PERUSAHAAN PERSEROAN (PERSERO)
PT ANEKA TAMBANG Tbk AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2005 AND 2004

ANEKA TAMBANG

BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2005 AND 2004 AND FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES

We, the undersigned:

1.	Name	: Ir. D. Aditya Sumanagara
	Office address	: Jl. TB. Simatupang # 1, Jakarta 12530
	Domicile address	: Tanjung Barat, Jakarta Selatan
	Phone number	: +6221 789 1234
	Function	: President Director
2.	Name	: Kurniadi Atmosasmito, S.E., M.M.
	Office address	: Jl. TB. Simatupang # 1, Jakarta 12530
	Domicile address	: Baranang Siang Indah, Bogor
	Phone number	: +6221 789 1234
	Function	: Finance Director

Declare that:

1. We are responsible for the preparation and presentation of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk and subsidiaries' ("Antam") consolidated financial statements;

2. Antam's consolidated financial statements have been prepared and presented in accordance with accounting principles generally accepted in Indonesia;

3. a. All information in Antam's consolidated financial statements has been disclosed in a complete and truthful manner;
   b. Antam's consolidated financial statements do not contain any incorrect information or material fact, nor do they omit information or material fact;

4. We are responsible for Antam's internal control system.

We certify the accuracy of this statement.

For and on behalf of the Board of Directors

Ir. D. Aditya Sumanagara
President Director

Kurniadi Atmosasmito, S.E., M.M.
Finance Director

Jakarta
20 March 2006

Haryanto Sahari & Rekan

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk

We have audited the accompanying consolidated balance sheets of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk ("the Company") and subsidiaries (together "the Group") as of 31 December 2005 and 2004, and the related consolidated statements of income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the auditing standards established by the Indonesian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance that 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 presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial positions of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk and subsidiaries as of 31 December 2005 and 2004, and consolidated results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in Indonesia.

As disclosed in Note 3 to the consolidated financial statements, in 2005, the Group adopted Statement of Financial Accounting Standard (PSAK) No. 24 (Revised 2004), "Employee Benefits". The 2004 consolidated financial statements have been restated accordingly.

Accounting principles generally accepted in Indonesia do not conform to those in Australia. A description of the significant differences between those two generally accepted accounting principles and the approximate effects of these differences on net income and equity are set forth in Notes 35 to the consolidated financial statements.

JAKARTA
20 March 2006

Dwi Wahyu Daryoto, Ak, BAP
Licence of Public Accountant No. 04.1.0940

The accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. Accordingly the accompanying consolidated balance sheets and related statements of income, changes in equity, and cash flows and their utilisation are not designed for those who are not informed about Indonesian accounting principles, procedures and practices.

The standards, procedures and practices utilised in Indonesia to audit such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than Indonesia.

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF 31 DECEMBER 2005 AND 2004
(Expressed in thousand Rupiah, except for par value and share data)

	Notes	2005	2004*)
CURRENT ASSETS			
Cash and cash equivalents	2a,4	720,833,059	1,998,551,871
Restricted cash	2a,5	19,660,000	46,450,000
Trade receivables – third parties (net of allowance for doubtful accounts of Rp nil in 2005 and 2004)	2g,6	467,998,026	281,993,825
Other receivables (net of allowance for doubtful accounts of Rp 1,032,115 in 2005 and Rp 2,346,804 in 2004)	7	48,541,572	11,718,170
Inventories (net of allowance for obsolete stock of Rp 6,853,990 in 2005 and 2004)	2h,8	527,289,673	396,065,076
Prepaid taxes	16a	263,579,706	167,633,821
Prepaid expenses		31,058,156	68,186,524
Other current assets		8,551,610	6,670,539
Total current assets		2,087,511,802	2,977,269,826
NON-CURRENT ASSETS			
Investment in an associated company	2e,9	30,929,169	30,929,169
Loan to associated company	10	32,930,500	-
Fixed assets (net of accumulated depreciation of Rp 1,077,942,090 in 2005 and Rp 917,603,259 in 2004)	2i,11	3,825,458,802	2,692,859,049
Deferred exploration and development expenditure (net of accumulated amortisation of Rp 50,764,518 in 2005 and Rp 39,164,632 in 2004)	2l,12	267,828,256	196,007,542
Deferred charges (net of accumulated amortisation of Rp 34,918,987 in 2005 and Rp 32,194,876 in 2004)	2k,13	25,124,724	25,951,984
Deferred tax assets – net	2o,16d	123,118,091	110,777,006
Deferred environmental and reclamation expenditure		3,663,302	4,617,054
Other non–current assets		6,149,482	4,234,459
Total non-current assets		4,315,202,326	3,065,376,263
TOTAL ASSETS		**6,402,714,128**	**6,042,646,089**

*) As restated – see Note 3

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF 31 DECEMBER 2005 AND 2004
(Expressed in thousand Rupiah, except for par value and share data)

	Notes	2005	2004*)
CURRENT LIABILITIES			
Trade payables			
- Third parties	14	113,067,259	85,346,459
- Related parties	2j,14,28	3,467,623	8,917,161
Other payables		19,282,384	6,826,288
Accrued expenses	15	385,120,866	516,961,878
Taxes payable	2o,16b	225,090,028	270,495,510
Dividend payable		-	13,086,762
Current maturities of long-term liabilities:			
- Provision for environmental and reclamation	2m,18	3,887,631	10,701,416
- Investment loans	17b	29,490,000	-
Total current liabilities		779,405,791	912,335,474
NON-CURRENT LIABILITIES			
Long-term liabilities, net of current maturities:			
- Bonds	17a	1,678,203,404	1,757,950,117
- Pension and other post-retirement obligations	2p,2q,2r,27	577,153,044	544,587,750
- Investment loans	17b,17c	265,410,000	314,504,608
- Provision for environmental and reclamation	2m,18	72,896,390	70,798,272
Total non-current liabilities		2,593,662,838	2,687,840,747
MINORITY INTERESTS	2b	2,595	1,575
EQUITY			
Share capital – authorised capital 1 preferred share and 7,599,999,999 ordinary shares, issued and fully paid capital 1 preferred share and 1,907,691,949 ordinary shares with par - value Rp 500 per share	19	953,845,975	953,845,975
Additional paid-in capital – net	2s,20	2,526,309	2,526,309
Difference in foreign currency translation		(1,337,359)	255,637
Difference arising from restructuring transactions of entities under common control	1b	21,334,633	21,334,633
Retained earnings:			
- Appropriated		1,240,531,831	730,460,262
- Unappropriated		812,741,515	734,045,477
		2,053,273,346	1,464,505,739
Total retained earnings		3,029,642,904	2,442,468,293
TOTAL LIABILITIES AND EQUITY		**6,402,714,128**	**6,042,646,089**

*) As restated – see Note 3

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004
(Expressed in thousand Rupiah, except for basic earnings per share)

	Notes	2005	2004*)
NET SALES	2n,22	3,287,268,833	2,858,537,505
COST OF SALES	23	(1,827,140,772)	(1,497,699,936)
GROSS PROFIT		**1,460,128,061**	**1,360,837,569**
OPERATING EXPENSES	24		
General and administration		(302,574,015)	(227,562,588)
Selling and marketing		(13,623,215)	(7,278,922)
Exploration		(8,126,942)	(29,424,413)
Total operating expenses		(324,324,172)	(264,265,923)
OPERATING INCOME		**1,135,803,889**	**1,096,571,646**
OTHER INCOME/(EXPENSES)			
Interest income		22,230,436	10,176,690
Interest expenses and finance charges		(25,559,493)	(2,202,883)
Foreign exchange gain – net		20,312,219	69,338,868
Others–net	25	49,891,367	(11,089,942)
		66,874,529	66,222,733
PROFIT BEFORE INCOME TAX		**1,202,678,418**	**1,162,794,379**
INCOME TAX EXPENSE	16c	(360,741,438)	(352,544,748)
INCOME BEFORE MINORITY INTEREST		**841,936,980**	**810,249,631**
MINORITY INTEREST IN THE NET INCOME OF SUBSIDIARIES		(1,019)	(908)
NET INCOME		**841,935,961**	**810,248,723**
BASIC EARNINGS PER SHARE (full amount)	2t,29	**441.34**	**424.73**

*) As restated – see Note 3

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004
(Expressed in thousand Rupiah)

	Notes	Share capital	Additional paid-in capital-net	Difference in foreign currency translation	Difference arising from restructuring transaction entities under common control	Unrealised (loss)/gain on available for sale investments	Retained earnings: Appropriated	Retained earnings: Unappropriated	Total
Balance at 1 January 2004		953,845,975	2,526,309	389	21,334,633	(550,383)	885,223,096	(78,868,331)	1,783,511,688
Adjustment relating to application of PSAK 24 (Revised 2004), net of tax effect	3	-	-	-	-	-	-	(38,812,484)	(38,812,484)
Balance at 1 January 2004 as restated		953,845,975	2,526,309	389	21,334,633	(550,383)	885,223,096	(117,680,815)	1,744,699,204
Reallocation of appropriated retained earnings		-	-	-	-	-	(305,419,081)	305,419,081	-
Net income		-	-	-	-	-	-	810,248,723	810,248,723
Appropriation for general reserves		-	-	-	-	-	150,656,247	(150,656,247)	-
Dividends		-	-	-	-	-	-	(111,019,756)	(111,019,756)
Allocation for community development fund		-	-	-	-	-	-	(2,265,509)	(2,265,509)
Difference in foreign currency translation		-	-	255,248	-	-	-	-	255,248
Unrealised gain on available for sale investments		-	-	-	-	550,383	-	-	550,383
Balance at 31 December 2004 – as restated		953,845,975	2,526,309	255,637	21,334,633	-	730,460,262	734,045,477	2,442,468,293
Net income		-	-	-	-	-	-	841,935,961	841,935,961
Appropriation for general reserve		-	-	-	-	-	510,071,569	(510,071,569)	-
Dividends	21	-	-	-	-	-	-	(245,097,267)	(245,097,267)
Allocation for community development fund		-	-	-	-	-	-	(8,071,087)	(8,071,087)
Difference in foreign currency translation		-	-	(1,592,996)	-	-	-	-	(1,592,996)
Balance at 31 December 2005		953,845,975	2,526,309	(1,337,359)	21,334,633	-	1,240,531,831	812,741,515	3,029,642,904

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004
(Expressed in thousand Rupiah, except for basic earnings per share)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,070,631,953	2,719,898,534
Payments to suppliers	(1,322,481,928)	(1,036,630,819)
Payments to commissioners, directors, and employees	(554,307,603)	(403,708,403)
Payments of interest	(34,485,298)	(9,803,504)
Payments of tax	(415,243,840)	(138,175,840)
Receipts of interest	27,760,656	28,521,180
Receipts/(payments) for others	18,778,750	(396,155,849)
Net cash provided from operating activities	790,652,690	763,945,299
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed assets	(1,436,158,392)	(875,426,263)
Receipts from insurance claim	10,473,382	4,591,264
Exploration and development expenditure	(192,435,204)	(57,858,274)
Deferred charges	(1,896,851)	(20,713,171)
Dividends received	31,966,096	10,816,855
Loan to associated company	(32,930,500)	-
Proceed from sale of fixed assets	6,099,999	-
Other payments – net	(1,915,023)	(1,580,090)
Net cash used in investing activities	(1,616,796,493)	(940,169,679)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	(38,021,354)	(58,528,428)
Repayment of long-term borrowings	(201,541,115)	(42,311,151)
Proceeds from long-term borrowings	-	258,175,559
Payment of dividends	(258,184,029)	(94,225,414)
Decrease in restricted cash	26,790,000	4,340,000
Net cash (used in)/provided from financing activities	(470,956,498)	67,450,566
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,297,100,301)**	**(108,773,814)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**1,998,551,871**	**1,926,542,643**
EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATION ON CASH AND CASH EQUIVALENTS	**19,381,489**	**180,783,042**
CASH AND CASH EQUIVALENTS AT YEAR END	**720,833,059**	**1,998,551,871**

Refer to Note 11 for details of non-cash investing activities for capitalisation of interest expenses, foreign exchange losses and amortisation of discount on bonds.

(Expressed in thousand Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment and General Information

Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (the “Company” or “Antam") was established on 5 July 1968 under Government Regulation No. 22 of 1968, under the name of “Perusahaan Negara (PN) Aneka Tambang”, and was published in the Supplement No. 36 of the State Gazette No. 56 dated 5 July 1968. On 14 September 1974, based on Government Regulation No. 26 of 1974, the status of “Perusahaan Negara (PN) Aneka Tambang” was changed from a state-owned corporation (“Perusahaan Negara”) to a state-owned limited liability corporation (“Perusahaan Persero”) and the Company has since been known as “Perusahaan Perseroan (Persero) Aneka Tambang”.

The Company’s Articles of Association have been amended several times and most recently were on 19 June 2002 in relation to changes in the Company’s authorised share capital, issued and fully paid capital and the declaration of bonus shares. These changes were stated in Notarial Deed No. 23 dated 19 September 2002 of A. Partomuan Pohan, S.H., LL.M. These amendments were approved by the Minister of Justice and Human Rights of the Republic of Indonesia by decision letter No. C-13196 HT.01.04 TH.2002 dated 17 July 2002.

According to Article 3 of the Company’s Articles of Association, its scope of activities comprises mining of natural deposits, manufacturing, trading, transportation and other services related to it. The Company commenced its commercial activities on 5 July 1968.

In 1997, the Company conducted an Initial Public Offering (“IPO”) of 430,769,000 shares or 35% of 1,230,769,000 shares issued and fully paid. The shares offered to the public in the IPO were listed on the Jakarta Stock Exchange (“JSX”) and Surabaya Stock Exchange (“SSX”) on 27 November 1997. In 2002, the Company listed on the Australian Stock Exchange (“ASX”) where its shares are traded as Chess Depository Interests (CDI). A total of 381,538,390 CDI units is traded on the ASX representing 1,907,691,950 series B common shares.

As of 31 December 2005 and 2004, the composition of the Company’s Board of Directors and Board of Commissioners is as follows:

President Commissioner	:	Ir. Wisnu Askari Marantika
Commissioners	:	Ir. S. Suryantoro, MSc.
		Ir. Supriatna Suhala, MSc.
Independent Commissioners	:	Prof. Dr. Ir. Irwandy Arif, MSc.
		Ir. Yap Tjay Soen, MBA
President Director	:	Ir. D. Aditya Sumanagara
Directors	:	Kurniadi Atmosasmito, S.E., M.M.
		Ir. Alwin Syah Lubis, M.M.
		Ir. Darma Ambiar, M.M.
		Ir. Syahrir Ika, M.M.

As of 31 December 2005, the Company and its subsidiaries have a total of 3,239 permanent employees (2004: 3,305).

The Company’s head office is located at Gedung Aneka Tambang Jl. Letjen T.B. Simatupang No. 1. Lingkar Selatan, Tanjung Barat, Jakarta, Indonesia.

b. Subsidiaries

The Company consolidates the following subsidiaries as a result of majority ownership or its right to control operations or owns an indirect investment through its subsidiary.

Subsidiaries	Domicile	Nature of Bussiness	Percentage of Ownership		Start of Commercial Operations	Total Assets before Elimination	
			2005	2004		2005	2004
PT Antam Resourcindo	Indonesia	Mining exploration and operator	99.98%	99.98%	1997	42,532,260	33,619,383
Antam Finance Limited	Mauritius	Investment company	100%	100%	2003	1,710,121,468	1,845,080,299
Antam Europe B.V.	Netherlands	Investment company	100%	100%	2004	1,733,019,754	1,863,635,846

(Expressed in thousand Rupiah, unless otherwise stated)

1. GENERAL (continued)

b. Subsidiaries (continued)

PT Antam Resourcindo
PT Antam Resourcindo ("AR") started its operating activities on 16 July 1997 and was previously a subsidiary of International Antam Resources Limited ("IARL") the Company's 82% subsidiary In Canada. In 2003, the Company sold all its 82% interest in IARL and acquired 99.98% interests in AR.

As part of the disposal of IARL, the Company assumed direct ownership of AR which previously had been indirectly owned through IARL.

Net book value of AR acquired in restructuring	16,287,951
Less: Net book value (negative) of IARL disposed in restructuring	(5,046,682)
Difference arising from restructuring entities under common control	21,334,633

According to Article 3 of AR's Articles of Association, its scope of activities comprises mining contractor and consulting services as well as marketing and selling of mining product.

Antam Finance Limited
Antam Finance Limited ("AFL"), a wholly-owned subsidiary, was established on 4 September 2003 in Mauritius. On 30 September 2003, AFL issued bonds in US Dollars whereby the Company acting as a guarantor amounting to US$ 200 million with a selling price of 97.3483% and an interest rate of 7.375% payable every 30 September and 30 March.

These bonds will mature on 30 September 2010. Proceeds of these bonds are used to finance construction of the Ferronickel III plant at Pomalaa - South East Sulawesi.

On 30 December 2004, AFL assigned to Antam Europe BV (another wholly-owned subsidiary) its outstanding loan to the Company of US$195 million.

Refer to Note 17a in respect of the redemption of bond amounting to US$ 25 million.

Antam Europe B.V.
To support and expand ferronickel sales activities in Europe, the Company established a wholly-owned subsidiary in Netherlands, Antam Europe BV on 25 November 2004. This subsidiary is acting as a marketing representative office in Europe which will be used to manage fund and identify future fund raising opportunities.

According to the Share Premium Contribution Agreement between the Company and Antam Europe BV dated 21 December 2004, the Company shall contribute US$ 1,950,000 (full amount) as a share premium contribution, and Antam Europe BV shall grant to the Company a loan credit facility of US$ 1,930,500 (full amount). To effect the share premium contribution, in accordance with the above mentioned agreement, the Company paid US$ 19,500 to the bank account of Antam Europe BV on 21 November 2004.

To consolidate fund raising activities, AFL, the wholly-owned subsidiary of Antam located in Mauritius, on 30 December 2004, has assigned to Antam Europe BV its outstanding loan to Antam of US$ 195 million.

DB Trustees (Hong Kong) Limited, trustee for the bondholders, issued a notice to bondholders on 30 December 2004, related to the assignment by AFL. The obligations of AFL under the bonds are not affected by the transactions described above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's consolidated financial statements were prepared by the Board of Directors and completed on 20 March 2006.

Presented below are the significant accounting policies adopted in the preparation of the consolidated financial statements of Company, which are in conformity with accounting principles generally accepted in Indonesia ("Indonesian GAAP"), Indonesian Capital Market Supervisory Board ("BAPEPAM") regulations, and guidelines for financial statements presentation for manufacturing companies with public shareholding as promulgated by BAPEPAM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on the basis of historical costs, except for certain accounts, which have been valued using another measurement basis as described in the accounting policy in the respective accounts.

Indonesian GAAP may vary in certain respects from those in Australia ("Australian GAAP"). A description of the significant differences between these two generally accepted accounting principles and their approximate effects on consolidated net income and equity are set forth in Note 35.

The consolidated financial statements have also been prepared on the basis of accrual concept except for the consolidated statements of cash flows.

The consolidated statements of cash flows are prepared based on the direct method by classifying cash flows on the basis of operating, investing and financing activities.

For the purpose of the statements of cash flows, cash and cash equivalents include cash on hand; cash in banks and short-term investments with a maturity of three months or less, net of overdrafts.

All figures in the consolidated financial statements are rounded to and stated in thousands of Rupiah unless otherwise stated.

b. Principles of consolidation

The consolidated financial statements currently include the accounts of the Company and its 99.98% subsidiary, AR, and wholly owned subsidiaries, AFL and Antam Europe BV.

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

The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the subsidiaries.

c. Foreign currency translation

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

	2005	2004
(Full amount)		
US Dollar 1	9,830	9,290
Japanese Yen 100	8,342	9,042
Euro 1	11,660	12,652

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

d. Short-term investments

Securities held for trading or available-for-sale are stated at their fair values. Any change in the market value of securities held for trading is credited or charged to current year operation, whereas any change in the market value of "available-for-sale" securities is presented as a separate component of the equity and credited or charged to operations upon realisation.

e. Investment in associated companies

Equity method

The equity method of accounting has been applied in respect of associated companies where the Company holds an interest of between 20% and 50% of the issued share capital and does not exercise management control. The investments are stated at cost adjusted annually by the Company's share of the post acquisition net profit or loss of the associates. Cash dividends are recorded as a reduction of the carrying value of the investments.

Cost method

The Company applies the cost method of accounting where the Company does not intend to hold an investment for long-term or an interest represents less than 20% of the investee company's issued share capital. Dividend income is credited to the consolidated statement of profit and loss in the period it is received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Derivative financial instruments

The Company uses derivative financial instruments such as future contracts primarily to hedge its risks associated with fluctuations in the price of gold.

In relation to fair value hedges that meet the criteria of hedge accounting, any gain or loss arising from remeasuring of the hedged instruments at their fair values is recognised in the consolidated statements of income. Any gain or loss of the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in consolidated statements of income.

g. Trade receivables

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

h. Inventories

Finished goods and work in process are stated at the lower of cost or net realisable value. Cost is determined by the weighted-average method. Cost of finished goods and work in progress comprises material, labour and an appropriate proportion of directly attributable fixed and variable overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Spare parts and supplies are valued at cost, determined on a weighted-average basis, less provision for obsolete items. Allowance for obsolescence is provided to reduce the carrying value of inventories to their net realisable values.

i. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

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

	Year
Land improvements	6 - 20
Buildings	10 - 20
Plant, machinery and equipment	8 - 25
Vehicles	4 - 8
Furniture, fixtures and office equipment	4 - 8
Lands – not depreciated	

The cost of maintenance and repairs is charged as an expense as incurred. Expenditure, which extends the future life of assets or provides further economic benefits by increasing capacity or quality of production, is capitalised and depreciated based on applicable depreciation rates.

When the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down to its recoverable amount, which is determined as the higher of net selling price and value in use.

When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are eliminated from the consolidated financial statements, and the resulting gains or losses on the disposal of fixed assets are recognised in the consolidated statements of income.

The accumulated costs of the construction of buildings and plant and the installation of machinery are capitalised as construction in progress. These costs are reclassified to fixed asset accounts when the construction or installation is complete. Depreciation is charged from the date when assets are available for use.

Interest and other borrowing costs, such as discount fees on loans either directly or indirectly used in financing construction of a qualifying asset are capitalised up to the date when construction is complete. For borrowings directly attributable to a qualifying asset, the amount to be capitalised is determined as the actual borrowing costs incurred during the period, less any income earned from the temporary investment of such borrowings.

For borrowings that are not directly attributable to a qualifying asset, the amount to be capitalised is determined by applying a capitalisation rate to the amount expended on the qualifying asset. The capitalisation rate is the weighted average of the borrowing cost applicable to the total borrowings outstanding during the period, excluding borrowings directly attributable to financing the qualifying asset under construction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Transactions with related parties

PSAK No. 7 "Related Party Disclosures" defines related parties as follows:

i) Enterprises that through one or more intermediaries control, or are controlled by, or are under common control of the reporting enterprise (this includes holding companies, subsidiaries, and fellow subsidiaries).
ii) Associated companies.
iii) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individual.
iv) Key management personnel that is, those persons having authority and responsibility for planning, directing, and controlling the activities of the reporting enterprise, including commissioners, directors, and management, and close members of the families of such individuals.

The nature and extent of the transactions with related parties have been disclosed in the consolidated financial statements. Such transactions are conducted on terms agreed between the parties.

Transactions between the Company and the state-owned entities are not considered as transactions with related parties under PSAK No. 7.

k. Deferred charges

Significant expenditures incurred, which are considered to have a benefit of more than one year, are deferred and amortised applying the straight-line method over estimated useful lives.

l. Deferred exploration and development expenditure

Exploration and development expenditure is accumulated for each area of interest and deferred as an asset when the costs are expected to be recouped through exploitation or sale, or where activities in the area of interest have not yet reached a 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 are continuing.

Each area of interest is reviewed at the end of each accounting period and, where appropriate, an adjustment is made to write off deferred exploration expenditure to the extent that it is not recoverable. Exploration expenditure within an area of interest in the production phase are amortised based on production unit in the current period.

Development expenditure is capitalised and incorporates costs in developing an area of interest prior to the commencement of operations in the respective area. Development expenditure is amortised over the expected life of production for the area or the shorter of the mine life or mining authority period. Unamortised costs are written off in the period in which the Company determines that no future value is expected from the area of interest.

Deferred exploration and development expenditure is amortised on a units-of-production method from the date of commencement of commercial production of each respective area of interest.

m. Provision for environmental and reclamation

Restoration, rehabilitation and environmental expenditure incurred during the production phase of operation is charged as part of the cost of production.

The Company has certain obligations for restoration and rehabilitation of mining areas following the completion of production. Such obligations are being accrued on a units-of-production method over the life of the mine so that the accrual will be adequate to meet those obligations once production from the resource is complete. Changes in estimated restoration and environmental expenditure to be incurred are accounted for on a prospective basis over the remaining mine life.

n. Revenue and expenses

Sales of product are recognised as revenue when there has been a passing of risk to the customer, and:

- the product is in a form suitable for delivery and no further processing is required by, or on behalf of, the producer;
- the quantity and quality of the product can be determined with reasonable accuracy;
- the product has been dispatched to the customer and is no longer under the physical control of the producer or proprietary in the product has been passed to the customer; and
- the selling price can be determined with reasonable accuracy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Revenue and expenses (continued)

Sales of gold and silver are priced generally based on the London Bullion Market Association's quoted price at the date of transaction. Revenue earned from services is recognised at the time the services are rendered. Expenses are recognised when incurred (accrual basis).

o. Taxation

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

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

p. Pension obligations

The Company has pension schemes in accordance with prevailing labor-related laws and regulations and the Company's policy. The schemes are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions when exceeding 10% of defined benefit or 10% of fair value of plan assets are charged or credited to income or expense over the average remaining service lives of the related employees.

The Company is required to provide a minimum amount of pension benefits in accordance with Labor Law No.13/2003. Since the Labor Law sets the formula for determining the minimum amount of benefits, in substance pension plans under Labor Law represent defined benefits plan. No revision needs to be made in relation to the benefits under the Company's pension plan as the calculation of the benefit obligation performed by the actuary shows that the expected benefits provided by the Company's pension plan will exceed the minimum requirements of Labor Law.

q. Other post-retirement obligations

i. Post-retirement health care benefits

The Company provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar but simplified to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

ii. Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date. The Company recognises termination benefits when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan with low possibility of withdrawal. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

(Expressed in thousand Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Past–service benefits

The Company also provides a past-service benefit for all of its permanent employees. The liability in respect of past service benefits is recorded based on actuarial calculations using the projected unit credit method by an independent actuary.

This benefit is a defined benefit arrangement providing death, medical unfit (disability) and retirement benefits depending on the years of service completed.

The Company recognises an expense when the Company receives the economic benefit arising from services provided by the employee.

s. Share issuance costs

Share issuance costs are presented as a deduction from the additional paid-in capital account.

t. Earnings per share

Basic earnings per share is computed by dividing net income with the weighted-average number of ordinary shares outstanding during the year, after giving retroactive effect to the declaration of any bonus shares.

u. Segment information

The Company presents segment information for the purpose of evaluating the performance of the segments and the allocation of resources. Segment information is presented according to the general classification of product as a business segment and marketing area as a geographical segment.

v. Use of estimates

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

w. Bonds

Bonds are presented at nominal value, net of unamortised bond issuance costs. Costs incurred in connection with the bonds issuance are recognised as discount and offset directly from the proceed derived from such offering and amortised over the period of bonds using the straight-line method.

x. Change in accounting policy

In 2005, the Company adopted PSAK 24 (Revised 2004) “Employee Benefits”. The comparative consolidated financial statements as at 31 December 2004 have been restated accordingly as required by the standard (refer to Note 3).

3. RESTATEMENTS OF CONSOLIDATED FINANCIAL STATEMENTS

As disclosed in Note 2x, the Company adopted PSAK 24 (Revised 2004) “Employee Benefits” in 2005. The comparative consolidated financial statements as of and for the year ended 31 December 2004 have been restated accordingly as required by the standard, as follows:

	31 December 2004		
	Before restatement	**After restatement**	**Adjustment**
Consolidated balance sheet			
Deferred tax assets	95,488,827	110,777,006	(15,288,179)
Pension and other post-retirement obligations	493,627,155	544,587,750*	(50,960,595)
Retained earnings– unappropriated	769,717,893	734,045,477	35,672,416
Total equity	2,478,140,709	2,442,468,293	35,672,416
Consolidated income statement			
Operating income	1,092,085,835	1,096,571,646	(4,485,811)
Income tax expense	(351,199,005)	(352,544,748)	1,345,743
Net income	807,108,655	810,248,723	(3,140,068)

*) Includes an amount of Rp 92,838,617 which was reclassified as retirement benefit obligations for comparative purpose (refer to Note 34).

(Expressed in thousand Rupiah, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

	2005	2004
Cash on hand		
US Dollars	34,258	103,640
Rupiah	339,859	209,694
Japanese Yen	-	78,553
	374,117	391,887
Cash in banks		
Rupiah		
- PT Bank Mandiri (Persero) Tbk	18,386,138	39,896,700
- PT Bank Central Asia Tbk	3,244,584	3,462,897
- PT Bank Negara Indonesia (Persero) Tbk	15,892	1,321,505
- PT Bank Permata Tbk	53,162	-
- PT Bank Rakyat Indonesia (Persero) Tbk	17,705,727	6,255
US Dollar		
- PT Bank Mandiri (Persero) Tbk	216,483,000	204,674,784
- ABN Amro	305,947	-
- Deutsche Bank Mauritius	1,147,780	129,846
- Citibank N,A,	558,786	528,164
- PT Bank Negara Indonesia (Persero) Tbk	9,828	2,794,365
- PT Bank Central Asia Tbk	7,186	7,994
- Citco Bank Nederland MV	3,320,327	281,367
Yen Jepang		
- PT Bank Negara Indonesia (Persero) Tbk	97,789	-
	261,336,146	253,103,877
Time deposits		
Rupiah		
- PT Bank Negara Indonesia (Persero) Tbk	5,000,000	-
- PT Bank Mega Tbk	5,021,000	-
- PT Bank Mandiri (Persero) Tbk	5,000,000	-
- PT Bank Danamon Tbk	10,000,000	-
- PT Bank Niaga Tbk	19,997,500	35,000,000
- PT Bank Permata Tbk	5,000,000	-
- ABN Amro	1,000,000	-
US Dollar		
- ABN–Amro Bank Singapore	81,256,796	976,146,107
- PT Bank Negara Indonesia (Persero) Tbk	147,450,000	92,900,000
- PT Bank Niaga Tbk	51,607,500	120,770,000
- PT Bank Permata Tbk	49,150,000	139,350,000
- PT Bank Mandiri (Persero) Tbk	9,830,000	130,060,000
- PT Bank Rakyat Indonesia (Persero) Tbk	-	185,800,000
- Deutsche Bank	-	18,580,000
- PT Bank Bukopin	68,810,000	46,450,000
	459,122,796	1,745,056,107
	720,833,059	1,998,551,871

The interest rates of the above time deposits are as follows:

	2005	2004
US Dollar deposits	0.65% - 4.25%	0.61% - 1.50%
Rupiah deposits	7.00% - 13.00%	5.00% - 7.24%

(Expressed in thousand Rupiah, unless otherwise stated)

5. RESTRICTED CASH

	2005	2004
Time deposits (US$ 2,000,000 as of 31 December 2005, US$ 5,000,000 as of 31 December 2004)	19,660,000	46,450,000
	19,660,000	46,450,000

Represent time deposits used as guarantees for issuing letters of credit and export bills.

6. TRADE RECEIVABLES – THIRD PARTIES

	2005	2004
US Dollar		
Raznoimport Limited	141,026,079	30,990,605
Avarus AG	119,753,807	100,932,732
Yano Metal Company	50,258,611	-
Mitsui & Co, Ltd,	24,237,994	11,027,233
Mitsubishi Corporation	32,504,435	25,030,189
Queensland Nickel Pty, Ltd,	37,460,263	64,572,620
Nikkinko Trading	23,993,945	-
Liaocheng Xinfa Huayu Alumina	16,423,281	-
Sojitz Corporation	-	21,793,230
Others (each below Rp 10 billion)	18,096,110	14,182,249
	463,754,525	268,528,858
Rupiah		
Others (each below Rp 10 billion)	4,243,501	13,464,967
	467,998,026	281,993,825
Less:		
Allowance for doubtful accounts	-	-
	467,998,026	281,993,825

Aging analysis of trade receivables is as follows:

	2005	2004
Current	287,543,678	255,202,437
Over due:		
1 to 30 days	76,468,374	13,375,190
30 to 90 days	70,261,941	1,137,208
over 90 days	33,724,033	12,278,990
	467,998,026	281,993,825

Based on the review of the status of the individual receivable accounts at the end of the year, management believes that all trade receivables are collectible; therefore no provision is considered necessary.

7. OTHER RECEIVABLES

	2005	2004
Insurance claim	19,660,000	-
Dividend receivables	7,080,484	-
Despatch/ disbursement receivables	10,938,073	8,514,625
Others	11,895,130	5,550,349
	49,573,687	14,064,974
Less:		
Allowance for doubtful accounts	(1,032,115)	(2,346,804)
	48,541,572	11,718,170

Based on the review of the status of the other receivables at the end of the year, management believes that allowance for doubtful accounts is adequate and other receivables has reflect amount to be collectible.

(Expressed in thousand Rupiah, unless otherwise stated)

8. INVENTORIES

	2005	2004
Products inventory:		
Ferronickel	100,200,148	59,407,593
Nickel ore	108,227,731	133,697,645
Gold and silver	53,615,557	46,258,248
Gold and silver precipitates	20,449,183	20,033,160
Bauxite ore	11,904,236	26,733,031
Iron sands	9,494,903	12,101,927
Other precious metals	1,831,452	1,625,036
	305,723,210	299,856,640
Work- in- process	23,508,540	24,310,488
Spare-parts and supplies	204,911,913	78,751,938
	534,143,663	402,919,066
Less:		
Allowance for obsolete stocks	(6,853,990)	(6,853,990)
	527,289,673	396,065,076

As of 31 December 2005, inventories of gold and silver were insured against the risk of physical damage and theft under blanket policies with total insurance coverage of US$ 12,098,051 (2004: US$ 7,140,675).

Management believes the insurance coverage is adequate to cover possible losses arising from such risks.

Based on the review of the inventories, management believes that the provision for obsolete stock is adequate to cover possible losses from obsolete stock.

9. INVESTMENT IN AN ASSOCIATED COMPANY

2005 and 2004				
Associated company	**Domicile**	**Nature of business**	**Percentage of ownership**	**Cost**
PT Nusa Halmahera Minerals (”NHM”)	Indonesia	Mining exploration and operator	17.5%	Rp 30,929,169

This account represents the Company's investment in associated companies with ownership interest of less than 20%, which is accounted under cost method. Dividend income during 2005 amounting to Rp 37,607,172 (2004: Rp 10,816,855).

Investment in NHM is pledged as collateral for loan from Newcrest Singapore Holdings Pte.Ltd (refer to Note 17c).

10. LOAN TO ASSOCIATED COMPANY

This account represents an unsecured loan to PT Nusa Halmahera Minerals to support its mining activities. The total facility was US$ 7 million. The loan bears interest at LIBOR plus a certain margin.

The loan will be due within six months after commencement of commercial production but not later than 31 March 2007. The interest rate during 2005 was 7.36 %.

(Expressed in thousand Rupiah, unless otherwise stated)

11. FIXED ASSETS

	2005			
	1 January 2005	Additions	Disposals/ Transfers	31 December 2005
Cost				
Land	15,210,240	2,494,114	11,533,496	29,237,850
Land improvements	560,759,805	1,326,239	45,649,792	607,735,836
Buildings	94,704,301	2,622,406	117,168,032	214,494,739
Plant, machinery and equipment	970,018,915	28,887,744	667,805,643	1,666,712,302
Vehicles	40,529,762	1,432,943	6,033,264	47,995,969
Furniture, fixtures and office equipment	69,769,736	7,818,566	(3,284,518)	74,303,784
	1,750,992,759	44,582,012	844,905,709	2,640,480,480
Construction in progress	1,859,469,549	1,266,444,971	(862,994,108)	2,262,920,412
	3,610,462,308	1,311,026,983	(18,088,399)	4,903,400,892
Accumulated depreciation				
Land improvements	268,576,475	58,893,821	(2,540,918)	324,929,378
Buildings	52,693,905	11,190,568	(670,513)	63,213,960
Plant, machinery and equipment	515,604,101	88,611,825	(7,032,370)	597,183,556
Vehicles	23,682,975	6,505,990	(415,263)	29,773,702
Furniture, fixtures and office equipment	57,045,803	9,060,655	(3,264,964)	62,841,494
	917,603,259	174,262,859	(13,924,028)	1,077,942,090
Net book value	2,692,859,049			3,825,458,802

	2004			
	1 January 2004	Additions	Disposals/ Transfers	31 December 2004
Cost				
Land	15,433,354	-	(223,114)	15,210,240
Land improvements	521,969,626	38,790,179	-	560,759,805
Buildings	93,474,021	1,447,445	(217,165)	94,704,301
Plant, machinery and equipment	957,234,017	12,784,898	-	970,018,915
Vehicles	36,914,286	4,397,338	(781,862)	40,529,762
Furniture, fixtures and office equipment	65,971,884	3,799,811	(1,959)	69,769,736
	1,690,997,188	61,219,671	(1,224,100)	1,750,992,759
Construction in progress	595,021,091	1,303,137,861	(38,689,403)	1,859,469,549
	2,286,018,279	1,364,357,532	(39,913,503)	3,610,462,308
Accumulated depreciation				
Land improvements	205,657,628	62,918,847	-	268,576,475
Buildings	48,208,697	4,485,208	-	52,693,905
Plant, machinery and equipment	441,658,801	73,945,300	-	515,604,101
Vehicles	20,438,446	3,349,023	(104,494)	23,682,975
Furniture, fixtures and office equipment	48,717,735	8,328,068	-	57,045,803
	764,681,307	153,026,446	(104,494)	917,603,259
Net book value	1,521,336,972			2,692,859,049

The Company owns 63 plots of land with “Hak Guna Bangunan” (“Land-Use Title” or “HGB”) titles with their remaining useful lives between 1 to 30 years.

Management believes that there will be no difficulties in the extension of the land rights as the lands were acquired legally and are supported by sufficient evidence of ownership.

Book value, net selling proceeds and loss on sale of fixed assets during 2005 are Rp10,518,772, Rp 6,099,999 dan Rp4,418,772, respectively. There was no sale of fixed assets during 2004.

(Expressed in thousand Rupiah, unless otherwise stated)

11. FIXED ASSETS (continued)

As of 31 December 2005, the Company's fixed assets were covered by insurance against risks of loss due to natural disaster, fire, riots, sabotage, vandalism and business interruption with total coverage of US$ 463,023,401 (2004: US$ 396,632,366), which was considered adequate by management to cover possible losses arising from such risks.

Depreciation of fixed assets for the years ended 31 December 2005 and 2004 was allocated as follows:

	2005	2004
Cost of sales	167,834,018	147,418,945
General and administrative expenses	6,428,841	5,607,501
	174,262,859	153,026,446

Construction in progress

Construction in progress represents projects that have not been completed at the balance sheet date.

	2005	2004
Land improvements	21,090,572	35,732,746
Machinery and equipments	2,241,829,840	1,823,736,803
	2,262,920,412	1,859,469,549

Total interest expense, foreign exchange loss and amortisation of discount on bonds capitalized to construction in progress amounted to Rp 136,530,946, Rp 93,831,789 and Rp 9,020,445 respectively (2004: Rp 143,232,036, Rp 43,784,121 and Rp 12,576,992), while interest income which has been deducted was Rp 5,530,219 (2004: Rp 15,442,565).

The percentage of completion for construction in progress at 31 December 2005 was approximately 97.62% and expected to be completed at the end of March 2006.

12. DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURE

	2005	2004
Exploration stage*		
Tayan	51,881,296	31,799,944
Sangaji	50,113,708	33,774,537
Pakal	12,660,176	8,273,317
Kendari	29,648,890	11,777,785
Obi Island	8,515,678	4,862,932
Mornopo	-	5,101,663
Maba	5,490,453	5,473,554
Others	5,355,343	2,888,260
	163,665,544	103,951,992

*) The Company has found proven reserve in above areas

	2005	2004
Development/production stage:		
Tanjung Buli	76,994,357	71,338,826
Kijang	26,769,951	17,150,258
Cikidang	20,484,666	20,484,666
Pongkor	19,809,425	19,809,425
Mornopo	7,645,493	-
Maniang Island	2,027,804	1,236,521
Gee Island	1,195,534	1,200,486
	154,927,230	131,220,182
Less:		
Accumulated amortisation	(50,764,518)	(39,164,632)
	104,162,712	92,055,550
	267,828,256	196,007,542

Amortisation charged to cost of sales for the year ended 31 December 2005 amounted to Rp 11,599,886 (2004: Rp 7,402,405).

(Expressed in thousand Rupiah, unless otherwise stated)

13. DEFERRED CHARGES

	2005	2004
Cost		
Information system development	36,436,934	32,516,557
Equipment mobilisation	16,835,919	16,835,919
Others	6,770,858	8,794,384
	60,043,711	58,146,860
Accumulated amortisation		
Information system development	(28,761,301)	(27,615,462)
Equipment mobilisation	(1,604,062)	-
Others	(4,553,624)	(4,579,414)
	(34,918,987)	(32,194,876)
	25,124,724	25,951,984

Amortisation charged to cost of sales for the year ended 31 December 2005 amounted to Rp 2,724,111 (2004: Rp 1,385,027).

14. TRADE PAYABLES

	2005	2004
Third parties:		
PT Inco Tbk	23,665,280	-
PT Yudhistira Bhumi Bhakti	18,798,314	10,014,296
PT Sumber Setia Budi	18,482,407	8,630,773
PT Setia Budi Guna Abadi	3,913,879	968,760
PT Wartsila	3,594,354	1,809,744
PT Dian Nickel Mining	2,587,376	-
PT Mandiri Prima Teknik	1,902,788	1,917,698
PT KSR Kencana Raya	1,526,263	2,059,562
PT Marton Tekindo Abadi	1,513,586	2,389,357
PT Poeser Indonesia	1,293,769	2,614,231
PT Bahtera Bestari Shipping	1,177,456	-
PT Alberta Makmur Utama	1,169,290	75,648
PT Nawakara	1,020,000	6,750
PT Dahana	1,071,825	1,219,912
Others (each below Rp 1 billion)	31,350,672	53,639,728
	113,067,259	85,346,459
Related parties	3,467,623	8,917,161
	116,534,882	94,263,620

Refer to Note 28 for detail of related party transactions and balances.

Trade payables composition based on currency is as follows:

	2005	2004
Rupiah	59,748,496	64,208,422
US Dollar	53,457,089	28,434,293
Japanese Yen	1,531,112	1,620,905
Euro	1,798,185	-
	116,534,882	94,263,620

The trade payables arose from the purchase of goods and services.

(Expressed in thousand Rupiah, unless otherwise stated)

14. TRADE PAYABLES (continued)

Detail of the trade payables aging is as follows:

	2005	2004
< 30 days	82,787,093	71,476,154
30 to 90 days	27,924,246	21,740,782
> 90 days	5,823,543	1,046,684
	116,534,882	94,263,620

15. ACCRUED EXPENSES

	2005	2004
Construction of Ferronickel III	107,209,585	320,642,563
Mining and transportation services fees	79,993,860	13,862,537
Employee early retirement	76,227,002	79,161,592
Interest	31,717,109	40,642,915
Exploitation	30,625,751	30,574,169
Raw material purchases	21,967,517	-
Salaries and employee benefits	7,597,779	5,697,305
Services	6,618,470	2,755,065
Rent	2,527,508	6,004,844
Others	20,636,285	17,620,888
	385,120,866	516,961,878

16. TAXATION

a. Prepaid taxes

	2005	2004
Value Added Tax	263,579,706	167,633,821

b. Taxes payable

Income taxes		
- Article 29	194,463,219	253,466,786
- Article 25	12,855,577	8,354,411
- Article 23/26	10,123,814	5,774,449
- Article 21	7,647,418	2,899,864
	225,090,028	270,495,510

c. Income tax expense

Company		
Current	371,105,213	383,389,914
Deferred	(11,951,010)	(32,707,020)
	359,154,203	350,682,894
Subsidiaries		
Current	1,977,310	508,440
Deferred	(390,075)	1,353,414
	1,587,235	1,861,854
Consolidated		
Current	373,082,523	383,898,354
Deferred	(12,341,085)	(31,353,606)
	360,741,438	352,544,748

(Expressed in thousand Rupiah, unless otherwise stated)

16. TAXATION (continued)

c. Income tax expense (continued)

A reconciliation between the profit before income tax as shown in these financial statements and the estimated taxable income for the periods ended 31 December 2005 and 2004 is as follows:

	2005	2004
Consolidated profit before income tax	1,202,678,418	1,162,794,379
Less:		
Profit before income tax – subsidiaries	(11,880,201)	(5,881,846)
Profit before income tax – the Company	1,190,798,217	1,156,912,533
Temporary differences:		
Provision for mine closure costs	(2,934,590)	42,479,032
Difference between commercial and tax of fixed assets net book value	9,417,251	32,845,368
Provision for doubtful accounts and obsolete stock	(1,314,689)	5,616,530
Pension and other post-retirement obligations	32,565,293	28,082,468
	37,733,265	109,023,398
Permanent differences:		
Entertainment expenses	6,483,509	7,511,547
Tax assessment and penalties	13,653,362	6,010,130
Social activities	4,835,826	4,671,369
Magazines and books	1,991,970	1,888,526
Employee benefits in kind	2,246,288	1,380,239
Training	528,337	405,474
Membership fee	744,599	225,569
Income subject to final tax	(21,939,662)	(10,004,071)
	8,544,229	12,088,783
Taxable income – the Company	1,237,075,711	1,278,024,714
Computation of corporate income tax		
10% x Rp 50,000	5,000	5,000
15% x Rp 50,000	7,500	7,500
30% x Rp 1,236,975,711	371,092,713	-
30% x Rp 1,277,924,714	-	383,377,414
Total income tax provision	371,105,213	383,389,914
Less:		
Prepaid taxes:		
- Article 25	154,447,068	100,252,929
- Article 22	18,286,341	28,022,233
- Article 23	5,885,895	1,647,966
	178,619,304	129,923,128
Corporate income tax payables – the Company	192,485,909	253,466,786
Corporate income tax payables – subsidiaries	1,977,310	-
	194,463,219	253,466,786

The amount of taxable income 2004 as stated above conforms to the amount reported in the respective Annual Income Tax Return.

(Expressed in thousand Rupiah, unless otherwise stated)

16. TAXATION (continued)

c. Income tax expense (continued)

The reconciliation between income tax expense and the theoretical tax amount on the Company's profit before income tax is follows:

	2005	2004
Consolidated profit before income tax	1,202,678,419	1,162,794,379
Add:		
Profit before income tax of – subsidiaries	(11,880,201)	(5,881,846)
Profit before income tax – the Company	1,190,798,218	1,156,912,533
Income tax expense calculated at 30%	357,239,466	347,073,760
Add/(less):		
Entertainment expenses	1,945,053	2,253,464
Tax assessments and penalties	4,096,008	1,803,039
Social activities	1,450,748	1,401,410
Magazines and books	597,591	566,558
Employee benefits in kind	673,886	414,072
Training expenses	158,501	121,642
Membership fee	223,380	67,670
Effect of graduated tax rates	(17,500)	(17,500)
Income subject to final tax	(6,581,899)	(3,001,221)
Prior year adjustments	(631,031)	-
Income tax expense – the Company	359,154,203	350,682,894
Income tax expense – subsidiaries	1,587,235	1,861,854
	360,741,438	352,544,748

d. Deferred tax assets – net

	1 January 2005	Charged to consolidated income statement	Prior year adjustment	31 December 2005
Provision for mine closure costs	23,924,863	(880,377)	-	23,044,486
Allowance for doubtful accounts and obsolete inventory	2,129,208	(394,407)	631,031	2,365,832
Difference between commercial and fiscal of fixed assets net book value	(76,738,041)	2,825,175	-	(73,912,866)
Pension and other post - retirement obligations	163,376,325	9,769,588	-	173,145,913
Deferred tax assets - the Company, net	112,692,355	11,319,979	631,031	124,643,365
Deferred tax liabilities - subsidiaries, net	(1,915,349)	390,075	-	(1,525,274)
Deferred tax assets - consolidated, net	110,777,006	11,710,054	631,031	123,118,091

(Expressed in thousand Rupiah, unless otherwise stated)

16. TAXATION (continued)

d. Deferred tax assets – net (continued)

	1 January 2004	Charged to consolidated income statement	31 December 2004
Provision for mine closure costs	11,181,153	12,743,710	23,924,863
Allowance for doubtful accounts and Obsolete inventory	444,249	1,684,959	2,129,208
Difference between commercial and fiscal of fixed assets net book value	(86,591,651)	9,853,610	(76,738,041)
Pension and other post - retirement obligations	154,951,584	8,424,741	163,376,325
Deferred tax assets - the Company, net	79,985,335	32,707,020	112,692,355
Deferred tax liabilities - subsidiaries, net	(561,935)	(1,353,414)	(1,915,349)
Deferred tax assets - consolidated, net	79,423,400	31,353,606	110,777,006

e. Tax assessment letters

The Company received Value Added Tax restitutions, as follows:

	Tax Assessment Letter Number	Date of Assessment Letter	Tax Period	Amount
Tax Overpayment Assessment Letter – VAT	00002/407/04/051/04	8 September 2004	February 2004	Rp 3,679,319
Tax Overpayment Assessment Letter – VAT	00029/407/03/051/05	7 January 2005	December 2003	Rp11,235,099
Tax Overpayment Assessment Letter – VAT	00007/407/04/051/05	23 June 2005	March 2004	Rp3,270,596
Tax Overpayment Assessment Letter – VAT	00010/407/04/051/05	19 August 2005	April 2004	Rp2,114,119
Tax Overpayment Assessment Letter – VAT	00011/407/04/051/05	19 August 2005	May 2004	Rp5,373,230
Tax Overpayment Assessment Letter – VAT	00012/407/04/051/05	19 August 2005	June 2004	Rp5,595,763
Tax Overpayment Assessment Letter – VAT	00013/407/04/051/05	16 September 2005	July 2004	Rp13,520,815
Tax Underpayment Assessment Letter – VAT	00003/207/04/051/04	8 September 2004	January 2004	Rp473,238
Tax Underpayment Assessment Letter – VAT	00095/207/03/051/05	23 June 2005	January-November 2003	Rp1,756,471
Tax Underpayment Assessment Letter – VAT	00096/207/03/051/05	23 June 2005	December 2003	Rp6,437,664
Tax Collection letter – VAT	00002/107/04/051/04	8 September 2004	February 2004	Rp32,607
Tax Collection letter – VAT	00003/107/04/051/04	8 September 2004	January 2004	Rp45,169
Tax Collection letter – VAT	00067/107/03/051/05	23 June 2005	January-November 2003	Rp120,478
Tax Collection letter – VAT	00068/107/03/051/05	23 June 2005	December 2003	Rp1,372,203
Tax Collection letter - VAT	00033/107/04/051/05	16 September 2005	July 2004	Rp25,377

The Company has agreed with above tax restitutions and charged the differences between the amount claimed and the amount recognised in tax assessment letters to the consolidated income statement.

In January 2006, the Company received VAT refunds for period of August – December 2004 amounting to Rp 111,778,250 from total Rp 114,153,610 claimed in tax return.

As the winner of the Annual Report Award 2003 and 2004 (ARA 2003 and 2004), the tax authorities grant the Company an exception of tax audits for the years 2003 and 2004

f. Administration

Under the taxation laws of Indonesia, the Company submits tax returns on the basis of self-assessment. The tax authorities may assess or amend the taxes within ten years after the date when the tax became due.

(Expressed in thousand Rupiah, unless otherwise stated)

17. LONG-TERM LIABILITIES

	2005	2004
Bonds	1,678,203,404	1,757,950,117
Investment loans:		
PT Bank Central Asia Tbk - (US$ 30,000,000 in 2005 and 2004)	294,900,000	278,700,000
Newcrest Singapore - Holdings Pte. Ltd (US$ 3,854,102 in 2004)	-	35,804,608
	294,900,000	314,504,608
Current maturities of investment loans	(29,490,000)	-
Investment loans, net of current maturities	265,410,000	314,504,608
	1,943,613,404	2,072,454,725

a. Bonds

	2005	2004
Bonds (US$ 175 million in 2005, US$ 195 million in 2004)	1,720,250,000	1,811,550,000
Unamortised discount (US$ 4.3 million in 2005,US$ 5.8 million in 2004)	(42,046,596)	(53,599,883)
	1,678,203,404	1,757,950,117

On 1 October 2003, the Company received proceeds from an issue of bonds totalling US$ 194,696,600 or 97.3483% of US$ 200,000,000 (full amount) (the face value of the bonds). The bonds have an annual interest rate of 7.375% .

The bonds were issued on 30 September 2003 by Antam Finance Limited, a wholly-owned subsidiary domiciled in Mauritius, with the Company acting as the guarantor. The Company as the guarantor will be irrevocably and unconditionally guarantee the due and punctual payment of principal, interest and any additional amounts of the Bonds. The bonds are listed on the Singapore Stock Exchange (SGX). The Trustee of the bonds is DB Trustees (Hong Kong) Limited.

The interest of the bonds is paid every 30 March and 30 September. The bonds mature on 30 September 2010. Proceeds from the bonds are used to finance the Ferronickel III plant construction in Pomalaa - South East Sulawesi.

The Company's bonds have been rated B by Standard & Poor's rating, a division of McGraw-Hill, Inc. and B2 by Moody's Investors Services Inc.

Significant terms and conditions of the bonds are as follows:

a. The Company is prohibited from creating or maintaining any security interest other than as permitted in the bond agreement;
b. The Company shall ensure that none of its subsidiaries create any security interest other than as permitted in the bond agreement;
c. The Company is limited on the incurrence of further indebtedness by two financial ratios;
d. The Company shall ensure that no subsidiaries shall sell, lease, transfer or otherwise dispose of its assets, other than as permitted in the bond's agreement;
e. The Company shall not consolidate or merge without complying with certain requirements as stated in the bonds agreement;
f. The Company shall not acquire any shares or assets of other person with a certain value;
g. The Company shall ensure that none of its subsidiaries pay dividends or make any other distributions of profit relating to their shareholdings;
h. The Company shall ensure that none of its subsidiaries incur any indebtedness other than those permitted;
i. The Company shall not conduct any business, owned assets or incur any liabilities except in connection with financing of the operation of the Company.

As of 31 December, 2005, the Company had redeemed its bonds amounting to US$ 25 million of the total amount of US$ 200 million which were issued in September 2003 by its subsidiary Antam Finance Limited (AFL) which would mature in September 2010. As a result, the outstanding bonds decreased to US$ 175 million (full amount) at 31 December 2005.

(Expressed in thousand Rupiah, unless otherwise stated)

17. LONG-TERM LIABILITIES (continued)

b. PT Bank Central Asia Tbk

Based on a credit facility agreement between PT Bank Central Asia Tbk ("BCA") and the Company dated 20 October 2003, BCA agreed to provide an unsecured investment loan facility of US$ 60 million. The facility is utilised to partly finance the Ferronickel III Project at Pomalaa.

The facility period is 12 months from the date of agreement and to be repaid 28 months from the first drawdown until 84 months of the date of the agreement. The interest rate of the facility is determined at the BCA Prime Lending rate less 1%.

The terms and conditions of the facility are similar to those of the bonds.

On 30 March 2004, the Company drewdown US$ 30 million of the facilities with an interest rate of 7% for the first 2 years from withdrawal date.

c. Newcrest Singapore Holdings Pte. Ltd.

In accordance with the Joint Venture Agreement (the "Agreement") between the Company and Newcrest Singapore Holdings Pte. Ltd. ("Newcrest"), the Company's investment in the joint venture company, PT Nusa Halmahera Minerals ("NHM"), was advanced by Newcrest on behalf of the Company. The loan bears interest at LIBOR plus 2%, which has accrued since the Bankable Feasibility Study Date, ie. 28 July 1998. Prior to this date, Newcrest was solely and fully responsible for meeting all contributions for the expenditure of NHM and Newcrest shall not demand the Company to fund such expenditures.

As a condition precedent to Newcrest's obligation to make advances, the Company is obligated to deliver any of the acknowledgements of indebtness, agreement to pledge shares and to assign dividends. As of the date of this report, the Company has not delivered the acknowledgment ot indebtedness documents.

Repayment of the advances together with its accrued interest shall be made in installments which shall be due only at the time of payment of any dividends payable to the Company. A portion of the dividend, equal to 80% of payable to the Company, shall be used as installment of such advances. In the event the agreement is terminated, the obligation to repay advances and related interest shall be payable only to the extent of the Company's shareholdings in NHM. The loan is secured by the Company's shares in NHM (see Note 9).

During 2005, NHM has distributed cash dividends of US$ 3,104,904 (2004: US$ 3,250,000). On 19 September 2005, the Company has fully repaid this loan, including its interest. Therefore, subsequent to this date, the Company will receive the dividends from NHM in full amount.

18. PROVISION FOR ENVIRONMENTAL AND RECLAMATION

The provision for environmental and reclamation relates to the accrued portion of the estimated closure costs to be incurred at the end of the mine life.

The provision is calculated based on unit of production accrual method by considering estimated total closure costs and remaining reserves of the mining area.

The current estimated costs were not calculated by an independent consultant, it was internally computed by management. Management believes that the current accumulation of provision is sufficient to cover all liabilities up to balance sheet date arising from these activities.

Movements in the provision for environmental and reclamation were as follows:

	2005	2004
Balance at beginning of the year	81,499,688	62,246,369
Provision made during the year	22,263,886	33,091,751
Actual expenditure during the year	(26,979,553)	(13,838,432)
Balance at end of the year	76,784,021	81,499,688
Less:		
Current portion	(3,887,631)	(10,701,416)
Non-current portion	72,896,390	70,798,272

(Expressed in thousand Rupiah, unless otherwise stated)

19. SHARE CAPITAL

Shareholders	2005 Number of Shares	Percentage of ownership	Amount (full amount)
Preferred Stock (A Dwiwarna share)			
Government of the Republic of Indonesia	1	-	500
Common Stock (B shares)			
Government of the Republic of Indonesia	1,239,999,999	65	619,999,999,500
Open Heimer FD. Inc.	188,284,700	10	94,142,350,000
Ir. D. Aditya Sumanagara (President Director)	155,000	-	77,500,000
Ir. Alwin Syah Lubis, M.M.(Director)	62,000	-	31,000,000
Ir. Darma Ambiar, M.M. (Director)	54,250	-	27,125,000
Kurniadi Atmosasmito,S.E.,M.M. (Director)	31,000	-	15,500,000
Ir. Supriatna Sahala, MSc (Commissioner)	15,000	-	7,500,000
Public (each below 5% ownership)	479,090,000	25	239,545,000,000
	1,907,691,950	100	953,845,975,000

Shareholders	2004 Number of Shares	Percentage of ownership	Amount (full amount)
Preferred Stock (A Dwiwarna share)			
Government of the Republic of Indonesia	1	-	500
Common Stock (B shares)			
Government of the Republic of Indonesia	1,239,999,999	65	619,999,999,500
Open Heimer FD. Inc.	171,856,500	9	85,928,250,000
Ir. D, Aditya Sumanagara (President Director)	155,000	-	77,500,000
Ir. Alwin Syah Lubis, M.M. (Director)	62,000	-	31,000,000
Ir. Darma Ambiar, M.M. (Director)	54,250	-	27,125,000
Kurniadi Atmosasmito,S.E,.M.M.(Director)	31,000	-	15,500,000
Public (each below 5% ownership)	495,533,200	26	247,766,600,000
	1,907,691,950	100	953,845,975,000

20. ADDITIONAL PAID–IN CAPITAL–NET

	2005 and 2004
Excess of proceeds over par value	387,692,100
Share issuance costs	(46,704,316)
Conversion of additional paid-in-capital to bonus shares	(338,461,475)
	2,526,309

21. DIVIDENDS

At the Company's Annual General Shareholders' Meeting on 30 May 2005, the shareholders approved the declaration of cash dividends from 2004 net income totalling Rp 282,488,029 or Rp 148.08 (full amount) per share, of which interim dividend of Rp 37,390,762 was announced, and an amount of Rp 24,304,000 has been paid in December 2004. During the year of 2005, the Company has paid the dividends of Rp 258,184,029.

(Expressed in thousand Rupiah, unless otherwise stated)

22. NET SALES

	2005	2004
Mining products - third parties		
Nickel ore	1,522,409,877	1,195,227,379
Ferronickel	986,089,778	971,351,272
Gold	506,833,996	456,672,485
Bauxite ore	187,232,118	135,343,691
Silver	68,140,485	50,155,726
Iron sand	2,447,325	31,016,766
Other precious metals	1,520,536	875,807
	3,274,674,115	2,840,643,126
Services – third parties		
Purification of precious metals and other services	12,594,718	17,894,379
	3,287,268,833	2,858,537,505

Details of customers having transactions more than 10% of net sales:

	2005	2004
Export – third parties		
Mitsubishi Corporation	661,264,456	490,326,717
Avarus AG	456,764,195	468,027,651
Mitsui & Co. Ltd.	328,920,708	291,708,544
Others (less than 10% of net sales)	1,449,496,224	1,271,162,998
	2,896,445,583	2,521,225,910
Domestic – third parties		
Others (less than 10% of net sales)	390,823,250	337,311,595
	3,287,268,833	2,858,537,505

23. COST OF SALES

	2005	2004
Production costs:		
Ore mining fee	370,172,849	249,997,450
Salaries, wages, bonus and employee benefits	277,021,107	224,840,390
Materials used	226,257,473	220,465,771
Depreciation	167,834,018	147,418,945
Fuels used	182,321,441	160,112,605
Exploitation fee	106,446,139	90,129,610
Indirect labor	74,966,557	51,041,320
Transportation	62,135,464	55,346,749
Rent	59,068,453	55,157,154
Pamco processing services	66,274,888	39,261,245
Repairs and maintenance	25,208,206	21,149,406
Water and electricity	25,513,443	25,414,963
Insurance	23,206,237	25,193,790
Household appliances	19,208,704	19,907,867
Security	18,321,427	11,637,315
Tax and retribution	17,999,263	17,413,029
Amortisation	14,323,997	8,787,432
Travel	8,417,112	5,651,954
Mine closure costs	5,460,393	25,852,200
Post and telecommunication	5,457,367	6,209,098
Social activities	5,268,481	4,250,652
Others	71,322,375	70,072,072
	1,832,205,394	1,535,311,017

(Expressed in thousand Rupiah, unless otherwise stated)

23. COST OF SALES (continued)

	2005	2004
Work in process:		
Beginning of the year	24,310,488	12,596,027
End of the year	(23,508,540)	(24,310,488)
	1,833,007,342	1,523,596,556
Finished goods:		
Beginning of the year	299,856,640	273,960,020
End of the year	(305,723,210)	(299,856,640)
	1,827,140,772	1,497,699,936

Detail of suppliers having transactions more than 10% of total purchase of goods and services for production activities:

	2005	2004
Third parties:		
PT Pertamina (Persero)	195,496,146	141,416,361

Refer to Note 28 for detail of related party transactions and balances.

24. OPERATING EXPENSES

	2005	2004
General and administration:		
Salaries, wages, bonus and benefits of employee, directors, and commissioners	130,461,544	115,754,198
Employee early retirement	103,389,572	50,522,442
Travel	8,379,255	6,504,134
Office supplies	6,583,126	7,769,850
Stationery and supplementary	5,741,174	5,742,842
Service and maintenance	3,593,896	4,172,126
Rent	4,508,719	4,849,720
Depreciation	6,428,841	5,607,501
Training	6,538,144	2,676,377
Postal and telecommunication	3,077,620	2,498,229
Professional fees	3,859,741	6,190,012
Water and electricity	2,607,947	1,773,910
Others	17,404,436	13,501,247
	302,574,015	227,562,588
Selling and marketing:		
Representative Office - Tokyo	13,623,215	7,278,922
Exploration	8,126,942	29,424,413
	324,324,172	264,265,923

25. OTHER INCOME/ (EXPENSES) – OTHERS, NET

	2005	2004
Dividend receipts	37,607,172	10,816,855
Insurance claim-net	16,914,530	-
Losses on hedging	(7,174,450)	(2,863,772)
Others	2,544,115	(19,043,025)
	49,891,367	(11,089,942)

(Expressed in thousand Rupiah, unless otherwise stated)

26. EMPLOYEE COST

	2005	2004
Employee costs	585,838,780	442,158,350

Employee costs consist of salaries, wages, employee welfare and indirect employee costs that have been allocated into cost of sales and general and administration expenses (see Note 23 and 24).

27. PENSION AND OTHER POST-RETIREMENT OBLIGATIONS

The employee benefits are calculated by PT Dayamandiri Dharma Konsilindo ("Dayamandiri"), independent qualified actuaries. The latest actuaries report was dated 8 March 2006.

	2005	2004
Balance sheet obligations for:		
Pension benefits	(967,437)	9,757,008
Post-employment medical benefits	444,868,454	404,542,701
Other post-retirement benefits	78,647,977	89,141,901
Other long-term employment benefits	54,604,050	41,146,140
	577,153,044	544,587,750
Income Statement charge for (Note 23 and 24):		
Pension benefits	4,456,881	16,040,396
Post-employment medical b eefits	58,397,269	60,167,269
Other post-retirement benefits	29,652,496	14,162,266
Other long-term employment benefits	15,789,807	8,418,909
	108,296,453	98,788,840

a. Pension Benefits

The Company received approval from the Minister of Finance of Republic of Indonesia in Decision Letter No. Kep-369/KM.17/1997 dated 15 July 1997 as amended on Decision Letter No. Kep-348/KM.17/2000 dated 11 September 2000 to establish a separate trustee-administered pension fund, Dana Pensiun Antam, from which all employees, after serving a qualifying period, are entitled to defined benefits on retirement, disability or death.

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

	2005	2004
Present value of funded obligations	314,699,375	302,840,073
Fair value of plan assets	(315,548,381)	(293,083,065)
	(849,006)	9,757,008
Unrecognised actuarial losses	(967,437)	-
Disallowed asset at end of the year	849,006	-
(Asset)/liability in the balance sheets	(967,437)	9,757,008

The amounts recognised in income statement are as follows:

	2005	2004
Current service cost	2,850,581	2,709,356
Interest cost	32,908,160	28,188,499
Expected return on plan assets	(32,150,866)	(29,022,351)
Curtailment losses	-	5,412,331
Current year losses	-	12,118,873
Change in disallowed assets	849,006	(3,366,312)
Total, included in employee costs (Note 23 and 24)	4,456,881	16,040,396

(Expressed in thousand Rupiah, unless otherwise stated)

27. PENSION AND OTHER POST-RETIREMENT OBLIGATIONS (continued)

a. Pension Benefits (continued)

Of the total charge, Rp 3,788,349 (2004: Rp 13,634,337) and Rp 668,532 (2004: Rp 2,406,059) were included, respectively, in cost of sales and administrative expenses.

The actual return on plan assets was gain amounting to Rp 33,158,647 (2004: gain Rp 39,723,147).

Movement in the liability recognised in the balance sheet:

	2005	2004
At beginning of year	9,757,008	-
Current year expense	4,456,881	16,040,396
Contributions paid	(15,181,326)	(6,283,388)
At end of year	(967,437)	9,757,008

The principal actuarial assumptions used by Dayamandiri were as follows:

	2005	2004
Discount rate	11%	11%
Expected return on plan assets	11%	11%
Future salary increases	8%	5%

b. Post-employment medical benefits

The Company operates a post-employment medical benefit scheme. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for the pension schemes, the main actuarial assumption used by Dayamandiri in 2005 and 2004 is a long term increase in health costs of 9% per year.

The amounts recognised in the balance sheet were determined as follows:

	2005	2004
Present value of funded obligations	621,941,257	561,481,049
Fair value of plan assets	(86,488,749)	(83,190,331)
	535,452,508	478,290,718
Unrecognised actuarial losses	(90,584,054)	(73,748,017)
Liability in the balance sheets	444,868,454	404,542,701

The amounts recognised in income statement were as follows:

	2005	2004
Current service cost	5,677,013	5,636,088
Interest cost	61,092,329	48,918,339
Expected return on plan assets	(10,995,821)	(7,709,546)
Curtailment losses	-	13,322,388
Amortisation of actuarial losses	2,623,748	-
Total, included in staff costs (Note 23 and 24)	58,397,269	60,167,269

Of the total charge, Rp 49,637,679 (2004: Rp 51,142,179) and Rp 8,759,590 (2004: Rp 9,025,090) were included, respectively, in cost of sales and administrative expenses.

The actual return on plan assets was gain amounting to Rp 983,735 (2004: losses Rp 581,084).

(Expressed in thousand Rupiah, unless otherwise stated)

27. PENSION AND OTHER POST-RETIREMENT OBLIGATIONS (continued)

b. Post-employment medical benefits (continued)

Movement in the liability recognised in the balance sheet:

	2005	2004
At beginning of year	404,542,701	395,781,639
Current year expense	58,397,269	60,167,269
Benefit paid	(1,271,516)	(11,670,695)
Contributions paid	(16,800,000)	(39,735,512)
At end of year	444,868,454	404,542,701

c. Other post-retirement benefits

The Company also provides other post-retirement benefits such as past-service benefits, severance, compensation for accumulated unused leave, compensation for repatriation, funeral allowance and special award.

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

	2005	2004
Present value of obligations	150,467,403	144,660,756
Unrecognised past service cost - non vested benefits	(2,282,494)	(2,947,331)
Unrecognised actuarial losses	(69,536,932)	(52,571,524)
Liability in the balance sheets	78,647,977	89,141,901

The amounts recognised in the income statement were as follows:

	2005	2004
Current service cost	5,291,011	4,358,648
Interest cost	14,551,810	9,308,414
Amortisation of past service cost – non vested	471,284	495,204
Amortisation of actuarial losses	4,066,018	-
Curtailment losses	461,452	-
Losses recognised in year	4,810,921	-
Total, included in employee costs (Note 23 and 24)	29,652,496	14,162,266

Of the total charge, Rp 25,204,622 (2004: Rp 12,037,926) and Rp 4,447,874 (2004: Rp 2,124,340) were included, respectively, in cost of sales and administrative expenses.

Movement in the liability recognised in the balance sheet:

	2005	2004
At beginning of the year	89,141,901	85,893,262
Current period expense	29,652,496	14,162,266
Benefits paid	(40,146,420)	(10,913,627)
At end of the year	78,647,977	89,141,901

The principal assumptions used by Dayamandiri were as follows:

	2005	2004
Discount rate	13%	11%
Future salary increases	8%	5%

(Expressed in thousand Rupiah, unless otherwise stated)

27. PENSION AND OTHER POST-RETIREMENT OBLIGATIONS (continued)

d. Other long-term employment benefits

Apart from pension benefits, post-employment medical benefits and other post-employment benefits, the Company also provides long-term employment benefits such as continuation salary before retirement age, housing allowances and services allowances.

The amounts recognised in the balance sheet were determined as follows:

	2005	2004
Present value of obligations	54,604,050	41,146,140
Fair value of plan assets	-	-
Liability in the balance sheet	54,604,050	41,146,140

The amounts recognised in the income statement were as follows:

	2005	2004
Current service cost	1,899,569	1,691,629
Interest cost	1,799,998	1,799,998
Actuarial gains recognized during the year	12,090,240	4,927,282
Total, included in staff costs (Note 23 and 24)	15,789,807	8,418,909

Of the total charge, Rp 13,421,336 (2004: Rp 7,156,073) and Rp 2,368,471 (2004: Rp 1,262,836) were included, respectively, in cost of sales and administrative expenses.

Movement in the liability recognised in the balance sheet:

	2005	2004
At beginning of year	41,146,140	34,830,381
Current year expense	15,789,807	8,418,909
Benefits paid	(2,331,897)	(2,103,150)
At end of year	54,604,050	41,146,140

The principal assumptions used by Dayamandiri were similar to those in other post-retirement benefits (see Notes 27c).

28. RELATED PARTY INFORMATION

The Company is controlled by the Government of the Republic of Indonesia. Transactions with related parties are as follows:

	2005	2004
Purchase of goods/services		
- PT Minerina Bakti	227,222,862	92,666,928
- Cooperative of the Company's employees and retirees	56,762,746	77,063,857
- PT Minerina Cipta Guna	27,732,429	39,894,447
- PT Reksa Griya Antam	8,066,640	5,079,026
- PT Minerina Adhikara	1,239,967	-
	321,024,644	214,704,258
(As a percentage of total cost of sales and operating expenses)	14.92%	12.19%
Salary and allowances of Board Commissioners and Directors	12,953,125	10,752,136
(As a percentage of total employee cost)	2.21%	2.43%

28. RELATED PARTY INFORMATION (continued)

	2005	2004
Liabilities		
Trade payables:		
Cooperative of the Company's employees and retirees	2,514,978	4,116,807
PT Minerina Bakti	-	2,151,886
PT Reksa Griya Antam	152,645	9,578
PT Minerina Adhikara	800,000	-
PT Minerina Cipta Guna	-	2,638,890
	3,467,623	8,917,161
(As a percentage of total liabilities)	0.11%	0.25%

Because of the nature of these relationships, it is possible that the terms and conditions of the above transactions are not the same as those that would result from transactions between wholly unrelated parties.

The nature of transactions with related parties is as follows:

Related parties	Relationship	Nature of transactions
PT Minerina Bakti	A subsidiary of Dana Pensiun Antam	Mining contractor services
PT Minerina Cipta Guna	A subsidiary of Dana Pensiun Antam	Mining contractor services
PT Reksa Griya Antam	A subsidiary of Dana Pensiun Antam	Rental of office space, maintenance and cleaning services
PT Minerina Adhikara	A subsidiary of Dana Pensiun Antam	Fishery management for community development
Cooperative of the Company's employees and retirees	Cooperative of the employees and retirees	Raw material purchase and non - permanent labor

Other than the above transactions, the Company and its subsidiaries also conducted transactions with the following State-owned Enterprises:

State-owned Enterprises	Nature of transactions
PT Perusahaan Listrik Negara (Persero)	Supply of electricity
PT Telkom (Persero) Tbk	Telephone and communication services
PT Pertamina (Persero)	Supply of fuel
PT Bank Mandiri (Persero) Tbk	Bank current account and time deposits
PT Bank Negara Indonesia (Persero) Tbk	Bank current account and time deposits
PT Bank Rakyat Indonesia (Persero) Tbk	Bank current account and time deposits

29. BASIC EARNINGS PER SHARE

Basic net earnings per share is calculated by dividing net income attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2005	2004
Net income attributable to shareholders	841,935,961	810,248,723
Weighted average number of ordinary shares outstanding (in thousands of shares)	1,907,692	1,907,692
Basic earning per share (full amount)	441.34	424.73

The Company does not have any dilutive ordinary shares in 2005 and 2004.

(Expressed in thousand Rupiah, unless otherwise stated)

30. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

		2005		2004	
		Foreign currencies (full amount)	**Rupiah equivalent**	**Foreign currencies (full amount)**	**Rupiah equivalent**
Assets					
Cash on hand	US Dollar	3,485	34,258	11,156	103,640
	Japanese Yen	-	-	868,757	78,553
Cash in bank	Japanese Yen	1,172,220	97,789	-	-
	US Dollar	22,566,923	221,832,854	22,434,502	208,416,520
Time deposits	US Dollar	41,516,205	408,104,296	184,074,931	1,710,056,107
Restricted cash	US Dollar	2,000,000	19,660,000	5,000,000	46,450,000
Trade receivables	US Dollar	47,177,469	463,754,525	28,905,152	268,528,858
Total assets			1,113,483,722		2,233,633,678
Liabilities					
Trade payables	US Dollar	5,438,158	53,457,089	3,060,742	28,434,293
	Japanese Yen	18,353,709	1,531,112	17,926,394	1,620,905
	Euro	154,220	1,798,185	-	-
Accrued expenses	US Dollar	6,342,102	62,342,861	7,665,994	71,217,084
Investment liabilities	US Dollar	-	-	3,854,102	35,804,608
Bonds	US Dollar	170,722,625	1,678,203,404	189,230,368	1,757,950,117
Investment credit-BCA	US Dollar	30,000,000	294,900,000	30,000,000	278,700,000
Total liabilities			2,092,232,651		2,173,727,007
Net (liabilities)/ assets			(978,748,929)		59,906,671

If assets and liabilities in foreign currencies as at 31 December 2005 are translated using the exchange rate at the date of this report, the total net foreign currencies liabilities of the Company will decrease approximately by Rp 69.6 billion.

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US dollar. The Company does not hedge the foreign currency exposure because this exposure is mitigated by its foreign currency denominated loan and its majority sales denominated in foreign currency.

31. SEGMENT INFORMATION

Based on the financial information used by management in evaluating the performance of segments and in the allocation of resources, the management considers business segments as their primary segment, and the geographical segments as their secondary segment. The Company's business segments can be identified into two major business operations, consisting of nickel and gold and refinery. All transactions between segments have been eliminated.

Information concerning the business segment which is considered the primary segment is as follows:

	2005				
	Primary segment				
	Nickel	**Gold and refinery**	**Other**	**Head office**	**Total**
Net Sales	**2,508,499,655**	**589,089,735**	**189,679,443**	**-**	**3,287,268,833**
Outcome					
Operating income/ (loss)	1,257,272,942	79,904,886	(11,668,963)	(189,704,976)	1,135,803,889
Interest income	932,608	982,838	284,385	20,030,605	22,230,436
Interest expense and finance charges	(188,063)	-	-	(25,371,430)	(25,559,493)
Income tax provision	-	-	-	(360,741,438)	(360,741,438)
Other income (expense) -net	33,564,980	1,214,431	17,011,436	18,412,739	70,203,586
Income/(loss) before minority interest	**1,291,582,467**	**82,102,155**	**5,626,858**	**(537,374,500)**	**841,936,980**
Other information					
Segment assets	**4,549,245,987**	**654,894,633**	**104,743,405**	**1,093,830,103**	**6,402,714,128**
Segment liabilities	**364,304,696**	**75,068,463**	**76,647,242**	**2,857,048,228**	**3,373,068,629**
Capital expenditure	**1,218,369,200**	**78,073,869**	**13,874,839**	**709,075**	**1,311,026,983**
Depreciation and amortisation	**75,541,980**	**98,340,752**	**12,524,856**	**2,179,268**	**188,586,856**

(Expressed in thousand Rupiah, unless otherwise stated)

31. SEGMENT INFORMATION (continued)

	2004				
	Primary segment				
	Nickel	Gold and refinery	Other	Head office	Total
Net Sales	**2,166,578,651**	**525,598,398**	**166,360,456**	**-**	**2,858,537,505**
Outcome					
Operating income/ (loss)	1,118,377,096	169,687,340	(10,545,048)	(180,947,742)	1,096,571,646
Interest income	542,406	694,783	165,488	8,774,013	10,176,690
Interest expense and finance charges	(311,212)	-	-	(1,891,671)	(2,202,883)
Income tax expense	-	(1,861,853)	-	(350,682,895)	(352,544,748)
Other income/(expense)-net	(2,863,748)	240,803	(5,908,642)	66,780,513	58,248,926
Income/(loss) before minority interests	**1,115,744,542**	**168,761,073**	**(16,288,202)**	**(457,967,782)**	**810,249,631**
Other information					
Segment assets	**2,962,913,570**	**666,966,392**	**97,908,867**	**2,314,857,260**	**6,042,646,089**
Segment liabilities	**477,220,140**	**88,077,698**	**69,170,517**	**2,965,707,866**	**3,600,176,221**
Capital expenditure	**1,291,906,309**	**68,564,223**	**2,796,782**	**1,090,218**	**1,364,357,532**
Depreciation and amortisation	**54,336,991**	**97,609,109**	**6,556,703**	**3,311,075**	**161,813,878**

Geographical segment information as secondary as secondary segment is as follows:

	Secondary segment			
	Nickel	Gold and Refinery	Other	Total
2005				
Net Sales:				
Export	2,507,835,263	201,378,202	187,232,118	2,896,445,583
Local	664,393	387,711,532	2,447,325	390,823,250
Total	2,508,499,656	589,089,734	189,679,443	3,287,268,833
2004				
Net Sales:				
Export	2,165,568,579	200,272,727	155,384,604	2,521,225,910
Local	1,010,072	325,325,671	10,975,852	337,311,595
Total	2,166,578,651	525,598,398	166,360,456	2,858,537,505

32. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Financial obligations under various mining rights

As mining rights holders, the Company is obligated to pay concession fees per hectare of mining rights explored, developed and extracted which are payable to the Ministry of Energy and Mineral Resources of the Republic of Indonesia. The amount of concession fees is based on the type of mineral and the quantity of production.

b. Environmental matters

The operations of the Company have been, and may in the future be, affected from time to time by changes in environmental regulations. The Company's policy is to comply with all applicable regulations issued by the Government of the Republic of Indonesia, by applying technically proven and economically feasible measures.

The Company has made a provision for estimated environmental and reclamation costs (see Note 18).

c. Derivative contract

In 28 October 2004, the Company entered into future contracts with Deutsche Bank, whereby the Company agreed to sell gold of 10.000oz at price at the contract date (US$ 441/oz) and to buy gold at price at the due date of the contract. The contracts will due on various dates. The latest due date is 29 December 2006. At 31 December 2005, the Company recorded losses of Rp 7,174,450 in its consolidated statement of income.

(Expressed in thousand Rupiah, unless otherwise stated)

32. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

d. Company's ownership in joint venture mining companies

The Company has the ownership interests in the joint venture companies without any cash contributions ("free carried"), as follows:

	Percentage of ownership	Status as of 31 December 2005
PT Sorikmas Mining	25	Eploration
PT Gag Nikel	25	Feasibility studies*
PT Galuh Cempaka	20	Production
PT Dairi Prima Minerals	20	Feasibility studies
PT Gorontalo Minerals	20	No activities
PT Sumbawa Timur Mining	20	No activities
PT Bima Wildcat Minahasa	15	No activities
PT Pelsart Tambang Kencana	15	No activities
PT Weda Bay Nickel	10	Pre-feasibility study
PT Cibaliung Sumberdaya	19.62%	Development

* Exploration activities temporarily suspended because the mining area is declared to be in a protected forest area.

The Company will only contribute funds for operations of the above companies in accordance with the Company's ownership interest if they have entered production stage.

e. Agreement for feasibility study and/or establishment of joint venture to undertake exploration, evaluation and development works

The Company has entered into a joint venture agreement with Herald Mining Group ("HMG") to undertake exploration, evaluation and development work in relation to mining rights held by an affiliate of HMG covering areas located in North Sumatera as follows:

Mining rights	Location	Company's interest
KW99JLP005	Kendit	20%
KW98APP035	Parongil	20%

Based on the decision letters of the Directorate General of Geology and Mineral Resources No. 039/40.00/OJG/2002 dated 2 April 2002 regarding the first extension of the CoW area in the exploration stage of PT Dairi Prima Minerals, another affiliate of HMG, both mining rights in Kendit and Parongil were merged with PT Dairi Prima Minerals.

f. Sales agreements

As of 31 December 2005, the Company has various commitments to sell certain products/commodities to various buyers at specified agreed quantities. The products will be periodically delivered for periods ranging from one month to two years.

g. Ferronickel III Project

On 14 August 2003, the Company entered into an EPC ("Engineering Procurement and Construction") agreement with a Consortium of Mitsui and Co. Ltd and Kawasaki Heavy Industries, Ltd. ("Consortium") to construct a new Ferronickel Smelting Plant No.III ("Ferronickel III") at Pomalaa. The Effective Date of Contract was 3 October 2003. Under the agreement, the Consortium will provide the Company with procurement of equipment, materials and other supplies and with construction and other services necessary for the design, engineering, manufacturing, procurement, construction, startup, testing, commisioning and completion of Ferronickel III.

The contract price is a fixed amount of US$ 168,250,000 comprising a portion of offshore supply for equipment and materials and engineering work of US$ 105,433,000 and onshore supply for construction services, equipment and/or material and onshore engineering work of US$ 62,817,000. The contract price is net of VAT, import duties, custom clearance and port charges.

On 10 November 2003, the Company entered into an EPC agreement with PT Wartsila Indonesia to construct Power Plant No.III which will provide power support to Feronickel III Plant. The Effective Date of Contract is 21 November 2003. Under the agreement, PT Wartsila Indonesia will provide the Company with procurement of equipment, materials and other supplies and with construction and other services necessary for design, engineering, manufacturing, procurement, construction, startup, testing, commisioning and completion of Power Plant No. III.

32. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

g. Ferronickel III Project (continued)
The contract price for Power Plant III is the fixed amount of US$ 64,500,000 comprising a portion of offshore supply for equipment and materials of US$ 51,900,000 and onshore supply for construction services, equipment and/or material and onshore engineering work of US$ 12,600,000. The contract price is exclusive of VAT, import duties, custom clearance and port charges.

33. ECONOMIC CONDITIONS

Indonesia continues to experience economic difficulties. Indonesia's return to economic stability depends on the effectiveness of measures taken by the government, decisions of international lending organisations, changes in global economic conditions and other factors including regulatory and political developments, which are beyond the Company's control.

In the mining sector, companies are facing the following additional challenges:
- uncertainty due to delays in finalising the implementing regulations for the Autonomy Laws as well as recent calls to revise these Laws;
- confusion regarding recent changes to Taxation and Hazardous Waste Management regulations and the impact of the Forestry Law; and
- continuing disputes with local communities and goverment who are requesting additional compensation from companies operating in their areas.

Collectively, these challenges are adversely affecting companies in the following manner:
- difficulties in seeking additional finance both in terms of cost and/ or the amounts of funding; and
- local governments applying pressure to companies to contribute additional funds to development programs.

The above challenges may, in time, affect the Company's operations and related results. They have been carefully considered by management when evaluating the level of current and future activities in Indonesia as well as the impact or impairment on its existing operations.

Management believes that the Company has established a reputation as a good corporate citizen and has conducted its business in accordance with good corporate governance practices and that therefore its results of operations or financial condition in the future is not expected to be materially affected by these uncertainties. However, the Company's operations and financial performance may be adversely affected by the price of its products, which in turn will be determined by the worldwide supply and demand.

34. RECLASSIFICATION OF ACCOUNTS

Certain accounts at 31 December 2004 has been reclassified for comparative purposes with presentation at 31 December 2005, as follows:
- Pension benefits and termination benefits amounting to Rp 39,687,642 and Rp 53,150,975, respectively which was presented as component of accrued expenses has been reclassified as pension benefits and other post-retirement benefits, respectively under account pension and other post-retirement obligations.
- Deferred equipment mobilisation amounting to Rp 16,835,912 which was presented as component of other non-current assets has been reclassified as component of deferred charges.

35. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") AND AUSTRALIAN GAAP

The Company's consolidated financial statements are prepared based on accounting principles generally accepted in Indonesia which, to some extent, differ from those of Australia ("Australian GAAP"). Effectively from 1 January 2005, Australian accounting practice has been implementing Australian equivalents to International Financial Reporting Standard (AIFRS). The significant differences relate to the policy of capitalisation of foreign exchange losses, amortisation of land-rights, use of effective interest method to amortise discount or premium of bond and recognition of environmental and reclamation expenditures.

(Expressed in thousand Rupiah, unless otherwise stated)

35. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") AND AUSTRALIAN GAAP (continued)

a) Indonesian GAAP allows capitalisation of foreign exchange losses incurred on loans used to finance acquisition of assets resulting from a severe currency depreciation against which there is no practical means of hedging. Such exchange differences are capitalised to the carrying amount of the related asset, provided that the adjusted carrying amount does not exceed the lower of the replacement cost and the amount recoverable from the sale or use of the assets.
AIFRS does not allow capitalisation of foreign exchange losses on borrowings arising from a severe depreciation of the currency. These foreign exchange losses are charged to income.
b) Indonesian GAAP does not allow amortisation of land-rights which several exceptions under certain circumstances. Those certain circumstances relate to impairment of quality of land, temporary use of land in remote area, and management prediction that it is unlikely to obtain the renewal of land-right.
AIFRS requires land-rights, which valid only for a certain period, although it could be extended, to be amortised over its useful life.
c) AIFRS requires the use of effective interest method on amortisation of discount or premium of bond issued, whilst Indonesian GAAP allows the use of straight–line method as currently implemented by the Company
d) As from the effective date of PSAK 33 was 1 January 1995, Indonesian GAAP allows capitalisation of deferred environmental and reclamation expenditure resulted from exploration and development activities which were incurred prior to the effective date of PSAK 33. Such expenses to be amortised when commercial stage is started. AIFRS requires these deferred charges to be immediately expensed.

The following is a summary of the significant adjustments to net income and equity as at and for the years ended 31 December 2005 and 2004, which would be required had AIFRS been applied instead of Indonesian GAAP to the consolidated financial statements.

	2005	**2004**
Net income per consolidated statements of income prepared under Indonesian GAAP	841,935,961	810,248,723
AIFRS adjustments:		
Increase /(decrease) due to:		
a) Amortisation of the capitalised foreign exchange losses based on Indonesian GAAP	9,063,859	9,063,859
b) Amortisation of land-rights over their respective useful lives	(1,058,486)	(959,611)
c) Adjustment over amortization of discount and issuance cost of bond	5,624,222	6,561,336
d) Amortisation of deferred environmental and reclamationexpenditures	953,752	1,488,212
e) Tax effect on above adjustment	(4,739,861)	(5,181,333)
Approximate net income in accordance with AIFRS	851,779,447	821,221,186
Basic earnings per share (full amount)	446.50	430.48
Equity per consolidated balance sheets prepared under Indonesian GAAP	3,029,642,904	2,442,468,293
AIFRS adjustments:		
Increase /(decrease) due to:		
a) Amortisation of the capitalised foreign exchange losses based on Indonesian GAAP	(40,153,133)	(49,216,992)
b) Amortisation of land-rights over their respective useful lives	(7,396,128)	(6,337,643)
c) Adjustment over amortization of (c discount and issuance cost of bond	11,549,751	5,576,146
d) Amortisation of deferred environmental and reclamation expenditures	(3,663,301)	(4,617,054)
e) Deferred tax liabilities	8,695,950	16,001,046
Net adjustments	(30,966,861)	(38,594,497)
Approximate equity in accordance with AIFRS	2,998,676,043	2,403,873,796

36. PROSPECTIVE ACCOUNTING PRONOUNCEMENT

The Indonesian Institute of Accountants issued Exposure Draft PSAK 16 (revised) regarding “Fixed Assets” on 18 September 2004 and Exposure Draft PSAK 13 (revised 2006) regarding “Investment Property” on 29 November 2005.

The Company has not yet reviewed the impact, if any of these drafts pronouncement to its financial statements.