank

On March 22, 2011, the Company obtained short-term loan facilities from Standard Chartered Bank, Singapore Branch and Jakarta Branch with maximum credit limit of US$ 65,000,000, due on April 29, 2012. The loan bears interest rate per annum at 3.25% above LIBOR, payable every 3 months.

This loan was used to finance the acquisition of MBSS (Note 1b) and was fully paid in April 2012.

On May 21, 2012, the Company obtained bank loan facilities from Standard Chartered Bank, Jakarta Branch with maximum credit limit of US$ 75,000,000, due on November 21, 2013. The loan bears interest rate per annum at 3.5% above LIBOR, payable every 3 months.

The agreement requires the Company to:

- Retain at least 85% direct and/or indirect ownership interest of MTU, 46% ownership interest of Kideco, and at least 51% ownership interest of each of MBSS (once acquired), Petrosea, and Tripatra; and

- Ensure that the Fixed Charge Coverage Ratio shall be at least 2.50 to 1 at all times. This ratio computed on a rolling 12-month basis based on the quarterly and annual audited consolidated financials of the Group and will be tested on a quarterly basis. "Fixed Charge Coverage Ratio" has the meaning given to it in the 2016 Bonds Indenture.

The loan agreement covering the above facility contains certain covenants, which restricted the Company (Borrower), among other things, to:

- Create or permit to subsist any security over any of its assets other than security under the Existing Indebtedness; and

- Enter into consolidation, demerger, merger or corporate reconstructions except which is permitted under the 2016 Bonds Exceptions.

This loan was used to finance the acquisition of MTU (Note 1b).

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010 total outstanding loan net of unamortized transaction cost amounted to US$ 74,083,333, US$ 64,754,191 and nil, respectively.

UBS AG, Singapore Branch

On November 24, 2010, the Company obtained a short-term loan facility from UBS AG, Singapore Branch with a maximum credit limit of US$ 15,000,000 which should be applied towards its working capital and corporate purposes. The loan bears interest rate per annum at 4%, payable every 3 months. Such loan will mature at the earlier of:

- The date falling 6 months from the drawdown of the loan; or

- The date falling one business day prior to any date of a proposed dividend or share redemption, other than the November dividend;

On May 31, 2011, the Company fully paid this loan amounting to US$ 15,000,000.

On March 23, 2011, the Company obtained additional short-term loan facility, with a maximum credit limit of US$ 65,000,000. The maturity date of this agreement was on April 29, 2012. The loan bears interest rate per annum at 3% above LIBOR, payable every 3 months.

This loan was used to finance the acquisition of MBSS (Note 1b) and was fully paid on April 2012.

On May 21, 2012, the Company obtained new bank loan facilities with maximum credit limit of US$ 75,000,000, due on November 21, 2013. The loan consists of: Offshore (US$ 45,000,000) bearing interest rate at 3.35% above LIBOR per annum and Onshore (US$ 30,000,000) bearing interest rate at 3.50% above LIBOR per annum, payable every 3 months respectively.

This loan was used to finance the acquisition of MTU (Note 1b).

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010 total outstanding loan net of unamortized transaction cost amounted to US$ 74,083,333, US$ 64,672,695 and US$ 14,747,637, respectively.

PT Bank Mandiri (Persero) Tbk

In 2010, TPEC obtained a working capital credit facility from PT Bank Mandiri (Persero) Tbk, with maximum amount of US$ 35,000,000. The credit facility was extended until November 5, 2012 with 6% interest rate per annum.

The above facility together with other credit facilities (Note 51g) are secured by certain trade accounts receivable/project claim (Note 7) amounting to Rp 197.22 billion, time deposit placed at the same bank amounting to US$ 2,150,000 (Note 6), and certain land and building certificate (SHGB) (Note 21).

In March 2012, TPEC fully paid its loan to PT Bank Mandiri (Persero) Tbk.

On July 18, 2012, the Company obtained a working capital credit facility from PT Bank Mandiri (Persero) Tbk, with maximum amount of US$ 35,000,000, which should be applied towards its working capital and corporate purposes. The credit facility bears interest rate per annum at 4.5% above LIBOR, payable every 3 months. Final maturity date of this agreement is January 18, 2014 (18 months).

On July 18, 2012, the Company obtained a Working Capital Credit facility (KMK) Revolving from PT Bank Mandiri (Persero) Tbk, with maximum amount of US$ 75,000,000, which should be applied towards its working capital and corporate purposes. The credit facility bears interest rate per annum at 4.24% above LIBOR, payable every 3 months. Final maturity date of this agreement is July 17, 2013 (12 months).

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balance of the loan net of unamortized transaction cost amounted to US$ 53,255,000, US$ 2,000,000 and US$ 3,800,022, respectively.

Citibank, N.A., Indonesia

On August 12, 2009, Petrosea obtained short-term loan facilities from Citibank, N.A. Indonesia for financing of Petrosea's general working capital requirements. The facilities maximum credit is US$ 12.5 million with interest rate of LIBOR plus 3.25% per annum.

On May 16, 2011, Petrosea paid the outstanding balance of the principal and interest of the loan from Citibank, N.A., Indonesia and Petrosea and Citibank, N.A, Indonesia agreed to terminate the loan facilities agreement.

On March 9, 2011, the Company entered into uncommitted revolving credit agreement with Citibank, N.A., Indonesia (Citi), wherein Citi agreed to provide the Company with loan facility at the maximum amount of US$ 50,000,000. The facility under this agreement shall be available for drawdown until December 31, 2011. Each advance drawdown under this facility shall have a term of 12 months not to exceed April 29, 2012. The loan bears interest rate per annum at LIBOR above 3%, payable every 3 months.

This loan was used to finance the acquisition of MBSS (Note 1b) and has been fully paid on April, 2012.

On May 21, 2012, the Company obtained new bank loan facilities with maximum credit limit of US$ 50,000,000. The loan consists of : Tranche A Facility (US$ 28,000,000) bearing interest rate at 3.5% above LIBOR per annum, due on November 20, 2013 and Tranche B Facility (US$ 22,000,000) bearing interest rate at 3% above LIBOR per annum, due on May 20, 2013 and payable every 3 months respectively.

The loan agreement relating to the above facility contains certain covenants. Among other things:

- Any changes in the composition of shareholders which result in PT Indika Mitra Energi owning less than 51% of the subscribed shares is subject to the prior written consent of the Bank;

- The Borrower shall give a written notification to the bank for any merger or acquistion or sell (lease, transfer, or dispose) of a substantial part of the assets/capital stock of any other company, promptly after any such action takes place; and

- Until all amount outstanding under the Agreement has been fully repaid, the Borrower shall maintain a ratio of Adjusted EBITDA to Interest Expense of not less than 2.5 : 1.

This loan was used to finance the acquisition of MTU (Note 1b).

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balance of this loan, net of unamortized transaction cost, amounted to US$ 49,388,890, US$ 49,737,759 and US$ 5,499,944, respectively.

PT. Bank ANZ Indonesia

On April 23, 2010, Petrosea and PT. Bank ANZ Indonesia (ANZ) entered into a Credit Facility Agreement whereby Petrosea was granted a bank guarantee facility amounting to US$ 10 million.

On May 13, 2011, Petrosea and ANZ, Jakarta agreed to amend the Credit Facility Agreement. Under the amended agreement, the bank loan facilities have maximum amount of US$ 22.5 million, consisting of bank guarantees of US$ 10 million and working capital loan of US$ 12.5 million, with interest rate of LIBOR plus 2.5% per annum and will mature within one year and extendable upon the agreement of both parties.

Any overdue principal and interest shall carry interest at 2.5% per annum above the stipulated interest rate.

These loans are collateralized by certain trade accounts receivable and property, plant and equipment of Petrosea and Letter of Awareness from the Company (Notes 7 and 21).

The agreement relating to the above loan facilities contain certain covenants, among other things, Petrosea shall not do the following actions without prior written approval from the bank:

- any change in the shareholders of the parent company; and
- any merger or consolidation with any other company.

In addition, Petrosea shall notify ANZ of the following:

- any change in the ownership of the shareholders of the parent company; and
- dividend payment.

As of December 31, 2012 and 2011, the outstanding balance of this loan amounted to US$ 12,500,000, respectively, and nil as of January 1, 2011/December 31, 2010.

PT Bank International Indonesia Tbk (BII)

Based on loan agreement dated January 11, 2007, MBSS obtained a revolving demand loan facility with credit limit of up to US$ 7,000,000 with the following sub limit:

- Revolving Demand Loan Facility in Rupiah of up to Rp 30,000,000,000 of principal amount;
- Standby Letter of Credit Facility or Bank Guarantee Facility of US$ 3,000,000 of principal amount; and
- Letter of Credit Facility with maximum principal amount of US$ 3,000,000.

The agreement has been amended several times, most recently by Extension Letter of Credit Agreement dated March 7, 2012, which extends the facility until January 12, 2013. This loan bears interest rate of 5.5% per annum.

The loan is secured among others by:
- Receivable from PT Bahari Cakrawala Sebuku and PT Kaltim Prima Coal;
- 4 unit tug boat, namely Entebe Star 30, Entebe Emerald 52, and Entebe Emerald 33, and Entebe Emerald 51;
- 4 unit barge, namely Finacia 35, Finacia 38, Finacia 36, and Finacia 50; and
- 1 unit floating crane named Ben Glory

On February 24, 2011, MSC has signed a Credit Agreement with PT Bank Internasional Indonesia Tbk for the financing of Floating Crane Princesse Chloe. The facilities given included term loan amounting to US$ 19,200,000 which will be due in 60 months up to February 24, 2016 and demand loan of US$ 1,000,000. Both facilities bear annual interest rate at 5.5% per annum. The demand loan facility has been extended up to February 20, 2013.

The loan's collaterals and negative covenants are same as its long-term loans (Note 29).

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balance of the loan amounted to US$ 7,346,478, US$ 6,346,493 and nil, respectively.

PT Bank DBS Indonesia

MBSS obtained a banking facility from PT Bank DBS Indonesia (DBS) in the form of uncommitted revolving credit facility (RCF) with maximum amount of US$ 3,000,000 and import payments in the form of uncommitted facilities import letters of credit (L/C) with maximum amount of US$ 2,500,000. The term period of loan is 12 months, and has been extended several times, most recently dated April 16, 2012. This loan agreement has been extended up to May 1, 2013. These facilities bear annual interest at the cost of funds of DBS plus 2.75% per annum.

The facilities are secured among others by:

- The power to hold the mortgage, to sell the following:
  - Barges namely Finacia 2 and Finacia 18 (Note 21);
  - Tugboat namely Gina 1 and Gina 7 (Note 21);

- Fiduciary over accounts receivable amounting to US$ 3,750,000.

MBSS is required to comply with several covenants, among others, to:

- Maintain security coverage ratio for fiduciary over accounts receivable and vessels to outstanding RCF facility of 125%; and

- Maintain security coverage ratio for collateral of cash deposit to outstanding L/C import facility of 100%.

As of December 31, 2012 and 2011 total outstanding loan amounted to US$ 3,000,000, respectively, and nil on January 1, 2011/December 31, 2010.

PT Bank Permata Tbk

On November 19, 2009, MBSS obtained a Commercial Invoice Financing facility from PT Bank Permata Tbk to finance working capital with a maximum credit limit of US$ 3,000,000, with interest rate of 5.75% per annum; which also can be used for the revolving loan facility up to a maximum of US$ 2,000,000 with interest rate of 6 % per annum.

The facilities have been extended until October 19, 2013.

The facilities are secured by:

- Barges namely Finacia 28, Finacia 30 and Finacia 31; and
- Tugboat namely Entebe Star 28.

As stated in loan agreement, MBSS is required to maintain several financial ratios, among others:

- Leverage ratio of not more than 3 times;
- Debt service coverage ratio of not less than 1.25 times.

As of December 31, 2012 and 2011 the outstanding loan amounted to US$ 3,000,000, respectively, and nil as of January 1, 2011/December 31, 2010.

PT Bank Rakyat Indonesia (Persero) Tbk

Based on Credit Agreement dated December 15, 2008, MBSS obtained a Working Capital Loan facility from PT Bank Rakyat Indonesia (Persero) Tbk (BRI) with maximum limit of US$ 2,600,000. This facility bears interest rate of 6.5% per annum. This facility has been expired on December 15, 2012 and was not extended. MBSS is in the process of releasing fiduciary right of the related collaterals.

This facility is collateralized by the following:

- Accounts receivable amounting to Rp 11,902,728,000 (Note 7);
- 2 units of tugboat namely Entebe Star 9 and Queen 202 (Note 21); and
- 2 units of barge namely Finacia 3 and Finacia 9 (Note 21).

MBSS is required to comply with several restrictions, among others, MBSS is required to obtain prior written consent to:

- Act as a guarantor, pledge MBSS assets in any form or purposes to other parties for amounts more than US$ 10,000,000;
- Obtain new loan from bank or non-bank financial institutions or third parties/partner for amounts more than US$ 10,000,000;
- Enter into the new business or perform merger or acquisition;
- Liquidate the business or request for bankruptcy;
- Rent out the collateral in any form and purpose to other except related with the MBSS business; and
- Carry out transaction with related parties that is outside the normal business transaction.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, total outstanding loan, net of unamortized transaction costs amounted to nil, US$ 697,287 and nil, respectively.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, management believe that the Company and its subsidiaries have complied with all significant covenants required by the banks.

26. TRADE ACCOUNTS PAYABLE

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
By creditor:			
Related parties (Note 49)			
PT Kideco Jaya Agung	3,152,470	10,436,811	17,858,748
PT Indo Turbine	45,710	-	-
Others	94,729	191,111	222
Sub total	3,292,909	10,627,922	17,858,970
Third parties	89,855,134	86,308,778	47,754,644
Total	93,148,043	96,936,700	65,613,614
By age:			
Current	50,872,720	58,354,433	51,290,402
Overdue			
1 - 30 days	20,647,188	23,033,194	6,702,147
31 - 90 days	11,597,075	2,973,313	2,885,218
91 - 180 days	1,886,859	9,332,267	4,606,495
181 - 360 days	3,187,378	3,225,518	129,352
> 360 days	4,956,823	17,975	-
Total	93,148,043	96,936,700	65,613,614
By currency:			
Unites States Dollar	71,636,038	75,839,546	48,624,180
Rupiah	18,658,369	14,788,928	6,600,156
Singapore Dollar	1,248,524	1,063,630	71,850
Euro	630,827	516,211	8,102,547
Japanese Yen	568,244	1,333,701	-
Australian Dollar	333,145	3,300,948	2,178,957
Others	72,896	93,736	35,924
Total	93,148,043	96,936,700	65,613,614

27. TAXES PAYABLE

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Current tax			
Subsidiaries			
Final			
2012 (Note 44)	21,192	-	-
2011	-	83,260	-
2010	-	-	14,570
Non final			
2012	256,231	-	-
2011	-	962,064	-
2010	-	3,198	1,705,483
Income tax:			
Article 15	171,676	159,793	6,673
Article 21	3,476,274	3,572,122	2,406,740
Article 23	469,037	215,814	198,309
Article 25	235,019	520,843	377,154
Article 26	69,492	88,553	35,702
Article 4(2)	157,861	82,267	144,922
Tax penalty	424,368	-	-
Value added tax	715,116	2,077,415	4,006
Others - subsidiaries	-	551,279	50,051
Total	5,996,266	8,316,608	4,943,610

28. ACCRUED EXPENSES

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Construction and sub-contractors' expenses	20,599,447	8,186,590	5,810,255
Purchase of materials and spare parts	15,523,413	10,995,037	1,084,640
Interest	8,187,158	7,242,501	5,363,363
Salaries, employees' incentives and bonus	4,347,545	3,710,741	4,626,293
Vehicle tax	1,787,371	2,390,053	2,066,956
Others (each below US$ 1 million)	4,646,359	6,480,812	3,374,041
Total	55,091,293	39,005,734	22,325,548

29. LONG-TERM LOANS

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Bank loans			
Rupiah			
PT Bank Tabungan Negara (Persero)	681,362	818,262	914,248
PT Bank Pembangunan Daerah Jawa Barat dan Banten	203,593	341,200	469,247
PT Bank Victoria International Tbk	643,583	1,045,765	967,634
PT Bank Negara Indonesia (Persero) Tbk	-	207,322	-
U.S. Dollar			
PT Bank Permata Tbk	44,224,283	17,460,079	-
PT Bank International Indonesia Tbk	24,912,412	37,091,200	-
The Hongkong and Shanghai Bank Corporation Limited	15,291,748	19,414,645	-
PT Bank Danamon Indonesia Tbk	10,512,026	12,619,100	-
PT Indonesia Eximbank	7,256,427	-	-
PT Bank UOB Indonesia	-	2,589,656	-
PT Bank Syariah Mandiri	-	504,632	-
Singapore Dollar			
Bank DBS Ltd., Singapore Branch	16,972,636	16,588,774	-
Financing company	-	2,426	16,794
Total	120,698,070	108,683,061	2,367,923
Less current maturities	(32,306,078)	(30,784,076)	(863,641)
Long-term loans - net	88,391,992	77,898,985	1,504,282
Schedule of principal repayment			
Within one year	32,306,078	30,784,076	863,641
Within second year	28,160,162	25,675,342	458,458
Within the third year	19,869,799	21,181,628	354,799
Within the fourth year	11,243,567	13,120,644	204,093
Within the fifth year	7,242,285	3,319,475	112,112
Within the sixth year	4,122,673	14,601,896	374,820
More than six years	17,753,506	-	-
Total	120,698,070	108,683,061	2,367,923
Interest rates per annum			
Rupiah	13.5%	13.5%	6% - 16,92%
U.S. Dollar	2,5% - 6,5%	2,5% - 7%	-
Singapore Dollar	2,78%	2,58%	-

PT Bank Tabungan Negara (Persero)

On August 31, 2010, PT Satya Mitra Gas (SMG) entered into a non-revolving credit agreement with PT Bank Tabungan Negara (Persero), described herein as BTN, wherein BTN agreed to provide SMG with a Credit Investment facility at the maximum credit limit of Rp 8,300 million. Such facility is used to finance the development and all equipment related to the Operations of the Stations for Gas Filling (SPBE) located in Semarang.

The loan has a term of 120 months, with a grace period for payment of principal of 6 months starting from October 27, 2009 with final maturity date on October 30, 2019. The above credit facility is an amendment of the credit facility provided by BTN on October 27, 2009 to the old shareholders of SMG (prior to the acquisition of SMG by the Company).

The loan bears interest rate at 13.5% per annum, adjustable based on BTN's terms and regulations, and is payable on a monthly basis on the 26th day of each month. Principal of the loan is repayable in 6 equal monthly installment of Rp 133 million starting in 2011; 12 equal monthly installment of Rp 75 million in year 2012; 36 equal monthly installment of Rp 83 million starting in year 2013; 12 equal monthly installment of Rp 92 million in year 2016; 24 equal monthly installment of Rp 100 million in year 2017 and 12 equal monthly installment of Rp 10 million during the last year of the loan period. Repayment of the principal and interest on the loan will be automatically debited from the SMG's bank account in the same bank, which is also the depository as the inflow account for any revenues from the operations of SPBE.

Provision fee related to the above credit facility amounted to Rp 83 million and SMG is also liable for any fees related to the legal documents on the collateral of the credit, through an escrow account in PT Bank Tabungan Negara (Persero) of 0.5% of the credit limit given.

The loan is secured by the following:

(i) Main collaterals consisting of Building Ownership Right (HM) No 3438/Meteseh; HM No. 3436/Meteseh; HM No. 01057/Meteseh and HM No. 03352/Meteseh as well as the equipment and installation for SPBE in the amount of Rp 2,310 million and Rp 6,685 million, respectively;

(ii) Additional collaterals consisting of several HM on parcels of land owned by the previous shareholders of SMG;

(iii) Personal guarantee from Mr. Suka Adhisatya, the previous shareholder of SMG; and

(iv) Accounts receivable resulting from the operations of the SPBE.

The credit agreement contains certain covenants which restricted SMG from the following:

- Receive any additional credit facility from other parties related to this project, except for shareholder loans or trade accounts payable;
- Act as a guarantor or use SMG's assets as a collateral;
- Change SMG's articles of association and management;
- File a bankruptcy;
- Conduct merger or acquisitions;
- Distribute dividend; and
- Settle all shareholder loans.

BTN, through its letter dated April 13, 2012, agreed to waive certain collaterals with following conditions:

- Management should legally process the certificate of project to become under PT Satya Mitra Gas legal name; and
- Fiduciary with machines, equipment and installations that support SPBE.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balance of this loan amounted to US$ 681,362, US$ 818,262 and US$ 914,248, respectively.

PT Bank Pembangunan Daerah Jawa Barat dan Banten

On October 5, 2010, PT Wahida Arta Guna Lestari (WAGL) entered into a non-revolving credit agreement with PT Bank Pembangunan Daerah Jawa Barat dan Banten, described herein as BJB, wherein BJB agreed to provide WAGL with a General Credit Investment facility at the maximum credit limit of Rp 4,500 million. Such facility is used to finance purchases of all machinery and equipment related to the operations of the Stations for Gas Filling and Delivery (SPPBE).

The loan has a term of 64 months, starting from May 11, 2009, payable on every 3 months for the principal of the loan. The above credit facility is an amendment of the credit facility provided by BJB on May 11, 2009 to the old shareholders of WAGL, prior to the acquisition of WAGL by the Company. Certain terms and conditions in the old credit agreement were amended as follows:

- The loan bears floating interest rate initially at 13.50% per annum, adjustable based on BJB's terms and regulations, and is payable on a monthly basis on the 27th day of each month;
- Amendment on the securities provided by WAGL to BJB, which includes two parcels of land with HGB No. 00001/Kersanegara and 00002/Kersanegara under the name of WAGL; the machinery and equipment of WAGL in the amount of Rp 9,377,874,203 as well as the project value of SPPBE which should cover more than 100% of the planned remaining withdrawal; and
- WAGL should provide a restricted account in the same bank with a maintaining balance of at least one payment of interest and loan principal.

The agreement above contains certain covenants which restricted WAGL from the following:

- Receive any additional loans from other parties without any notification and approval from BJB;
- Act as a guarantor for any other third party;
- Distribute dividend or bonus prior to the settlement of the above loan;
- Settle all shareholder loans;
- WAGL should also notify BJB for any changes in the WAGL's management composition; and
- WAGL should obtain approval from BJB for any changes in the WAGL's shareholder composition.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balance of this loan amounted to US$ 203,593, US$ 341,200 and US$ 469,247, respectively.

PT Bank Victoria International Tbk

Loans from PT Bank Victoria International Tbk represent long-term loan of the Company and its subsidiaries for financing of new vehicles for a period ranging from 2-3 years.

The agreement of the long-term loan contain certain covenants, which the Company and its subsidiaries are required to fulfill, including provision regarding events of default.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balance of this loan amounted to US$ 643,583, US$ 1,045,765 and US$ 967,634, respectively.

PT Bank Negara Indonesia (Persero) Tbk (BNI)

This loan pertains to investment credit facilities obtained by MBSS in 2009. The loan was fully paid in August 2012.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balance of this loan amounted to nil, US$ 207,322 and nil, respectively.

PT Bank Permata Tbk (Permata)

On November 19, 2009, MBSS obtained term loan financing facility from Permata amounting to US$ 8,500,000 to finance purchase of 3 unit tugboats and 2 unit barges.Terms of the facility is up to June 19, 2014. This term loan facility bear an annual interest rate at 6% per annum.

This term loan facility is secured by 3 units of tugboat namely: Megastar 63, Megastar 67 and Entebe Star 69 and purchase 2 units of barges namely Finacia 70 and Finacia 71.

On November 19, 2010, MBSS obtained *Ijarah* financing facility from Permata with maximum limit of US$ 2,720,000 with term of 54 months, effective from drawdown date.

This loan is secured by:
- Rental fee guarantee amounting to US$ 1,000; and
- Personal guarantee from Jos Rudolf Bing Prasatya, director of MBSS.

MBSS is required to comply with several restrictions, among others, the Company is required to maintain financial ratios:
- Leverage ratio shall not be more than 3 times; and
- Debt Service Coverage Ratio shall not be less than 1.2 times.

On January 19, 2011, MBSS obtained *Ijarah* financing facility from Permata with maximum limit of US$ 7,449,438 with term of 54 months, effective from drawdown date.

This loan is secured by:
- Rental fee guarantee amounting to US$ 1,500; and
- Personal guarantee from Jos Rudolf Bing Prasatya, director of MBSS.

MBSS is required to comply with several restrictions:
- Leverage shall not be more than 3 times; and
- Debt service coverage ratio shall not be less than 1.2 times.

On January 19, 2011, MBSS obtained *Ijarah* financing facility from Permata with maximum limit of US$ 3,600,000 with term of 54 months, effective from the drawdown date.

This loan is secured by:
- Rental fee guarantee amounting to US$ 500; and
- Personal guarantee from Jos Rudolf Bing Prasatya, director of MBSS.

MBSS is required to comply with several restrictions:
- Leverage shall not be more than 3 times; and
- Debt service coverage ratio shall not be less than 1.2 times.

On May 30, 2012, MBSS obtained a term loan facility from Permata facility of US$ 4,320,000 to financing 4 units of barge. Terms of the facility is 60 months. This term loan facility bear an annual interest rate at 6% per annum.

This loan is secured by 4 units of barges, namely Finacia 88, Finacia 89, Finacia 90 and Finacia 91.

Based on Notarial Deed No. 50 Fifth Changes of Bank Loan Agreements dated June 14, 2012, made by Sri Rahayuningsih SH, a notary, MBSS obtained a term loan facility from Permata which amounted to US$ 18,000,000 to finance one unit of floating crane. Term of the facility is 90 months.

This facility bear an annual interest rate of 5.75% and were secured by:

- 1 unit floating crane with a pledged value of 120%;
- Receivables amounted to a minimum of US$ 750,000.

MBSS is required to comply with several restrictions to maintain financial ratios:
- Leverage ratio maximum 3 times;
- Debt service coverage ratio minimum 1.25 times.

MBSS must obtain written approval from the bank if the Company would obtain borrowings which amounted to US$ 10,000,000 and above.

Based on Notarial Deed No. 85 Banking Facilities Agreement dated May 22, 2012, by Sri Rahayuningsih SH, a notary, MASS obtained a term loan facility from Bank Permata of US$ 12,000,000 to finance one unit of floating crane. Term of the facility is 72 months. This facility bears an annual interest rate of 6% and were secured by 1 unit floating crane named FC Blitz.

MASS is required to comply with several restrictions to maintain financial ratios as follows:
- Debt to equity ratio maximum 4 times;
- Debt service coverage ratio minimum 1.25 times.

This terms effective on first year after floating crane commence its operations.

As of December 31, 2012, 2011 and and January 1, 2011/December 31, 2010 the outstanding balance of loan Permata amounted to US$ 44,224,283, US$ 17,460,079 and nil, respectively.

PT Bank Internasional Indonesia Tbk (BII)

On May 9, 2008, MBSS obtained additional term loan facility from BII amounting to US$ 12,001,000. Term of loan is 5 years, due on May 9, 2013 and bears an annual interest rate of 5.5% for first 6 months. On January 15, 2009, part of this loan amounting to US$ 8,351,000 has been novated to Mitra Swire CTM (MSC), a subsidiary of MBSS.

These loan facilities are secured by:

(i). Fiduciary over receivables, MBSS's rights and claim to PT Kaltim Prima Coal (KPC) and PT Bahari Cakrawala Sebuku in relation to its business, with fiduciary collateral value of US$ 7,600,000 (Note 7);

(ii). Personal guarantee from Mr. Jos Rudolf Bing Prasatya and Mrs. Maria Francesca Hermawan, MBSS' Directors; and

(iii). Right to put mortgage, sell and charter over:
- Tugboats namely: Entebe Star 30, Entebe Star 31, Entebe Emerald 32, Entebe Emerald 36, Entebe Emerald 37, Entebe Emerald 51, Entebe Emerald 39, Entebe Emerald 52 and Entebe Emerald 33 (Note 21);
- Barges namely: Finacia 35, Finacia 36, Finacia 37, Finacia 55, Finacia 39, Finacia 50, Finacia 51, Finacia 56, Finacia 38, Finacia 29, and Finacia 32 (Note 21); and Floating Crane Ben Glory (Note 21).

MBSS is required to comply with several restrictions, among others things, MBSS is required to obtain prior written consent to:

(i). Sell, transfer, hand over the right, dispose most of or entire assets of MBSS and/or pledge unremovable assets owned by MBSS as collateral and/or act as a guarantor with any means to other parties (except in normal course of business);

(ii). Change MBSS' director and commissioner;

(iii). Perform merger, consolidation with other party and takeover shares of other party; and

(iv). MBSS is also required to maintain: Leverage Ratio of not more than 2.5 times.

Based on the amendment of credit facility No. 8 dated February 1, 2010, the following changes, among other things, have been approved:

(i). The loan is used only to upgrade the Floating Crane Ben Glory to become double crane;

(ii). Fiduciary over receivables to PT Berau Coal, PT Kaltim Prima Coal and PT Bahari Cakrawala Sebuku amounted to US$ 4,708,980.

As of September 29, 2011, BII has released the pledge for the following vessels which are Entebe Star 31, Entebe Emerald 32, Entebe Emerald 36, Entebe Emerald 37, Entebe Emerald 39, Finacia 37, Finacia 55, Finacia 39, Finacia 51, Finacia 56, Finacia 29 and Finacia 32.

On January 15, 2009, MSC, a subsidiary of MBSS, obtained credit facility amounting to US$ 8,351,000 from PT Bank International Indonesia Tbk (BII) which represents a novation of term loan facility provided by BII to MBSS. The loan term is January 15, 2009 up to May 28, 2013. This loan is secured by Floating Crane Princess Abby. This loan bears annual interest rate at 5.5%.

On February 1, 2010, MBSS obtained a term loan facility from BII with a maximum credit of US$ 15,000,000. The loan is used to finance the purchase of new vessels of up to 85% of the purchase price with maturity date of November 1, 2014 and financed the purchase of used vessels of up to 70% of the purchase price with maturity date of August 1, 2014. The credit facility bears annual interest of 5.5%.

The loan is secured by:

(i). Fiduciary claims, rights and expectations held by MBSS over PT Kaltim Prima Coal (KPC) and PT Bahari Cakrawala Sebuku (Bahari) contracts related to MBSS operation amounted to US$ 4,780,980;

(ii). Personal guarantee of Mr. Jos Rudolf Bing Prasatya and Mrs. Maria Francesca Hermawan, directors of MBSS,

(iii). Power to mortgage, sell and charter new and used ships; and

(iv). Fiduciary over vessels insurance claims.

MBSS is required to comply with several restrictions, among others, MBSS is required to obtain prior written consent for the following:

(i). Withdraw the paid-up capital;

(ii). Make changes to:
- The composition of management and/or members of the board of directors and commissioners MBSS;
- The composition of shareholders of MBSS which resulted in the founding shareholders of MBSS to own of less than 51% of all shares issued by MBSS so that the operations of MBSS is controlled by the new shareholders;

(iii). Change the contents of the contract agreement or transfer agreement that has been pledged to banks, to other parties; and

(iv). Change the contents of the instruction letter to Bahari and KPC to transfer all payments under the contract agreement contruction agreement I and III to the debtor's account.

On June 15, 2010, MBSS obtained a term loan facility from BII with a maximum credit of US$ 9,700,000. This loan was used to finance the construction of 1 unit of floating crane named Princess Rachel. The term of credit facility is 56 months which will expire on February 15, 2015 and bears annual interest rate at 5.5%.

The loan is secured by:

(i). Fiduciary claims, rights and claim of MBSS on PT Kideco Jaya Agung (KJA);

(ii). Personal guarantee of Mr. Jos Rudolf Bing Prasatya and Mrs. Maria Francesca Hermawan, Directors of MBSS;

(iii). Power to mortgage, sell and charter floating crane Princess Rachel; and

(iv). Fiduciary over vessels insurance claims.

MBSS must request written approval from the bank for the following, among others:

- Change the contents of the contract or assign the contract of KJA which has been pledged to the bank, to another party; and
- Transfer or sell the ship to KJA.

On February 24, 2011, MSC signed a Credit Agreement with PT Bank Internasional Indonesia Tbk for the financing of floating crane named Princesse Chloe. The facilities given included term loan amounting to US$ 19,200,000 which will be due in 60 months up to February 24, 2016 and demand loan of US$ 1,000,000. Both facilities bears annual interest rate of 5.5%.

This credit facility is secured by:

(i). One unit of floating crane named Princesse Chloe; and

(ii). Fiduciary warranty over MSC's receivables from PT Berau Coal or other third parties, which charter the vessel.

MSC should comply with certain financial ratios as follows:

- EBITDA/financial payment not less than 1;
- Leverage ratio not more than 2.5 times; and
- Maintain not more than balance amounted US$ 150,000 in the bank account.

As of December 31, 2012, 2011 and and January 1, 2011/December 31, 2010 total outstanding balance BII amounted to US$ 24,912,412, US$ 37,091,200 and nil, respectively.

The Hongkong and Shanghai Banking Corporation (HSBC)

On March 23, 2011, MBSS obtained credit facilities from The Hongkong and Shanghai Banking Corporation Limited (HSBC) with maximum credit of US$ 20,000,000. This facility is used to finance 80% of tugboats and barges purchase value. The facility bears annual interest rate of 4% over SIBOR and will be due on March 23, 2016.

The facility is secured by:

- Tugboats (Entebe Emerald 23, Entebe Emerald 50, Emerald 69, Entebe Star 71, Financia 82, Labuan 2705, Megastar 73, Megastar 79, Megastar 75, Segara Sejati 3, Segara Sejati 1, Entebe Star 78, Entebe Star 76, and Entebe Power 10) and Barges (Finacia 58 dan Finacia Finacia 102); and

- Fiduciary over MBSS' receivable from PT Bukit Asam (Persero) Tbk amounting to Rp 82,368 million.

MBSS is required to comply with certain ratios as follows:

- Debt to equity ratio at maximum of 2:1;

- EBITDA of interest at minimum of 3:1; and

- Leverage ratio minimum of 1.25 times.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010 the outstanding balance of the loan amounted to US$ 15,291,748, US$ 19,414,645 and nil, respectively.

PT Bank Danamon Indonesia Tbk

On November 8, 2007, MBSS obtained a Term Loan Facility from Bank Danamon amounting to US$ 7,500,000 which was used for investment. The term of the loan is 60 months with a grace period of 3 months and bears annual interest rate of SIBOR plus 2.5% and will due at July 18, 2013.

This loan is secured by:

(i). 1 unit floating crane finance with this loan;

(ii). Fiduciary over the existing accounts receivable and which will be generated in later periods with collateral value of US$ 2,500,000 (Note 7); and

(iii). Personal guarantee from Mrs. Maria Francesca Hermawan, Mr. Jos Rudolf Bing Prasatya and Mrs. Patricia Pratiwi Suwati Prasatya (director of MBSS).

On January 17, 2008, the loan agreement was amended with changes relating to, among others, the increase in credit limit of up to US$ 10,500,000 and the additional personal guarantees from Mr. Jos Rudolf Bing Prasatya and Mrs. Patricia Pratiwi Suwati Prasatya (director of MBSS).

Under the loan agreements, MBSS is required to comply with several restrictions, among others, to obtain prior written consent to:

- Sell or transfer the right or lease/give the usage of entire or part of MBSS' assets, including removable or unmovable assets owned by MBSS, except in relation with its business;

- Grant credit facility for or receive loan from other party with minimal amount of US$ 10,000,000 in each year except for transaction which is directly related to its business;

- Change MBSS' scope of business and activities;

- Change the management structure, shareholders structure and share value of MBSS;

- Declare and distribute stock dividend of MBSS; and

- Perform merger or acquisition.

On December 20, 2010, MBSS obtained new long-term loan (KAB3) from Bank Danamon amounting to US$ 3,000,000.

On December 2, 2011, MBSS obtained new long-term loan (KAB4) from Bank Danamon amounting to US$ 11,000,000.

This facility bear an annual interest rate of 6%. This loan will due in April 2017.

MBSS is required to comply with several restriction, among others, MBSS is required to maintain financial ratios:

- Debt Service Coverage shall not be less than 1.2 times;
- Debt to Equity Ratio shall not be more than 2 times.

This loan is secured by Financia 99, Megapower 12, Megapower 23, Megastar 72, Financia 103, Financia 105, Financia 81, Financia 97, and Financia 98.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balances of the loan amounting to US$ 10,512,026, US$ 12,619,100 and nil, respectively.

PT Indonesia Eximbank (Eximbank)

On April 2, 2012, MBSS obtained Al Murabahah financing facility from Eximbank according to Financing Facility Approval Letter with maximum limit of US$ 8,000,000. The loan is used to procure 3 sets of tugboat and barge, with credit terms in 72 months since the first drawdown date. This loan is secured by 3 sets of tugboat and barges which is financed by the bank, and were partially drawn in April 2012.

MBSS shall not perform the following action without prior written approval from Eximbank:

- Change the status and reduce the paid up capital of the MBSS;
- Acquire new debt other than normal business resulted the DER ratio exceeds 3 times;
- Undertake any merger or acquisition that could affect financing obligations payment;
- Use the proceed other than originally planned;
- Sell or transfer assets that have been pledged to bank; and
- Undertake transaction with other parties that does not follow normal term.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balance of this loan amounted to US$ 7,256,427, nil and nil, respectively.

PT Bank UOB Indonesia (UOB)

On August 24, 2009, MBSS obtained a term loan facility from UOB with a maximum limit of US$ 10,000,000 . This facitlity was used to finance the purchase of vessels. The term of the loan facility is 3 years and bears annual interest rate of 2.5% above UOB's cost of fund.

This loan is secured by:

(i). 5 sets of tugboat and barge

(ii). Fiduciary over the existing accounts receivable and receivables which will be generated on later periods with collateral value of US$ 12,000,000;

(iii). First priority over vessel insurance claims; and

(iv). Personal guarantee from Mr. Jos Rudolf Bing Prasatya, Mrs. Maria Francesca Hermawan, Mrs. Patricia P. S. Prasatya and Mrs. Ingrid A. S. Prasatya, Directors of MBSS.

On December 23, 2010, UOB agreed to withdraw the personal guarantees of Mr. Jos Rudolf Bing Prasatya, Mrs. Maria Fransesca Hermawan, Mrs. Patricia P.S. Prasatya dan Mrs. Ingrid A.S. Prasatya, Directors of MBSS.

MBSS is required to comply with several restrictions, MBSS shall maintain certain financial ratios and shall not perform any of the following without prior written consent from Bank UOB:

(i). Change MBSS' scope of business and activities;

(ii). Change the management structure and shareholders structure; and

(iii). Declare and distribute dividend.

MBSS is also required to maintain financial ratios, as follows:

- Debt to Equity Ratio shall not be more than 2.
- Debt Service Coverage shall not be less than 1.

This loan has been fully repaid in September 2012 and the fiduciary right on the related collaterals has been released.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010 the outstanding balance of the loan amounted to nil, US$ 2,589,656 and nil respectively.

PT Bank Syariah Mandiri

On May 27, 2009, MBSS obtained Al Murabahah financing facility from BSM with maximum limit of Rp 30,000,000,000. This loan is used to purchase 4 units of tugboat with term of 36 months, effective since the drawdown date.

Based on commitment agreement of line facility deed No. 22 on December 7, 2009, this loan facility was converted into U.S. Dollar by using the exchange rate at the time of conversion.

This loan is secured by:

(i). 4 units of tugboat consisting of: Entebe Emerald 22, Entebe Power 1, Entebe Power 2, Entebe Star 21; and

(ii). Fiduciary over the existing accounts receivable and receivables which will be generated in later periods with collateral value of US$ 3,000,000.

MBSS is required to comply with several covenants, among others:

- Using a financing facility in accordance with the terms defined;
- Reporting on the damage or loss of asset worth at least Rp 10,000,000,000;
- Maintain the status of the MBSS and owned licenses, and also renew the permits which expired;
- Purchase asset with minimum value of Rp 20,000,000,000; and
- Maintain financial ratios:
  - Current Ratio of not less than 1.2; and
  - Debt to Equity Ratio of not more than 2.5.

The loan had been fully repaid in May 2012 and fiduciary rights in the related collaterals has been released.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balance of the loan amounted to nil, US$ 504,632 and nil, respectively.

In December 2010, MBSS obtained waiver letter for restrictions related to MBSS' plan for an initial public offering and transfer of certain shares from PT Bank International Indonesia Tbk, PT Bank DBS Indonesia, PT Bank Negara Indonesia (Persero) Tbk, PT Bank Rakyat Indonesia (Persero) Tbk, PT Bank Permata Tbk, PT Bank UOB Buana, PT Bank Danamon Indonesia Tbk, and PT Bank Syariah Mandiri.

Revocation of restrictions consist of dividend payment to shareholder, amendment of company articles of association, change in structure of management, change in legal status of MBSS and changes in capital structure.

All personal guarantee given by the Prasatya family in relation with the MBSS' loan security, is no longer valid since MBSS obtain the Effective Registration Letter from BAPEPAM-LK No. S-3102/BL/2011 dated March 25, 2011.

As of December 31, 2012, management is of the opinion that the Company and its subsidiaries have complied with all significant covenants required by the banks.

Bank DBS Ltd. Singapore Branch

On July 1, 2011, TS, a subsidiary of TPEC, obtained long term loan with term of 240 months installment from DBS Bank Ltd (Singapore) amounting to SG$ 22 million. Current maturity of this loan amounted to SG$ 853,071 (equivalent to US$ 698,094 million). This loan bears the following interest rate:
- 1st year at 2.58% fixed;
- 2nd year at 2.78% fixed;
- 3rd year at 2.98% fixed; and
- Subsequent years at 5%.

This loan is secured by TS' property (Note 21) and a deed of subordination to be executed by directors/ shareholders/TS in respect of subordination of all existing and future loan.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the outstanding balance of this loan amounted to US$ 16,972,636, US$ 16,588,774 and nil, respectively.

Financing Company

Loans from finance company represent long-term loans, for a period ranging from 2-3 years, for financing of vehicles obtained from PT Toyota Astra Financial Services.

30. LEASE LIABILITIES

The future minimum lease payments based on the lease agreements as of December 31, 2012, 2011 and January 1, 2011/December 31, 2010 are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
a. By Due Date:			
Payments' due date			
2011	-	-	20,247,025
2012	-	29,308,559	18,134,023
2013	60,337,421	24,403,175	12,843,955
2014	46,832,139	10,328,959	1,573,351
2015	29,057,057	6,505,955	-
2016	16,837,681	3,601,125	-
2017	3,296,018	-	-
Total minimum lease payments	156,360,316	74,147,773	52,798,354
Interest	(9,035,689)	(4,494,045)	(3,532,978)
Present value of minimum lease payments	147,324,627	69,653,728	49,265,376
Less: unamortized lease fees	(1,810,180)	-	-
Total - net	145,514,447	69,653,728	49,265,376
Current maturities	(55,725,080)	(26,922,585)	(18,389,278)
Long-term lease liabilities - net	89,789,367	42,731,143	30,876,098
b. By Lessor:			
PT Mitra Pinasthika Mustika Finance	104,381,098	51,554,037	14,322,990
PT Mitsubishi UFJ Lease & Finance Indonesia	21,418,817	-	-
PT Orix Indonesia Finance	12,317,175	-	229,118
PT Caterpillar Finance Indonesia	8,860,323	17,931,959	27,097,986
BII Finance	173,805	-	-
PT Bumiputera BOT Finance	173,409	167,732	315,315
The Royal Bank of Scotland	-	-	7,299,967
Total	147,324,627	69,653,728	49,265,376
Less: unamortized lease fees	(1,810,180)	-	-
Total - Net	145,514,447	69,653,728	49,265,376

Lease liabilities mainly consist of purchases of machineries by Petrosea. These liabilities are secured by the related leased assets. The leases have terms of 4 to 5 years.

In 2012, additional sale and leaseback transactions were carried out by Petrosea which were classified as finance lease.

Lease liabilities denominated in currency other than the respective functional currency of the Company and its subsidiaries are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Rupiah	173,409	167,732	315,315

PT Mitra Pinasthika Mustika Finance (MPMF) [formerly PT Austindo Nusantara Jaya Finance]

On June 10, 2011, Petrosea and MPMF entered into a Finance Lease Facility Agreement, whereby Petrosea was granted a finance lease facility amounting to US$ 45 million. The interest rate on this facility is 3% plus LIBOR. This facility is available for 6 months.

On January 24, 2012, Petrosea and MPMF entered into a Finance Lease Facility Agreement, whereby Petrosea was granted a finance lease facility amounting to US$ 75 million. The interest rate on this facility is 3.125% plus LIBOR. The facility is available for 24 months.

PT Mitsubishi UFJ Lease & Finance Indonesia

On April 18, 2012, Petrosea and PT Mitsubishi UFJ Lease & Finance Indonesia entered into a Finance Lease Facility Agreement, whereby Petrosea was granted a finance lease facility amounting to US$ 25 million. The interest rate on this facility is 3.40% plus SIBOR. The facility is available for 6 months.

PT Orix Indonesia Finance

On June 28, 2012, Petrosea and PT Orix Indonesia Finance entered into a Finance Lease Facility Agreement, whereby Petrosea was granted a finance lease facility amounting to US$ 15 million. The interest rate on this facility is 3.50% plus SIBOR. The facility is available for 12 months.

PT Caterpillar Finance Indonesia

On March 3, 2005, Petrosea and PT Caterpillar Finance Indonesia entered into a Finance Lease Facility Agreement, whereby Petrosea was granted a finance lease facility amounting to US$ 50 million. The interest rate arrived from several finance lease facilities received by Petrosea are between 2.00%-4.00% plus SIBOR and 5.00%-6.35% plus LIBOR.

Significant general terms and conditions of the finance leases entered by Petrosea are as follows:

i. Petrosea is prohibited to sell, lend, sublease, or otherwise dispose of or, cease to exercise direct control over, the leased assets;

ii. Petrosea is prohibited to provide securities/collateral, including security deposit, or guarantee to other lessors over the leased assets; and

iii. For lease liability from MPMF, Petrosea is required to maintain certain financial ratios computed based on the consolidated financial statements.

31. BONDS PAYABLE

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Senior Notes, nominal of US$ 250 million in 2007 as of 2010 and of US$ 65 million in 2011	-	65,000,000	250,000,000
Senior Notes II, nominal of US$ 230 million in 2009	230,000,000	230,000,000	230,000,000
Senior Notes III, nominal of US$ 300 million in 2011	300,000,000	300,000,000	-
Less: Unamortized bond issuance costs	(36,336,515)	(40,980,812)	(15,766,989)
Total net	493,663,485	554,019,188	464,233,011
Presented in consolidated statements of financial position as:			
Current liabilities	-	64,625,585	-
Noncurrent liabilites	493,663,485	489,393,603	464,233,011
Total	493,663,485	554,019,188	464,233,011

Senior Notes, US$ 250 Million

On May 8, 2007, IIE B.V., a direct wholly owned subsidiary of the Company, issued Senior Notes ("Notes") amounting to US$ 250,000,000 due in June 2012. The Notes bear interest at 8.5% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, commencing on December 1, 2007. The Notes are listed on the Singapore Stock Exchange. In relation to the issuance of the Notes, HSBC Institutional Trust Services (Singapore) Limited acted as trustee, while the Company and IIC as guarantors.

The Notes are secured on a first priority basis by a lien on the following collateral:

- Pledges of the Company's investments in shares of stock of IIE B.V. and IIC (Note 1b) and IIC's investment in shares of stock of PT Kideco Jaya Agung (Note 14);
- A security interest in the Pre-funded Interest Reserve Account, in the name of the Company held at JP Morgan Chase Bank, N.A., New York. The Company was required to maintain an amount in this account equal to one semi-annual interest payment. As of December 31, 2012, 2011 and 2010, this account had a balance of nil, US$ 10,793,607 and US$ 10,772,106, respectively, which was recorded as "Restricted cash in banks" and presented as other noncurrent financial assets;
- A security interest in the Interest Accumulated Account, in the name of IIE B.V. held at ING Bank, Amsterdam Branch. On a monthly basis, IIE B.V. is required to deposit in the Interest Accumulated Account an amount equal to one-sixth of one semi-annual interest payment, which will be applied to the payment of interest on the Notes. As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, the balance of this account amounting to nil, US$ 3,391,376 and US$ 4,910,244, respectively, was recorded as "Restricted cash in banks" and presented as other financial assets;
- A security interest in IIE B.V.'s right under the Intercompany Loans. On May 8, 2007, IIE B.V. lent the proceeds of the Notes to the Company and certain subsidiaries pursuant to the Intercompany Loans. Such entities will use the proceeds primarily for repayment of existing indebtedness and acquisitions of energy-related assets in the permitted businesses specified in the indenture agreement and for general corporate purposes. The parties making any Intercompany Loan will pledge their rights under such loan for the benefit of the holders of the Notes (the "Loan Pledges"). As of reporting dates, all the Intercompany Loans are fully eliminated for consolidation purposes.

IIE B.V. will be entitled at its option to redeem all or any portion of the Notes. At any time prior to June 1, 2010, IIE B.V. will be entitled at its option to redeem up to 35% of the Notes with the net proceeds of one or more equity offerings at a redemption price of 108.50%. The Notes are subject to redemption in whole at their principal amount at the option of IIE B.V., at any time in the event of certain changes affecting taxation between Indonesia and Netherlands.

In relation to the Notes, the Company and certain subsidiaries are restricted to, among others, perform the following:

- Incur additional indebtedness and issue preferred stock;
- Declare dividends on capital stock or purchase or redeem capital stock;
- Make investments or other specified “Restricted Payments”;
- Issue or sell capital stock of restricted subsidiaries;
- Guarantee indebtedness;
- Sell assets;
- Create any lien;
- Enter into sale and leaseback transactions;
- Enter into agreements that restrict the restricted subsidiaries’ ability to pay dividends and transfer assets or make inter-issuer loans;
- Enter into transactions with equity holders or affiliates;
- Effect a consolidation or merger; or
- Engage in different business activities.

These covenants, including the above restrictions, are subject to a number of important qualifications and exceptions as described in the bonds indenture.

The Notes have been assigned a rating of “B1” with positive outlook by Moody’s and “B+” with stable outlook by Fitch.

Based on first supplemental indenture dated September 30, 2009 among IIE B.V., the Company, IIC and HSBC Institutional Trust Services (Singapore) Limited (HSBC), the indenture permits IIE B.V. and HSBC to amend the indenture with written consent of the holders of the Notes of not less than a majority in aggregate principal amount of the Notes then outstanding. IIE B.V., the Company and IIC desired to amend the indenture, among others, as follows:

- Amendment to the definition of “applicable premium” to include all scheduled interest payments through June 1, 2012;
- Amendment on the interest rate payable on the Notes which increased by 0.50% per annum starting from December 1, 2009;
- Amendment to the maximum aggregate principal amount of indebtedness permitted to be incurred by the Company or any restricted subsidiary (other than PT Kideco Jaya Agung) for working capital to be US$ 25 million; and

- Amendment to the definition of "permitted liens" to include liens on shares on the capital stock of III, IPI and CEP as well as any decided operations and maintenance or other services the Company established in connection with the Cirebon Project, in each case securing indebtedness incurred by CEP for the financing of the Cirebon Project.

In relation to the solicitation of consent to amend certain provisions of the indenture as described above, the Company was charged a consent fee of US$ 5,510,100, which was recorded as additions to the bond issuance costs.

In May 2011, the Company has completed its exchange offer of the Senior Notes III for the Notes amounting to US$ 185,000,000.

In May 2012, the Company fully paid the Senior Notes I amounting US$ 65,000,000.

Senior Notes II, US$ 230 Million

On November 5, 2009, IIE II B.V., a direct wholly owned subsidiary of the Company, issued Senior Notes ("Notes II") amounting to US$ 230 million due in November 2016. The Notes II bear interest at 9.75% per annum, payable semi-annually on May 5 and November 5 of each year, commencing on May 5, 2010. The Notes II are listed on the Singapore Stock Exchange. In relation to the issuance of the Notes II, Citicorp International Limited acted as trustee, while the Company and IIC as guarantors.

The Notes II are secured on a first priority basis by a lien on the following collateral:

- Pledges of the Company's investments in shares of stock of IIE II B.V. and IIC (Note 1b) and IIC's investment in shares of stock of PT Kideco Jaya Agung (Note 14);

- A security interest in the Indika Proceeds Accounts, in the name of ICRL, held at Citibank, N.A., New York. As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, this account had balance of nil, US$ 50,000,000 and US$ 50,000,000, respectively, which was recorded as "Restricted cash in banks" and presented as other noncurrent financial assets. On February 2012, the Company had drawdown the collateral funds and use the proceeds for acquisitions of energy-related assets of one of the Company's subsidiaries, IIR, which was specified in the indenture agreement; and

- A security interest in IIE II B.V.'s right under the Intercompany Loans. On November 5, 2009, IIE II B.V. lent the proceeds of the Notes II to ICRL pursuant to the Intercompany Loans, in which certain portion of such Intercompany Loans amounting to US$ 12 million were assigned to the Company. The Company and ICRL will use the proceeds in accordance with the use of proceeds specified in the indenture agreement. As of reporting dates, all the Intercompany Loans are fully eliminated for consolidation purposes.

Collaterals on the Company's investment in IIC and IIC's investment in PT Kideco Jaya Agung as well as collaterals described in point 1 and 3 above will be shared *pari passu* in right and priority of payment with certain other creditors in respect of certain obligations of the Company in accordance with the Intercreditor Agreement between HSBC Institutional Trust Services (Singapore) Limited as Trustee of Notes, the Company and IIC, Citicorp International Limited as Trustee of Notes II, other holders of Permitted Pari Passu Secured Indebtedness and The Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch, as amended from time to time.

IIE II B.V. will be entitled at its option to redeem all or any portion of the Notes II. At any time prior to November 5, 2012, IIE II B.V. will be entitled at its option to redeem up to 35% of the Notes II with the net proceeds of one or more equity offerings at a redemption price of 109.75%. At any time prior to November 5, 2013, IIE II B.V. will be entitled at its option to redeem the Notes II, in whole but not in part, at a redemption price equal to 100% plus the applicable premium as further determined in the Notes II indenture. At any time on or after November 5, 2013, IIE II B.V. may redeem in whole or in part of the Notes II at a redemption price specifically described in the Notes II indenture. The Notes II are subject to redemption in whole at their principal amount at the option of the IIE II B.V. at any time in the event of certain changes affecting taxation between Indonesia and Netherlands.

In relation to the Notes II, the Company and certain subsidiaries are restricted to, among others, perform the following:

- Incur additional indebtedness and issue preferred stock;
- Declare dividends on capital stock or purchase or redeem capital stock;
- Make investments or other specified “Restricted Payments”;
- Issue or sell capital stock of restricted subsidiaries;
- Guarantee indebtedness;
- Sell assets;
- Create any lien;
- Enter into sale and leaseback transactions;
- Enter into agreements that restrict the restricted subsidiaries’ ability to pay dividends and transfer assets or make inter-issuer loans;
- Enter into transactions with equity holders or affiliates;
- Effect a consolidation or merger; or
- Engage in different business activities.

These covenants, including the above restrictions, are subject to a number of important qualifications and exceptions as described in the Notes II indenture.

Proceeds from guaranteed Notes II issued were used for (i) funding capital expenditures needed for Petrosea’s plan of expansion; (ii) funding working capital needed to expand in energy services and infrastructure segment (POSB); (iii) funding acquisition or additional investments in coal assets or an investment by the Company or Subsidiaries Guarantor as stated in Indenture and (iv) working capital and other general corporate purposes.

The Notes II have been assigned a rating of “B1” with stable outlook by Moody’s and “B+” by Fitch.

Senior Notes III, US$ 300 Million

On May 5, 2011, IEF B.V., a direct wholly owned subsidiary of the Company, issued Senior Notes (“Notes III”) amounting to US$ 115 million due in May 2018. The Notes III were issued together with the US$ 185 million related to Exchange Offer Notes I. The Notes III bear interest at 7% per annum, payable semi-annually on May 5 and November 5 of each year, commencing on November 5, 2011. The Notes III are listed on the Singapore Stock Exchange. In relation to the issuance of the Notes III, Citicorp International Limited acted as Trustee, while the Company and IIC, TPE, TPEC and TS as Guarantors.

The Notes III are secured on a first priority basis by a lien on the following collateral:

- Pledges of the Company's investments in shares of stock of Tripatra Group, TPEC, IEF BV, IEC BV and IIC (Note 1b) and IIC's investment in shares of stock of PT Kideco Jaya Agung (Note 14);
- A security interest in the Indika Proceeds Accounts, in the name of ICRL, held at Citibank, N.A., New York since the issuance of Notes III. The account was recorded as "Restricted cash in banks" and presented as other noncurrent financial assets. As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, this account had balance of nil, US$ 50,000,000 and US$ 50,000,000, respectively. On February 2012, the Company had drawdown the collateral funds and use the proceeds for acquisitions of energy-related assets of one of the Company's subsidiaries, IIR, which was specified in the indenture agreement; and
- A security interest in IEF B.V.'s right under the Intercompany Loans. As of reporting dates, all the Intercompany Loans are fully eliminated for consolidation purposes.

IEF B.V. will be entitled at its option to redeem all or any portion of the Notes III. At any time prior to May 5, 2014, IEF B.V. will be entitled at its option to redeem up to 35% of the Notes III with the net proceeds of one or more equity offerings at a redemption price of 107%. At any time prior to May 5, 2015, IEF B.V. will be entitled at its option to redeem the Notes III, in whole but not in part, at a redemption price equal to 100% plus the applicable premium as further determined in the Notes III indenture. At any time on or after May 5, 2015, IEF B.V. may redeem in whole or in part of the Notes III at a redemption price specifically described in the Notes III indenture. The Notes III are subject to redemption in whole at their principal amount at the option of the IEF B.V. at any time in the event of certain changes affecting taxation between Indonesia and Netherlands.

In relation to the Notes III, the Company and certain subsidiaries are restricted to, among others, perform the following:

- Incur additional indebtedness and issue preferred stock;
- Declare dividends on capital stock or purchase or redeem capital stock;
- Make investments or other specified "Restricted Payments";
- Issue or sell capital stock of restricted subsidiaries;
- Guarantee indebtedness;
- Sell assets;
- Create any lien;
- Enter into sale and leaseback transactions;
- Enter into agreements that restrict the restricted subsidiaries' ability to pay dividends and transfer assets or make inter-issuer loans;
- Enter into transactions with equity holders or affiliates;
- Effect a consolidation or merger; or
- Engage in different business activities.

These covenants, including the above restrictions, are subject to a number of important qualifications and exceptions as described in the Notes III indenture.

Proceeds from guaranteed Notes III issued were used for (i) redemption, repurchase or other repayment of Notes I amounting to US$ 65 million (ii) payment of amount to exchange and consent holders of Senior Notes I as premium and consent fee ; (iii) funding capital expenditures needed, including plan of expansion from Petrosea, subsidiary, to support production activities; (iv) investment in coal exploration activities and (v) working capital and other general corporate purposes.

The Notes III have been assigned a rating of "B1" with stable outlook by Moody's and "B+" by Fitch.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010 management is of the opinion that the Company and its subsidiaries have complied with all significant covenants required by the bond holders of the above Notes.

The interest expense incurred for Notes I, II and III for the years ended December 31, 2012 and 2011 amounted to US$ 45,800,208 and US$ 49,194,989, respectively (Note 42).

32. NEGATIVE GOODWILL

Negative goodwill arose from the acquisition of PT Kuala Pelabuhan Indonesia in 2009, a subsidiary of TPEC as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Negative goodwill	-	-	429,812
Accumulated amortization	-	-	(44,275)
Ending balance	-	-	385,537
Amortization during the year	-	-	21,419

Following the adoption of PSAK 22 (revised 2010), Business Combinations, negative goodwill was derecognized by adjusting the beginning retained earnings as of January 1, 2011.

33. EMPLOYMENT BENEFIT OBLIGATION

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Post-employment benefits	17,150,021	11,549,515	6,498,902
Long service leave	4,128,266	2,716,034	1,292,000
Total	21,278,287	14,265,549	7,790,902

Defined Benefit Pension Plan

The Company and its subsidiaries established a defined benefit pension plan covering all of their permanent employees. This plan provides pension benefits based on years of service and salaries and of the employees.

Post-employment benefits under Labor Law No. 13/2003

The Company and its subsidiaries provide post-employment benefits for qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits is 3,952 in 2012, 3,170 in 2011 and 3,153 in 2010.

Amounts recognized as expense in the consolidated statements of comprehensive income in respect of these post-employment benefits are as follows:

	2012	2011	2010
	US$	US$	US$
Current service cost	5,381,956	3,573,897	1,729,345
Interest cost expense	1,053,231	858,136	710,812
Effect of transfer of employees from/to related party - net	374,187	828,067	-
Past service cost (vested)	109,552	80,984	76,000
Immediate adjustment of defined benefit	-	338,174	-
Effect of curtailment/settlement	(112,450)	(602,199)	(409,513)
Immediate recognition actuarial gain	45,363	162,538	417,090
Total	6,851,839	5,239,597	2,523,734

Movement in the present value of employee benefits obligation are as follow:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Opening balance of present value of unfunded obligations	17,882,003	10,471,644	7,458,474
Current service cost	3,911,090	3,573,897	1,729,345
Interest cost	906,435	3,714,949	1,640,475
Curtailments effect	(173,438)	828,067	-
Benefits paid	(590,391)	(485,976)	(578,582)
Actuarial losses	1,650,099	2,392	-
Gain (loss) in foreign exchange	478,122	(222,970)	221,932
Closing balance of present value of unfunded obligations	24,063,920	17,882,003	10,471,644

The amounts recognized in the consolidated of statements of financial position arising from the Company and its subsidiaries' obligations with respect to these post-employment benefits are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Present value of unfunded obligations	24,063,920	17,882,003	10,471,644
Past service cost (non-vested)	(103,641)	(214,160)	(303,000)
Unrecognized actuarial losses	(6,810,258)	(6,118,328)	(3,669,742)
Total	17,150,021	11,549,515	6,498,902

The cost of providing post-employment benefits is calculated by independent actuaries. The actuarial valuation was carried out using the projected unit credit method and using the following key assumptions:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Discount rate	5% - 8,5%	5,75% - 8,5%	7,7% - 8%
Salary increment rate	10%	10%	8% - 10%
Mortality rate	100% TMI2/CSO' 80	100% TMI2/CSO' 80	100% TMI2/CSO' 80
Disability rate	5% TMI2/10% CSO' 80	5% TMI2/10% CSO' 80	5% TMI2/10% CSO' 80
Resignation rate	7% - 10% per annum until age 25 -38 years then decreasing linearly to 0% at 54-55 years	7% - 10% per annum until age 25 -38 years then decreasing linearly to 0% at 54-55 years	7% - 10% per annum until age 25 -38 years then decreasing linearly to 0% at 54-55 years
Normal retirement age	55	55	55

Historical experience adjustment for the current and the previous four years are as follows:

	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
	US$	US$	US$	US$	US$
Present value of unfunded obligations	70,784,987	41,568,322	19,816,725	13,242,641	5,106,081
Value of experience adjustment	1,189,282	3,014,163	369,377	408,466	52,176
Percentage of experience adjustment to present value of unfunded obligations	1.68%	7.25%	1.86%	3.08%	1.02%

34. CAPITAL STOCK

Name of Stockholders	December 31, 2012 Number of Shares Rp 100 par value per share	Percentage of Ownership	Total Paid-up Capital US$
PT Indika Mitra Energi	3,307,097,790	63.47%	36,111,513
Ir. Pandri Prabono Moelyo	231,100,200	4.44%	2,523,475
Eddy Junaedy Danu	81,680,500	1.57%	890,810
Ir. Wadyono Suliantoro Wirjomihardjo	79,083,000	1.52%	863,539
Agus Lasmono	10,156,000	0.20%	110,897
Wiwoho Basuki Tjokronegoro	5,264,500	0.10%	57,485
Indracahya Basuki	1,403,500	0.03%	15,325
Wishnu Wardhana	1,208,500	0.02%	13,196
M. Arsjad Rasjid P.M.	1,208,000	0.02%	13,191
Azis Armand	1,208,000	0.02%	13,191
Richard Bruce Ness	810,000	0.01%	8,845
PT Indika Mitra Holdiko	10	0.00%	0.11
Public shares (each below 5%)	1,489,972,000	28.60%	16,270,687
Total	5,210,192,000	100.00%	56,892,154

Name of Stockholders	December 31, 2011 Number of Shares Rp 100 par value per share	Percentage of Ownership	Total Paid-up Capital US$
PT Indika Mitra Energi	3,307,097,790	63.47%	36,111,513
Ir. Pandri Prabono Moelyo	231,100,200	4.44%	2,523,475
Eddy Junaedy Danu	81,580,500	1.57%	890,810
Ir. Wadyono Suliantoro Wirjomihardjo	79,083,000	1.52%	863,539
Agus Lasmono	10,156,000	0.20%	110,897
Wiwoho Basuki Tjokronegoro	5,264,500	0.10%	57,485
Indracahya Basuki	1,403,500	0.03%	15,325
Wishnu Wardhana	1,208,500	0.02%	13,196
M. Arsjad Rasjid P.M.	1,208,000	0.02%	13,191
Azis Armand	1,208,000	0.02%	13,191
Richard Bruce Ness	810,000	0.01%	8,845
PT Indika Mitra Holdiko	10	0.00%	0.11
Public shares (each below 5%)	1,490,072,000	28.60%	16,270,687
Total	5,210,192,000	100.00%	56,892,154

Name of Stockholders	January 1, 2011/December 31, 2010		
	Number of Shares Rp 100 par value per share	Percentage of Ownership	Total Paid-up Capital
			US$
PT Indika Mitra Energi	3,286,585,790	63.12%	35,886,027
Ir. Pandri Prabono Moelyo	231,100,200	4.44%	2,523,369
Eddy Junaedy Danu	81,380,500	1.56%	888,589
Ir. Wadyono Suliantoro Wirjomihardjo	79,083,000	1.52%	863,502
Agus Lasmono	10,156,000	0.20%	110,893
Wiwoho Basuki Tjokronegoro	5,264,500	0.10%	57,483
Indracahya Basuki	1,403,500	0.03%	15,325
Wishnu Wardhana	1,208,500	0.02%	13,195
M. Arsjad Rasjid P.M.	1,208,000	0.02%	13,190
Azis Armand	1,208,000	0.02%	13,190
Richard Bruce Ness	810,000	0.01%	8,844
PT Indika Mitra Holdiko	10	0.00%	0.11
Public shares (each below 5%)	1,507,734,000	28.96%	16,462,854
Total	5,207,142,000	100.00%	56,856,461

Increase in capital stock in year 2011 was due to exercise of employee and management stock option (Note 45).

35. ADDITIONAL PAID-IN CAPITAL

	Paid-in capital in excess of par	Share issuance cost	Employee stock option	Total
	US$	US$	US$	US$
Issuance of 833,142,000 Company's shares through Initial Public Offering in 2008	254,633,211	(15,745,526)	-	238,887,685
Balance as of December 31, 2010	254,633,211	(15,745,526)	-	238,887,685
Additional paid-in capital in 2011 through exercise of employee and management stock option	-	-	1,097,573	1,097,573
Balance as of December 31, 2012 and 2011	254,633,211	(15,745,526)	1,097,573	239,985,258

36. NON-CONTROLLING INTEREST AND CUMULATIVE TRANSLATION ADJUSTMENTS

a. Non-controlling interest in net assets of subsidiaries

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
PT Mitrabahtera Segara Sejati Tbk	144,725,291	145,742,458	-
PT Petrosea Tbk	58,279,060	2,602,663	1,777,107
PT Mitra Energi Agung	17,574,208	-	-
PT Multi Tambangjaya Utama	7,190,003	-	-
PT Indika Inti Corpindo	13,478	8,821	4,316
Total	227,782,040	148,353,942	1,781,423

b. Non-controlling interest in income of subsidiaries

	2012	2011	2010
	US$	US$	US$
PT Mitrabahtera Segara Sejati Tbk	10,327,087	9,602,451	-
PT Petrosea Tbk	13,833,165	794,010	549,621
PT Mitra Energi Agung	(2,206,843)	-	-
PT Multi Tambangjaya Utama	(3,428,000)	-	-
PT Indika Inti Corpindo	1,487	1,937	(7,911)
Total	18,526,896	10,398,398	541,710

Changes in non-controlling interest

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Beginning balance	148,353,942	1,781,423	1,239,713
Acquisition of subsidiaries and share refloat	60,901,202	136,174,121	-
Profit for the year	18,526,896	10,398,398	541,710
Ending balance	227,782,040	148,353,942	1,781,423

Difference in value of equity transaction with non-controlling interest

In 2012, the Company offered to the public its shares in Petrosea, resulting to a decrease in the Company's interest in Petrosea from 98.55% to 69.80%. The Company has carried forward and presented the difference in value between the carrying amount of the investment sold and proceeds from the sale in the other components of equity (Note 1h).

c. Cummulative translation adjustments

Exchange differences relating to the translation of the net assets of the subsidiaries using different functional currency other than the Company and its subsidiaries' reporting currency (presentation currency) i.e. U.S. Dollar are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of those subsidiaries using different functional currency other than the Company and its subsidiaries' reporting currency.

37. DIFFERENCE IN VALUE OF RESTRUCTURING TRANSACTION BETWEEN ENTITIES UNDER COMMON CONTROL

In 2004, the Company acquired 99.959% shares of stock of PT Indika Inti Corpindo (IIC). The acquisition was a transaction with an entity under common control as IIC has the same majority stockholder as the Company with ownership interest of 99.959%. The difference between the acquisition cost and the net assets acquired amounting to US$ 10,862,663 was presented as "Difference in Value of Restructuring Transaction between Entities Under Common Control" under equity.

38. REVENUES

	2012	2011
	US$	US$
Contracts and service revenues		
PT Santan Batubara	109,060,908	56,178,992
PT Gunung Bayan Pratama Coal	105,876,758	81,735,026
PT Adimitra Baratama Nusantara	94,004,962	67,329,979
Mobil Cepu Ltd	89,514,390	7,101,770
PT Freeport Indonesia	56,799,645	39,248,627
PT Kideco Jaya Agung	55,344,238	36,399,829
PT Perta-Samtan Gas	34,532,223	88,706,956
PT Adaro Indonesia Tbk	24,635,533	23,231,190
PT Kaltim Prima Coal	22,015,193	19,940,767
PT Borneo Indobara	16,739,518	7,480,602
PT Chevron Geothermal Indonesia	13,043,574	12,122,373
PT Berau Coal	12,351,805	12,585,856
PT Trubaindo Coal Mining	9,106,654	2,548,370
PT Holcim Indonesia Tbk	8,979,498	9,034,014
PT Karbon Mahakam	8,962,403	1,210,602
PT Singlurus Pratama	7,560,080	8,526,371
PT Indocement Tunggal Prakarsa Tbk	6,279,681	5,132,309
PT Cotrans Asia	5,679,653	-
PT Chevron Pacific Indonesia	-	23,668,991
JOB Pertamina Talisman Jambi Merang (formerly JOB Pertamina Hess Jambi Merang)	-	8,817,403
Others (each below US$ 5 million)	57,582,967	41,268,951
Total revenues from contracts and services	738,069,683	552,268,978
Sales of coal		
PT Bayan Resources Tbk	5,337,360	22,768,516
PT Baskhara Sinar Santi	3,959,277	2,082,581
Nahel General Trading	-	5,506,925
Adani Global FZE	-	3,755,456
PT Kalimantan Prima Persada	-	3,437,670
PT Prima Multi Artha	-	2,235,323
Others (each below US$ 2 million)	2,339,465	1,343,472
Total revenues from sales of coal	11,636,102	41,129,943
Total revenues	749,705,785	593,398,921

In 2012 and 2011, revenue from services to related parties amounted to US$ 170,084,799 and US$ 92,578,821, respectively (Note 49).

Details of customers with transactions constituting more than 10% of total consolidated revenues are as follows:

	2012	2011
	US$	US$
Energy services		
PT Santan Batubara	109,060,908	-
PT Gunung Bayan Pratama Coal	105,876,758	81,735,026
PT Adimitra Baratama Nusantara	94,004,962	67,329,979
Mobil Cepu Ltd	89,514,390	-
PT Perta-Samtan Gas	-	88,706,956
Total	398,457,018	237,771,961

39. COST OF CONTRACTS AND GOODS SOLD

	2012	2011
	US$	US$
Cost of contracts and services		
Operational heavy equipment tools cost	136,420,723	86,297,477
Salaries, wages and employee benefits	123,036,516	107,257,460
Depreciation (Note 21)	72,703,561	49,550,870
Materials	64,133,541	74,953,768
Construction	54,861,479	33,587,707
Fuel	26,117,217	17,931,334
Sub-contractors, installations, communications supplies expense and other direct costs	19,543,077	17,194,161
Rental, repairs and utilities	9,716,469	5,846,694
Travel	5,934,302	1,585,741
Rental	5,335,420	5,779,264
Handling	4,688,425	2,744,464
Insurance	4,418,166	3,999,320
Certificates and shipping documents	2,423,597	2,128,711
General and administrative	2,107,616	604,017
Catering services	2,034,731	1,087,421
Transportation	1,819,510	3,162,825
Professional fees	1,184,352	1,577,198
Port charges and anchorage	1,120,940	1,303,037
Heavy equipment supplies	1,003,495	798,452
Bank charges	151,247	1,102,000
Others (each below US$ 500,000)	6,546,361	4,689,456
Total cost of contracts and services	545,300,745	423,181,377
Cost of sales of coal	11,161,756	39,433,831
Total cost of contracts and goods sold	556,462,501	462,615,208

47.20% and 57.2% of purchases of coal during the years ended December 31, 2012 and 2011, respectively, were from PT Kideco Jaya Agung, an associate (Note 49).

40. GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
	US$	US$
Salaries, wages and employee benefits	80,110,292	60,347,228
Vehicle, building and equipment	21,682,139	10,325,655
Rental heavy equipment	12,886,520	-
Depreciation (Notes 20 and 21)	11,958,823	6,382,896
Professional fees	10,850,001	10,650,844
Travel and transportation	4,924,259	3,439,151
Repair and maintenance	2,884,846	2,086,453
Office supplies	2,682,244	3,050,177
Insurance	1,612,097	901,311
Share-based compensation (Note 45)	-	1,186,690
Others (each below US$ 500,000)	8,977,779	11,335,213
Total	158,569,000	109,705,618

41. INVESTMENT INCOME

	2012	2011
	US$	US$
Interest income on loans to related parties (Note 49)	3,830,612	4,102,288
Current accounts and others	3,085,746	1,243,694
Time deposits	2,656,788	1,796,915
Restricted cash in banks	-	65,493
Total interest income	9,573,146	7,208,390
Unrealized gain on investment in unit of fund	26,825	12,073
Realized gain (loss) on investment in unit of fund	(171,341)	178,484
Total	9,428,630	7,398,947

42. FINANCE COST

	2012	2011
	US$	US$
Interest expense on bonds payable (Note 31)	45,800,208	49,194,989
Interest on bank loans and long-term loans	15,828,780	14,350,951
Amortization of bond issuance cost	6,712,224	7,469,185
Interest on lease liabilities	4,973,313	2,358,216
Others	1,630,277	1,279,573
Total	74,944,802	74,652,914

43. OTHERS - NET

	2012	2011
	US$	US$
Loss on foreign exchange - net	(8,842,498)	(12,493,113)
Loss on sale of property and equipment (Note 21)	(4,803,908)	(472,693)
Exploration expense	(1,417,870)	-
Depreciation expense (Note 21)	(796,647)	-
Collection from written-off receivables	-	10,000,009
Interest from refund of prepaid tax (Note 15)	-	2,826,473
Others	4,503,785	(2,912,355)
Total	(11,357,138)	(3,051,679)

44. INCOME TAX

Income tax of the Company and its subsidiaries consists of the following:

	2012	2011
	US$	US$
Final tax	5,311,825	6,098,303
Non final tax		
Current tax	10,564,580	14,067,329
Deferred tax	2,321,740	(4,060,372)
Total	18,198,145	16,105,260

Current Tax

A reconciliation between income before tax per consolidated statements of comprehensive income and fiscal loss is as follows:

	2012	2011
	US$	US$
Income before tax per consolidated statements of comprehensive income	105,405,577	154,372,462
Income before tax of the subsidiaries	(190,236,186)	(240,361,063)
Loss before tax - Company	(84,830,609)	(85,988,601)
Temporary differences:		
Post-employment benefits	1,819,715	1,144,258
Difference between commercial and fiscal depreciation	(533,710)	(715,076)
Share-based compensation	-	1,186,690
Total	1,286,005	1,615,872

(Forward)

	2012	2011
	US$	US$
Nondeductible expenses (nontaxable income):		
Salary and benefit	3,568,777	-
Entertainment and representation	1,015,877	877,158
Marketing and promotion expenses	1,007,700	457,430
Interest expense	158,269	3,816,736
Corporate social responsibility expenses	19,495	1,201,778
Interest income subjected to final tax	(1,853,364)	(115,952)
Others	72,230	319,380
Total	3,988,984	6,556,530
Fiscal loss before fiscal losses carryforward	(79,555,620)	(77,816,199)
Fiscal losses		
2006	(915,925)	(915,925)
2007	(8,547,091)	(8,547,091)
2009	(10,941,694)	(10,941,694)
2010	(22,712,964)	(22,712,964)
2011	(77,816,199)	-
Accumulated fiscal losses	(200,489,493)	(120,933,873)

Current tax expense and payable (excess payment of corporate income tax) are computed as follows:

	2012	2011
	US$	US$
Current tax expense		
Company	-	-
Subsidiaries	10,564,580	14,067,329
Total	10,564,580	14,067,329
Less prepaid taxes		
Company	79,632	-
Subsidiaries		
Pasal 22	1,321,952	499,559
Pasal 23	14,935,051	7,879,356
Pasal 24	935,710	559,330
Pasal 25	979,619	3,761,028
Total prepaid taxes	18,251,964	12,699,273
Translation adjustments	-	(423,636)
Current (excess payment of corporate income tax) tax payable - net	(7,687,384)	944,420

(Forward)

	2012	2011
	US$	US$
Excess payment of corporate income tax		
Company	(79,632)	-
Subsidiaries	(7,863,983)	(17,644)
Current tax payable		
Company	-	-
Subsidiaries	256,231	962,064
Current tax payable	(7,687,384)	944,420
Final tax - subsidiaries		
Prepaid final tax	-	-
Final tax payable	21,192	83,260
Total	21,192	83,260

Fiscal loss of the Company for 2011 is in accordance with the annual corporate tax returns filed with the Tax Service Office.

Deferred Tax

The details of the subsidiaries' deferred tax assets (liabilities) are as follows:

Deferred Tax Asset

This account represents deferred tax assets of a subsidiary on post-employment benefits amounting to US$ 548,030, US$ 191,884, US$ 152,041, as of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, respectively.

Deferred Tax Liabilities

This account represents deferred tax liabilities of subsidiaries after deducting the deferred tax asset of the same business entity as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Subsidiaries			
Post-employment benefits	2,773,366	1,946,956	1,210,000
Accrued expenses	870,269	1,050,948	996,000
Inventories	753,874	631,010	631,000
Trade accounts receivable	289,036	289,038	289,000
Intangible assets	(92,661,791)	(35,529,757)	(7,169,254)
Property, plant and equipment and investment property	(8,960,059)	(6,864,791)	(3,063,108)
Investment in associates	(1,258,750)	(1,258,750)	(1,258,750)
Interest receivable from CEP	(504,518)	(404,279)	(298,942)
Others	-	1,496,374	(605,994)
Deferred tax liabilities - net	(98,698,573)	(38,643,251)	(9,270,048)

Based on government regulation No. 51/2008, regarding income tax for income from construction services, income directly attributable to construction services is subject to final income tax.

Management did not recognize any deferred tax assets on the Company's unused accumulated fiscal losses due to the significant uncertainties of the availability of taxable income in the future against which tax losses can be utilized.

A reconciliation between the tax expense and the amount computed by applying the tax rates to profit before tax per consolidated statements of comprehensive income is as follows:

	2012	2011
	US$	US$
Loss before tax - Company	(84,830,609)	(85,988,601)
Tax at applicable tax rate	(21,207,652)	(21,497,150)
Tax effect of nondeductible expenses (nontaxable income):		
Salary and benefit expense	892,194	-
Entertainment and representation	253,969	219,261
Marketing and promotion expenses	251,925	114,357
Interest expense	39,567	954,155
Corporate social responsibility expenses	4,874	300,473
Interest income subjected to final tax	(463,341)	(29,045)
Others	18,057	79,846
Total	997,245	1,639,047
Tax effect of the unrecognized temporary differences and fiscal loss	20,210,407	19,858,103
Tax expense - Company	-	-
Tax expense - Subsidiaries	18,198,145	16,105,260
Total tax expense	18,198,145	16,105,260

45. EMPLOYEE AND MANAGEMENT STOCK OPTION PROGRAM

In February 2008, the stockholders approved the Employee and Management Stock Option Program (EMSOP). Issuance and distribution of options related to the EMSOP program will be implemented in 3 stages. Eligible participants in the EMSOP will be announced by board of directors at the latest 14 days prior to the issuance of options during each stage. The total option amounted to 104,142,000 or 2% of the post-IPO issued and paid-up shares allocated to three stages: first and second stages with 31,242,500 each and third stage with 41,657,000 options.

The options are nontransferable and non-tradeable. Each of the option distributed in each stage is valid for 5 years as of the date of its issuance. The options are subject to a one year vesting period, during which the participant is not able to exercise the option.

The exercise price for the option will be determined based on the Listing Rule No. 1-A, as attached to the Decree of the Board of Directors of Indonesia Stock Exchange (IDX) No. KEP-305/BEJ/07-2004 dated July 19, 2004, which regulates that the exercise price is at least 90% of the average price of the shares during a 25-days period prior to the Company's announcement to IDX at the start of an exercise window. There will be at most, two exercise period per year.

Based on Director's decision letter No. 234/IE-BOD/VIII/2009 dated August 11, 2009 to the Director of Indonesia Stock Exchange, the directors of the Company have agreed on the exercise price of Rp 2,138. The fair value of the option is estimated on the grant date using the Black – Scholes Option Pricing model. Key assumptions used in calculating the fair value of the options are as follows:

	December 31, 2012 and 2011
Risk - free interest rate	9.67%
Option period	5 years
Expected stock price volatility	69.80%
Expected dividend	5.30%

Movement in outstanding options are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
Outstanding option at beginning of year	101,092,000	104,142,000	62,485,000
Options granted during the year	-	-	41,657,000
Options excercised during the year	-	(3,050,000)	-
Outstanding options at end of year	101,092,000	101,092,000	104,142,000

Compensation expense for option for the years ended December 31, 2012 and 2011 amounted to nil and US$ 1,186,690, respectively.

As of December 31, 2012, 2011 and January 1, 2011/December 31, 2010, other components of equity amounted to US$ 7,816,296, US$ 6,629,606 and US$ 3,660,788, respectively.

46. EARNINGS PER SHARE

Net Income

Below is the data used for the computation of basic and diluted earnings per share:

	2012	2011
	US$	US$
Profit for the year	68,680,536	127,868,804

Number of Shares

The weighted average number of shares outstanding for the computation of earnings per share are as follows:

	December 31, 2012	December 31, 2011
	US$	US$
Beginning balance	5,210,192,000	5,207,142,000
Weighted average number of shares issued through the employee and management stock option	-	3,050,000
Weighted average number of shares - Rp 100 par value per share for the calculation of basic earnings per share	5,210,192,000	5,210,192,000
Number dilutive potential shares from employee and management stock option	37,541,250	37,541,250
Weighted average number of shares - for the calculation of diluted earnings per share	5,247,733,250	5,247,733,250
Earnings per share (Full amount)		
Basic	0.0132	0.0245
Diluted	0.0131	0.0244

47. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital risk management

The Company and its subsidiaries manage their capital to ensure that they will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company and its subsidiaries consists of debt, which includes the borrowings disclosed in Notes 25, 29, 30 and 31 to consolidated financial statements, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, additional paid-in capital and retained earnings as disclosed in Notes 34 and 35 to the consolidated financial statements, respectively.

The gearing ratio as of December 31, 2012, 2011 and January 1, 2011/ December 31, 2010 are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
Debt			
Bank loans	276,657,034	206,805,580	24,047,603
Long-term loans	120,698,070	108,683,061	2,367,923
Lease liabilities	145,514,447	69,653,728	49,265,376
Bonds payable - net	493,663,485	554,019,188	464,233,011
Total debt	1,036,533,036	939,161,557	539,913,913
Cash and cash equivalents	350,375,666	378,655,161	234,767,434
Net debt	686,157,370	560,506,396	305,146,479
Capital	796,938,245	706,423,715	591,615,072
Net debt to equity ratio	86%	79%	52%

b. Categories of financial instruments

	Loans and receivables	Held-to-maturity	Assets at fair value through profit or loss	Liabilities at amortized cost	Liabilties at fair value through profit or loss	Total
	US$	US$	US$	US$	US$	US$
December 31, 2012						
Current Financial Assets						
Cash and cash equivalents	350,375,666	-	-	-	-	**350,375,666**
Other financial assets						
Guarantee deposit for bank loans	30,739,698	-	-	-	-	**30,739,698**
Restricted cash in banks	146	-	-	-	-	**146**
Time deposits	4,137	-	-	-	-	**4,137**
Investments in units of fund	-	-	40,026,825	-	-	**40,026,825**
Unbilled receivables	1,229,008	-	-	-	-	**1,229,008**
Estimated earnings in excess of billings on contracts	24,690,036	-	-	-	-	**24,690,036**
Trade accounts receivable						
Related parties	33,466,558	-	-	-	-	**33,466,558**
Third parties	109,991,948	-	-	-	-	**109,991,948**
Other accounts receivable - current maturities						
Related parties	6,042,480	-	-	-	-	**6,042,480**
Third parties	8,716,972	-	-	-	-	**8,716,972**
Non-current Financial Assets						
Other accounts receivable						
Related parties	53,501,030	-	-	-	-	**53,501,030**
Third parties	967,773	-	-	-	-	**967,773**
Refundable deposits	912,049	-	-	-	-	**912,049**
Current Financial Liabilities						
Bank loans	-	-	-	276,657,034	-	**276,657,034**
Trade accounts payable						
Related parties	-	-	-	3,292,909	-	**3,292,909**
Third parties	-	-	-	89,855,134	-	**89,855,134**
Other accounts payable - third parties	-	-	-	8,206,100	-	**8,206,100**
Accrued expenses	-	-	-	55,091,293	-	**55,091,293**
Dividend payable	-	-	-	286,466	-	**286,466**
Current maturities of long-term debts						
Long-term loans	-	-	-	32,306,078	-	**32,306,078**
Lease liabilities	-	-	-	55,725,080	-	**55,725,080**
Non-current Financial Liabilities						
Long-term debts						
Long-term loans	-	-	-	88,391,992	-	**88,391,992**
Lease liabilities	-	-	-	89,789,367	-	**89,789,367**
Bonds payable - net	-	-	-	493,663,485	-	**493,663,485**
Other long-term liabilities - third parties	-	-	-	1,284,737	-	**1,284,737**
Total	**620,637,501**	**-**	**40,026,825**	**1,193,264,938**	**-**	**1,853,929,264**

c. Financial risk management objectives and policies

The Company and its subsidiaries' overall financial risk management and policies seek to ensure that adequate financial resources are available for operation and development of their business, while managing their exposure to foreign exchange risk, interest rate risk, credit and liquidity risks. The Company and its subsidiaries operate within defined guidelines that are approved by Directors.

i. Foreign currency risk management

The Company and its subsidiaries' functional currency is U.S. Dollar. Their foreign exchange exposure arises mainly from transaction denominated in currencies other than the U.S. Dollar which are mainly administration and operating expenses. However, this risk exposure is offset with cash and cash equivalents, time deposits, restricted cash in banks, receivables and revenues denominated in currencies other than the U.S. Dollar (Note 52). Therefore, the impact of foreign currency fluctuation is considered manageable.

ii. Interest rate risk management

The interest rate risk exposure relates to the amount of assets or liabilities which are subject to a risk that a movement in interest rates will adversely affect the income after tax. The risk on interest income is limited as the Company and its subsidiaries only intend to keep sufficient cash balances to meet operational needs. On interest expenses, the optimum balance between fixed and floating interest debt is considered upfront. The Company and its subsidiaries have a policy of obtaining financing that would provide an appropriate mix of floating and fix interest rate. Approvals from Directors and Commissioners must be obtained before committing the Company and its subsidiaries to any of the instruments to manage the interest rate risk exposure.

The sensitivity analysis have been determined based on the exposure to interest rates for non derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company and its subsidiaries' profit for the year ended December 31, 2012 would decrease/increase by US$ 3,134,822. This is mainly attributable to the Company and its subsidiaries' exposure to interest rates on its variable rate borrowings.

The Company and its subsidiaries exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk table.

iii. Price risks management

The Company and its subsidiaries are exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company and its subsidiaries do not actively trade these investments.

The Company and its subsidiaries face commodity price risk because coal is a commodity product traded in world coal markets. Prices for coal are generally based on international coal indices as benchmarks, which tend to be highly cyclical and subject to significant fluctuations. As a commodity product, global coal prices are principally dependent on the supply and demand dynamics of coal in the world export market. The Company and its subsidiaries have not entered into coal pricing agreements to hedge its exposure to fluctuations in the coal price but may do so in the future. However, in order to minimize the risk, coal prices are negotiated and agreed every year with customer.

iv. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a loss to the Company and its subsidiaries.

The Company and its subsidiaries' credit risk is primarily attributed to its bank balances and deposits and other short-term investments placed in banks and other financial institutions, loan receivables from a related party and trade accounts receivable. Credit risk on cash and funds held in banks and financial institutions is limited because the Company and its subsidiaries place such funds with credit worthy financial institutions, while loan receivables are entered with related companies, where management believes in the credit worthiness of such parties. Trade accounts receivable are entered with respected and credit worthy third parties and related companies.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowance for losses represents the Company and its subsidiaries' exposure to credit risk.

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with Directors, which has built an appropriate liquidity risk management framework for the management of the Company and its subsidiaries short, medium and long-term funding and liquidity management requirements. The Company and its subsidiaries manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company and its subsidiaries maintain sufficient funds to finance ongoing working capital requirements, whereas the funds are placed in solid cash and deposit and cash dividend is also received every year.

The following tables detail the Company and its subsidiaries' remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company and its subsidiaries can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company and its subsidiaries may be required to pay.

	Weighted average effective	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Total
	%	US$	US$	US$	US$	US$	
December 31, 2012							
Non-interest bearing		105,964,013	20,647,188	16,957,778	13,162,923	-	156,731,902
Finance lease liabilities	4.5	-	-	55,725,080	89,789,367	-	145,514,447
Variable interest rate instruments	4.625	-	-	307,642,676	66,515,813	21,871,670	396,030,159
Fixed interest rate instruments	8.375	-	-	1,324,945	493,663,485	-	494,988,430
		105,964,013	20,647,188	381,650,479	663,131,588	21,871,670	1,193,264,938

The following table details the Company and its subsidiaries' expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company and its subsidiaries' liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	%	US$	US$	US$	US$	US$
December 31, 2012						
Non-interest bearing		144,139,977	2,017,996	24,690,036	-	170,848,009
Variable interest rate instruments	2.54	352,243,379	-	-	-	352,243,379
Fixed interest rate instruments	6.5	68,221,622	12,741,456	56,609,860	-	137,572,938
		564,604,978	14,759,452	81,299,896	-	660,664,326

d. Fair value of financial instruments

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values because they have either short-term maturities or carry market interest rate:

	December 31, 2012		December 31, 2011		January 1, 2011/ December 31, 2010	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	US$	US$	US$	US$	US$	US$
Assets						
Other accounts receivable	69.228.255	70.939.341	67.171.592	82.808.006	67.862.863	71.287.621
Refundable deposits	912.049	912.049	1.523.539	948.500	840.878	637.304
Total Assets	70.140.304	71.851.390	68.695.131	83.756.506	68.703.741	71.924.925
Liabilities						
Long-term debts						
Long-term loans	120.698.070	120.020.874	108.683.061	96.763.123	2.367.903	2.245.913
Lease liabilities	145.514.447	145.514.447	69.653.727	72.605.757	49.265.376	50.712.379
Bonds payable - net	493.663.485	570.190.500	489.393.603	618.532.753	464.233.011	524.849.961
Total Liabilities	759.876.002	835.725.821	667.730.391	787.901.633	515.866.290	577.808.253

The fair value for the above financial instruments, except for restricted cash in banks and bonds payable, was determined by discounting estimated cash flows using discount rates for financial instruments with similar term and maturity.

Fair value of bonds payable is based on available quoted price from exchange.

48. APPROPRIATED RETAINED EARNINGS AND CASH DIVIDENDS

2012

Based on annual shareholders' meeting dated June 14, 2012, the stockholders approved, among other things:

- The appropriation of earnings of Rp 10 billion for general reserve to conform with the Company's articles of association and Law No. 40 year 2007 regarding Limited Liability Company; and

- The distribution of final dividends of Rp 312,611,520 thousand or Rp 60 per share.

2011

Based on annual shareholders' meeting dated June 8, 2011, the stockholders approved, among other things:

- The appropriation of earnings of Rp 10 billion for general reserve to conform with the Company's articles of association and Law No. 40 year 2007 regarding Limited Liability Company; and
- The distribution of final dividends of Rp 135,385,692 thousand or Rp 26 per share.

2010

Based on annual shareholders' meeting dated May 19, 2010, the stockholders approved, among other things:

- The appropriation of earnings of Rp 10 billion for general reserve to conform with the Company's articles of association and Law No. 40 year 2007 regarding Limited Liability Company; and
- The distribution of final dividends of Rp 362,833,653 thousand or Rp 69.68 per share.

Based on circular resolution of directors in lieu of the directors' meeting on October 21, 2010, the shareholders approved to distribute interim dividend for year 2010 of Rp 48.00 per share or Rp 249,942,816,000.

49. NATURE OF RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationships

a. PT Indika Mitra Energi is the ultimate parent Company.

b. Related parties which have the same major stockholder as the Company:
   - PT Power Jawa Barat
   - PT Marmitria Land
   - PT Indo Turbine (IT)

c. Related parties which are associates of the Company's subsidiaries:
   - PT Kideco Jaya Agung
   - Twinstar Shipping Ltd.
   - PT Cotrans Asia
   - PT Sea Bridge Shipping
   - PT Intan Resource Indonesia
   - PT Cirebon Electric Power
   - PT Cirebon Power Services

d. PT Santan Batubara (SB) and PT Tirta Kencana Cahaya Mandiri (TKCM) are entities wherein Petrosea has joint control.

e. Related party which is a joint venture of a member of the group:
   - Petrosea - Calibre - Roberts Shaefer Jo

f. Key management personnel, including Commissioners and Directors of the Company.

The Company and its subsidiaries' policy as regards to price and terms of transactions with related parties are made as at conditions as those done are made with third parties.

Transactions with Related Parties

In the normal course of business, the Company and its subsidiaries entered into certain transactions with related parties including, among others, the following:

a. Total remuneration of commissioners and directors of the Company for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
	US$	US$
Commissioners		
Short-term employee benefit	2,822,838	2,594,487
Directors		
Short-term employee benefit	4,907,025	5,001,936
Shared-based payment	-	1,186,690
Total	4,907,025	6,188,626

b. Petrosea provided waste removal and coal production services and construction services to PT Kideco Jaya Agung and PT Santan Batubara.

MBSS also provided transportation services and other services to PT Kideco Jaya Agung and PT Cotrans Asia. At reporting date, the outstanding receivables from such transaction were recorded as trade accounts receivable from related parties (Note 7).

Trade Accounts Receivable

	Amount			Percentage to total assets		
	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$			
PT Santan Batubara	25,302,975	11,630,018	4,386,053	1.08%	0.58%	0.35%
PT Kideco Jaya Agung	6,443,980	7,352,227	-	0.27%	0.37%	-
PT Cotrans Asia	1,508,156	-	-	0.06%	-	-
Petrosea - Calibre - Roberts & Schaefer JO	190,181	190,009	43,933	0.01%	0.01%	0.00%
Others (each below US$ 100,000)	21,266	90,980	-	0.00%	0.00%	-
Total	33,466,558	19,263,234	4,429,986	1.42%	0.96%	0.35%

Deferred Income

	Amount			Percentage to total liabilities		
	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$			
PT Santan Batubara	-	-	427,984	-	-	0.06%

Contracts and Service Revenues

	Amount		Percentage to total revenues	
	2012	2011	2012	2011
	US$	US$		
PT Santan Batubara	109,060,908	56,178,992	14.55%	9.00%
PT Kideco Jaya Agung	55,344,238	36,399,829	7.35%	6.00%
PT Cotrans Asia	5,679,653	-	0.76%	-
Total	170,084,799	92,578,821	22.66%	15.00%

c. Details of the transactions purchases and trade payable and balances with related parties are as follows:

Trade Accounts Payable

	Amount			Percentage to total liabilities		
	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$			
PT Kideco Jaya Agung	3,152,470	10,436,811	17,858,748	0.24%	0.92%	2.67%
PT Indo Turbine	45,710	-	-	0.00%	-	-
Others	94,729	191,111	222	0.01%	0.00%	0.00%
Total	3,292,909	10,627,922	17,858,970	0.25%	0.92%	2.67%

IIC purchased coal for its trading purposes from related parties, PT Kideco Jaya Agung.

Cost of Contracts and Goods Sold

	Amount		Percentage to total cost of contract and goods sold	
	2012	2011	2012	2011
	US$	US$		
Cost of goods sold coal - PT Kideco Jaya Agung	5,268,889	22,541,054	0.95%	4.85%
Cost of contracts - PT Indo Turbine	1,835,212	339,457	1.00%	0.20%
Total	7,104,101	22,880,511	1.95%	5.05%

d. The Company and its subsidiaries entered into other transactions. Details of related parties transactions and balances are as follows:

Other Accounts Receivable from Related Parties

The Company and its subsidiaries provided loans to related parties and the Company also made advance payment of expenses for related parties, as follows:

	Amount			Percentage to total assets		
	December 31 2012	December 31 2011	January 1, 2011/ December 31 2010	December 31 2012	December 31 2011	January 1, 2011/ December 31 2010
	US$	US$	US$			
PT Cirebon Electric Power	34,553,041	32,657,477	30,857,723	1.47%	1.62%	2.42%
PT Sea Bridge Shipping	20,748,058	23,402,514	28,520,000	0.88%	1.16%	2.24%
Employee loans	4,242,411	4,161,998	4,223,032	0.17%	0.21%	0.33%
PT Power Jawa Barat	2,624,491	2,798,743	2,822,693	0.11%	0.14%	0.22%
PT Tirta Kencana Cahaya Mandiri	-	187,031	672,000	-	0.01%	0.05%
Total	62,168,001	63,207,763	67,095,448	2.63%	3.14%	5.26%
Less current maturities	(6,042,480)	(9,606,528)	(6,049,160)	(0.26%)	(0.48%)	(0.47%)
Non-current maturities	56,125,521	53,601,235	61,046,288	2.37%	2.66%	4.79%
Less allowance for impairment losses	(2,624,491)	(2,798,743)	(2,822,693)	(0.11%)	(0.14%)	(0.22%)
Other accounts receivable from related parties - net	53,501,030	50,802,492	58,223,595	2.26%	2.52%	4.57%

PT Cirebon Electric Power (CEP)

III and IPI entered into several Shareholder Loan Agreements with PT Cirebon Electric Power (CEP) wherein III and IPI together with the other shareholders of CEP agreed to finance and provide CEP, from time to time, up to 50% of pro-rata contributions for the development and other related costs of CEP's coal fired power plant project in the form of one or more shareholder loans.

Details of the agreements and receivables outstanding as of reporting dates are as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
• Shareholder Loan Agreement dated October 6, 2008			
IPI	5,475,000	5,475,000	5,475,000
III	1,825,000	1,825,000	1,825,000
• Shareholder Loan Agreement dated October 27, 2008			
IPI	3,337,500	3,337,500	3,337,500
III	1,112,500	1,112,500	1,112,500
• Shareholder Loan Agreement dated November 28, 2008			
IPI	1,350,000	1,350,000	1,350,000
III	450,000	450,000	450,000
• Shareholder Loan Agreement dated December 22, 2008			
IPI	2,835,000	2,835,000	2,835,000
III	945,000	945,000	945,000
• Shareholder Loan Agreement dated February 6, 2009			
IPI	2,400,000	2,400,000	2,400,000
III	800,000	800,000	800,000
• Shareholder Loan Agreement dated April 24, 2009			
IPI	2,634,000	2,634,000	2,634,000
III	878,000	878,000	878,000
• Shareholder Loan Agreement dated June 15, 2009			
IPI	1,485,000	1,485,000	1,485,000
III	495,000	495,000	495,000
• Shareholder Loan Agreement dated July 16, 2009			
IPI	120,000	120,000	120,000
III	40,000	40,000	40,000
• Accumulated interest receivable			
IPI	6,124,621	4,727,099	3,385,666
III	2,031,033	1,565,551	1,125,688
• Bridge Loan dated January 7, 2010			
IPI	64,722	64,722	64,722
• Bridge Loan dated February 24, 2010			
IPI	54,686	54,686	54,686
III	26,449	26,449	20,449
• Accumulated interest receivable on Bridge Loan			
IPI	53,270	26,635	20,067
III	16,260	10,335	4,445
Total	34,553,041	32,657,477	30,857,723

Shareholder Loan

Each of the above shareholder loans bears interest rate per annum at 11% and has a final maturity date at 20 years since the date of each loan agreements. Based on those agreements, CEP irrevocably promises to repay the entire outstanding principal amount of the loan together with all interest accrued thereon, on the final maturity date.

On or prior to the final maturity date, the shareholders of CEP may resolve in accordance with the charter documents of CEP to effect at final maturity date, the conversion of the outstanding balance of the shareholder loans into shares of CEP. In the event that such resolution has been adopted by the shareholders, CEP shall take all necessary corporate actions to convert the outstanding balance of loan into the common shares of CEP so that after such conversion, CEP's shareholder will continue to maintain its pro rata equity ownership interest in CEP equal to the CEP shareholders' percentage shareholding in CEP at the date when those agreement were made. Shares issued to the CEP's shareholders in connection with this conversion shall be deemed to be part of the CEP's shareholders shares.

Bridge Loan

On February 24, 2010, III entered into a Bridge Loan Agreement with CEP wherein III agreed to grant a working capital loan to CEP amounting to Rp 24,212,656 thousand or equivalent to US$ 2,593,750.

On April 5, 2010, CEP settled the entire amount of the Bridge Loan principal and a portion of the interest receivables amounting to US$ 2,610,890. Remaining unpaid interest receivable amounting to US$ 26,449 was treated as new loan principal, bearing an interest rate of 22% per annum. Interest receivable on the new loan principal outstanding as of December 31, 2012, 2011 and January 1, 2011/December 31, 2010 amounted to US$ 16,260, US$ 10,335 and US$ 4,445, respectively.

On January 7, 2010, IPI entered into a Bridge Loan Agreement with CEP wherein IPI agreed to provide CEP with an advance funds amounting to US$ 2,300,000, which is subject to an interest of 22% per annum and to be repaid on the date of the initial drawdown of loans under the financing documents relating to the funding of the 1x660 MW coal fired power plant project of CEP to be entered into by CEP, the CEP shareholders, each of the financial institutions party and the other parties named therein.

On February 24, 2010, IPI together with the other Lenders, entered into another Bridge Loan Agreement with CEP wherein IPI agreed to provide CEP with an advance funds up to an amount not exceeding its pro-rata share of the maximum Bridge Loan Commitment amounting to US$ 8,612,500. IPI's pro-rata share in this Bridge Loan Agreement is 63.64% (US$ 5,481,250). The advance fund is subject to an interest of 11% per annum and to be repaid on the date of the initial drawdown of loans under the financing documents relating to the funding of the 1x660 MW coal fired power plant project of CEP to be entered into by CEP, the CEP shareholders, each of the financial institutions party and the other parties named therein.

On April 29, 2010, CEP settled all the principal of the bridge loan and a portion of the interest receivables amounting to US$ 7,855,157. Remaining unpaid interest receivable amounting to US$ 119,408 was treated as new loan principal, bearing an interest rate of 22% per annum. Interest receivable on the new loan principal outstanding amounted to US$ 53,270 as of December 31, 2012 and US$ 26,635 as of December 31, 2011 and US$ 20,067 as of January 1, 2011/December 31, 2010.

PT Sea Bridge Shipping

Receivable from PT Sea Bridge Shipping, an associate, represents working capital loan of US$ 21 million, US$ 23 million and US$ 29 million as of December 31, 2012, December 31, 2011 and January 1, 2011/December 31, 2010, respectively, with interest at 9% per annum and paid quarterly.

For loans totaling US$ 22,080,000, principal loans will be paid in 16 quarterly installments starting on March 10, 2010 and June 10, 2010. Based on amendment dated March 10, 2010, principal loan payment was changed into March 10, 2011 and June 10, 2011. In April 2010, TPEC granted additional working capital loan of US$ 6,440,000 which bears the same interest rate as the previous loan. The principal will be fully paid on March 10, 2016.

The loans granted to SBS is proportionate with the percentage of ownership of each stockholder of SBS.

The carrying amount of other accounts receivable from SBS as of December 31, 2012, 2011, and January 1, 2011/December 31, 2010 is repayable as follows:

	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$
One year	5,625,558	5,519,960	5,117,500
Two years	5,520,000	5,519,960	5,520,000
Three years	3,162,500	5,519,960	5,520,000
Four years	6,440,000	402,625	5,520,000
Five years	-	6,440,009	402,500
Six years	-	-	6,440,000
Total	20,748,058	23,402,514	28,520,000

Employee Loans

Employee loans represent receivables arising from the commencement of "Employee/ Management Stock Allocation" Program (ESA). Based on the extraordinary general meeting of shareholders, the minutes of which were notarized by deed No. 115 dated February 25, 2008 of Sutjipto, SH, notary in Jakarta, the shareholders approved the ESA program plan, wherein number of shares offered in this program were at the maximum of 10% of the new shares offered in the Initial Public Offering, or a maximum of 83,314,200 shares, at the offering price.

The loans have term of 36 months, with a grace period of 6 months, which was extended several times, most recently until December 2010. After the grace period, the loans start to bear interest rate per annum at 5% and are repaid through monthly installments, deducted from salary or proceeds from sale of shares. Shares in ESA program can be sold in one-month period after the effective date.

PT Power Jawa Barat (PJB)

PJB is a project for coal-fired power plant located in Bojonegoro, Banten (formerly West Java) owned by related party of one Commissioner of the Company, working together with third parties to build such power plant prior to the economic crisis in 2008.

Other accounts receivable from PJB mainly represents receivable arising from expenses of PJB paid in advance by the Company.

In 2009, management decided to provide full provision on its accounts receivable from PJB after considering the condition of the project which has no significant progress.

PT Tirta Kencana Cahaya Mandiri

Petrosea together with the other stockholders of the jointly controlled entity, provided advances to TKCM proportionally base on their respective interest.

Management believes that the allowance for impairment losses from related parties is adequate to cover possible losses on uncollectible accounts.

Interest Income on Loans to Related Parties

	Amount		Percentage to total investment income	
	2012	2011	2012	2011
	US$	US$		
PT Cirebon Electric Power	1,895,592	1,793,726	20.10%	24.24%
PT Sea Bridge Shipping	1,935,020	2,308,562	20.52%	31.20%
Total	3,830,612	4,102,288	40.62%	55.44%

Advance Received from a Related Party

PT Intan Resource Indonesia granted an advance to CIP in relation with the coal marketing agreement (Note 51d).

	Amount			Percentage to total liabilities		
	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010	December 31, 2012	December 31, 2011	January 1, 2011/ December 31, 2010
	US$	US$	US$			
PT Intan Resource Indonesia	1,729,954	1,821,813	1,821,813	0.14%	0.20%	0.34%

Space Rental

	Amount		Percentage to total operating expenses	
	2012	2011	2012	2011
	US$	US$		
PT Marmitria Land	1,473,292	376,901	0.84%	0.34%

50. SEGMENT INFORMATION

PSAK 5 (Revised 2009) requires operating segments to be identified on the basis of internal reports on components of the Company and its subsidiaries that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The adoption of such revised PSAK in 2011 did not affect the identification of the Company and its subsidiaries' reportable segments. For management reporting purposes, the Company and its subsidiaries are principally organized based on energy resources, energy services and energy infrastructure.

The following summary describes the operations in each of the reportable segments:

Energy resources

Kideco is the Company's core asset in the energy resources sector and is the third largest producer of coal in Indonesia based on production volume. In this segment, the Company is also supported by PT Multi Tambangjaya Utama, PT Mitra Energi Agung, PT Santan Batubara and its West Kalimantan green-field project.

Energy services

The Company's two core businesses in the energy services sector are Tripatra and Petrosea. Through Tripatra, the Company provides engineering, procurement and construction services, operations and maintenance and logistic services. Through Petrosea, the Company provides engineering, construction and contract mining with total pit-to-port capability.

Energy infrastructure

The 660 megawatt power generation plant in Cirebon, West Java investment in its energy infrastructure business pillar. MBSS, a newly acquired subsidiary in year 2011, also contributed in this segment.

	2012				
	US$				
	Energy Services	Energy Resources	Energy Infrastructure	Elimination	Consolidated
Revenues					
External sales	594,847,397	12,635,987	142,222,401	-	749,705,785
Inter-segment sales	11,990,229	-	-	(11,990,229)	-
Total Revenues	606,837,626	12,635,987	142,222,401	(11,990,229)	749,705,785
Segment result	135,861,026	1,317,284	56,702,671	(637,697)	193,243,284
Equity in net profit of associates and jointly controlled entities	10,726,463	167,871,338	385,775	-	178,983,576
Investment income	2,894,382	51,326,432	2,035,383	(46,827,567)	9,428,630
Income from acquisition of a subsidiaries	-	2,671,578	-	-	2,671,578
General and administrative expenses	(48,883,771)	(101,136,844)	(12,575,018)	4,026,633	(158,569,000)
Finance cost	(14,481,939)	(100,482,063)	(6,841,200)	46,860,400	(74,944,802)
Amortization of intangible assets	(1,767,800)	(13,564,205)	(18,718,546)	-	(34,050,551)
Other gain or losses - net	(4,582,163)	(6,247,863)	19,171,741	(19,698,853)	(11,357,138)
Income before tax	79,766,198	1,755,657	40,160,806	(16,277,084)	105,405,577
Tax expense	(19,440,285)	3,057,480	(1,815,340)	-	(18,198,145)
Income for the year					87,207,432
Attributable to :					
Owners of the Company					68,680,536
Non-controlling interest					18,526,896
Total consolidated income					87,207,432
Segment assets	726,316,865	2,619,186,519	582,165,270	(1,580,404,598)	2,347,264,056
Segment liabilities	179,176,778	778,232,665	116,428,329	(37,304,736)	1,036,533,036
Unallocated liabilities	243,499,763	605,538,016	32,030,436	(595,057,480)	286,010,735
Total consolidated liabilities	422,676,541	1,383,770,681	148,458,765	(632,362,216)	1,322,543,771
Other information					
Capital expenditures					313,104,005
Depreciation expense of property and equipment					85,316,294
Amortization on bond issuance cost					6,712,224
Unrealized gain on investment in units of funds					26,825

	2011				
	US$				
	Energy Services	Energy Resources	Energy Infrastructure	Elimination	Consolidated
Revenues					
External sales	453,183,407	41,614,079	98,601,435	-	593,398,921
Inter-segment sales	150,344	-	-	(150,344)	-
Total Revenues	453,333,751	41,614,079	98,601,435	(150,344)	593,398,921
Segment result	90,133,728	1,227,361	38,277,366	1,145,258	130,783,713
Equity in net profit of associates and jpengendalian bersama entitas	20,431,712	429,179,747	9,802,255	(237,145,857)	222,267,857
Investment income	2,953,639	2,550,974	44,900,444	(43,006,110)	7,398,947
General and administrative expense	(32,052,967)	(67,201,048)	(10,399,932)	(51,671)	(109,705,618)
Finance Cost	(5,966,853)	(65,034,514)	(46,946,463)	43,294,916	(74,652,914)
Amortization of intangible assets	(1,767,800)	(2,861,135)	(14,038,909)	-	(18,667,844)
Other gain or losses - net	8,878,974	(6,493,917)	12,139,149	(17,575,885)	(3,051,679)
Income before tax	82,610,433	291,367,468	33,733,909	(253,339,348)	154,372,462
Tax expense	(19,451,304)	413,715	(1,342,408)	4,274,738	(16,105,260)
Income for the year					138,267,202
Attributable to :					
Owners of the Company					127,868,804
Non-controlling interest					10,398,398
Total consolidated income					138,267,202
Segment assets	561,680,395	1,954,517,371	1,201,133,159	(1,702,308,606)	2,015,022,319
Segment liabilities	160,696,207	568,220,754	722,274,291	(512,029,695)	939,161,557
Unallocated liabilities	137,777,993	287,041,918	85,223,146	(288,959,952)	221,083,105
Total consolidated liabilities	298,474,200	855,262,672	807,497,437	(800,989,647)	1,160,244,662
Other information					
Capital expenditures					235,563,259
Depreciation expense of property and equipment					55,933,766
Amortization on bond issuance cost					7,469,185
Unrealized gain on investment in units of funds					12,073

Geographic Segment

The Company and its domestic subsidiaries mainly operate in Jakarta. Subsidiaries outside of Jakarta are mainly involved in investment and financing activities. Total assets and revenues from these subsidiaries are not material as compared to the consolidated total assets and consolidated total revenues, respectively. Therefore, the Company and its subsidiaries did not present information on geographical area segments.

51. COMMITMENTS AND CONTIGENCIES

a. The lenders, pursuant to the Common Agreement and Facility Agreement amongst CEP and certain parties defined as lenders, require the Company as a "sponsor" and III and IPI as shareholders of CEP to enter into Equity Support Agreement dated March 8, 2010 with Mizuho Corporate Bank, Ltd., as offshore security and administrative agent, and agree on the following:

1. Sponsor agrees to guarantee payment of and, shall cause to contribute to CEP 20% of any unfunded base equity required to be contributed to CEP, as specified in the Common Agreement.
2. Sponsor agrees to guarantee payment of and, shall cause to contribute to CEP 20% of any unfunded contingent equity required to be contributed to CEP, as specified in the Common Agreement.
3. Sponsor agrees to issue stand by letter of credit to secure payment in the event of PLN force majeure in the amount specified in the agreement.
4. Sponsor agrees to guarantee payment of tax support amount, as defined in the agreement.

The agreement contains certain covenants that Company is required to fulfill.

b. Based on Share Charge Agreement dated March 12, 2010, the Company agreed to use the following as collateral:

1. All of the Company's share in Indika Power Investment Pte. Ltd (IPI).
2. All dividends, interest and other money paid or payable in respect of all of the Company's shares in IPI and all other rights, benefits and proceeds in respect of or derived from all Company's shares in IPI, in favour of Mizuho Corporate Bank, Ltd, as offshore security agent, all its present and future rights, titles and interest in and to the above collateral, and in each case for the payment and discharge of loan of PT Cirebon Electric Power from Japan Bank for International Cooperation including all cost and expenses to indemnify the offshore security agent.

c. On March 19, 2010, the Company obtained Standby Letter of Credit (SBLC) facility from PT ANZ Panin Bank, which has been extended several times, most recently by agreement dated January 16, 2013 effective from October 31, 2012. Maximum aggregate principal of this facility, at any time, amounts to US$ 27,700,000 and Rp 18,000,000,000, comprising of the following:

1. Facility I

Sub-limit and currency	: US$ 17,800,000
Tenor	: Maximum 36 months
Availability period	: October 31, 2012 until October 31, 2013
Issuance Fee	: 1,35% per annum
Purpose	: To secure the Company's equity commitment in Cirebon Power Plant Project.

2. Facility II

Sub-limit and currency	: US$ 2,700,000
Tenor	: Maximum 12 Months
Availability period	: October 31, 2012 until October 31, 2013
Issuance Fee	: 1,35% per annum
Purpose	: To cover the risk of insufficient payment from PT Perusahaan Listrik Negara (Persero) (PLN), that may result in CEP unable to commission the power plant.

3. Facility III

Sub-limit and currency	: Rp 18,000,000,000
Tenor	: Maximum 36 months
Availability period	: October 31, 2012 until October 31, 2013
Issuance Fee	: 1,35% per annum
Purpose	: To ensure the payment by CEP to PLN in the event of delay of the Commercial Operation Date.

4. Facility IV

Sub-limit and currency	: US$ 7,200,000
Tenor	: Maximum 13 months
Availability period	: January 14, 2013 until October 31, 2013
Issuance Fee	: 1,35% per annum
Purpose	: To ensure the Company's pro rata share of the Debt Service Reserve Requirement of SBLC Facility IV.

The agreement covering the above facility contain certain covenants, which the Company is required to fulfill, including provision regarding events of default.

As of December 31, 2012 and December 31, 2011, US$ 20,500,000 and as of January 1, 2011/December 31, 2010, Rp 18,000,000,000 were utilized from the facility.

d. On March 19, 2009, PT Citra Indah Prima (CIP) entered into Coal Marketing Rights Agreement (CMRA) with PT Sindo Resources (SR) and PT Melawi Rimba Minerals (MRM), wherein SR and MRM agreed to grant CIP exclusive coal marketing rights (as both an agent and a distributor of SR and MRM) to sell and supply the coal, which are to be developed and produced by SR and MRM in the Mining Licences (IUP) Areas to end-users in the Republic of Indonesia. As compensation for acting as an agent for SR and MRM, CIP shall receive commission from SR and MRM, which is to be separately agreed in Coal Agency Agreement.

This agreement shall be valid so long as the IUP on Exploitation of Coal owned by SR and MRM is still valid and effective. The agreement shall be terminated provided that the mutual prior written consent is made between the parties.

On the same date, CIP also entered into Assignment Agreement for CMRA with PT Intan Resource Indonesia (IRI), wherein CIP agrees to assign and transfer all of its rights, obligations and liabilities under the CMRA to IRI. Based on the agreement, IRI shall pay an amount of US$ 864,977 for each CMRA entered with SR and MRM to CIP in return for the assignment. For the faithful fulfillment and performance guarantee under the CMRA, both parties entered into a Pledge of Shares Agreement dated March 25, 2009, wherein CIP agreed to pledge all shares presently held by CIP in SR and MRM and any additional shares in SR and MRM which CIP may acquire for so long as all or any part of the obligations of CIP to IRI under the Assignment Agreement remains outstanding, including any shares taken up by CIP pursuant to an increase of the authorized capital of SR and MRM, and all such additional shares shall automatically be pledged to IRI. CIP shall give written notice to IRI of any such acquisition of additional shares. Based on the agreement, CIP grants to IRI the right to receive and order SR and MRM to pay all dividends payable on the pledged shares.

This agreement shall remain in full force and effect until all CIP's obligation under the Assignment Agreement owing to IRI is performed in full and the Assignment Agreement is terminated.

As the result of the Assignment Agreement for CMRA entered between CIP and IRI as discussed above, on March 19, 2009, IRI entered into Coal Marketing Rights Agreement with SR and MRM with the same content and terms with the one entered amongst CIP, SR and MRM.

e. On July 11 and October 20, 2008, PT Indika Inti Corpindo (IIC) obtained short-term loan facilities from DBS Bank Ltd., amounting to US$ 50,000,000 and US$ 9,090,969, respectively. These facilities were secured by IIC's deposits in DBS Bank Ltd., and will mature six years after the first drawdown date.

As of December 31, 2012, IIC has not utilized the facility.

f. TPEC has construction work and construction consultant services commitments with several customers as follows:

No.	Projects	Contract value	Owner	Period expected	
				Start of project	End of project
1.	General Procurement and Construction	US$ 58,500,000	PT Chevron Geothermal Salak Ltd. PT Chevron Geothermal Indonesia Ltd.	September 30, 2009	December 31, 2013
2.	EPCC contract of South Sumatra NGL Project	US$ 137,950,000	PT Perta-Samtan Gas (d/h/formerly PT E1-Pertagas)	May 7, 2010	March 11, 2013
3.	EPC 1: Production Processing	US$ 746,300,000	Mobil Cepu Ltd	August 5, 2011	August 5, 2014
4.	Engineering, Procurement and Construction	US$ 519,921,000	JOB Pertamina-Medco E&P Tomori Sulawesi	September 17, 2012	December 14, 2014
5.	Front End Engineering Design (FEED) Services	US$ 2,280,000	Eni Muara Bakau B.V.	October 22, 2012	March 22, 2013

g. TPEC obtained the following credit facilities from PT Bank Mandiri (Persero) Tbk:

- Working capital loan
  Maximum facility : US$ 35 million
  Interest rate per annum : 6%
  Structuring fee : US$ 100,000
  Facility fee : 0.25% per annum

- Non cash loan facility
  Maximum facility : US$ 95 million
  Interest rate per annum : 6%
  Type : Bank guarantee, Letter of credit, Supply chain financing and trust receipt
  Structuring fee : US$ 50,000
  Provision for bank guarantee : 0.5% - 1.25%
  Provision for Letter of Credit : 0.125% flat

The above credit facilities are due on November 5, 2013 and secured by trade accounts receivable project claim in the amount of Rp 197.22 billion and US$ 50 million, land and buildings with HGB No. 1545 and 1576, and time deposit placed in the same bank amounting to US$ 2.15 million.

TPEC is restricted to, among other things: transfer assets used as collateral, obtain new credit facilities from other financial institution except in the normal course of business, act as guarantor to other parties, and transfer its rights and obligations in this loan agreement to another party without written consent from the bank. TPEC is also required to maintain financial ratios as stipulated in the agreement.

h. TPEC obtained the following credit facilities from The Hongkong and Shanghai Banking Corporation Limited (HSBC) :

1. Combined limit amounting to US$ 20 million with sub limits under this facility are:

a. Documentary Credit Facility
Maximum facility : US$ 2 million
Commission : 0.25% per quarter with minimum amount of US$ 50

b. Gurantee facility

i. Performance bonds
Maximum facility : US$ 20 million
Commission : 0.25% per quarter

ii. Tender bonds
Maximum facility : US$ 20 million
Commission : 0.25% per quarter

2. Treasury facility with expose risk limit amounting to US$ 15 million

The above credit facilities were subject to be reviewed at any time and in any event by December 31, 2012. These facilities are secured with fiduciary transfer of ownership over accounts receivable in the amount of US$ 15.5 million.

TPEC shall maintain its current ratio at a minimum of 1.0 time and gearing ratio at a maximum of 1.0 time. TPEC shall also maintain a minimum cash balance of US$ 5 million at the end of the fiscal year.

i. TPEC obtained the following credit facilities from Standard Chartered Bank (SCB):

1) Bond and Guarantee Facility consist of:
Maximum facility : US$ 40 million
Issuance fee : 0.45% per quater

Bond and Guarantee Facility is consist of:

a) Import Letter of Credit Facility
Maximum facility : US$ 40 million
Issuance fee : 0.375 per quarter

b) Import Loans Facility
Maximum facility : US$ 10 million
Issuance fee : 3% per year

c) Bill Dis Against Buyer Risk Facility
Maximum facility : US$ 20 million
Issuance fee : 3% per year

d) Import Invoice Financing Facility
Maximum facility : US$ 10 million
Issuance fee : 3% per year

e) Export Invoice Financing Facility
Maximum facility : US$ 10 million
Issuance fee : 3% per year

f) Shipping Guarantees Facility
Maximum facility : US$ 20 million
Fee : US$ 25 per item

The import letter of credit facilities, import loan facility, bills dis against buyer risk facility, import invoice financing facility, export invoice financing facility and shipping guarantees facility are treated as a sub-limit of the bond and guarantee facility, therefore, the combined outstanding are not exceed US$ 40 million. These facilities are secured by cash margin deposit of 10% of shall facility used.

2) Foreign Exchange Facility

Represent foreign exchange product for hedging purposes.

The above credit facilities were due on February 28, 2013 and is in the extension process.

TPEC shall maintain its current ratio at a minimum of 1.0 time and debt to equity ratio at a maximum of 1.0 time.

The above banking facilities have not been utilized.

j. TPEC entered into several guarantee agreements with several financial institutions in relation to the performance, retention and bid bonds or bank guarantees issued by those financial institutions for its projects, as follows:

Date	Counter parties	Project	Amount		Valid date
September 30, 2009	PT Asuransi Jasaraharja Putera	BUT Chevron Geothermal Salak, Ltd	US$	2,425,000	January 31, 2013
July 1, 2010	The Hongkong and Shanghai Banking Corporation Limited	PT Perta-Samtan Gas (formerly PT E1-Pertagas)	US$	13,795,000	April 3, 2013
August 5, 2011	PT Bank Mandiri (Persero) Tbk	Mobil Cepu Ltd	US$	76,305,000	November 5, 2015
September 26, 2012	PT Bank Mandiri (Persero) Tbk	JOB Pertamina-Medco E&P Tomori Sulawesi	US$	25,996,050	February 17, 2016
December 12, 2012	PT Bank Mandiri (Persero) Tbk	JOB Pertamina-Medco E&P Tomori Sulawesi	US$	10,000,000	October 12, 2014

k. On September 26, 2006, PT Kuala Pelabuhan Indonesia (KPI), entered into a service agreement with Freeport for a five-years period. Under this agreement, KPI shall operate and utilize the facilities described in the agreement solely in connection with the performance of the service and shall perform the service exclusively for the benefit of Freeport. As compensation, KPI will receive the following:

- KPI's compensable expenses consisting of all cash costs, expenses, charges, fees and other amounts whatsoever, whether capital, ordinary or extraordinary in nature, excluding extraordinary expenses as defined in the agreement, incurred by KPI in carrying out its activities under and in connection with the agreement.
- Port and operating services fee shall be equal to 7.5% of direct labor cost of the KPI's employees that are paid either directly to employees or as payroll related costs.

KPI and Freeport agreed to sign on extension of one year service agreement until January 1, 2016.

l. TPE has consultant services commitment for construction work as follows:

No.	Project	Contract value		Owner	Project period	
					Start of project	End of project
1	Provision of Technical Support Services Contract	US$	21,411,734	Premier Oil Natuna Sea B.V.	December 27, 2010	December 26, 2013
2	Cilacap RFCC Project	Rp	30,224,328,750	PT Foster Wheeler C&P Indonesia	March 25, 2012	July 31, 2015
3	Offshore and Subsea Engineering	US$	14,765,161	BUT Conoco Phillips Indonesia Inc. Ltd.	July 16, 2012	July 15, 2015
4	Front End Engineering Design for Asset Integrity Program	Rp	74,350,358,670	PT Chevron Pacific Indonesia	December 3, 2012	December 3, 2017

TPE entered into several guarantee agreements with several financial institutions in relation to the performance, retention and bid bonds or bank guarantees, issued by those financial institutions for TPE's projects, as follows:

Date	Counter parties	Project	Amount	Valid date
			US$	
December 27, 2010	PT Bank Mandiri (Persero) Tbk	Premier Oil Natuna Sea B.V.	1,209,040	March 26, 2014
July 16, 2012	PT Bank Mandiri (Persero) Tbk	BUT Conoco Phillips Indonesia Inc. Ltd.	738,259	October 15, 2015
Desember 3, 2012	PT Bank Mandiri (Persero) Tbk	PT Chevron Pacific Indonesia	384,438	March 2, 2018

m. On January 1, 2005, Petrosea entered into an Overburden Subcontract agreement with PT Gunung Bayan Pratama Coal (GBP) at its mine sites in Muara Pahu districts, East Kalimantan. Under this subcontract, Petrosea provides labour, equipment and facilities for land clearing, overburden and top soil removal, and overburden hauling. Petrosea is also required to meet certain minimum production requirements for these activities.

On October 29, 2008, Petrosea entered into a new agreement for a new scope of similar overburden work with GBP for US$ 315 million. This agreement will be effective for five years starting January 1, 2009, upon completion of the previous agreement.

On March 26, 2012, the agreement was amended, which include among others, to extend the mining service contract untill December 31, 2017 and to increase the overburden production volume to 55 million BCM per year starting from 2012 untill 2017.

n. As of December 31, 2012, Petrosea has issued Purchase Order to acquire new equipment totaling US$ 539 thousand. Management believes that Petrosea will be able to finance this acquisition inline with the signing of the Memorandum of Agreement with Indika Capital.

o. As of December 31, 2012, Petrosea has credit facilities for finance leases as follows:

	December 31, 2012
	US$
PT Mitra Pinasthika Mustika Finance (MPMF) (formerly PT Austindo Nusantara Jaya Finance)	120,000,000
PT Mistubishi UFJ Lease and Finance Indonesia	25,000,000
PT Orix Indonesia Finance	15,000,000
Total	160,000,000

The lease liabilities under the credit facilities are disclosed in Note 30.

p. As of December 31, 2012, Petrosea has commitments under non-cancellable operating leases for land and buildings as follows:

	December 31, 2012
	US$
Due:	
Less than 1 year	716,000
Within 1 - 2 years	492,000
Within 2 - 5 years	352,000
Total	1,560,000

q. As of Desember 31, 2012, Petrosea had various outstanding bank guarantee facilities for its operations amounting to US$ 5,177 thousand. As of December 31, 2012, the bank guarantees were outstanding to Marathon International Pet. Indonesia, Total E&P Indonesie, Immersive Technology Pty Ltd., Exxon Mobil Exploration and Production Surumana Limited, Anadarko Indonesia Nunukan Company, Eni Muara Bakau B.V., Salamander Energy Pte Ltd., Niko Resources Ltd., Krisenergy Kutaei B.V., and Directorate General of Customs & Excise.

r. On January 16, 2009, Petrosea entered into Overburden Removal and Coal Recovery and Loading of Santan - Separi Mine Site East Kalimantan agreement amounting to US$ 250 million with PT Santan Batubara (SB), a 50/50 joint venture between Petrosea and PT Harum Energy. The scope encompasses overburden removal and coal mining at Santan - Separi block in East Kalimantan. This agreement is effective for five years starting on March 6, 2009.

On February 16, 2011, the contract was amended under Addendum No. 1 which increased the total quantities to be mined from 99 million BCM of overburden and 9.5 million tons of coal over the initial contract period of 5 years to 155 million BCM of overburden and 14.8 million tons of coal over 7 years period.

On March 2, 2012, the agreement was amended, which include among others, the Contract Expansion and Extension of Mining Services at Separi and Uskap mining area, in which Petrosea will also provide mining service for Uskap pit. Overburden production volume for 2012 on Uskap pit is 8.75 million BCM and will be increased to 18.6 million BCM per year in 2013 until 2015 and increase to 20.85 million BCM in 2016.

s. On August 19, 2009, Petrosea and PT Adimitra Baratama Nusantara (ABN) entered into Overburden Removal and Coal Loading Agreement amounting to US$ 200 million at Sanga - Sanga Mine Site, East Kalimantan. This agreement is effective for five years starting on August 19, 2009. In relation to the services provided by Petrosea on this agreement, ABN provides bank guarantee facility for a maximum amount of US$ 22,500 thousand in the second year of the contract.

On August 25, 2011, the agreement was amended, which include among others, the increase in the coal and overburden production volume from 14 million tons coal and 126 million BCM overburden for five years period to 41.25 million tons coal and 565.8 million BCM for nine years period, and the expiration date of the contract from August 18, 2014 to December 31, 2018.

On April 5, 2012, Petrosea and ABN entered into Plant Hire Agreement for Hire of Mobile Plant and Personnel at ABN Site, Sanga-Sanga, East Kalimantan. Commenced date for this agreement on January 1, 2012.

t. On October 22, 2010, Petrosea and PT Kideco Jaya Agung, a related party, entered into a Waste Removal & Coal Production Agreement amounting to US$ 216 million at SM Popor, Suara Area, East Kalimantan. This agreement is effective for five years commencing on January 1, 2011.

u. On June 25, 2001, Petrosea entered into a lease agreement of Pertamina's land in Tanjung Batu, Balikpapan, with Pertamina UP V Balikpapan. Based on this agreement, Petrosea rented assets such as 89 HA land area, Jetty and warehouse located at Tanjung Batu, Balikpapan. This agreement is valid for 15 years from February 1, 2001 until February 1, 2016.

This agreement has been amended several times. The latest amendment is on December 10, 2010, which stipulates the rental fee for the period from February 2, 2010 until February 1, 2013.

v. On April 1, 2011, MSC, a subsidiary of MBSS, entered into an agreement with Royal Shipping Pte Ltd (RSH). Based on the agreement, RSH agreed to provide management services and management technical assistance to MSC to support MSC activities as owner of shipping services (Floating Crane "Princesse Chloe"). As compensation, MSC shall pay management fee and management technical fee to RSH amounting to US$ 170,000 and US$ 70,000 per annum. The payment will be provided on monthly basis since April 1, 2011 up to either party give termination notice in writing.

w. Based on agreement dated April 14, 2009, between PT Mitra Swire CTM (MSC), Swire CTM Bulk Logistics Limited (SCBL) and MBSS, which was amended on May 18, 2009, SCBL and MBSS provided advances amounting to US$ 43,000 and US$ 5,000, respectively, which could be converted to 428,571 shares and 50,000 shares of MSC, respectively, if MSC complied with applicable regulations regarding to ownership. Based on agreement, SCBL and MBSS eligible to receive the division of equity in prorate bears according to participating interest of each parties, however the distribution depends on the declaration of MSC.

On May 1, 2009, MSC obtained non-interest bearing loan from MBSS and SCBL amounted to US$ 700,000 and US$ 300,000, respectively. The loan is repayable on demand by MBSS and SCBL. The loan from MBSS amounting to US$ 700,000 was paid on April 8, 2010. Under the agreement between MBSS, MSC and SCBL dated September 2, 2010 as amended on November 5, 2010, MBSS approved an interest-free loans amounting to US$ 300,000 obtained by MSC on May 1, 2009 transferred as part of advance for future stock subscription for SCBL's shares to MSC.

Based on agreement dated September 2, 2010, between MSC, a subsidiary, SCBL and MBSS, as amended on November 5, 2010, MBSS and SCBL will provide loans amounting to US$ 11,072,523 and US$ 4,745,367, respectively, and advance for future stocks subscriptions amounting to US$ 4,745,367 and US$ 2,033,729, respectively, which can be converted into shares of the amount has not been determined at this time, in the event that MSC fulfill requirement regarding ownership in Indonesia. The loan will be repaid by the MSC at the time of getting loans from financial institution which were estimated by the management is paid in June 2011 and bears interest at the fixed rate of 4.5% per annum. As of December 31, 2010, MBSS and SCBL have provided loans amounting to US$ 1,737,046 and US$ 4,284,302, respectively (Note 15), and advance for future stock subscriptions amounting to US$ 4,745,367 and US$ 2,033,729, respectively.

In 2011 the balance of MSC loan to MBSS and SCBL had been paid, with the balance for future stock subscriptions as of December 31, 2012 is equivalent to US$ 2,888,340 and US$ 1,237,860 to each party.

On May 22, 2012, MBSS, SCBL, PT Patin Resources (Patin), and MSC had entered into Shareholders' agreement, which agreed to restructure on MSC's shareholders composition. MSC shareholders composition will be changed with issuance of new shares, which the composition will be total 70% by MBSS and Patin, and 30% by SCBL.

The changes will be effective when all the following terms and conditions applied as follows:

- Approval on changes in MSC's articles of association;
- Change in MSC's status to become a foreign investment company;
- Issuance of new shares as conversion of deposit for future stock from MBSS and SCBL;

- Repayment of loan from MBSS and SCBL;
- Gross deed of FC Chloe with Indonesian flag has been obtained under MSC's name; and
- Changes in SIUPAL indicating changes in status of MSC to foreign investment company and change in shareholders composition.

As of the issuance of the financial statements, application on terms and conditions for the conversion of SCBL loan into shares are still in process.

x. MBSS has commitments of coal transhipment service. For barging services shall be classified primarily as freight charter, time charter and fixed and variable.

No	Name of Project	Owner	Project Period		Remarks
			Start of project	End of Project	
	BARGING				
	A. Freight Charter				
1	Coal Barging Agreement	PT Adaro Indonesia	October 1, 2010	October 31, 2017	Laytime guaranteed maximum up to 90 hours per trip for shipments to Taboneo
2	Charter for Coal transportation	PT Holcim Indonesia Tbk	April 1, 2010	March 31, 2015	Minimum volume : 600,000 MT per year/
3	Coal Transhipment Bunati in Satui/Addendum No. 1 Coal Transhipment Agreement	PT Borneo Indobara	January 1, 2012	December 31, 2014	Minimum volume: 2,500,000 MT per year
4	Coal Transhipment in Abidin Jetty at Satui	PT Borneo Indobara	January 1, 2012	December 31, 2014	Minimum volume: 1,000,000 MT per year
5	Coal Transportation to Load and Transported from Tanjung Kepala, Pulau Sebuku or from JMB loading Terminal to Transshipment Points	PT Bahari Cakrawala Sebuku & PT Jembayan Muara Bara (JMB)	January 1, 2011	June 30, 2013	Minimum volume: 1,000,000 MT per year
6	Coal Transportation	PT Indocement Tunggal Perkasa Tbk	January 1, 2010	February 2013 *)	Minimum volume: 570,000 MT over the contract period
7	Coal Affreightment and Transhipment Contract	PT Singlurus Pratama	July 1, 2009	March 31, 2013	Minimum volume: 1,440,000 MT over the contract period
8	Contract for The Affreightment and Transhipment of Sebuku Coal	PT Bahari Cakrawala Sebuku	December 1, 2002	remaining life of coal mine	Valid until the remaining life of coal mine
9	Coal Transportation Contract	PT Cotrans Asia (Related party, Note 49)	March 1, 2012	February 28, 2014	Based on customer's notification, there are 12-13 trip/month/set in the year 2012-2013

*) In the process of extention

No	Name of Project	Owner	Project Period		Remarks
			Start of project	End of Project	
	B. Time Charter				
1	Vessel Operation Service for Cement Transport	PT Holcim Indonesia Tbk	May 9, 2011	May 9, 2016	Time charter
2	Uniform Time Charter Party for Offshore Service Vessels	PT Trubaindo Coal Mining	July 10, 2011	July 10, 2013	Time charter
3	Uniform Time Charter Party for Offshore Service Vessels	PT Trubaindo Coal Mining	November 1, 2011	November 1, 2013	Time charter
4	Coal Barging Work from Sambarata Port, Lati Port, and Suaran Port to Transhipment Point (1)	PT Berau Coal	July 1, 2012	June 30, 2013	Time charter
5	Coal Barging Work from Sambarata Port, Lati Port, and Suaran Port to Transhipment Point (2)	PT Berau Coal	April 1, 2009	June 30, 2013	Time charter
	C. Fixed and Variable				
1	Operation of Bengalon Handling Project	PT Kaltim Prima Coal (as direct customer) PT Inacia Perkasa Abadi (as appointer)	April 2006	March 2014	Minimum volume 450,000 MT per month
2	Provision for Barging Transhipment Operation to Transhipment Coal at The Tanjung Bara Achorage	PT Fajar Bumi Sakti	August 2010	March 2014	Related to "Operation on Bengalon Handling Project", volume as per requirement
	D. Others				
1	Agreement for the Provision of Services for Barging Transhipment at Tanjung Bara	PT Kaltim Prima Coal	June 1, 2008	December 2012 *)	Support services
	FLOATING CRANE				
1	Coal Transhipment for Provision of Transhipment Services at Adang Bay	PT Kideco Jaya Agung (Related party, Notes 21 and 49)	September 28, 2010	September 28, 2015	Minimum volume : 2,500,000 MT on the first year 3,000,000 MT on the second year 3,500,000 MT per year on the third to fifth year
2	Coal Freight Agreement in Taboneo Anchorage Offshore Banjarmasin	PT Adaro Indonesia	July 1, 2008	June 30, 2014	Minimum volume : 24,000,000 MT over the contract period
3	Contract for Loading Coal onto Gearless Vessels	PT Jembayan Muarabara PT Bahari Cakrawala Sebuku	January 1, 2011	June 30, 2013	Minimum volume : 2,500,000 MT per year
4	Coal Transhipment Agreement for the Provision of Transhipment Service at Adang Bay	PT Kideco Jaya Agung (Related party, Notes 21 and 49)	January 1, 2013	December 31, 2017	Minimum volume : 5,000,000 MT per year

*) In the process of extention

y. MSC, a subsidiary through MBSS, has transhipment service commitment as follows:

No	Project	Owner	Project period	
			Start of project	End of project
1	Charter on the vessel "Princesse Chloe"	PT Berau Coal	April 23, 2011	April 22, 2016

z. MASS, a subsidiary through MBSS, has transhipment service commitment as follows:

Name of Project	Owner	Project period		Terms / Minimum Volume
		Start of project	End of project	
Coal Transhipment at Muara Pantai Anchorage	PT Berau Coal	June 1, 2012	June 1, 2017	3,000,000 MT on the first year

aa. MBSS and MSC has commitment of coal transhipment service as follows:

Name of Project	Owner	Project period		Terms / Minimum Volume
		Start of project	End of project	
Term transhipment agreement	PT Indo Tambangraya Megah Tbk PT Indominco Mandiri PT Trubaindo Coal Mining PT Kitadin PT Jorong Barutama Greston PT Bharinto Ekatama Banpu Minerals (Singapore) Pte Ltd	August 20, 2011	February 19, 2013 *)	3,500,000 MT per year

*) Not extended

bb. On June 21, 2012, MASS obtained a revolving loan facility from PT Bank Permata Tbk. to finance working capital with a maximum credit limit of US$ 1,000,000. This facility bear annual interest at 6% and valid until February 19, 2013. As of December 31, 2012, MASS has no outstanding balance for this facility.

cc. International Coal Trading Limited (ICTL), the coal trading company handling substantially all of MTU's coal sales and as MTU's marketing and selling agent, entered into a coal supply agreement dated 29 April, 2010 with Glencore International AG (Glencore). Pursuant to such agreement, MTU agreed to guarantee ICTL's contractual obligations, including ICTL's semi annual supply requirement of 500,000 metric tons of coal to Glencore at a fixed price. During 2011, ICTL failed to satisfy such requirements, which resulted in Glencore initiating action pursuant to the agreement and submitting the matter to the Singapore International Arbitration Centre in Singapore, alleging US$18.0 million to US$19.0 million in damages. MTU remains actively engaged in discussions with Glencore and continues to comply with the procedures of the Singapore arbitration, but the outcome of such discussions and arbitration remains uncertain. The financial statements do not include any adjustment from the possible outcome from this arbitration process.

52. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN EXCHANGE

At December 31, 2012 and 2011, the Company and its subsidiaries had monetary assets and liabilities in foreign currencies as follows:

		December 31, 2012		December 31, 2011	
		Foreign Currency	Equivalent in US$	Foreign Currency	Equivalent in US$
Assets					
Cash and cash equivalents	IDR	503,680,777,490	52,086,947	603,357,008,192	66,536,944
	HKD	83,905,784	10,824,280	-	-
	SGD	2,753,247	2,251,319	3,774,740	2,903,286
	EUR	114,531	151,720	48,471	62,748
	AUD	34,610	35,882	33,469	33,966
Trade accounts receivable	IDR	15,288,879,210	1,581,063	89,216,996,084	9,838,663
	SGD	340,910	278,761	16,919	13,013
Unbilled receivables	IDR	2,838,676,850	293,555	-	-
Other accounts receivable	IDR	70,819,028,270	7,323,581	58,790,002,184	6,483,238
Prepaid taxes	IDR	372,510,051,130	38,522,239	190,809,001,088	21,042,016
Other current assets	IDR	4,931,874,060	519,036	12,604,520	1,390
	SGD	98,000	80,000	-	-
	AUD	57,000	59,000	-	-
Claim for tax refund	IDR	66,195,124,370	6,845,411	88,240,998,176	9,731,032
Advances and other noncurrent assets	IDR	45,314,630,490	4,686,104	73,965,711,132	8,156,783
	SGD	26,618	21,818	-	-
	GBP	3,750	6,041	-	-
	AUD	-	-	59,146	60,024
	EUR	-	-	2,784	3,604
Total Assets			125,566,757		124,866,707
Liabilities					
Bank loans	IDR	-	-	881,001,540	97,155
Trade accounts payable	IDR	180,426,428,230	18,658,369	134,105,999,104	14,788,928
	SGD	1,526,880	1,248,524	1,382,928	1,063,630
	EUR	476,203	630,827	398,757	516,211
	JPY	49,074,926	568,244	103,544,526	1,333,701
	AUD	321,335	333,145	3,252,639	3,300,948
	PHP	2,403,055	58,476	3,296,394	75,194
	GBP	7,074	11,397	9,513	14,655
	MYR	9,252	3,023	12,355	3,887
Other accounts payable	SGD	292,022	239,362	-	-
	IDR	222,970,860	23,058	634,760,000	70,000
Taxes payable	IDR	57,983,892,220	5,996,266	75,415,001,344	8,316,608
Accrued expenses	IDR	3,117,576,103	322,397	1,898,373,625	209,349
	SGD	350,598	287,375	11,425	8,787
	EUR	99,442	132,590	101,692	131,645
	GBP	459	746	459	707
	AUD	-	-	59,725	60,635
Dividend payable	IDR	2,765,620,000	286,466	1,641,308,000	180,966
Long-term loans	SGD	20,706,610	16,972,636	21,565,395	16,588,774
	IDR	14,780,962,460	1,528,538	21,876,994,332	2,412,549
Lease liabilities	IDR	1,676,865,030	173,409	1,520,993,776	167,732
Employement benefit obligation	IDR	205,761,035,260	21,278,287	129,359,998,332	14,265,549
Total Liabilities			68,753,135		63,607,610
Total Net Assets			56,813,622		61,259,097

The conversion rates used by the Company and its subsidiaries on December 31, 2012 and 2011 and the prevailing rates on March 4, 2013 are as follows:

	March 4, 2013	December 31, 2012	December 31, 2011
	US$	US$	US$
Foreign currency			
IDR 1	0.0001	0.0001	0.0001
SGD 1	0.8037	0.8177	0.7691
AUD 1	1.0164	1.0368	1.0149
EUR 1	1.3013	1.3247	1.2946
HKD 1	0.1289	1.1290	0.1287
GBP 1	1.5033	0.6111	1.5405
MYR 1	0.3217	0.3267	0.3146
PHP 1	0.0245	0.0243	0.0228
JPY 1	0.0107	0.0116	0.0129

In relation with fluctuation of US$ against foreign currencies, the Company and its subsidiaries recorded net loss on foreign exchange of US$ 8,842,498 in 2012 and US$ 12,493,113 in 2011.

On March 4, 2013, these were increased in exchange rates of foreign currencies to US$. Using the exchange rates of March 4, 2013, net monetary asset in foreign currencies of the Company and its subsidiaries as of December 31, 2012 increase by US$ 139,255.

53. OTHER SIGNIFICANT INFORMATION

The Company, PT Tripatra Company (TPC) and PT Ganesha Intra Development Company (GID) entered into a merger agreement (the “Merger”) based on deed No. 25 dated February 15, 2007, drawn up before Imas Fatimah, SH, notary public in Jakarta, with the Company as the surviving company while TPC and GID were liquidated without the process of liquidation. The merger was effective on March 2, 2007.

In relation to the merger, the stockholders of the Company, TPC and GID obtained combined control over the whole of their net assets and liabilities to achieve a continuing mutual sharing in the risks and benefits of the combined entity. Therefore, the merger was accounted for using the pooling of interest method of accounting.

In relation to the merger, the Company has applied for approval with the Directorate General of Taxation (DGT) to use historical net book value in accounting for the merger. The DGT has three times issued rejection letter, the latest through letter No. S-441/PJ.031/2008 dated May 29, 2008. In response to this rejection letter, the Company has filed an appeal to the tax court through letter No. 007/06.08/IIE.Tax dated June 17, 2008. On April 20, 2009, based on letter No. Put. 17815/PP/M.XII/99/2009, the tax court decided to approve the use of historical net book value in accounting for the merger.

Subsequently, in September 2009, DGT has filed a reconsideration request against the above tax court decision to the Supreme Court through its letter *Memori Peninjauan Kembali* No. S-7109/pj.074/2009.

Related to the above letter *(Memori Peninjauan Kembali)*, the Company has filed a lawsuit to the Supreme Court through its letter No. 001/09.09/IE.TAX dated September 11, 2009.

Up to the issuance date of the consolidated financial statements, the Company has not yet received the final decision from the Supreme Court. The shareholders of the combining entities have agreed to assume the tax liabilities that might result from the rejection of the use of historical book value in the merger, if any.

54. NON CASH TRANSACTIONS

The Company and its subsidiaries have investment and financing transactions that did not affect cash and cash equivalents and hence not included in the consolidated statements of cash flows as dated per below with the detail as follows:

	December 31, 2012	December 31, 2011
	US$	US$
Addition to property, plant and equipment through:		
Lease liabilities	38,526,141	44,864,000
Long-term loans	-	513,009
Bank loan	6,856,551	-
Reclassifications of advance payments of property, plant and equipment to property, plant and equipment	30,736,844	40,184,567

55. SUBSEQUENT EVENTS

a. On January 24, 2013, IEF II B.V., a direct wholly owned subsidiary of the Company, issued Senior Notes ("Notes IV") amounting to US$ 500 million due in January, 2023, bearing interest at 6.375% per annum, payable semi-annually on January 24 and July 24 of each year, commencing on July 24, 2013. The Notes IV are listed on the Singapore Stock Exchange. In relation to the issuance of the Notes IV, Citicorp International Limited acted as Trustee, while the Company and IIC, TPE, TPEC and TS as Guarantors.

The Notes IV are secured on a first priority basis by a lien on the following collaterals:

- Pledges of the Company's investments in shares of stock of TPE, TPEC, IEF II BV, IEC II BV and IIC (Note 1b) and IIC's investment in shares of stock of PT Kideco Jaya Agung (Note 14) and TPEC's investment in shares of stock of TS. These collaterals are shared *pari passu* amongst Notes II, III and IV.

- A security interest in IEC II B.V.'s right under the Intercompany Loans.

- In relation to the issuance of Notes IV, the Company and certain subsidiaries are restricted to certain covenants and restrictions, which are subject to a number of important qualifications and exceptions as described in the Notes IV Indenture.

b. In January 2013, Directorate General of Taxation (DGT) issued Tax Assessment Letters on the Company's value added tax (VAT) pertaining to the month of December 2011. Based on such assessment letters, the Company's tax overpayment amounted to Rp 12,943 million, compared to Rp 13,898 million being recorded and claimed by the Company.

Management will file appeal against such assessment letter and believes that this tax matter will be resolved in favor of the Company and accordingly, no provision was made as of reporting date.

c. In January and February 2013, DGT issued Tax Assessment Letters on PT Multi Tambangjaya Utama (MTU)'s VAT pertaining to the month of January to March 2008. Based on such assessment letters, MTU's tax underpayment, including interest and penalty, amounted to Rp 2,274 million.

Based on the Sales and Purchase Agreement (SPA) dated February 15, 2012 amongst Asia Thai Mining Company Limited (ATM), Christien Kurniawan and PT Indika Indonesia Resources (IIR), IIR still has the right to claim to ATM any breach of the warranties represented by ATM in the SPA, including tax warranties, and to apply against the escrow account (Note 1) within 12 months after the completion of all conditions precedent under the SPA, then no provision for such tax is made by IIR as of reporting date.

d. In February 2013, DGT issued Tax Assessment Letters on the Company's VAT on offshore services and VAT pertaining to the period from January - November 2011, where the Company was assessed for underpayment of Rp 2,186 million and Rp 26,266 million, both inclusive, interest and penalty, respectively.

Management will file appeal against such assessment letter and believes that this tax matter will be resolved in favor of the Company and accordingly, no provision was made as of reporting date.

e. On February 20, 2013, PT Indika Multi Daya Energi signed an agreement with Total E&P Indonesia West Papua (Total), a subsidiary of Total SA, to acquire a 10% participating interest in the Southwest Bird's Head Production Sharing Contract (PSC), whilst Total as operator will hold the remaining 90% interest. The purchase is subject to approval by Indonesian authorities and the final purchase price will be determined upon closing and following confirmatory due diligence.

The exploration block of South West Bird's Head PSC is located in the on-offshore Salawati Basin of the Province of West Papua, covering an area 7,176 square-km.

f. In February 2013, the Company paid the following bank loans:

No.	Creditor	Maximum facility	Payment date
		US$	
1.	Citibank, N.A	28,000,000 - Tranche A 22,000,000 - Tranche B	February 25, 2013
2.	UBS AG, Singapore	75,000,000	February 25, 2013
3.	Standard Chartered Bank	75,000,000	February 22, 2013
4.	Bank Mandiri		
	- Loan for Specific Transaction	35,000,000	February 22, 2013
	- Working Capital Credit	15,000,000	February 22, 2013

56. CURRENT ECONOMIC CONDITION

The global economic growth in 2012 is slowing down due to the impact of economic crisis in Europe and United States of America. Generally, the prices of certain world commodities including coal have decreased.

International coal price in the global market has decreased significantly from US$ 124.18 per tonnage to US$ 94.00 per tonnage in the period from January 2012 to December 2012. Although currently the coal price decrease has not adversely impacted to the Company and its subsidiaries operation, the coal price decrease continuance in the future will adversely affect the Company's operation. Also, the effects of the economic situation on the financial condition of the customers have increased the credit risk inherent in the receivables from customers.

Recovery of the economy condition is dependent on resolution of the economic crisis in Europe Union and United States of America, actions which are beyond the Company's control, to achieve economic recovery. It is not possible to determine the future effect the economic condition may have on the Company's liquidity and earnings, including the effect flowing through from its investors, customers and suppliers.

The management believes that the Company and its subsidiaries have adequate resources to continue their operations for the foreseeable future. Accordingly, the Company and its subsidiaries continue to adopt the going concern basis in preparing the consolidated financial statements.

57. MANAGEMENT RESPONSIBILITY AND APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation and fair presentation of the consolidated financial statements on pages 3 to 145 were the responsibilities of the management, and were approved by the Company's Directors and authorized for issue on March 4, 2013.

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COMPANY INFORMATION

COMPANY INFORMATION

COMPANY NAME
PT INDIKA ENERGY TBK.

DATE OF ESTABLISHMENT
19 October 2000

SHAREHOLDERS COMPOSITION (PER 31 DECEMBER 2012)

Shareholder	Shares	%
PT Indika Mitra Energi	3,307,097,790	63.47
Pandri Prabono-Moelyo	231,100,200	4.44
Eddy Junaedy Danu	81,680,500	1.57
Wadyono Suliantoro Wirjomihardjo	79,083,000	1.52
PT Indika Mitra Holdiko	10	0.00
Public	1,511,230,500	29.00

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TICKER CODE
INDY

SHARE REGISTRAR
Indonesia Stock Exchange

BUSINESS ACTIVITIES
Operating and investing in energy resources, energy services and energy infrastructure through subsidiaries and associate companies.

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(Member of Deloitte Touche Tohmatsu)
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Email: corporate.secretary@indikaenergy.co.id
investor.relations@indikaenergy.co.id
Corporate Secretary: Dedy Happy Hardi
Investor Relations: Retina Rosabai

Ticker Code: INDY

IIC

IIC
PT INDIKA INTI CORPINDO
Mitra Building 4th Floor
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Jakarta 12930
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IIR
PT INDIKA INDONESIA RESOURCES
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Website: www.indikaenergy.co.id

MTU
PT MULTI TAMBANGJAYA UTAMA
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KIDECO

PT KIDECO JAYA AGUNG
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Jl. Jend. Gatot Subroto Kav. 9–11
Jakarta 12930
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Fax: (62-21) 525-7662
Website: www.kideco.com

TRIPATRA

PT TRIPATRA ENGINEERS & CONSTRUCTORS (TPEC)
PT TRIPATRA ENGINEERING (TPE)
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PETROSEA

PT PETROSEA TBK.
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Ticker Code: PTRO

MBSS

PT MITRABAHTERA SEGARA SEJATI TBK.
Menara Karya Building 12th Floor
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Ticker Code: MBSS

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STATEMENTS OF RESPONSIBILITY

This Annual Report, including the financial statements and other related information, falls under the full responsibility of all Board of Directors and Board of Commissioners of the Company whose signatures appear below.

BOARD OF COMMISSIONERS



Wiwoho Basuki Tjokronegoro
President Commissioner



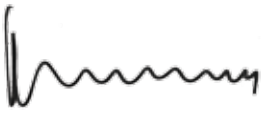
Agus Lasmono
Vice President Commissioner



Indracahya Basuki
Commissioner



Anton Wahjosoedibjo
Independent Commissioner



Dedi Aditya Sumanagara
Independent Commissioner

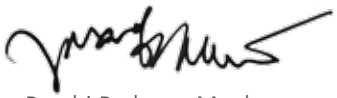
BOARD OF DIRECTORS



M. Arsjad Rasjid P.M.
President Director



Wishnu Wardhana
Vice President Director



Pandri Prabono-Moelyo
Director



Wadyono Suliantoro Wirjomihardjo
Director



Eddy Junaedy Danu
Director



Richard Bruce Ness
Director



Azis Armand
Director – Unaffiliated

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