Report of the President Commissioner

Your Board of Commissioners is pleased to report the continuing progress of PT Indika Energy Tbk in 2008.

Our Initial Public Offering of shares in July 2008 could not have come at a more opportune time, and combined with our equally successful bonds issue in 2007, had firmly anchored Indika's financial base in order to pursue and achieve our strategic business objectives going forward.

Your Company continues to make excellent progress to being a fully integrated energy-resource based company that capitalizes on the entire value chain of the coal and oil-and-gas energy sector. Through our operating subsidiaries, Indika Energy owns (i) mining rights to some of the largest coal concessionaires in the country, with proven reserves of more than ____million tons of coal as at year-end 2008, (ii) the leading integrated Engineering, Procurement and Construction (EPC) and services company for the oil-and-gas sector in Indonesia today, and (iii) an Independent Power Producer (IPP) contract for a 660 MW power plant that is now under construction by a consortium that includes Indika Energy.

Our three core activities of Coal Concessions, EPC and IPP provide us with a unique platform to tap into the long-term growth opportunities of a truly integrated value-chain business model.

And from our strong financial position that we have managed to secure as at year-end 2008, we are forging ahead in 2009 to further secure our objectives.

How We Fared in 2008

Your Company posted a noteworthy performance in 2008. This was despite unfavorable conditions during the second half of the year, brought on by the global financial crisis that had unraveled since August 2008. Although we had known of the US sub-prime mortgage crisis since a year before, the world was taken by surprise with how it suddenly transformed into a full blown financial crisis, leading to the world's worst economic recession since the Great Depression era of 1929.

The Indonesian economy, while not entirely immune to declining global export markets, was still relatively insulated from the global crisis as at year-end 2008. Indonesia's GDP growth for the year was relatively high at 6.1%, which was just 0.2% shy of that in 2007. Inflation rates were largely contained within single digits, especially after commodity prices – especially crude oil - had all but collapse in the second half of the year, pulling down demand for virtually everything else with it. Meanwhile, the Bank Indonesia benchmark rate was carefully managed, against a weakened Rupiah that buckled under the strong demand for US dollar as funds and capital reacted to the global financial crisis. The Rupiah depreciated by approximately 27%, while interest rates rose sharply before settling at 8.25% by year's end.

The capital markets, around the world and in Indonesia, began to decline precipitously under heavy selling pressure around September 2008, and has not recovered since. With the benefit of hindsight, we can say that Indika Energy was extremely fortunate to have successfully raised some Rp____ billion through our IPO just before the market fell.

The successful equity raising brought much needed liquidity to Indika Energy just as financial markets began to dry up. This enabled your Company to carry out programs and initiatives in line with agreed budgets and targets. As a result, we exceeded all of our key targets for the year. Total consolidated revenues rose ___% to Rp___ billion in 2008, exceeding our target by ___%. The same holds true for our net profit, which grew __% to Rp___billion, and surpassed our target by __%.

Beyond our financial accomplishments, the year 2008 marked a milestone for Indika Energy as a listed company on the Indonesia Stock Exchange. With some of the Company's shares now in the public hands, Indika Energy is moving resolutely forward in order to capitalize on our growing value-chain integration, underpinned by best-practice corporate governance and clearly focused direction.

Cornerstones of Good Governance.

While Indika Energy, as an operating holding company, is a relatively new group; the operating entities under the Indika Energy Group have been in business in their respective fields for many years if not decades. Our decades of accumulated experience and expertise in coal mining, EPC and O&M undertakings of major projects over the years have imbued us with a strong, almost instinctive, 'feel' for what is *right* and what may be *wrong* in the way we carry out our daily businesses. So, while we practice good corporate governance in earnest – adhering fully to our corporate code-of-conduct and the principles of transparency, accountability, responsibility, independency, and fairness in all of our business dealings – we know that at the end of the day, Indika Energy is slightly better because each and every one of us at Indika Energy has been trained and encouraged to think, speak, listen and strive from the heart. And that underpins the cornerstones of our good corporate governance.

In line with good governance, your Board maintains close oversight on the management of your Company. In that respect, we are assisted by Independent Committees, namely the Audit Committee and Risk Monitoring Committee. The two committees complement one another in that one focuses on uncovering systemic failures after the fact, while the other focuses on anticipating systemic failures before the fact. We are confident that our existing checks and balances provide reasonable assurances to the Board that the Company's financial statements are presented fairly and accurately, risks are adequately managed and mitigated, and assets properly safeguarded and accounted for.

A comprehensive and detailed disclosure on our corporate governance policies and practices are presented in the section on corporate governance of this annual report.

Outlook for 2009: Guarded Optimism

With our financial base sound and secured, we are well positioned to move forward towards achieving greater value-chain integration of our businesses that would solidify our prospects for future growth. A strategic and well-targeted corporate action has been put into motion as this report is being prepared. If successful, we will have acquired new strategic capabilities that will tie in nicely with current core businesses throughout our integrated energy industry value chain. This will provide your Company with significant additional revenue streams as well as increasing value-generating synergies between our growing businesses.

However, our optimistic earnings outlook for 2009 notwithstanding, we are acutely aware of the economic recessions currently affecting one country after another across the globe. Sooner or later, the effects will be felt in Indonesia, and we will have to be ready for it.

In that respect, we will have to rely increasingly on our proven competitive advantages, a key one of which is our production efficiency. Indika Energy is by far the least cost producer of coal in Indonesia today, owing to our decades of experience in large-scale coal mining operations. If we have always been cost-effective in the past, we are now called upon to exercise even tougher cost discipline and more rigorous control measures over every aspect of operations. Only in this way will we be able to ensure the long-term sustainability and viability of our businesses, which in turn will benefit societies and communities today and for generations to come.

A Word of Appreciation
Indika Energy counts its blessings in 2008. It was by and large an auspicious and productive year for us, and we commend the Management and employees of Indika Energy for their performance and efforts. We also express the Company's gratitude to customers, business partners, government authorities, the Indonesian Chamber of Commerce and not least of all, the communities in which we live and work. Thank you all from the bottom of our hearts.

Wiwoho Basuki Tjokronegoro
President Commissioner

Message from the President Director

Amid growing uncertainties and challenging global economic conditions in the latter part of 2008, Indika Energy finished the year on very solid footing.

Year-on-year, total consolidated group revenues increased by __% to Rp_____ billion, consolidated net profit rose by ____% to Rp___ billion, and, as a result, stockholders' equity jumped to Rp____ billion, an impressive growth of ___% from that of 2007.

Our two core business groups of energy resources and energy services posted strong results; whereas our third business group - that of energy infrastructure – is making significant progress in the construction of Indonesia's first power plant that will run efficiently on low calorific value coal combustion.

Indika's energy resources group, driven primarily by the extensive coal mine operations of Kideco – currently the third largest in Indonesia - generated revenues of Rp_____ billion in 2008. Buoyed by strong market prices for coal throughout most of 2008, group revenues were significantly higher than those of 2007, enabling Kideco to post a __% rise in net profit for the year, and contributing to dividends earnings for Indika Energy of Rp____ billion in 2008, compared to Rp____ billion in 2007.

Indika's energy services group, led by the stalwart Tri Patra Engineering, performed stably to post a __% growth on total revenues to Rp___ billion for the year. Being wholly-owned by Indika Energy, total group revenues were entirely consolidated into the parent company.

Meanwhile, in our energy infrastructure business, which is currently represented by Indika's 20% equity in the IPP consortium of _______________ , we remain on schedule to complete the _____MW power plant in Cirebon, West Java, by mid 2010. This project constitutes a groundbreaking development not only for Indika Energy but for the power utility and coal energy sectors in general. As part of the government accelerated program to develop 10,000 MW of coal-fired power plants in Indonesia, this power plant is equipped with new technology that allows for the use of low calorific coal to fire the power turbines.

This fact is critical for at least two reasons. First, Indonesia abounds with proven coal reserves that are sufficient to meet the country's energy needs for at least the next 50 years. But the downside of it is that most of these coals are of low calorific value of less than ____ btu, whjch are not always suitable for existing power plants in Indonesia today. On the other hand, modern low-calorific-coal-fired power plant that is also equipped with environmentally clean technology is the way to go in the future. Not only do these power plants provide off-take opportunities for low calorific coals that are in abundance in Indonesia, but their application of modern clean-coal-burning technology also make them highly compatible with the need to address growing concernes over global warming

Building the Foundation for Greater Value-Chain Integration

The underlying strategy behind the value-chain business model of Indika Energy is nothing new. For many years, businesses have sought and developed value-chain business integration in order to tap and capitalize from the synergism that arises from different businesses within the same value chain. Some companies have been more successful than others at harnessing the benefits of the value-chain business model, but in almost every case, it involves mutually symbiotic relationships between related business entities that the long-term continuity of supply and demand is virtually secured among and between these entities. The more related these entities become, the higher the value of their integration.

Our three core business lines represent such an integration, in which gaps and missing pieces continue to be filled and shaped into the vision that we aspire to for Indika Energy, which is to be world-class energy company driven by correlated investments in energy resources, energy services, and energy infrastructure.

The year 2008 underscored our efforts to establish the very foundation of this value-chain integration, with capital and assets expansion being at the center of the equation.

On the capital equation, we successfully undertook an Initial Public Offering of shares in June 2008, raising approximately Rp2 trillion in fresh equity fund. As a follow up to our equally successful bonds floatation in 2007, this IPO provided us with the capital base to pursue our business expansion in line with our strategic goals.

On the assets expansion side, we acquired additional mining assets, as well as stakes in companies that are engaged in mining exploration, exploitation, and logistics, as follows:

- Acquisition of 13 coal-mining rights in West Kalimantan valued at US$ 18,500,000 (West Kalimantan Project) with total concession area of 53,000 hectares.

- Establishment of a joint-venture company with Samtan Co. Ltd to further develop coal business in Indonesia, in which Indika took a 43.3% stake in the venture.

- Establishment of a joint-venture company ,PT Sea Bridge Shipping, in collaboration with Kideco, Samtan, and PT Muji Inti Utama. Sea Bridge Shipping focuses on coal shipping services by providing tug boats, barges, and gear and gearless floating cranes.

- Acquisition of 50% additional stake in PT Kuala Pelabuhan Indonesia from DP World Overseas Pty Limited. With the acquisition, Indika now owns 100% of Kuala Pelabuhan Indonesia.

Extending Expertise in Mining and the Oil-and-Gas Sector
Entering 2009, Indika Energy has embarked on a strategic acquisition agenda involving a major mining contracting company that can provide complementary expertise to our energy-centric business. Through this company, Indika expects to gain a full range of expertise essential to mining exploitation, from mine planning to pit designing and infrastructure building – in addition to the significant mining contracting business, from which this company derives up to 70% of its revenues.

Furthermore, the acquisition will provide Indika Energy with increased competitive edge with end-to-end capabilities in coal operations from exploration to exploitation, including mine-site mapping, designing, engineering, construction, production and logistics. In essence, we have redefined our competitive advantages.

Of no less importance is the company's expertise in constructing and servicing offshore oil-and-gas production platforms, which dovetail nicely with Tripatra's own expertise in similar capacities for onshore oil-and-gas production bases.

Balancing Business Growth with Risk Management and Good Governance
Our aggressive business expansion and acquisition notwithstanding, Management is careful to balance this growth with adequate checks and balances, as well as internal control and risk management systems that provide reasonable assurances for the safety of the Company's assets, the reliability of its processes, and the accuracy of its financial reporting.

Aside from robust internal control and risk management systems, Indika Energy strongly adheres to the principles of good corporate governance. We encourage and embrace transparency in all of our business dealings as a way to foster integrity and respect among and for individuals. We hold our people accountable for their actions, responsible for their respective jobs, independent in their decisions and dispositions, and fair in their treatments of subordinates, peers and fellow stakeholders of the Company.

Future Outlook
Indika Energy views its near- to medium-term future outlook with guarded optimism, keenly aware of the uncertainties and challenges facing the Indonesian economy amid a global economic recession, but also highly receptive to the possibilities that await those in position of strength and resourcefulness to turn challenges into opportunities.

Indika had the good fortune of taking the right corporate action at the right time, one after another. We intend to keep this momentum going, and if anything, bolster our good fortune further with thorough planning, sound decision and timely execution.

Also, with dwindling oil and gas reserves on land and in shallow waters from decades of lifting, the past few years have seen the world's major oil companies having to explore in deeper and deeper waters for substantial discoveries. This makes coal an attractive alternative energy source. In fact, with new technologies that offer cleaner and cheaper harnessing of coal as energy sources, we believe that the future of coal is assured for many years to come.

Closing

We owe a big debt of gratitude to our shareholders, bondholders and customers for their continuous support and trust in Indika Energy. We also express our appreciation to the Board of Commissioners for their guidance; government authorities and legislators for their efforts in making the mining sector in Indonesia more conducive to invest and exploit both as a business opportunity and for the common good in the national interest.

Not least of all, we extend our special gratitude to our employees and business partners for their support and aspiration to grow with Indika Energy.

M. Arsjad Rasjid P.M.
President Director

Management Discussion & Analysis

Overview of 2008

During the last quarter of 2008 the global economy was taken by surprise with the disintegration of financial market in the US. With the impact starting to cause turmoil in financial markets in other parts of the world within days, the global economy was forced to end a difficult year; this was a stark contrast to the situation early in the year – when optimism and strong expectation were high that the economy was embarking on another booming period.

On a smaller scale, the year 2008 was a challenging period for the energy industry. Oil price started climbing in the beginning of the year and managed to hit a record high of US$ 148 by June 2008. Correspondingly, the prices of commodities aggressively promoted as future substitute for oil including coal, gained significant increase.

But when oil price started to wane in line with rising anxiety over possible recession in developed economies, coal price started to go downward. Having hit US$ (xx) per ton in mid 2008, by the end of the year it had dropped by (xx) % to US$ (xx) per ton.

Another important development was the soaring US dollar that jumped as high as 30% in value by year end, causing a shockwave for import-dependent economies as well as companies with substantial US dollar indebtedness.

Review of Operations

As an integrated energy company, PT Indika Energy Tbk (Indika Energy/ the Company) is built on three main pillars of business – energy services, conducted by Tripatra (signifying PT Tripatra Engineering and PT Tripatra Engineers & Constructors, both are subsidiaries); energy resources, through PT Kideco Jaya Agung (Kideco, an associated company); and energy infrastructure, through PT Cirebon Electric Power (CEP, an associated company).

Our revenues were derived from the operation results of Tripatra and sales of Kideco coal. More than 80% of the revenues was generated by energy service, while the rest was by sales of Kideco coal.

The power generation project by CEP is currently in progress for scheduled completion in 2011.

With regard to 2008, we recorded a significant improvement in overall performance. Despite the global economic crisis and falling coal price, the Company enjoyed substantial income gain both from energy-service contracts and coal sales. This was due to the fact that we had locked the coal selling price in long-term contracts that we were less susceptible to price fluctuation.

Total Revenue was Rp 2,314 billion or 0.94% less than Rp 2,336 billion in 2007, but Net Profit multiplied by 310% to Rp 1,084 billion from Rp 264 billion in the previous year. Against budgeted figure of Rp 832 billion, our Net Profit realization equaled to a gain of 30%.

A particular attention is given to Kideco. As Indika Energy owns indirect ownership (46%) in Kideco through its subsidiary PT Indika Inti Corpindo (IIC), we also obtain dividends from Kideco itself as a company.

Review of Individual Business Lines and Operating Subsidiaries

- **Energy Services**

  Provided by Tripatra, energy service entails technical engineering, EPC, operation & maintenance (O & M), and logistics. Tripatra had played key roles in a number of high-profile oil & gas, petrochemical, mining, and infrastructure projects, including Chevron Pacific Indonesia (Caltex), ExxonMobil, BUT Hess, BP, Telkom, PGN, and ConocoPhillips.

  In 2008 Tripatra involved in oil rig maintenance & construction with Chevron Pacific Indonesia in Riau; floating-roof oil storage tanks and LPG recovery plant constructions in Pangkah, East Java, both with BUT Hess (Indonesia-Pangkah) Ltd; and gas production facilities construction with JOB Pertamina Hess Jambi Merang in Musi Banyuasin, South Sumatra.

We obtained Rp 2,039 billion in Contract Revenue in 2008, registering a decrease of 4.7% from Rp 2,140 billion in 2007. Majority of the amount was generated by contracts with Chevron Pacific Indonesia and BUT Hess, each of which contributed more than Rp 200,000 million in revenue. The rest was from those generating less than Rp 200,000 million, including the project with JOB.

- **Energy Resource**

Through Kideco, Indika Energy is essentially the third largest coal miner in Indonesia in terms of production. In 2008 alone, Kideco yielded annual output of (xx) million tons. Kideco is also one of the lowest cost coal producers in Indonesia.

Kideco owns the right to a 50,400-hectare concession area in Pasir, East Kalimantan, where it operates three coal mines in North Roto, South Roto, and Central Roto, as well as 2 identified coal reserves – Samarangau and Susubang – containing 92 and 65 million tons of reserves respectively.

Our revenue from coal sales was generated by IIC by purchasing coal from Kideco and selling it to third parties.

In 2008, our revenue from coal sales was recorded at Rp 265 billion, increasing by 35% from Rp 196 billion in 2007. The figure was generated from the sale of (xx) tons of coal to (xx), (xx), (xx), which was an increase of (xx) % compared to (xx) tons in 2007.

As for Kideco, its 2008 Net Profit jumped by 124% to US$ 213 million from US$ 95 million in 2007, with Net Revenue increasing by 54% from US$ 702 million in 2007 to US$ 1,081 million in 2008. In budget terms, the Net Profit figure was 9.2% higher than 2008 target of US$ 195 million, as did the Net Revenue – which was 20.4% above the targeted US$ 898 million.

In a recent Annual General Meeting, Kideco planned to pay dividend of US$ 200 million or 87.1% of 2008 Net Profit. Accordingly, Indika Energy was entitled for 46% of the figure, in line with our ownership in Kideco.

- **Energy Infrastructure**

Managed by CEP, the 660-megawatt power generation project is located in Cirebon, West Java. It uses advanced boiler technology powered by low-calorie coal, making it ideal for Kideco coal.

Valued at US$ 821 million, the project is scheduled to be completed in 2011. Yet it already acquired Perusahaan Listrik Negara (PLN) as its future customer. On August 2007, CEP signed an agreement with PLN on power supply for 30 years.

As of mid 2008, the total acquired land was 80.07 Ha. With regard to the construction progress, land clearing had been completed; majority of soil improvement had been finished while piling activities were in progress.

Likewise, site construction license had been acquired and on April 29, 2008 environmental studies had received approval from West Java Deputy Governor.

With regard to financing, due diligence was in progress and there were ongoing discussions with lenders such as KEXIM and JBIC in terms of technical, commercial, and legal aspects.

Review of Financial Results

This review of financial results of Indika Energy for the period ending on December 31, 2008, must be read in conjunction with the audited financial statements, including the auditor's notes, contained elsewhere in this Annual Report.

The following review has been prepared based on the consolidated financial statements of Indika Energy for the year ending December 31, 2008, which have been prepared in accordance with PSAK. Independent auditors Osman Bing Satrio & Rekan, a member of Deloitte Touche Tohmatsu, have audited these financial statements.

Results of Operations

Revenues

Our Revenues entailed Contract Revenue in energy services and Sales of Coal to third parties. For 2008 we booked Total Revenues of Rp 2,314 billion, which decreased slightly by 0.94 % compared to Rp 2,336 billion in 2007.

Contract Revenue

Contract Revenue for 2008 decreased by 4.7% to Rp 2,039 billion, compared to 2007 result of Rp 2,140 billion. The figure was generated from growth in revenue from BUT Hess (Indonesia-Pangkah) Ltd. from Rp 243 billion in 2007 to Rp 742 billion in 2008; Rp 360 billion from Badan Operasi Bersama Pertamina Hess Jambi Merang; and a decrease in revenue from PT Chevron Pacific Indonesia, from Rp 1,758 billion in 2007 to Rp 887 billion in 2008.

At the same time, we also recorded Rp 10 billion in rendering services to Marubeni Asia Power Ltd. and PT Harapan Bahtera Internusa – transactions of which were non existent in 2007.

Sales of Coal

Our revenue from coal sales gained an increase of 35% from Rp 196 billion in 2007 to Rp 265 billion in 2008. The gain was in line with the increase of coal price as well as volume of coal sold – from (xx) tons in 2007 to (xx) tons in 2008.

Other Income (Charges)

Our overall performance was also affected by Other Income (Charges) as follows. For 2008 we managed to gain Other Income of Rp 1,064 billion, posting a spectacular growth of 628% from Rp 146 billion in the previous year.

Equity in Net Income of Associates – Net

Our Equity in Net Income of Associates - Net increased by 164% from Rp 388 billion in 2007 to Rp 1,025 billion in 2008.

Gain on Foreign Exchange – Net

We recorded a foreign exchange gain of Rp 194 billion in 2008, far above the loss of Rp 42 billion in the previous year. The gain was due to the difference between the exchange rate used in 2008 and that in 2007.

Interest Income

Likewise, our Interest Income increased by 15% to Rp 80 billion in 2008 from Rp 69 billion in the previous year. The reason for this was the increase in gain from time deposit and the interest income on loans to related parties.

Gain on Disposal of Subsidiary

The Company booked Rp 2.5 billion in Gain on Disposal of Subsidiary – a stark contrast to Rp 0 in 2007.

Gain on Sale of Property and Equipment

Our Gain on Sale of Property and Equipment in 2008 increased by 43% to Rp 475 million from Rp 330 million in 2007.

Interest Expense and Other Financing Charges

Our Interest Expense and Other Financing Charges increased slightly by 1.3% from Rp 220 billion in 2007 to Rp 223 billion in 2008, mainly as a result of growth in interest expense on bonds payable, and amortization of bond issuance cost.

Amortization of Intangible Asset

Indika Energy amortized Rp 18 billion in intangible asset in 2008, compared to Rp 12 billion in 2007. The intangible asset pertained to the upstream transshipment contract between Twinstar Shipping Limited and a related party, to supply, operate, and maintain a transshipment loading facility for contractors to service as a mine operator. The intangible asset was amortized over its estimated useful life of 15 years.

Realized Gain on Investment in Units of Fund

Indika Energy recorded Rp 0 in Realized Gain in Investment in Units of Fund, compared to 2007 figure of Rp 1.4 billion.

Loss on Derivative Transactions

In terms of derivative transactions, we recorded zero loss, compared to a loss of Rp 24 billion in 2007. The reason for this was that the interest rate swap contract had been terminated due to the full repayment of the underlying loan.

Others – Net

As for Others - Net, for 2008 we posted a gain of Rp 2.2 billion – a stark contrast to a loss of Rp 12 billion in 2007.

Cost of Contract and Goods Sold

The Cost of Contract and Goods Sold consisted of amount paid by Indika Energy to Kideco for purchase of coal – to be resold by the Company to third parties; direct and indirect costs related to the performance of contracts, and cost of procuring raw materials.

Our Cost of Contract and Goods Sold for 2008 was Rp 2,027 billion, decreasing by 2.7% from Rp 2,084 billion incurred in 2007. It entailed construction cost (for sub contractors); materials cost (including costs of cement and steel); salary cost; heavy equipment rent, repair, and utility costs; general and administrative costs; employee accommodation cost; bank transaction costs; insurance cost; depreciation cost; and other costs.

Meanwhile, the cost of coal purchased from Kideco for 2008 was Rp 263 billion. In line with the rising price of coal, this figure represented an increase of 35% from Rp 194 billion in 2007.

Operating Expenses

Likewise, Indika Energy posted an increase of 191% in Operating Expenses – from Rp 56 billion in 2007 to Rp 163 billion in 2008.

The Operating Expense consisted of salary and benefits costs; professional services cost; depreciation cost; insurance cost; accommodation cost; office lease cost; rent, repair, utility, and maintenance costs; entertainment cost; representation cost; general and administrative costs; and other costs.

Income before Tax

Due to the significant growth in Other Income (628%) from Rp 146 billion in 2007 to Rp 1,064 billion in 2008, our Income before Tax in 2008 soared by 248% from Rp 341 billion in 2007 to Rp 1,187 billion.

Tax Expense

The Company incurred Rp 102 billion in tax expense for 2008, which was an increase of 34% from Rp 76 billion in 2007. This was in line with the increase of our taxable income for the pertaining period.

Net Income

Overall, our Net Income multiplied by 310% to Rp 1,084 billion in 2008 from Rp 264 billion in the previous year, as a result of the significant gain in Income before Tax.

Balance Sheet Position

Total Assets

The Total Assets of Indika Energy expanded by 73% to Rp 8,710 billion in 2008 from Rp 5,009 billion in 2007. The gain was mainly the result of growth in cash and cash equivalents, restricted cash in bank, investments in associates.

Liabilities

Our Liabilities for 2008 also posted an increase – rising by 5.5% from Rp 3,313 billion in 2007 to Rp 3,497 billion. The figure was derived from various increases and decreases in items making up our Liabilities.

Equity

Following the growth in Retained Earnings of 86% from Rp 1,114 billion in 2007 to Rp 2,073 billion in 2008, our Equity for 2008 stood at Rp 5,213 billion - growing by 207% from the 2007 figure of Rp 1,696 billion.

Review of Investment Activities

The following are investment activities completed in 2008:

- Acquisition of 13 coal mining rights in West Kalimantan valued at US$ 18,500,000 (West Kalimantan Project) with total concession of 53,000 hectares. The total development cost for the project was estimated to be US$ 100,000,000.

- Establishment of a joint-venture company with Samtan Co. Ltd in Indonesia to further develop coal business in Indonesia. The paid-up capital of this company was registered at US$ 2,000,000 with Indika commanding 43.3% in ownership for cash contribution of US$ 866,000.

- Establishment of joint-venture company PT Sea Bridge Shipping collaborating with Kideco, Samtan, and PT Muji Inti Utama. The paid-up capital of this company was registered at US$ 2,000,000. Sea Bridge Shipping focused on coal shipping services by providing tug boats, barges, and gear & gearless floating crane.

- Acquisition of 50% additional stake in PT Kuala Pelabuhan Indonesia from DP World Overseas Pty Limited for US$ 91,018. With the acquisition, Indika now owns 100% of Kuala Pelabuhan Indonesia.