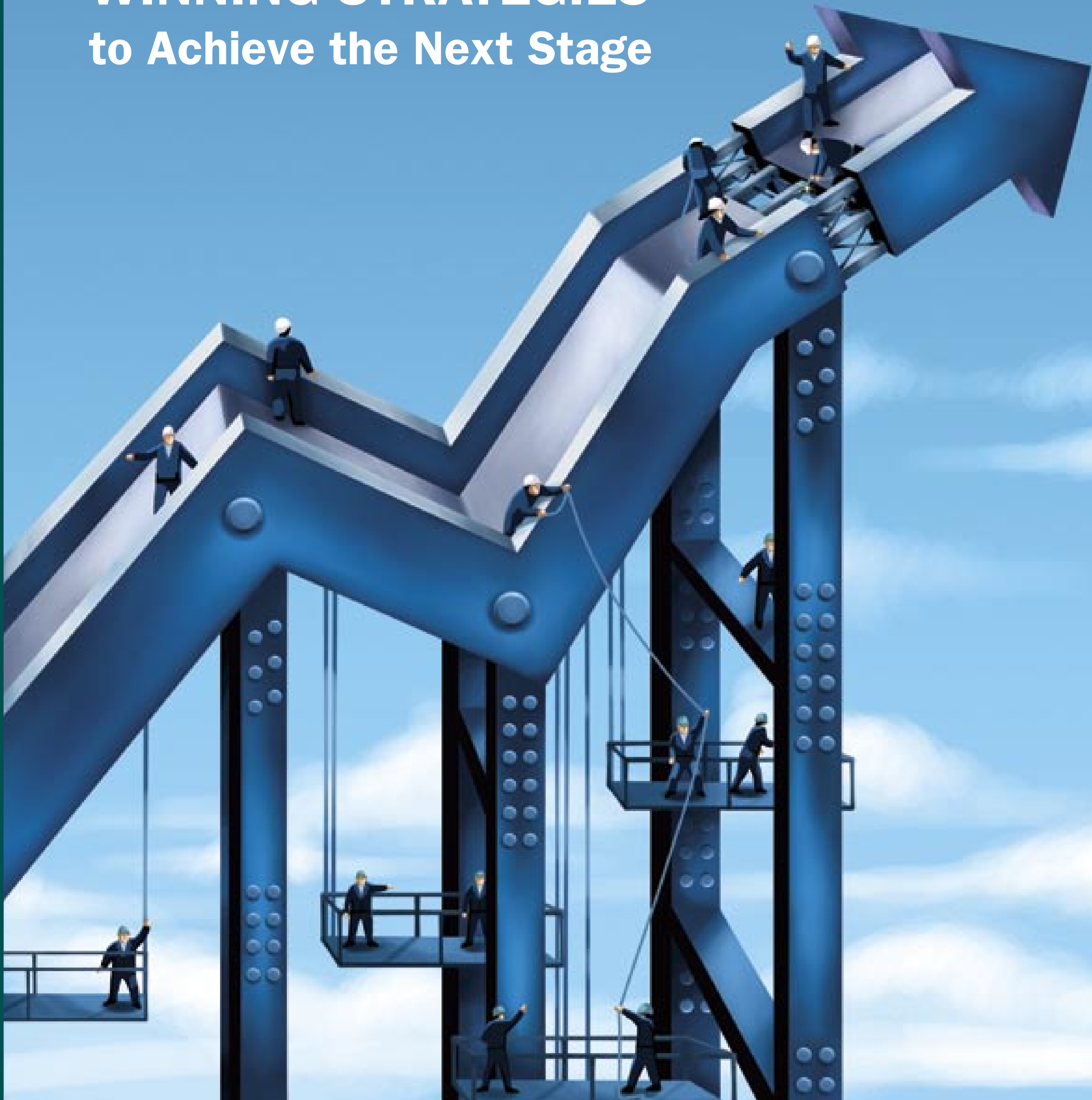
2005 **Annual Report**

ANTAM

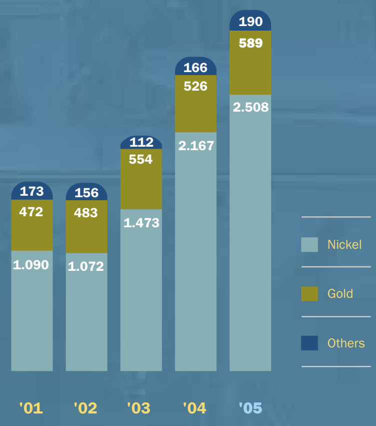
A SOLID BRIGHT FUTURE

WINNING STRATEGIES
to Achieve the Next Stage

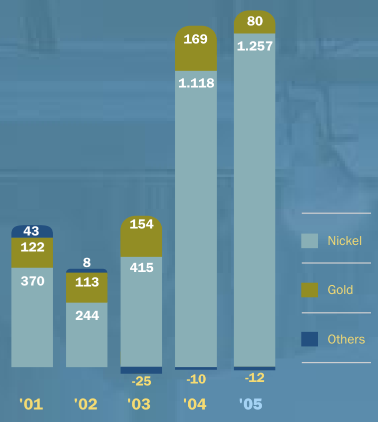


ASX:ATM • JSX:ANTM • SSX:ANTM

- **The strength of Antam's vertical operations and diversified product mix help deliver record profits of Rp842 billion despite some operational challenges.**

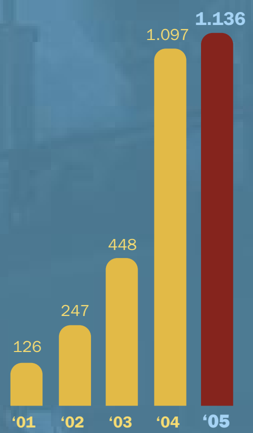


Revenue per Segment
(Billion Rupiah)

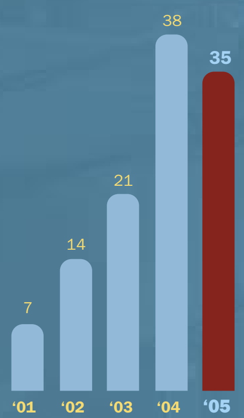


Operating Income per Segment
(Billion Rupiah)

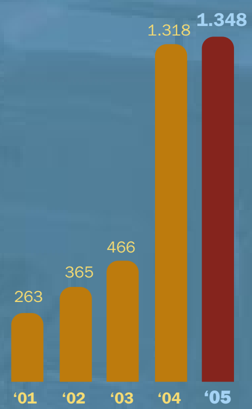
- **Antam's margins and returns continue to outperform the global mining industry.**



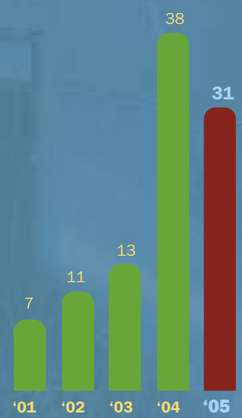
Operating Income
(Billion Rupiah)



Operating Margin (%)



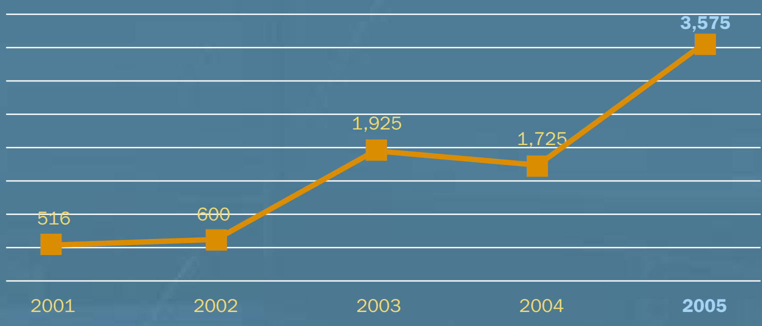
EBITDA
(Billion Rupiah)



Return on Equity (%)

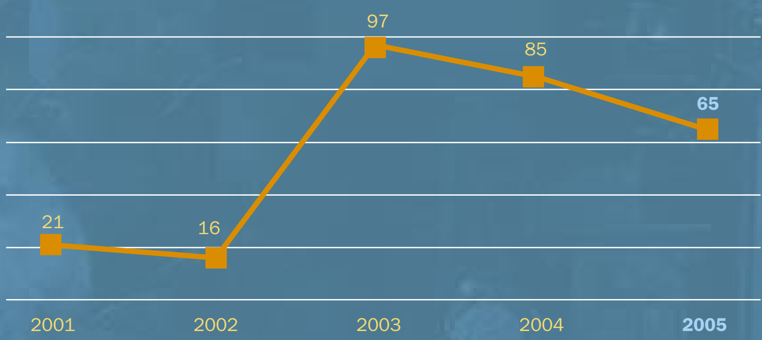
- **Significant progress made in building the best project pipeline in Indonesia as management continued to investigate and implement new opportunities and joint venture projects such as the Chemical Grade Alumina project.**

Share Price Performance (Rupiah per Share)



- **Antam delivers record shareholder returns as the shareprice increases 107% to Rp3,575, outpacing the JSX by 78%.**

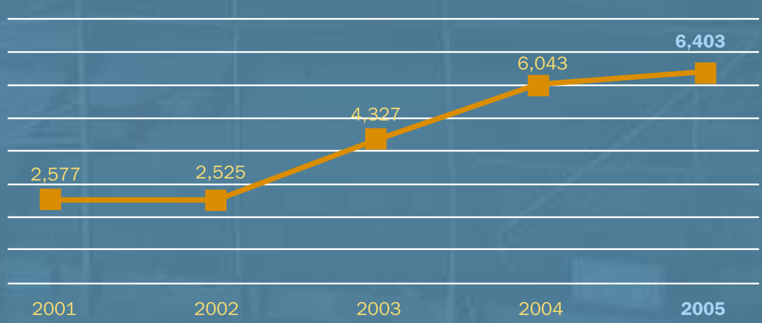
Debt* to Equity (%)



* Total Borrowings

- **Antam strengthens its balance sheet further by bringing net debt to equity to 40%, by buying back US$20 million dollars of Antam's bonds.**

Total Assets Growth (Billion Rupiah)



- **Antam's assets grow 6% as the construction of FeNi III smelter nears completion, ready to move into the commissioning phase and then boost revenues significantly in 2006.**

CORPORATE IDENTITY

NAME OF CORPORATION

PT ANTAM Tbk
Incorporated in Jakarta

FOUNDED

July 5, 1968

AUTHORIZED CAPITAL

Rp 3,800 billion

ISSUED AND FULLY PAID CAPITAL

Rp 953.8 billion

OWNERSHIP

Government of the Republic of Indonesia	65%
Public	35%

LINE OF BUSINESS

A leading Indonesian diversifled mining and minerals processing company, Antam's businesses are vertically intergrated from exploration and mining through to processing, marketing, and trading.

CONTACT US

PT ANTAM Tbk
Gedung Aneka Tambang
Jl. Letjen TB Simatupang NO.1, Lingkar Selatan, Tanjung Barat
Jakarta, 12530
Indonesia

Tel : (62-21) 789-1234, 781 2635
Fax : (62–21) 789-1224
E-mail : corsec@antam.com

For more information please view www.antam.com. Please contact us to join the e-mail distribution list Antam NewsAlerts.

*This report contains certain statements that may be considered "forward-looking statements", the Company's actual results, performance or achievements could differ materially from those projected in the forward-looking statements as a result, among other factors, of changes in general, national or regional economic and political conditions, changes in foreign exchange rates, changes in the prices and supply and demand on the commodity markets, changes in the size and nature of the Company's competition, changes in legislation or regulations and accounting principles, policies and guidelines and changes in the assumptions used in making such forward-looking statements.

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Vision 2010

To be a mining company of international standards with a competitive advantage in the global market.

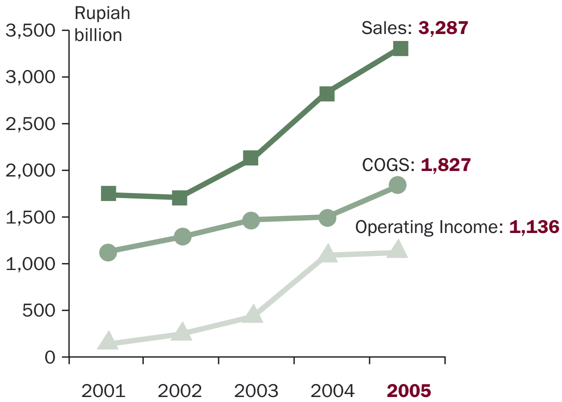
Mission

- To provide high quality products of nickel, gold and industrial minerals with the utmost concern for work safety and health as well as environmental conservation
- To operate in the most efficient manner (low cost operations)
- To maximize shareholder and stakeholder value
- To enhance employees' welfare
- To participate in efforts to improve the social welfare of communities in the vicinity of the mining areas

Production of high quality ferronickel at Antam's Pomalaa facility

Antam's New FeNi III Smelter

REVENUES TO INCREASE SIGNIFICANTLY IN 2006 ON THE BACK OF MUCH HIGHER NICKEL PRODUCTION



Antam Strengths:

- Strong return to shareholders with 28% ROE. Consistent high dividend pay out.
- Focused on nickel, gold and alumina. Diversified and vertically integrated
- The US$320 million FeNi III project will nearly triple nickel production in 2006.
- Growth driven: a strong project pipeline, as well as several joint ventures.
- Switching to natural gas to lower power costs.

FINANCIAL HIGHLIGHTS

1995-2005*

Billion Rupiah

Description	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2005/2004 (%)
Net Sales	374.71	358.56	449.55	1,021.91	966.15	1,566.15	1,735.22	1.711.40	2,138.81	2,858.54	**3,287.27**	15
Cost of Sales	219.86	234.02	252.28	450.75	547.73	860.28	1,122.93	1,280.48	1,471.91	1,497.70	**1,827.14**	22
Gross Profit	154.85	124.54	197.27	571.16	418.42	706.03	612.29	430.92	666.90	1,360.83	**1,460.13**	7
Earnings Before Interest, Tax, Depreciation and Amortization	136.05	123.34	149.24	386.54	392.47	661.63	262.81	364.96	466.18	1,317.77	**1,348.08**	2
Income from Operations	108.46	87.82	146.17	475.33	318.02	537.28	126.29	247.42	447.98	1,096.57	**1,135.80**	4
Interest Expense	60.62	50.54	30.93	54.56	29.04	25.42	19.00	13.20	16.73	2.20	**25.56**	1,061
Net Income	42.52	32.62	60.40	299.36	234.34	383.16	118.91	177.40	226.55	810.25	**841.94**	4
Outstanding Shares (in thousand)	100	100	1,230,769	1,230,769	1,230,769	1,230,769	1,230,769	1,907,692	1,907,692	1,907,692	**1,907,692**	0
Net Income per Share (full Rupiah)	-	-	49.07	243.23	190.40	311.31	96.61	92.99	118.76	424.73	**441.34**	4
Dividend per Share	-	-	22.59	103.87	73.19	155.66	48.31	34.42	38.60	148.65	**154.47**	4
Total Assets	660.24	723.24	1,600.79	1,976.84	2,055.25	2,516.34	2,577.32	2,525.03	4,326.85	6,042.64	**6,402.71**	(6)
Total Liabilities	376.09	418.43	473.86	589.85	598.01	757.00	890.63	843.86	2,543.33	3,600.18	**3,373.07**	(6)
Total Long Term Debt	302.55	306.95	244.44	367.03	251.61	236.88	171.86	80.90	1,664.64	2,072.45	**1,943.61**	(6)
Total Stockholder's Equity	284.15	304.82	1,123.25	1,376.35	1,447.65	1,750.31	1,680.48	1,675.48	1,783.51	2,442.47	**3,029.64**	24
Net Working Capital	-0.02	0.08	451.990	472.13	452.50	763.04	874.30	827.99	2,100.12	2,064.93	**1,308.11**	(37)
Return on Investment	23.18%	13.72%	10.96%	23.51%	19.94%	27.10%	5.70%	9.55%	11.17%	31.70%	**32.33%**	2
Return on Equity	15.99%	11.08%	8.46%	23.95%	16.60%	23.96%	6.93%	10.57%	13.10%	38.35%	**30.77%**	(20)
Return on Assets	6.43%	4.72%	5.20%	16.73%	11.62%	16.76%	4.67%	6.95%	6.61%	15.63%	**13.53%**	(13)
Current Ratio	99.98%	100.07%	278.09%	298.58%	254.96%	253.93%	292.69%	293.09%	568.03%	326.33%	**267.83%**	(18)
Total Liabilities to Equity	132.36%	137.27%	42.19%	42.86%	41.31%	43.25%	53.00%	50.37%	142.60%	147.40%	**111.34%**	(24)
Total Liabilities to Assets	59.52%	61.34%	32.62%	30.17%	29.10%	30.08%	34.56%	33.42%	58.78%	59.58%	**52.68%**	(12)
Gross Margin	41.32%	34.73%	43.88%	55.89%	43.31%	45.08%	35.29%	25.18%	31.18%	47.61%	**44.42%**	(7)
Operating Margin	28.95%	24.49%	32.51%	46.51%	32.92%	34.30%	7.28%	14.46%	20.95%	38.36%	**34.55%**	(10)
Net Margin	11.35%	9.10%	13.43%	29.29%	24.26%	24.46%	6.85%	10.37%	10.59%	28.34%	**25.61%**	(10)
Operating Cashflow	84.93	58.08	118.04	539.65	218.86	825.48	385.51	250.16	481.18	768.94	**790.65**	3
Capital Expenditure	37.82	62.10	189.49	398.61	142.57	98.82	90.11	103.30	635.99	1,364.36	**1,311.03**	(4)
Free Cashflow	47.10	(4.02)	(71.45)	141.04	76.29	726.66	295.41	146.86	(154.80)	(595.41)	**(520.37)**	(13)
Exchange Rate (Rp/US$)**	2,243	2,327	2,890	10,224	7,848	8,405	10,256	9,316	8,570	8,935	**9,712**	9
Gold Price (US$/t.oz)**	384.50	387.81	331.10	294.26	278.87	279.18	271.35	310.57	364.06	409.87	**446.14**	9
Nickel Price (US$/Lb)**	3.73	3.40	3.14	2.09	2.74	3.92	2.71	3.08	4.37	6.27	**6.45**	3

* Financial highlights for 2004 as restated

** Annual average of daily spot price

DIVERSIFIED PRODUCT MIX

Our diversified nickel, gold, silver, bauxite, exploration, precious metals refining and iron sands operations are spread throughout the mineral rich Indonesian archipelago. We have over thirty years experience running profitable operations. In 2005, our ferronickel and gold operations struggled due to an unplanned shutdown and geotechnical conditions, but these were offset by a stronger performance from bauxite and nickel ore. Our overall operational performance will be stronger in 2006.

PRODUCTION AND SALES

	Unit	2004	**2005**	2005/2004 (%)
Production Volume				
Ferronickel	metric ton Ni	7,945	**7,338**	(8)
Saprolite Nickel Ore	wmt	3,152,420	**3,408,252**	8
Gold	kg	3,715	**2,911**	(22)
	t.oz	119,437	**93,589**	(22)
Sales Volume				
Ferronickel	metric ton Ni	7,897	**6,988**	(12)
Saprolite Nickel Ore	wmt	2,546,339	**3,025,841**	19
Gold	kg	3,853	**3,639**	(6)
	t.oz	123,874	**116,994**	(6)

CASH COST, PRODUCTION COST AND AVERAGE SELLING PRICE

	Unit	2004	**2005**	2005/2004 (%)
Cash Cost				
Ferronickel	US$/lb	3.35	**3.91**	17
Saprolite Nickel Ore	US$/wmt	15.12	**14.80**	(2)
Gold	US$/t.oz	183.46	**252.94**	38
Production Cost				
Ferronickel	US$/lb	3.63	**4.30**	18
Saprolite Nickel Ore	US$/wmt	15.49	**19.77**	28
Gold	US$/t.oz	259.27	**336.35**	30
Average Selling Price				
Ferronickel	US$/lb	6.23	**6.45**	4
Saprolite Nickel Ore	US$/wmt	42.35	**44.64**	5
Gold	US$/t.oz	411.97	**446.14**	8

VERTICALLY INTEGRATED

One of our competitive advantages is the vertical integration of our operations. This allows us greater control over costs and production volumes. Together with a diversified portfolio of commodities, we are able to maintain a more stable earnings and costs performance, despite volatile commodity markets.

1 Exploration

One of our enduring competitive advantages is our vast high quality reserves. We budget about 2-3% of the previous year's revenues for our exploration division, Unit Geomin. A mining company is only as strong as the reserves it can extract and process.

2 Development

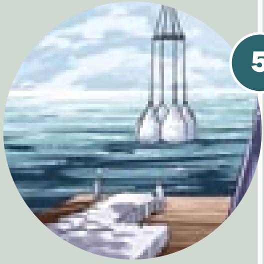
Once sufficient reserves are accurately estimated, we will then, either on our own, or together with international partners, make development plans, secure contractors, obtain approvals, and acquire the financing and technology, to develop the deposit into a profitable mine or processing facility.

3 Extraction

We then extract ore reserves in the most profitable, sustainable and responsible way, using open cast and underground mining techniques. With some of the lowest ore costs, we are increasing the outsourcing of ore extraction as we implement our winning strategy to generate most of our cash from the higher value added processing activities.

4 Processing and Refining

Although operating margins are tighter compared to selling ore, we make far more money per ton of ore from processing and refining. Adding as much value as possible to our vast high quality reserves is a key strategic focus.



5 Marketing

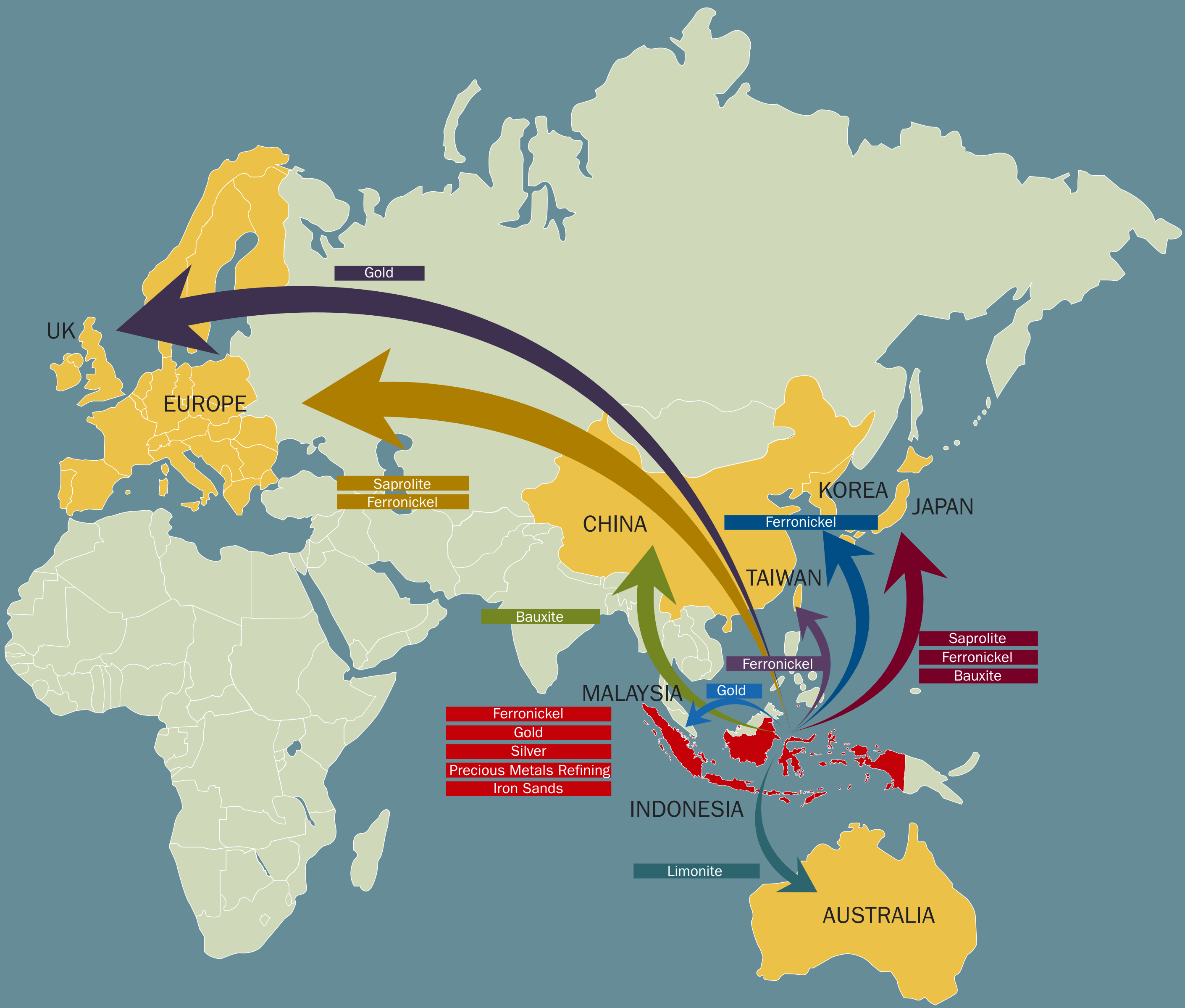
We export most of our production to North Asia, Europe and Australia, with most products shipped free on board and priced according to the international spot price. Another Antam strength, our customers are mostly long term and top quality firms.

6 Reclamation

Responsible environmental and community development practices have increasingly become key to a mining operation's success. We are ISO 14001 accredited for environmental management and strive to be a positive member of the community both during and after mining operations have ceased.

EXPORT ORIENTED

One of our achievements in 2005 was finding new nickel and bauxite customers even though most refineries were operating at full capacity. On time delivery of quality products that meet customer specifications are the reason we have long-term, loyal, high quality, international and domestic customers. Our marketing department ensures Antam's sales volumes are only limited by how much we can produce.



VAST RESERVES & RESOURCES

Antam's Unit Geomin discovered the gold deposits of our profitable Pongkor gold mine. For this reason, we have faith that if there are gold or other mineral resources on the company's huge licensed exploration areas spread throughout the archipelago, Unit Geomin will find them. Unit Geomin also conducts detailed drilling to further define Antam's known deposits of resources, which is why, as well as extraction, our estimated reserves fell in 2005. Once an ore body has been defined as a reserve, the quantity of ore that can be economically extracted is known and arrangements can be made to finance development. Our reserves, which exclude resources, are big enough to sustain many years of operation.

MINERAL RESOURCES AND ORE RESERVES*

Commodity	Ore Quantity ('000 wmt)		Change (%)	Production 2005 ('000 wmt)
	2004	**2005**		
Saprolite Nickel	113,190	**112,050**	(1)	3,200
Limonite Nickel	198,860	**175,450**	(12)	620
Gold	5,513	**4,550**	(17)	393
Bauxite	112,250	**85,400**	(24)	1,400
Iron Sands	2,650	**2,650**	0	-

*Based on the Competent Person's Report. Figures as per December 31,2005
(Does not include inferred resources).

PROVED AND PROBABLE RESERVES*

Commodity	Ore Quantity ('000 wmt)		Change (%)	Estimated Rate of Annual Production ('000 wmt)	Estimated Remaining Years With No Further Exploration**
	2004	**2005**			
Saprolite Nickel	33,370	**30,100**	(10)	3,500	9
Limonite Nickel	12,400	**18,450**	49	1,500	12
Gold	4,468	**3,220**	(28)	400	8
Bauxite	60,710	**33,900**	(44)	1,000	34
Iron Sands	2,650	**2,650**	0	500	5

*Based on the Competent Person's Report. Figures as per December 31,2005
(Does not include inferred resources).
**This is estimation and is not meant to suggest with certainty the mine life of Antam's operations, which may have longer or shorter duration.

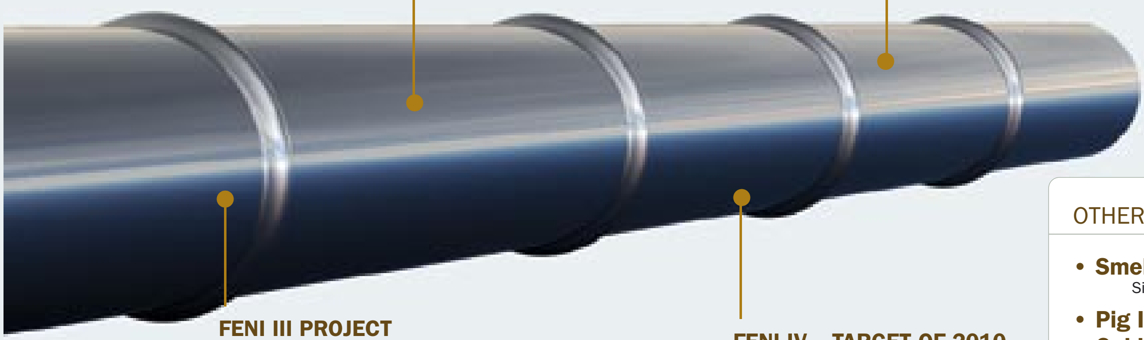
SOLID PROJECTS AND JOINT VENTURES

There's no question it is an exciting time to be operating and growing a mining company. We explored and investigated many interesting growth and investment opportunities in 2005, as well as made progress on advancing the projects in the pipeline. We will not make haphazard decisions however and will always aim to maintain a strong balance sheet and a minimum ROE of 15%.

"Antam has the best project pipeline in Indonesia"

TAYAN CHEMICAL GRADE ALUMINA TARGET OF 2009
- 300,000 tpa
- US$220 million project
- Completing JV Agreement in 1Q06

HPAL – TARGET OF 2010
- 50,000 tpa
- Cost of US$1 billion



FENI III PROJECT COMMERCIAL OPERATION IN MAY 2006
- 26,000 tpa
- US$320 million project
- Switch on in February 2006

FENI IV – TARGET OF 2010
- 30,000 tpa
- Cost of US$650 million
- MOU signed with POSCO

OTHER UPCOMING PROJECTS

- **Smelter Grade Alumina**
  Signed MoU with Chalco China
- **Pig Iron**
- **Gold Acquisitions**

	JV	Product	Antam %	JV Location
A	PT. Nusa Halmahera Minerals	Gold	17.5	Newcrest (ASX Listed)
B	PT. Cibaliung Sumberdaya	Gold	10.25	Austindo (ASX Listed)
C	PT. Sorikmas Mining	Gold	20	Oropa (ASX Listed)
D	PT. Gag Nikel	Nickel	25	BHP Billiton (LSE/ASX Listed)
E	PT. Weda Bay Nickel	Nickel	10	Weda Bay Minerals (TSE Listed)
F	PT. Dairi Prima Minerals	Lead/Zinc	20	Herald Resources (TSE Listed)
G	PT. Galuh Cempaka	Diamonds	20	BDI Mining Corp. (LSE/AIM Listed)

After several years of care and maintenance, except for PT Nusa Halmahera Minerals, which has been operational for several years, some of Antam's many joint ventures with international mining companies made noticeable progress in 2005 with several to start operations in the near future. Most of our joint ventures represent significant "blue sky" for the Antam valuation.

CREATING VALUE FOR SHAREHOLDERS

Antam's main objective is to enhance shareholder value while profitably expanding operations in a sustainable manner. It means we are building a bigger and better Antam that is larger, more-profitable, better balanced and more competitive on the international market. We will continue to make our decisions in consideration of what's best for Antam and its shareholders and return value by way of larger profits and cash dividends.

SHAREHOLDERS' SUM-UP 2005

VS. Peers (%)	
PT Timah	136
PT Inco	83
Inco Ltd	70
Falconbridge	20
BHP-B Ltd	32
Rio Tinto Plc	11
AngloAmerican	23
Harmony	28
Barrick Gold	69
Newcrest	41
Alumina Ltd	60
Freeport	12

VS. Indices (%)	
LQ45	78
JSE Composite	78
JSE Mining Index	67
ASX All Ordinaries	72
Dow Jones	106
TS Composite	62
NASDAQ	101
Hang Seng	96
S&P 500	98
DAX	63
FTSE	70
FTSE All Share Mine	19

VS. Commodities (%)	
Gold	72
Nickel	115

Price at end of the period on ASX:
AUD0.30/CDI

Price at end of the period on JSX:
Rp3,575

Shares in issue	1,907,691,950
Market Capitalization	Rp6,820 billion (US$694m)
Price Range	Rp1,730 – Rp3,625
Average Price	Rp2,394
Trading Volume	1.57 billion
Average Daily Volume	6,442,560

Major Shareholder:
Government of Indonesia (65%)

Substantial Shareholder:
Oppenheimer Funds, Inc. USA (9.87%)

Dividend Payment Date:
30 June, 2005

Dividend Amount (from 2004 Net Income):
Rp148.08/ per share
AUD0.0991 per CDI

- **"Antam's dividend policy is to pay a minimum 30% and a maximum 50% of net income each year and has averaged 41% since the IPO"**

- **"Antam generated top shareholder returns in 2005 as the share price increased 107%"**

PT ANTAM

Recommendation:
CONTACT US

Creating Winning Strategies

April 2006

Bloomberg: ANTM IJ
Reuters: ANTM.JK
Stock Price as of April 19, 2006: Rp 5,700

Market Cap Rp10.8 trillion
Market Cap US$ 1.2 billion

Year end 31 December	2003	2004	2005
Net Income (Rp bn)	226	810	842
EPS	119	425	441
EPS Growth	N/A	257	4
DPS	38.60	148.08	N/A
Yield	2	9	N/A
ROE	13	38	31
ROA	7	16	13
ROI	11	32	32

Financial data

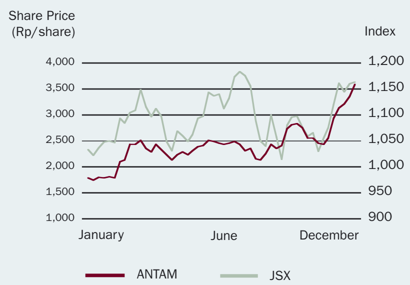
Rp Billion	2003	2004	2005
Total Assets	4,327	6,043	6,403
Total Long Term Debt	1,665	2,072	1,944
Revenue	2,139	2,858	3,287
EBITDA	466	1,318	1,348

Ratio summary

	2003	2004	2005
EBITDA/Financial Charges	Net cash	0.06	0.93
Net debt/EBITDA	93.20	8.29	8.53
Long Term Debt/Equity	93.00	85.00	64.00
Long Term Debt/Assets	38.00	34.00	30.00

Source: Antam

Shareprice performance vs JSX in 2005



Source: Bloomberg

INVESTOR RELATIONS CONTACTS:

Cameron Tough **cameron@antam.com**
Eko Endriawan **eko.endriawan@antam.com**
Fajar Triadi **ftriadi@antam.com**

Moving to the next stage

CASH GENERATORS

- Antam is a vertically integrated, diversified Indonesian mining and metals company, which is listed in Indonesia and Australia.
- The company has been in operation for nearly 4 profitable decades, with nickel and gold as the main sources of cash followed by bauxite and precious metals refinery services.
- With the successful commercial operation of FeNi III, ferronickel will become the largest revenue earner, followed by nickel ore, gold (including silver and refinery services) and bauxite. FeNi III has moved Antam to the next level of nickel companies.

STRATEGY

- One of Antam's long term enduring competitive advantages is its vast, high quality mineral reserves. PT Antam's strategy is to profitably and sustainably develop these reserves, which form the core of Antam's business, of nickel, gold and bauxite (alumina), while maintaining financial strength.
- Antam is intent on robust organic expansion, in combination with strategic joint ventures and right-fit acquisitions. The company wants to move away from raw material exports and into processing its raw materials to add value.
- The company's main challenge is to lower production costs, especially of ferronickel. This should be met by the conversion in mid-2008 from diesel-fuelled power generation to natural gas and in the short term through labour force restructuring.

OUTLOOK

- We expect historically high nickel prices in combination with a substantial volume increase to drive higher earnings at PT Antam in 2006.
- The company's management is hungrier to grow profits and volumes than in the past and is positioning Antam to benefit from the return of positive sentiment to Indonesia and the stronger commodities market.
- PT Antam has one of the most attractive project pipelines in Indonesia, with the US$220m Tayan Chemical Grade Alumina project (2009), the US$650m FeNi IV ferronickel expansion (2010) and the US$1bn HPAL limonite nickel project (2010). Other project ideas include a smelter grade alumina project and a pig iron project.
- The balance sheet of PT Antam is getting stronger, with cash flows used to pay down debt as well as maintain the high dividend payout ratio.

ACTION AND RECOMMENDATION

- We maintain our CONTACT US recommendation for those holding or covering PT Antam's stocks and bonds, or those thinking of doing so.

Please refer to our webpage (WWW.ANTAM.COM) for more detailed information and to subsribe to our e-newsletter, Antam Newsalerts.

CURRENT OPERATIONS AND FUTURE PROSPECTS

Head Office

Assets **Rp 1,094 billion**
Sales **N/A**
Employees **454**

Gold and Refining

Assets **Rp 655 billion**
Sales **Rp 589 billion**
Employees **776**

Bauxite and Iron Sands

Assets **Rp 105 billion**
Sales **Rp 190 billion**
Employees **264**

Nickel and Refining

Assets **Rp 4,549 billion**
Sales **Rp 2,508 billion**
Employees **1,715**

ACTIVE EXPLORATION AND DEVELOPMENT

	Prospect	Location
A	Bauxite	Tayan
B	Nickel	Bahubulu, Tapunopaka, Mandiodo
C	Nickel	Maniang
D	Nickel	Buli
E	Gold	G. Patah-Tiga
F	Gold	Seblat
G	Gold	Flores

OPERATIONS

	Type	Location
1	Bauxite Mine	Kijang
2	Gold Factory	Cikotok
3	Gold Mine	Cikidang
4	Iron Sands Mine	Kutoarjo
5	Iron Sands Mine	Lumajang
6	Precious Metal Refinery	Jakarta
7	Gold Mine and Factory	Pongkor
8	Nickel Mine and Smelters	Pomalaa
9	Nickel Mines	Tanjung Buli, Mornopo

Head Office and Geology Unit
Gold
Nickel
Iron Sands
Bauxite

OUR LETTERS TO YOU

LETTER FROM THE BOARD OF COMMISSIONERS

Ir. Wisnu Askari Marantika President Commissioner

“In relation to the Board of Directors’ performance in 2005, in general we can say the management has performed its duties well as indicated in the increase of the 2005 net profit by 4% compared to 2004.”

Dear Shareholder,

In 2005, we, Antam's Board of Commissioners performed the duties of supervising and advising the Board of Directors as regards the managing of the company. We have established five committees to help our duties on the aspects of Audit, Risk Management, Good Corporate Governance, Environment and Mine Closure as well as Nomination, Remuneration and Human Resources Development. Due to the paradigm shifts in operating a mine as well as heightened concerns with environmental management, we have broadened the task of the Mine Closure Committee to include environmental aspects.

The Board of Commissioners pushed hard to optimize the Internal Audit as the partner of the Audit Committee, in accordance with the corporate governance assessment by Standard & Poors. We suggest the use of an independent consultant to evaluate the methodology and competence of the human resources within the Internal Audit department. As well, we also suggest identifying which potential risk factors need to be mitigated and make these factors the foundation of starting Enterprise Risk Management (ERM).

To do our supervisory role, we prioritized the main concerns of the shareholders as stipulated in the Annual General Meeting of Shareholders held May 30, 2005. These were organizational restructuring to support future growth, finalization of the Tayan Alumina project, and the implementation of the early retirement plan inline with the closure of the Gebe and Cilacap mines.

In relation to the Board of Directors' performance in 2005, in general we can say the management has performed its duties well as indicated in the increase of the 2005 net profit by 4% compared to 2004. The achievement was made after management professionally handled the technical problems occurring during the overhaul and refurbishment of the FeNi II smelter, which was done to increase shareholders' value.

We hope the management will continue to improve its performance by improving the internal and external processes so the company's growth and competitiveness are maintained. As well, the company must anticipate changing commodity prices, increased fuel prices as well as the growth and strategy of other international commodity producers.

In 2005, Antam maintained its strategy to focus on its core commodities, which means the profitable mining, processing and selling of nickel, gold and bauxite; and to maximize the value of its deposits by moving to more processing and refining activities. We approve these strategies to draw on all of the company's strengths and to maintain long-term profitability.

We proactively followed the development of the joint venture agreement for the Tayan Alumina project, the repairs and modernization of the FeNi II smelter, the development of the FeNi III smelter and pushed management to advance other development projects, mainly the development of Antam's vast low grade nickel resources. The development of the bauxite deposit at Tayan, West Kalimantan, to produce chemical grade alumina will advance further with the signing of the joint venture agreement with investors in early 2006. The company may also build a smelter grade alumina plant to develop the bauxite deposits at West Kalimantan and Kijang.

We appreciate the management's efforts regarding Antam's future growth. Those efforts include: implementation of a new job description and organizational structure, the development and improvement of the quality of the company's human resources with recruitment acceleration programs of the best graduates from renowned universities and the implementation of work force rationalization programs at Pomalaa, Pongkor and Cikotok to improve productivity.

Trials of the Performance Management System and the Performance Indicator Management Systems are underway and hopefully can be implemented in the short term. The company has also started the calculation of the labor productivity of individual workers at Pomalaa and Pongkor, to be followed by other units. With the implementation of these two systems, we hope there will be improvement of the employees' quality and productivity, in accordance with company targets. To increase the employees' productivity inline with increased financial performance, the company has given an annual bonus of seven times monthly base salary in 2005.

Also related to the future growth of the company, the Board of Directors improved the technology and information system, by moving the system installed at the now-closed Gebe nickel mine to the Kijang bauxite mine.

Up until the end of 2005, the construction on the FeNi III smelter ran quite well, according to the schedule and budget and hopefully it can start production in the first quarter of 2006.

Another concern, under our supervision, is the increasing trend of production costs. We feel such increases are largely due to macro economic factors, such as high international oil prices, although we recognize that operational inefficiencies and higher salaries have also contributed to higher costs.

Inline with increased fuel prices, we asked management to explore the possibility of using other energy sources such as natural gas or hydro. The cost reduction program continued in 2005, but it still requires a more accurate and coordinated approach. In 2005, Antam's CRP program was able to save Rp8 billion compared to Rp8 billion in 2004 and Rp40 billion in 2003.

Antam's 2005 Budget and Work Plan is the basis for our supervisory role of the company. We agreed with transfer of the Cikotok gold mining operation to Antam's subsidiary, PT Antam Resourcindo, due to uneconomic gold deposits. We also agreed to the transfer of some of the company's assets at the former Gebe nickel mine to the local government.

Work safety and health as well as environmental management were also our concerns. The committee conducted several activities in 2005, including a review of the environment and mine closure plan and its implementation at Gebe nickel mine, an evaluation of the company's environmental management and mine closure policies, and supervision of the company's compliance to regulations pertaining to environment and mine closure.

Antam also continued its strategy to maintain its financial strength by using its operating cash to lower its long term debt.

It is with great pleasure that we note Antam's 2005 financial performance was the best of the company's 37 year history. We realize the main cause was higher commodity prices. The performance was also due to management's accurate and professional way of handling the unscheduled shut down of the FeNi II smelter. However, we reminded management to be aware of risks which may cause disruptions to the company's operations. This can be solved by further developing a work culture that values efficiency, as well as continuing to value growth.

We realize as the Board of Commissioners it is our duty to ensure the consistent implementation of good corporate governance, which is a foundation of the company's operations. To assist us, our five Commissioner-level committees conducted regular meetings with their working counterparts based on their committee charters which are reviewed annually. On December 1, 2005, the Board of Commissioners agreed to certain changes to these charters as well as to the Charters of the Board of Commissioners and Board of Directors.

Regarding the implementation of good corporate governance practices, the Board of Commissioners has implemented the early stages of key performance indicators (KPI) for the Board of Directors. There are KPIs for each Director as well as for the Board of Directors as a whole. We have set the KPIs because we feel it is important to motivate and incentivize each Director to improve their individual and collective performance. We hope there will be a clear commitment from the management to fulfill the targets which have been set at the Annual General Meeting of Shareholders and the 2005 Budget and Work Plan, which is part of the company's Strategic Long Term Planning.

On this occasion, we would also like to deliver our appreciation to the continuous efforts from the management, who were able to invite and convince foreign investors in times of non-conducive investment sentiment in Indonesia, especially in the mining industry.

Finally, we feel very proud and extend our gratitude for the spirit of cooperation from all of the company's stakeholders, such that all difficulties, no matter how cumbersome, can be dealt with and solved.

1) Ir. Wisnu Askari Marantika, President Commissioner

2) Ir. Suryo Suryantoro, M.Sc., Commissioner

3) Ir. Supriatna Suhala, M.Sc, Commissioner

4) Ir. Yap Tjay Soen, MBA, Independent Commissioner

5) Prof. Dr. Ir. Irwandy Arif, M.Sc., Independent Commissioner

From left to right :

Ir. Suryo Suryantoro, M.sc.

Ir. Yap Tjay Soen, MBA

Ir. Wisnu Askari Marantika

Prof. Dr. Ir. Irwandy Arif, M.Sc

Ir. Supriatna Suhala, M.Sc.

Ir. Wisnu Askari Marantika President Commissioner

Joined Antam in 2004. Graduated with a degree in Electrical Engineering, Bandung Institute of Technology in 1976. Previously held various key positions at PT Telkom Tbk such as Engineering Director (1992-1995), Technology & Planning Director (1995-1996), Senior Staff of President Director (1996-1997), and Senior Advisor to Board of Commissioner (2003-2004). He had executive positions in various companies such as President Director of PT Elektrindo Nusantara (1997-2000), President Commissioner of PT Komselindo (1998-1999), President Commissioner of PT Indosat Tbk (2000-2002). He is Vice President Commissioner of PT Infoasia Teknologi Global Tbk, President Director of PT Infoasia Sukses Mandiri, Commissioner of PT Infokom Elektrindo and has been President Commissioner of Antam since 2004.

Ir. Suryo Suryantoro, M.Sc. Commissioner

Joined Antam as a Commissioner in 1999. Graduated with a degree in Mining Exploration, Bandung Institute of Technology in 1974, and received a Master of Science degree in Mineral Exploration from School of Geology, University of New South Wales in 1984. Held various key positions at the Department of Energy and Mineral Resources such as Secretary at the Department General of Geology and Mineral Resources, Director General of Geology and Mineral Resources, Coordinator of Senior Advisors to the Minister of Energy and Mineral Resources. Currently Head of Education and Training Agency for Energy and Mineral Resources.

Ir. Supriatna Suhala, M.Sc. Commissioner

Joined Antam as a Commissioner in 1999. Graduated with a degree in Mining Engineering, Bandung Institute of Technology in 1975, and received a Master of Science degree from School of Mines, The University of New South Wales in 1986. Held various key positions at the Department of Energy and Mineral Resources such as Head of Mineral Technology Research and Development Centre (1995-1997), Director of Mining Engineering at the general Mining Directorate General (1998-1999), Head of Foreign Coordination Bureau (1999-2001), Inspector at the Inspectorate General (2001-2003), Head of Research and Development for Energy and Electricity (2004-2005). Currently Head of General Bureau of the Department of Energy and Mineral Resources.

Ir. Yap Tjay Soen, MBA
Independent Commissioner

Joined Antam in 2002. Graduated with a degree in Engineering, McGill University, Canada, in 1976, and received a Master in Business Administration in 1980. Held various positions at Citibank Indonesia (1980-1988), Director at PT Toyota Astra Motor (1989-1992), President Director of PT Astra Sedaya Finance (1992-1993), Chief Executive Officer of PT Astra International Auto 2000 Group and affiliated companies (1993-1998), Chief Operating Officer of Asia Food & Properties, Singapore (1998-1999), and Deputy President Director (Finance, Accounting and Investor Relations) at PT Bank International Indonesia Tbk (1999-2001), Independent Commissioner of PT Bank BNI Tbk (2004-2005). Since 1992 President Director of PT Tuban Petro Chemical Industries, Independent Commissioner of PT Bank Mandiri Tbk since 2005. Independent Commissioner of Antam since 2002.

Prof. Dr. Ir. Irwandy Arif, M.Sc.
Independent Commissioner

Joined Antam in 2004. Graduated with a degree in Mining Engineering, Bandung Institute of Technology in 1976, and received a Master of Science from Industrial Engineering Department, Bandung Institute of Technology in in 1983, Mine Engineer Expert (1987), Diplome d'Etude Approfondie (1988) and Doctor (1991) from Ecole des Mines de Nancy, France. A professor of Mining Engineering at Bandung Institute of Technology in 2003. Held various key positions at Bandung Institute of Technology such as Head of Mining Planning Laboratory (since 1992), Chairman of the Mining Engineering Department (1995-1998). Vice to the Dean of Academics, Faculty of Mineral Technology and Geological Science (1998-2002), Secretary of Internal Control Unit (2002-2003), Head of Internal Control Unit (2003-2004), Dean of the Faculty of Mineral Technology and Geological Science (2004-2005). Chairman of the Council Commission of the Academic Senate (since 2005). Independent Commissioner of Antam since 2004.

LETTER FROM THE PRESIDENT DIRECTOR

Ir. Dedi Aditya Sumanagara President Director

Joined Antam in 1975. Graduated with a degree in Mining (Exploration) Engineering, Bandung Institute of Technology in 1974. Held various key positions at the Company for 13 years before becoming General Manager of the Company's Geomin Unit (1988-1992), General Manager of the Company's Gebe Nickel Mining Unit (1992-1994) and Director of Development of the Company (1994-1997). President Director of Antam since 1997.

My Challenge:

"I think my personal challenge in 2005 is how we restructure the existing system. The biggest challenge is how we can change the behavior, paradigm and attitude from a bureaucratic state-owned company into a corporation that is professional, business oriented and strives to increase shareholder value."

My Achievement:

"I think my greatest achievement in 2005 would be the ability of the company to continue to give high returns to shareholders. In 2005, our net profit was the highest ever. With the current project portfolio, I believe that we will be able to continue to give an optimal level of returns to shareholders."

Dear Fellow Shareholders,

The year 2005 can be summed up as one where, despite some operational challenges, we managed to generate record profits due to a good product mix and favourable market conditions. We spent a good deal of our time worrying and trying to combat rising production costs, due in particular to higher fuel prices. We also spent a good deal of time creating and implementing winning strategies to capitalize on the growth opportunities created by strong commodity markets and the renewed interest of investors in Indonesia. I have been the President Director since 1997, while the rest of the skilled and qualified Board of Directors were appointed in 2003. This “next generation” of board members help make up a Board that is hungrier for growth and profits than it has been before. Implementing these winning strategies, as evidenced by the construction of FeNi III smelter and power plant, which will add 15,000 tonnes of nickel capacity, is taking Antam to the next level. In short, in 2005, we moved ahead in making your company a bigger and better competitor in international mining.

A Year of Good Performance and Building Shareholder Value

I am pleased to report that Antam had a great 2005, as we delivered another record-breaking performance, demonstrated by these key financial and operating figures:

- Net income increased 4% to Rp842 billion or US$87 million, and EPS rose 4% to Rp441.34, a new company record.
- Total net sales increased 15% to Rp3,287 billion or US$338 million, as we benefited from higher commodity prices.
- Bauxite and high grade nickel ore sales volumes increased by 22% and 19%.
- The capital expenditures neared completion on the US$320 million, 31 month, FeNi III nickel expansion project, which will add 15,000 tonnes of nickel capacity in 2006.

The performance reflects the strength of our company’s foundations, which are vast high quality reserves and resources throughout Indonesia, a diversified portfolio of commodities and vertically-integrated operations. This is true as we were able to increase the sales volumes of our other products in order to offset lower production of ferronickel, due to an unplanned shut down of one of our smelters in March following extensive repairs, and of gold, due to lower than expected grades and softer tunnel walls, that required extra reinforcement.

We generate our solid cash flows and good returns through the discovery, development, extraction, processing, marketing and exporting of our nickel, gold and bauxite reserves, located throughout Indonesia. We operate by ourselves, but have minority interests in several projects with world-class companies and our growth has been organic, but we are looking towards making acquisitions.

All divisions of our company performed well in 2005 except for ferronickel and gold, two of our main cash generators, which had an operationally tough year. Yet, by increasing the sales volumes of our bauxite and nickel ore, and in the case of nickel ore, momentarily moving back up the integrated production chain to sell more of the raw material, we were able to offset the lower volumes and deliver higher profits. I have always maintained that in times of trouble, we can always rely on our high margin nickel ore business to maintain strong cash flows and 2005 proved me right. However, strategically we are moving away from the export of raw materials and towards processing these raw materials ourselves, due to the significant added value that processing brings.

I should mention that even with increasing our bauxite and nickel ore sales, had market conditions not created commodity prices as strong as they were in 2005, our net profits would have decreased. In 2005, the average price we charged increased 3.5% for ferronickel, 5.4% for high grade nickel ore and 8.3% for gold, all based on international spot prices.

I'd like to explain how the FeNi II unplanned shutdown occurred, as it concerns an unusual event with our operations, which are the only aspects of our business we can control (as opposed to currency movements and commodity prices). The one month commissioning of the newly refurbished smelter was just about to end at the end of March, after we switched on the smelter in February following a five 5 month full overhaul. However, due to abnormal metal levels and excessively hot temperatures we were forced to shut down FeNi II and conduct repairs that would last until commercial operations resumed in October. An analysis indicated there was damage to the refractory bricks at the bottom of the furnace due to the overheating caused by the incorrect implementation of ramp-up procedures.

We have conducted several successful full overhauls of our ferronickel smelters in the past, which are required every eight to ten years. However, as the refurbishment included the installation of a new, more advanced type of cooling system for the furnace sidewalls, the commissioning was performed under the supervision of the technical advisor on the project. FeNi II is now back running normally as evidenced by the strong fourth quarter production, which slightly exceeded capacity.

Our major operational challenge continues to be rising production costs, especially for ferronickel. Due mostly to higher fuel prices following the removal of government subsidies, cost increases were also due to lower production, higher labour costs and higher mining services charges. Our ferronickel cash cost increased 17% to US$3.92 per pound. This places us at the high end of the nickel industry cost curve, which is unacceptable and we aim to become a low cost producer again. However, the pace of cost increase is similar to the average for the industry, which is estimated to have increased 18% to US$3.12 per pound. As for gold, Antam's cash cost increased to a greater degree, by 36%, but the cash cost of US$249.91 per ounce was lower than the industry average of US$275 per ounce.

Our strong financial performance allowed us to pay for all of our non-FeNi III capital expenditures, while simultaneously strengthening our balance sheet. Our cash holdings dropped to Rp721 billion as we withdrew the debt funds raised in 2003 to pay for the FeNi III expansion. Yet our operating cash paid for other capital expenditures and the repayment of US$20 million of long term debt, lowering our total debt as a percentage of equity to 65%. I am delighted we were in a position to purchase and cancel our bonds earlier than expected. This is evidence of our commitment to maintaining a strong financial position.

We focussed on continuous improvement of our human resources, the company's most important asset. We recruited top graduates from the best universities, who will join our fast track career and management development programs. We also began to implement a performance-based reward system using Balance Score Cards and Key Performance Indicators.

We realize increased compentencies and skills of our employees will result in higher productivity and performance. We also established a Learning Centre to better coordinate our education and training programs.

We continued to make good progress towards creating shareholder value by building a bigger and better company, which is more profitable, more pro-active and productive, and more future-oriented. We continued to develop sustainable operations, form strategic joint ventures with international partners, and explore interesting investment opportunities, which have become more prevalent due to the strong commodity market and as the conditions and sentiment improved in Indonesia.

How We See Things - The Opportunities and the Risks

International commodity markets are very strong at the moment and will likely maintain their historically strong level, although perhaps declining in the years ahead. According to metals consultants Brookhunt, from 2006 until 2010 the price is expected to average US$5.52 per pound. Nickel is supported by lower inventories, the prospect of a weaker US dollar and the continuing growth of global industrial production. Global industrial production is expected to remain above 5% through to 2009. As well, the investment sentiment towards Indonesia has improved considerably due to more political and economic stability and better governance.

The above factors have created numerous opportunities for a multi-commodity, resource-rich company such as Antam. This is confirmed by the activities of our joint ventures partners, which are now advancing their projects, after several years on care and maintenance.

Examples of new opportunities that presented themselves to your Board were the potential sale by the government of a 9.36% in PT Freeport Indonesia, the possibility of the government creating a mining sector holding company called the Indonesian Resource Company, the chance to jointly develop our Kijang bauxite operation into a smelter grade alumina operation, the potential to develop pig iron from our overburden, or waste rock, the possible acquisition of a promising gold project in Sumatra, the chance to increase our interest in some of the more promising joint venture projects and many, many more worthwhile and useful opportunities to investigate.

At the same time, on the risk side, production costs are going up and there is the risk that costs, such as fuel or labour, will continue to rise. As well, there is the risk of commodity prices falling in the years ahead. Therefore, if we don't get our production costs down, especially for ferronickel, we will be in for some difficult years, especially in 2010, when nickel prices are expected to significantly drop. It's also strategically important, as being a low cost producer was an enduring competitive advantage of the company and we hope to regain that position.

There is also the risk that we will miss the opportunity to take advantage of the current favourable conditions. On the other hand, there is the risk we get caught up in the excitement of the hot commodities markets and make haphazard decisions. We have to be growth-oriented, yet balanced, creating winning strategies by carefully weighing the potential risks with the potential rewards.

Our Winning Strategies to Create Shareholder Value

Last year I reported our main objective was to enhance shareholder value while profitably expanding operations in a sustainable manner. This remains our prime objective and it means we are building a bigger and better Antam that is larger, more-profitable, better balanced and more competitive on the international market. In consideration of the opportunities and risks outlined above, the winning strategies we have to achieve this are as simple as they are effective.

1. Focus on our core business.

We ask ourselves, "how can we generate the most value from our reserves?" We build on our existing strengths to ensure long term profitability. By maximizing output we increase cash generation and lower unit costs.

2. Create sustainable growth.

We sustain growth through reliable expansion projects, strategic alliances, acquisitions, increasing quality reserves and adding value by moving away from selling raw materials and increasing processing activities.

3. Maintain Financial Strength.

By generating as much cash as possible we ensure we have the funds to repay our debts, finance our continued growth and pay dividends.

These strategies will form the core of how Antam will create shareholder value in the years ahead. However, besides implementing the above strategies, due to the dynamic market conditions in 2005, your Board was active in assessing several interesting mining investment opportunities and creating new winning strategies that will make Antam a bigger and better company. For example, it is in this context that we considered the investment in PT Freeport Indonesia, the smelter grade alumina project at Kijang and numerous ideas to lower power costs.

Future Outlook

Production, Sales and Markets

For 2006 and 2007, the big production increase will come from ferronickel. We expect 2006 consolidated net sales revenues will jump by 33- 50% to Rp4,500 to Rp5,000 billion due to a nearly three times increase of ferronickel production to 20,000 tonnes. In 2007, ferronickel production will rise to 24,000 tonnes. Gold sales are expected to fall to 2,360kg in 2006 due to more difficult mining conditions and lower grades, although we have re-designed the mine plan and we hope production levels will rise to 3,000kg in 2007. To compensate for lower gold production we hope to increase high grade nickel ore and bauxite sales, although we have kept the annual targets for 2006 at 3.1 million wet metric tonnes and 1.5 million wmt respectively.

In terms of markets, we hope to explore possibilities in China and to maintain the success of finding new nickel buyers in Eastern Europe. We will continue to serve our long term loyal customers in North Asia, Europe and Australia.

Investing Outside Indonesia

Investors will sometime enquire as to whether we plan to invest in, or acquire, mining projects outside of Indonesia. My answer is that we are not actively considering making major investments outside of Indonesia. I point out to them that according to a survey by the Fraser Institute, the mineral potential of Indonesia is ranked amongst the top of the world.

No one disputes the geological attractiveness of Indonesia and Antam has several long term exploration and mining permits, and vast high quality reserves and resources, spread throughout the archipelago. As well, I indicate to them the little known fact that the Indonesian mining industry outperforms the global mining industry in terms of growth and levels of profits margins and returns. According to the 2005 report by PricewaterhouseCoopers on trends in the Indonesian mining sector, the 2004 net profit margin of the Top 40 global mining companies was 15% compared to 19% in Indonesia. The 2004 return on equity was 19% globally compared to 27% in Indonesia. So we plan to operate and invest in Indonesia, as it is not only our home, but it is also a great place to run a profitable mining business. However, if an opportunity to invest outside of Indonesia presents itself, we will do so if it will create value for the company.

Costs

People often ask me what keeps me up at night, and I answer it is our rising cost profile. We simply must lower our production costs and we will. We have a plan which involves labour force restructuring and spending US$24 million to convert our power plant to a cheaper fuel source by 2008, creating an annual savings of US$22 million. For the long-term we are looking to hydropower, and finally incorporating cheaper leaching (High Pressure Acid Leaching) technology by 2010 to produce lower cost nickel from our vast low grade nickel ore reserves, which currently cannot be economically processed.

The HPAL project is strategically very important, and every major nickel player has an HPAL project in the pipeline. Although the capital costs of HPAL are exorbitant, the operating costs are inexpensive compared to the conventional, energy intensive, phyrometallurgical technology we and most other nickel producers currently employ. Once nickel produced by the upcoming HPAL projects begins to come to the market in about 2009, we see price forecasts begin to drop. Brookhunt has nickel prices dropping from US$5.18 per pound in 2009 to an average of US$3.20 per pound from 2010 to 2012. Unless oil prices drop by that time, we are going to need to be producing lower cost HPAL nickel in order to lower our consolidated cash cost, especially in 2011, when the price is expected to dip to US$2.90 per pound.

In 2006, I hope that with the commencement of FeNi III we will see cash costs come down to US$3.70 to US$3.80 per pound. For gold, cash costs will increase to US$314 per ounce as we make changes according to a revised mine plan, although costs should come down again in 2007. I fully expect we will continue to be a low cost producer of our other products.

Capital Expenditure and Financing

Antam's capital expenditures in 2006 will likely amount to Rp500 billion to Rp600 billion and include Rp143 billion for a portion of Antam's 49% equity in the Tayan Chemical Grade Alumina project, Rp143 billion for the remaining expenditure for FeNi III, Rp211 billion of routine capital expenditures as well as the cost of opening new mines and part of the cost of converting the power plant to natural gas.

We have a very impressive project pipeline, totaling approximately US$2 billion. However, the only project at a stage that will shortly require financing is the Tayan Chemical Grade Alumina project. Like we did for Tayan, once the feasibility studies have been completed, we can then accurately estimate cash flows and make financing arrangements. The debt in these projects will be financed with limited to no recourse to Antam.

Although conditions are currently favourable for an Indonesian corporate to come to the capital market, we will only do so once our projects are more developed, as it is not sensible and too expensive to pre-finance a mining project.

Upcoming Projects

I have often maintained we have one of the best project pipelines in Indonesia. The Tayan Chemical Grade Alumina project is the most advanced, will commence in 2009 and will add value to our vast bauxite reserves in West Kalimantan. Following after Tayan is our next nickel expansion, the US$650 million, 30,000 tpa FeNi IV ferronickel joint venture project. Simultaneously to, but slightly after, FeNi IV is the US$1 billion, 50,000 tpa High Press Acid Leaching (HPAL) project, for which we are in discussions with international partners and hope to see operational in 2010. All of these projects are expected to bring significant returns to Antam, add significant value to our reserves, maintain a diversified portfolio and with HPAL, help push nickel cash costs lower.

As I mentioned above, we also considered several other growth and investment opportunities and investments in 2005, such as the investment in PT Freeport, the formation of an Indonesian Resource Company, a gold acquisition opportunity, a pig iron project, a smelter grade alumina project, and numerous others.

Some might feel the array of projects we are considering is too haphazard, however, we are experts of mining and Indonesia and we would be remiss to not explore every opportunity to create shareholder value. We are not sitting back and enjoying the high commodity prices, as perhaps might be expected of an Indonesian state-owned mining company, and we are seeking ways to grow profitably and sustainably.

We remain fully committed to enhancing value for our shareholders. We are implementing winning strategies which build on our vast reserves and resources, on our diversified product mix, and on our vertically integrated operations and are moving Antam to the next level of diversified metals companies and the next stage of growth.

1) Dedi Aditya Sumanagara, President Director

2) Kurniadi Atmosasmito, Director of Finance

3) Alwin Syah Loebis, Director of Operations

4) Darma Ambiar, Director of Development

5) Syahrir Ika, Director of HR & General Affairs

Ir. Darma Ambiar, MM. Director of Development

Joined Antam in 1982. Graduated with a degree in Mine Metallurgy Engineering, Bandung Institute of Technology in 1981 and received Master's degree in Management from Prasetya Mulia. Held various key positions at the Company for 21 years before becoming the Head of Strategic Planning for Research of Mining Authority (2003). Director of Development since 2003.

My Challenge :

Completion of the FeNi III project. This, I believe, is the greatest peronal challenge in 2005. We are able to complete this strategic project without a significant glitch after a six year delay. This will be a valuable base to develop other projects so we can generate higher and faster returns.

My Achievement :

As well, I'm also proud with the development of other development projects we're pursuing. I've always asked myself how to develop our resources at an optimal level. The answer lies on the Tayan alumina project as well as the Smelter Grade Alumina, FeNi IV, HPAL and pig iron, which showed significant progress in 2005.

Kurniadi Atmosasmito, SE., MM. Director of Finance

Joined Antam in 1980. Graduated with degree in Management, from the Krisnadwipayana University in 1989 and received a Master's degree in Management, LPMI in 1998. Held various key positions at the Company for 22 years before becoming the Head of Internal Audit (2002-2003). Director of Finance of Antam since 2003.

My Challenge :

My personal challenge in 2005 would be how to minimize the impact from the volatility of commodity prices and exchange rates. As well as increased oil prices and higher labor costs which impact the production cost. Of course, as a price taker, we will not be able to elude such risks, but my challenge is to determine how the company can maintain its cash flow and meet its debt obligations.

My Achievement :

Our financial strategy to lower our debt through bond buybacks, which provided some significant savings and improved our financial structure.

Ir. Alwin Syah Loebis, MM. Director of Operations

Joined Antam in 1983. Graduated with a degree in Chemical Engineering, Bandung Institute of Technology in 1983 and received Master's degree in Management from Prasetya Mulia. Held various key positions at the Company for 20 years before becoming the Deputy Director of the Company's Nickel Unit (2003). Director of Operations since 2003.

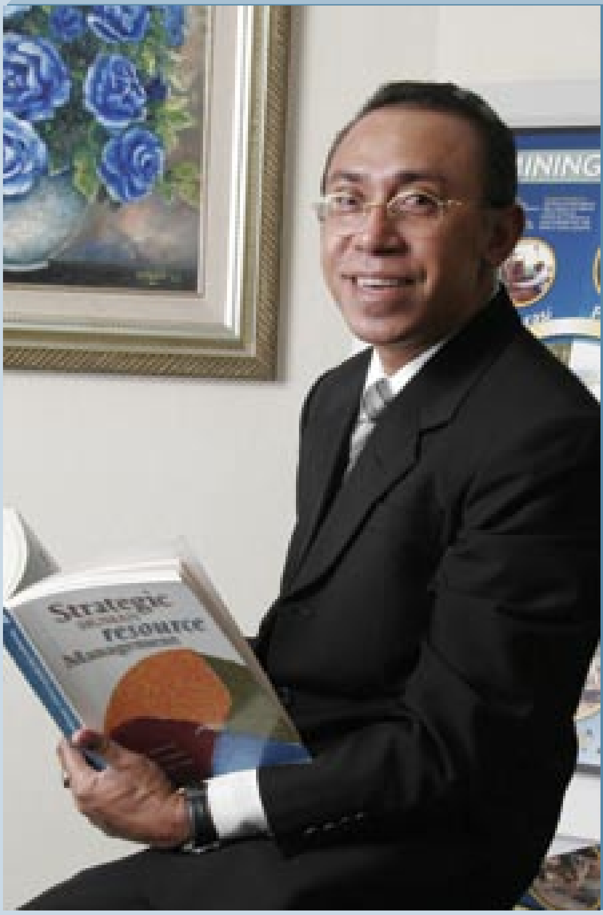
My Challenge:

Personally, my greatest challenge in 2005 was the production levels which did not perform well. Production of our main commodities has not improved as yet, although some commodities show signs of improvement. As well, we also focused on the increasing trend of production costs. The challenge in meeting this higher trend is crucial for us in the years ahead. As such, cost reduction and efficiency programs must be continuously implemented.

My Achievement :

Despite a lot of challenges, I think one achievement would be the successful operations of FeNi II smelter following repairs. As well, we were able to widen our customer base as well as increase the sales of nickel ore and bauxite.

Ir. Syahrir Ika, MM. Director of HR & General Affairs



Joined Antam in 1998. Graduated with a degree in Animal Husbandry, University of Nusa Cendana Kupang in 1983 and received Master's degree in Management from University of Trisakti, Jakarta in 1995. Held various key positions in the Ministry of Finance since 1985. Assistant of the Board of Commisioners of the Company (1998-2001) and member of the Company's Audit Committee since 2001. Director of General Affairs and Human Resources since 2003.

My Challenge :

Human resources issues have always been delicate to handle. Amongst the challenges I faced in 2005 include how to increase the workers' commitment to good corporate governance principles, create a harmonious work climate, hire the most competent people available, have an ideal employees' composition to increase productivity, increase employees' welfare, implementation of performance based management system, as well as to create harmonious industrial relations. As well, community development issues were an important challenge.

My Achievement :

Talking about achievements, I'm glad that the new organization structure and employees' rationalisation program worked out as planned. I'm also pleased knowing that the employees' welfare has increased, the performance based reward system for the BoD was implemented, and with the development of our human resources through the Learning Center.

OUR GOVERNANCE

ATTESTATION STATEMENT OF GOVERNANCE PRACTICES

ERNST & YOUNG

Jakarta, 7 April 2006

Board of Commissioners and Directors
PT. ANTAM TBK.

Dear Sirs,

We have assessed your corporate governance practices as of March 2006 with a particular focus on international leading practices and the Australian Stock Exchange Good Corporate Governance Principles.

Our Scope
The scope of our assignment was set out in our engagement letter and may be summarised as an independent assessment of Antam's good corporate governance (GCG) practices.

We have also reviewed the compliance of Antam's GCG practices against the ASX GCG Principles.

As part of the assignment, we have verified the accuracy of "Statement on the Status of Corporate Governance Practices" included in Antam's 2005 Annual Report. We conclude that the statement is in accordance with the results of the E&Y GCG assessment.

Conclusions
On the basis of our assessment, we conclude that Antam's practices for the above aspects are as follows:

Roles and Powers.
Antam's Articles of Association specify the functions as well as the duties and responsibilities of the Board of Directors and Commissioners. Antam has established a Board of Director Charter and Board of Commissioner Charter which describe the position of each member of the Board of Directors and Commissioners, and defines the limits of their management responsibilities.

Boards' Skills, Experience, Expertise and Access to the Required Experts.
As a group, Antam's boards have established the core skill sets they require. The Antam Board of Commissioners has also established five committees to support them in satisfying their roles and responsibilities.

Board Independence.
Three out of the five Antam commissioners are independent commissioners. The Boards need, however, to submit a statement of independence at least annually.

Environment, Social and Community Activities.
Antam has taken certain activities related to corporate social responsibility, such as community development, reclamation, rehabilitation and partnership. Antam needs to conduct an assessment of the CSR activities and provide a separate annual Corporate Social Responsibility Report.

Information Technology Governance.
Antam is in the process of finalizing its IT Standard Operating Procedures (SOP). Antam has not yet established a formal disaster recovery plan. We noted that monitoring of the IT function by internal audit is somewhat limited.

Transparency and Disclosures.
Antam needs to establish formal disclosure controls procedures. We also recommend that Antam adopt the concept of a Disclosure Committee as required by the Sarbanes-Oxley Act of the US SEC.

Risk Management Function.
Although certain risk management efforts have been made on a division/decentralized basis, we noted that Antam has not established a dedicated and centralized risk management function which manages the comprehensive risks at an enterprise level.

Internal Control Systems. Antam's CEO & CFO have certified the integrity and reasonableness of the company's financial report on an annual basis, which is supported by a formal attestation mechanism. We noted, however, that Antam has not established a process to perform appropriate assessment of design effectiveness and operating effectiveness of internal controls related to the financial reporting objectives.

Communication Strategy.
Antam treats all the shareholders equitably and ensures that the rights of all investors, including minority and foreign shareholders, are protected.

Performance Monitoring.
The Commissioners are in the process of establishing and implementing new key performance indicators for individual directors and for directors as a board.

Code of Conduct.
Antam has established an ethics policy and Code of Conduct. However, we noted that Antam has not yet established any formal policies concerning trading in company securities by directors, officers and employees.

Antam's current level within each principle of the ASX GCG Principles:

ASX Principle	Antam's Current Level Good ——— Poor
1. Lay solid foundations for management and oversight	
2. Structure the Board to add value	
3. Promote ethical and responsible decision-making	
4. Safeguard integrity in financial reporting	
5. Make timely and balanced disclosure	
6. Respect the rights of shareholders	
7. Recognize and manage risk	
8. Encourage enhanced performance	
9. Remunerate fairly and responsibly	
10. Recognize the legitimate interest of stakeholders	

Scale:
Good = At or Above recomended level
Poor = Substantially below recommended level

Statements and assertions made in this assessment are supported by document reviews and interviews at Antam's head office.

We did not validate the information supplied by management in the course of this review. It is the responsibility of Antam's management to ensure that the information supplied to us is valid, accurate and up to date.

Sincerely,

Bangkit Kuncoro
Partner

STATEMENT ON THE STATUS OF CORPORATE GOVERNANCE PRACTICES

EXECUTIVE SUMMARY

As the leading state-owned company in implementing GCG in Indonesia, Antam is continuing to strengthen its corporate governance practices by not only responding to the recurring imposition of new requirements but also by clearly internalizing what good corporate governance means and how to attain such objective. Antam views effective corporate governance as a strategic challenge. Therefore, the Board of Commissioners (BoC) has thoroughly reviewed, challenged and overseen the company's business strategy and the effectiveness of the implementations by the Board of Directors (BoD) and management.

The BoC is assisted by five committees, and Antam reviewed and updated the Charters of the BoC Committees; the BoC through the Nomination, Remuneration and Human Resources Committee focused on the finalization of directors' performance evaluation criteria and the mechanism for both individual directors and for directors as a board. The new directors' performance evaluation mechanism is now at the trial implementation stage.

The compliance of Antam's GCG against the best practice recommendations set by the ASX Corporate Governance Council is provided below. Each principle is outlined in the paragraphs including any departure from the ASX recommendation. As with the previous years, where Antam has not followed a recommendation Antam has given reasons for not following the recommendation.

1: Lay Solid Foundations for Management and Oversight

Antam's Articles of Association specify the functions, duties and responsibilities of the BoD and BoC. Antam has established a formal BoD Charter and a BoC Charter – both of which are available on Antam's website. They describe the roles and responsibilities of each member of the BoD and BoC.

Antam's BoD is responsible for setting the strategic direction of the company, which must then be approved by the BoC. It is also responsible for implementing the approved strategy and running the company efficiently, including its control and accountability system.

The BoC is responsible for conducting an oversight of the BoD functions, and approving the company's strategic & annual plan. The BoC can temporary remove a member of the BoD if they violate the company's articles of association or do not perform their duties. The BoC is also responsible for monitoring the implementation of GCG practices performed by the BoD.

The BoC has established five committees, each led by a commissioner, to technically support it in satisfying its roles and responsibilities, i.e., Audit Committee, Risk Management Committee, Corporate Governance Committee, Nomination, Remuneration & Human Resource Committee and the Environment & Mine Closure Committee.

	Principle	Recommendation	Departure from ASX Recommendation	Why Departure
1.	Lay solid foundations for management & oversight	Formalize and disclose the functions reserved to the board and those delegated to management		
2.	Structure the board to add value	A majority of the board should be independent directors	Majority of the board is not independent directors.	In a two-tier system the role of the BoC is by nature independent of BoD.
		The chairperson should be an independent director.		
		The board should establish a Nomination Committee.	None of three members of Nomination Committee are independent.	All independent commissioners already become the chairmen of GCG committee, audit committee, and risk management committee.
		Provide the information indicated in “Guide to reporting on Principle 2”.		
3.	Promote ethical and responsible decision making	Establish a code of conduct to guide the directors, the CEO (or equivalent), the CFO (or equivalent) and any other key executives.		
		Disclose the policy concerning trading in company securities by directors, officers and employees.	Antam has not yet formulated nor disclosed a formal policy on the company’s share trading.	This is due to the limited amount of shares held by employees and board members and the lack of any stock option plans.
		Provide the information indicated in Guide to reporting on Principle 3		
4.	Safeguard integrity in financial reporting	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company’s financial reports present a true and fair view, in all material respects, of the company’s financial condition and operational results and are in accordance with relevant accounting standards.		
		The board should establish an audit committee.		
		Structure the audit committee so that it consists of: • only non-executive directors • a majority of independent directors • an independent chairpersons, who is not chairperson of the board • at least three members		
		The audit committee should have a formal charter.		
		Provide the information indicated in Guide to reporting on Principle 4.		
5.	Make timely and balanced disclosure	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule at a senior management level for that compliance.	Antam has not yet established formal disclosure control procedures.	Antam has established and uses a written disclosure policy, but this has yet to be formally adopted by the Board. It will likely be adopted in 2006.
		Provide the information indicated in Guide to Reporting on Principle 5		
6.	Respect the rights of shareholders	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.		
		Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor’s report.		
7.	Recognize and manage risk	The board or appropriate board committee should establish policies on risk oversight and management.	Antam has not established a dedicated and centralized risk management function which manages the comprehensive risks at the enterprise level.	As a matter of practice, certain risk management efforts have been made on a division/ decentralized basis.
		The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing.	Antam has not yet established an appropriate process to perform assessment of the design and operating effectiveness of internal controls related to the financial reporting objectives.	The CEO and CFO have a formal attestation mechanism to support management’s certification of the integrity and fairness of the company’s financial statements.
8.	Encourage enhanced performance	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	Antam has not disclosed the performance evaluation procedures for the boards, its committee and individual directors, and key executives.	Once Antam has put in place a formal performance evaluation, the procedures will be disclosed to public.
9.	Remunerate fairly and responsibility	Provide disclosure in relation to the company’s remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and Corporate performance.	Antam has not disclosed the board’s remuneration policies, the costs and benefits of such remuneration policies and the links between remuneration paid to directors and key executives and corporate performance.	Once, the new board performance evaluation system has been effectively implemented, Antam will disclose it.
		The board should establish a remuneration committee		
		Clearly distinguish the structure of non-executive directors’ remuneration from that of executives.		
		Provide the information indicated in Guide to reporting on Principle 9 (Material should be included in the corporate governance section of the annual report)		
10.	Recognize the legitimate interests of stakeholders	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders	Antam has not yet established a mechanism for its employees and management to re-read and sign off the code of conduct on an annual basis.	Antam has established a corporate code of conduct which it feels is sufficient to safeguard the legitimate interests of stakeholders, but this departure will be taken under advisement.

2: Structure the Board to Add Value

Antam board members are appointed by election at the Annual General Meeting for five-year terms. They can be re-elected for another five-year term.

Two commissioners are from the Department of Mining and Energy, and three commissioners are professionals with various backgrounds in finance, engineering, mining and management. Four of Antam's five Directors have over twenty years of experience at Antam, while one director previously held a position in the Ministry of Finance. As a group, the Antam Boards have established the core skill sets they require: strategic planning, industry knowledge, business and management experience, accounting, finance, legal, international markets, capital market, and business risks & controls knowledge.

Three of five Antam commissioners is an independent commissioner. The combined membership of Antam's commissioners and directors is 30% independent (3 out of 10). The role of President Commissioner (Chairperson) and President Director (CEO) are not exercised by the same individual. The President Commissioner is Mr. Wisnu A Marantika, while the President Director is Mr. D. Aditya Sumanagara.

Antam has established a nomination committee as stated in its charter, which is available on its website. The nomination committee's main responsibility is to evaluate the board's performance and to recommend the name of board members to be proposed at the general meeting of shareholders.

Departure from ASX recommendation: The majority of the boards' members are not independent. The reason for why Antam departs from this recommendation is because the government of the Republic of Indonesia is the majority shareholders, which holds the "golden share" that allows it to nominate directors and commissioners. Nonetheless, in a two-tier system, the role of the BoC is by nature independent of BoD, which acts as executive director in one-tier system.

SHARE OWNERSHIP OF THE BOARDS

	Position	Share Amount
Ir. Supriatna Suhala MSc.	Commissioner	15,000
Ir. D. Aditya Sumanagara	President Director	155,000
Ir. Alwin Syah Loebis,MM	Director of Operations	62,000
Ir. Darma Ambiar,MM	Director of Development	54,250
Kurniadi Atmosasmito,SE,MM	Finance Director	31,000

- No shares were traded by board members in 2005

None of the three members of the Nomination Committee are independent and the committee is not chaired by the President Commissioners or an independent commissioner. Antam departs from these recommendations as all its independent commissioners already become the chairmen of good corporate governance committee, audit committee, and risk management committee.

3: Promote Ethical and Responsible Decision-Making

Antam has a defined ethics policy as stated in Chapter 3 of its Corporate Policy Manual. Antam has also established and distributed a code of conduct which guides the management and employees in maintaining the company's integrity and how to report unethical practices. The code of conduct covers conflicts of interest, compliance with laws and anti corruption, relations with Government and suppliers and confidentiality of information. Both the ethics policy and code of conduct are available on Antam's website. Antam does not separate the code of conduct for the board and key executives with the one applied for employees.

Departure from ASX recommendation: Antam has not yet formulated nor disclosed a formal policy on the company's share trading to regulate dealings by commissioners, directors, officers and employees, in shares, options and other securities issued by the company. This is due to the limited amount of shares held by employees and board members and the lack of any stock option plans.

4: Safeguard Integrity in Financial Reporting

Antam's CEO and CFO have certified the integrity and reasonableness of the company's financial report on an annual basis.

Antam's has established an audit committee which consists of five members; the Chairman and Vice Chairman are both independent commissioners, and two independent members. Two Audit Committee members are certified accountants, and four members have vast experience in accounting. The chairman of the Audit Committee has extensive experience in mining.

Antam has established a formal Audit Committee Charter which has been approved by the board and posted on Antam's website. The last review and update of the charter was in December 2005.

The audit committee charter stipulates the committee's roles, authority, responsibilities, structure, composition and membership requirements.

The main responsibility of the Audit Committee is to review the company's financial report; selection, appointment and monitoring of the external auditor; evaluate the

BOARD OF COMMISSIONERS REMUNERATION Rupiah

Name	Monthly				Total Monthly	Total Annual	Total Bonus	Total Annual + Bonus*	Total Annual + Bonus 2004*
	Salary	Transportation	Housing	Communication					
President Commissioner	19,040,000	3,000,000	1,000,000	1,000,000	24,040,000	288,480,000	393,200,000	719,760,000	425,200,000
Commissioner	17,136,000	3,000,000	800,000	800,000	21,736,000	260,832,000	353,880,000	648,984,000	385,200,000

* Includes Idl Fitri and production bonuses

BOARD OF DIRECTORS REMUNERATION Rupiah

Name	Monthly				Total Monthly	Total Annual	Total Bonus	Total Annual + Bonus*	Total Annual + Bonus 2004*
	Salary	Housing	Transportation	Electricity					
President Director	47,600,000	10,000,000	1,500,000	1,500,000	60,600,000	727,200,000	983,000,000	1,805,400,000	1,108,000,000
Director	42,840,000	9,000,000	1,350,000	1,350,000	54,540,000	654,480,000	884,700,000	1,624,860,000	997,200,000

* Includes Idl Fitri and production bonuses

effectiveness of the company's internal control systems; review the company's compliance with regulations; and review the implementation of risk management.

During 2005 the Audit Committee held 24 meetings, and the main issues discussed were the company's operational and financial performance; the performance, finding and selection of an external auditor; accounting issues including implementation of IFRS; internal auditor's report; and certain management initiatives, e.g., the cost reduction program, the Alumina Tayan project, risk management and IT systems.

5: Make Timely and Balanced Disclosure

Chapter 5 of Antam's Corporate Policy Manual addresses the external relations policy.

The Corporate Secretary of Antam is the person who has the prime responsibility in deciding what information will be disclosed. For material information which has not been previously published, an approval to be disclosed must be obtained first from the BoD.

In its annual report, Antam commented on the financial results in several sections, e.g., Antam's Performance, Financial Highlights, Management Discussion and Analysis of the Financial Review and the Consolidated Financial Statements. The content and substance are considered as useful information for an investor to make an informed assessment of the entity's activities and results.

Departure from ASX recommendation: Antam has not yet established formal disclosure control procedures. However, Antam has established and uses a written disclosure policy, but this has yet to be formally adopted by the Board. It will likely be adopted in 2006.

6: Respect the Rights of Shareholders

Antam has defined its external communication policy as stated in Chapter 5 of the Corporate Policy Manual, which is available on the company's website.

Although the government is the majority shareholder, Antam treats all its shareholders equitably and ensures that the rights of all investors, including minority and foreign shareholders, are protected. Shareholders are given sufficient information about material information, and sufficiently early, to allow them to make an informed judgment and exercise their voting rights.

To promote effective communication with shareholders and to encourage effective participation at general meetings, Antam utilizes its company website and other electronic means, such as email, which is intensively used as a communication vehicle to make all relevant announcements to the market and to communicate with shareholders. Antam also involves its external auditor in the annual general meeting of shareholders.

7: Recognize and Manage Risk

Chapter 4 of Antam's Corporate Policy Manual addresses Antam's policies on risk oversight and management. The BoC has established an Audit Committee and Risk Management Committee which are responsible for risk oversight, including reviewing the risk identification process and the implementation of risk management by Antam's management.

Departure from ASX recommendation: Antam has not established a dedicated and centralized risk management function which manages the comprehensive risks at the enterprise level. However, as a matter of practice, certain risk management efforts have been made on a division/decentralized basis.

ATTENDANCE AT FORMAL BOARD MEETINGS

	Board of Commissioners Meetings	Board of Directors Meetings	Board of Commissioners and Board of Directors Meetings
	Number of Meetings 13	Number of Meetings 24	Number of Meetings 16
Board of Commissioners			
Ir. Wisnu A. Marantika *	13		16
Ir. Suryo Suryantoro, MSc.	13		16
Ir. Supriatna Suhala, MSc.	12		15
Ir. Yap Tjay Soen, MBA	13		12
Prof. Dr. Ir. Irwandy Arif, MSc.*	13		15
Board of Directors			
Ir. D. Aditya Sumanagara		22	16
Ir. Alwin Syah Loebis, MM.		22	15
Kurniadi Atmosasmito, SE., MM.		24	15
Ir. Darma Ambiar, MM.		23	16
Ir. Syahrir Ika, MM.		24	16

*Appointed at AGM on 26 May 2004

Antam has not yet established an appropriate process to perform assessment of the design and operating effectiveness of internal controls related to the financial reporting objectives. The CEO and CFO have, however, a formal attestation mechanism from officers, one level below the Directors to support management's certification of the integrity and fairness of the company's financial statements.

8: Encourage Enhanced Performance

During 2005 the commissioners through the Nomination, Remuneration and Human Resources Committee focused on the finalization of directors' performance evaluation criteria and the mechanism for both individual directors and directors as a board. The new directors' performance evaluation mechanism is now at the trial implementation stage.

As stated in the Boards' Charter, all board members have access to the information they need and the support of the corporate secretary to efficiently discharge their duties. When required, the board may take independent professional advice at the company's expense.

Antam is currently developing an HR strategy, which also includes a formal mechanism through which unsatisfactory performers at board level can be asked to retire.

Departure from ASX recommendation: Antam has not disclosed the performance evaluation procedures for the boards, its committee and individual directors, and key executives. However, once Antam has put in place a formal performance evaluation, the procedures will be disclosed to public.

9: Remunerate Fairly and Responsibly

The directors' remuneration is reviewed annually by the commissioners through the Nomination, Remuneration and Human Resource Committee. The board's final remuneration is decided at a general meeting of shareholders. The boards' remuneration packages include fixed and incentive pay. Antam's board members do not currently receive equity-based executive remuneration.

The current remuneration for the boards' members is calculated based on an index of the previous years' revenue and asset size, adjusted for the complexity of the sector in combination with a survey of the average monthly executive salaries of other state-owned mining companies, and similar state owned and private companies.

Current directors' salaries are calculated at 90% of the President Director's salary. The President Commissioner's and commissioners' salaries are calculated at 40% and 36% of the President Director's salary. Annual bonuses are based on annual corporate performance.

Antam is still in the initial stages of implementing a new board performance evaluation system, in which the boards' remuneration is calculated individually based on individual performance ratings.

Departure from ASX recommendation: Antam has not disclosed the board's remuneration policies, the costs and benefits of such remuneration policies and the links between remuneration paid to directors and key executives and corporate performance. Once, the new board performance evaluation system has been effectively implemented, Antam will disclose it.

10: Recognize the Legitimate Interest of Stakeholders

Antam has established and distributed a code of conduct, available on the company's website that guides the management and employees in fullfilling Antam's legal and other obligations to legitimate stakeholders, including shareholders, communities, customers, suppliers and government.

The code of conduct also explains the way the company monitors and ensures compliance with the code.

Departure from ASX recommendation: Antam has not yet established a mechanism for its employees and management to re-read and sign off the code of conduct on an annual basis. However, Antam has established a corporate code of conduct which it feels is sufficient to safeguard the legitimate interests of stakeholders, but this departure will be taken under advisement.

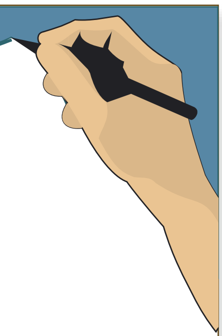
COMMISSIONER - LEVEL BOARD COMMITTIES

Name	Committee					Position Outside of Antam
	GCG	RN&HRD	Audit	Risk.M	EMC	
Ir. Wisnu Askari Marantika President Commisioner	K					Deputy Commissioner of PT Indoasia Teknologi Global Tbk
Ir. Suryo Suryantoro, MSc. Commisioner		K				Head of Training and Education of the Ministry of Energy and Minerals
Ir. Supriatna Suhala, MSc. Commisioner					K	Head of the General Bureau of the Ministry of Energy and Minerals
Ir. Yap Tjay Soen, MBA. Independent Commisioner				K		President Director of PT Tuban Petrochemical Industries and Independent Commissioner of PT Bank Mandiri Tbk
Prof. Dr. Ir. Irwandy Arif, MSc. Independent Commisioner			K			Commission Head of Academic Senate Institution of Bandung Institute of Technology
Ir. A. Dohar Siregar	A					President Commissioner of PT Nusa Halmahera Minerals
DR. Edison Panjaitan	A					Planning Bureau of the Secretary General of the National Education Department
Ir. Amir Faizal Suud		A				Independent Consultant of the Geology Training and Development Center for the Department of Energy and Minerals
Dra. Retno Setyaningrum, MM.		A				Secretary of the Education and Training Body for the Ministry of Energy and Minerals
Drs. Kanaka Puradiredja, Ak.			A			Senior Partner at the Public Accountant Office of Kanaka, Puradiredja & Partners
Drs. Eddie M. Gunadi, QIA.			A			Senior Partner at the Public Accountant Office BDO Tanubrata
Edwar Nurdin, Ak. MA.			A			Inspector for the Inspector General of the Department of Finance
Alida Basir Astarsis, SE. Ak.			A			-
Sutirta Budiman, Bsc. ACGI				A		Risk Management & Corporate Finance Consultant at Sutirta & Co.
Dr. Ir. Bambang Setiawan				A		Program Development Director of the Directorate General of Minerals, Coal and Geothermal
Prof. Dr. Ir. Made Astawa Rai					A	Deputy State Minister of Accelerated Development of Eastern Indonesia of the State Ministry Office
Ir. Gde Suratha, MSc.					A	Geotechnology Junior Researcher of Training and Development Center of the Ministry of Minerals and Coal Technology

K = Chairman
A = Member

GCG = Good Corporate Governance
RNHRD = Remuneration Nomination & Human Resources Development
EMC = Environment & Mine Closure

"if you could tell Antam's management one thing, what would that be?"



"Decide what you are best at and focus on it"
Fund Manager

"Please deliver your confirmed plans on time and within budget."
Investment Analyst

"Management credibility is a key investment positive."
Investment Analyst

As collected from Antam's 2005 Investor Perception Survey

BOARD COMMITTEES

GOOD CORPORATE GOVERNANCE COMMITTEE

The GCG Committee is responsible to ensure the consistent and sustainable implementation of good corporate governance through the assessment and review on the Articles of Association, corporate compliance to regulations, evaluation on the structure and membership of committees, study of the Corporate Policy Guidelines, Charters of the Board of Directors, Commissioners and Committees. The Committee is also responsible to ensure the full, consistent, and sustainable implementation of ethical standards.

Throughout 2005, the GCG Committee held fourteen internal meetings, including the meeting with the committee's working partner at the management level, namely the GCG Implementation Team chaired by the Corporate Secretary. In 2005, the committee provided input on the adjustment to the Company's Articles of Association in relation to the issuance of Law Number 19/2003 regarding State-owned Enterprises. The committee also gave input on the indicators of GCG implementation, including the evaluation methodology, which was useful in determining the Key Performance Indicators (KPI) for the Board of Directors.

In 2005, there were no changes to the membership of the committee. All members had the proper qualification, competence and background.

ATTENDANCE AT FORMAL GCG COMMITEE MEETINGS

Name	Position	Attendance in Meetings
1. Ir. Wisnu Askari Marantika	Chairman	14
2. Ir. A. Dohar Siregar	Member	14
3. Dr. Edison Panjaitan	Member	14

REMUNERATION NOMINATION AND HUMAN RESOURCES DEVELOPMENT COMMITTEE

The main function of the Remuneration Nomination and Human Resources Development Committee (RNHRD) is to provide professional and independent opinions to the Commissioners so that the nomination, remuneration and management of human resources may be implemented properly in accordance with the applicable regulations and GCG principles.

During 2005, the committee held 15 internal meetings. In addition, the committee participated several times in formal meetings with the Board of Commissioners, President Director and Human Resources Director or other external parties, such as independent consultants. In 2005, the committee prioritized the preparation and stipulation of the KPI for the Board of Directors, formulation and stipulation of salaries, bonuses, and facilities for the Board of Directors and Board of Commissioners. The committee also focused on the succession and promotion of corporate officers, and the planning, recruitment, and accelerated placement of personnel. The committee also reviewed its own charter.

With respect to the implementation of KPIs for the Board of Directors, the committee held intensive discussions to give input, improve or reinforce the successful use of KPIs.

In 2005, there were no changes to the membership of the committee. All members had the proper qualification, competence and background.

ATTENDANCE AT FORMAL RNHRD COMMITTEE MEETINGS

Name	Position	Attendance in Meetings
1. Ir. S. Suryantoro, MSc.	Chairman	15
2. Ir. Amir Faizal Suud	Member	15
3. Dra. Retno Setyaningrum, MM.	Member	10

AUDIT COMMITTEE

The main function of the Audit Committee is to maintain and uphold the integrity of Antam's financial statements and to ensure the independence and competence of the company's external auditors. In addition, the Audit Committee also monitors the effectiveness of the corporate internal control function, corporate compliance to laws and regulations, and, together with the Risk Management Committee, reviews the risk identification process and the implementation of risk management performed by the company's management.

In 2005, the Audit Committee focussed on the evaluation of corporate internal controls. The results of the 2005 evaluation, conducted by holding internal meetings or independent meetings with the Internal Audit division indicated the corporate internal control function needed improvements. Improvements are needed as regards, among other things, the control of ore supplies, procedures for goods and services procurement, management of receivables and assessment on third party invoices. In general, such findings and recommendations were followed up by the management, who replied to the Audit Reports and made progress reports every 2 months. As a result, the management will implement an integrated and IT-based Supply Chain Management (SCM) system in 2006 for procurement procedures. In 2005, the Audit Committee also recommended the appointment of an independent consultant to conduct an assessment on the Internal Audit division and to provide input to management concerning the acceleration and improvement of the preparation of financial statements.

All members of the Audit Committee have the appropriate qualification, competence and background in their respective fields. In 2005, the Audit Committee held 24 meetings. The composition of the members of the Audit Committee changed with the resignation of Mr. Yap Tjay Soen from his position as the deputy chairperson of the Audit Committee and with the addition of Mrs. Alida Basir Astarsis as a new member.

ATTENDANCE AT FORMAL AUDIT COMMITTEE MEETINGS

Name	Position	Attendance in Meetings
1. Prof. Dr. Ir. Irwandy Arif, MSc.	Chairman	23
2. Drs. Kanaka Puradiredja, Ak.	Member	18
3. Drs. Eddie M. Gunadi, QIA	Member	21
4. Edwar Nurdin, Ak. MA	Member	23
5. Alida Basir Astarsis, SE, Ak.	Member	12

RISK MANAGEMENT COMMITTEE

The main function of the Risk Management Committee is to assist and provide recommendations to the Board of Commissioners in conducting assessments on activities with potential risks, including but not limited to operational, credit, legal, market risks and corporate commercial risk.

In 2005, the committee held 17 internal meetings, which were mostly co-attended by the Audit Committee. In 2005, the committee focused on a review of its charter, work methods of Antam's Internal Audit division, assisting with negotiations with investors in the Tayan alumina project, the implementation of the Cost Reduction Program, developing the policy on the management of investments made by the Antam Employees Pension Fund Foundation the implementation of Antam's risk management and determination of Antam's risk profile.

All members of the Risk Management Committee had the appropriate qualification, competence and background in their respective fields. In 2005, the composition of the members of the Risk Management Committee changed with the resignation of Mr. Irwandy Arif from his position as the deputy chairperson of the Risk Management Committee and with the addition of Mr. Bambang Setiawan as a new member.

ATTENDANCE AT FORMAL RISK MANAGEMENT COMMITEE MEETINGS

Name	Position	Attendance in Meetings
1. Ir. Yap Tjay Soen, MBA	Chairman	11
2. Sutirta Budiman, BSc. ACGI	Member	17
3. DR. Ir. Bambang Setiawan	Member	7

ENVIRONMENT AND MINE CLOSURE COMMITTEE

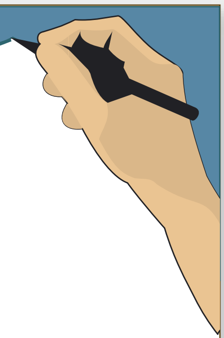
In 2005, the name, including the scope of work, of the Mine Closure Committee, first established on December 1, 2004, was changed. By adding environmental aspects to its duties the committee's name was changed to the Environment and Mine Closure Committee. The main function of the committee is to assist the Board of Commissioners in monitoring the effectiveness of Antam's environmental and mine closure management, ensuring compliance with the principles of good corporate governance and high standards of mining practices. The committee reviews implementation plans and reports, monitors corporate compliance to related laws and regulations, evaluates management's policy regarding environmental management plans, mine closure, and post-mining affairs, and identifies the potential impact.

In 2005, the committee reviewed Antam's environmental and mine closure plans, evaluated related corporate policies, revised the committee charter, and visited the company's business units. The committee also assessed the plans related to the closure of the Cikotok gold mine, Cilacap iron sands mine, Gebe nickel mine and the Kijang bauxite mine. The committee was of the opinion the plans were comprehensive and in general acceptable. The committee made recommendations to conduct bioremediation to accelerate the ex-mine land reclamation programs, to improve the environmental and mine closure plans, to create better coordination and synergies with Regional Governments, and to strengthen the organizational structure of Antam's management responsible for environmental and mine closure matters.

In 2005, the Committee held eight internal meetings with the Board of Directors. There was no change in the membership of the committee.

ATTENDANCE AT FORMAL ENVIRONMENT AND MINE CLOSURE COMMITTEE MEETINGS

Name	Position	Attendance in Meetings
1. Ir. Supriatna Suhala, MSc.	Chairman	8
2. Prof. Dr. Ir. Made Astawa Rai	Member	7
3. Ir. Gde Suratha, MSc.	Member	8



"The market talk of merging Antam and PTBA and other state miners: I hope is not true. Because investors like to invest in pure-play companies and they are willing to pay a higher multiple for such a company. A merged company will suffer a persistent holding company discount instead of creating shareholder value."
Fund Manager

As collected from Antam's 2005 Investor Perception Survey

OUR SHARES

SHAREHOLDERS' INFORMATION

"Antam's share price increase 107% to a new record high"

While the global capital market was somewhat flat in 2005, with the FTSE, NASDAQ and Hang Seng increasing 17%, 2.5% and 4.6%, and the DJIA falling 0.1%, Asian emerging markets were more positive. The stock markets in India, the Philippines and Thailand increased 34%, 8% and 4%, while Malaysia decreased 0.44%.

In 2005, Indonesia became a more attractive investment destination in line with the government's efforts to stabilize the economy and regain investors' trust. In February 2006, Standard & Poors (S&P), an international rating institution, increased the debt outlook rating of Indonesia from stable to positive.

In 2005, the Composite Share Price of the Jakarta Index (JCI) at the Jakarta Stock Exchange (JSX) recorded a 16% increase, one of the best performers in Asia, after South Korea (56%) and Japan (44%). The market capitalization increased by 18% to Rp801 trillion, while the total transaction value increased 64% to Rp405.3 trillion. The mining index of the JSX increased 24%.

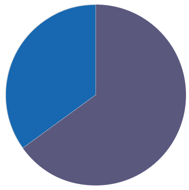
Antam's share price increased 107% in 2005 from Rp1,730 to Rp3,575, a new record high for the company's shares as investors' interest in Antam has been increasing. Antam's daily trading value increased 35.7% to Rp15.4 billion while trading volume decreased 19.6% in 2005 to 1.57 billion shares. Antam's market capitalization increased 107.2% to Rp6.82 trillion (US$694 million) at the end of 2005.

SHARE PRICE MOVEMENT IN YEAR 2005

Period	Highest (Rp)	Lowest (Rp)	Volume Million	Value Billion
Quarter I	2,550	1,730	691.4	826
Quarter II	2,500	2,050	278.39	642
Quarter III	2,725	1,975	227.75	567
Quarter IV	3,625	2,400	368.09	1,171

ANTAM'S SUBSTANTIAL SHAREHOLDERS (TOP 20)		
Shareholder	Number of shares	%
GOVERNMENT OF THE REPUBLIC OF INDONESIA	1,240,000,000	65.00
JP MORGAN CHASE BANK US RESIDENT (NORBAX INC)	188,284,700	9.87
INVESTOR BANK AND TRUST COMPANY (WEST)	53,376,455	2.80
SSB PS10 PACIFIC SELECT FUND EMERGING MARKETS	28,667,490	1.50
MS + CO INC CLIENT AC	21,930,500	1.15
DANA PENSIUN PERTAMINA	13,808,125	0.72
JP MORGAN CHASE BANK UK RESIDENTS	11,726,500	0.61
CB LONDON S/A 2S BANCA MILANO	10,511,000	0.55
CB INTL PLC (LUX BRANCH) S/A PIONEER ASSET MGMT SA	10,000,000	0.52
CB LONDON S/A STICHT PENS MET EN TECH (ARROW)	9,096,739	0.48
GOV OF SINGAPORE INV CORP PTE LTD A/C C	8,378,000	0.44
SSB TC45 CALIFORNIA STATE TEACHERS RETIREMENT	6,283,625	0.33
INVESTORS BANK - TRUST COMPANY	6,239,000	0.33
CB LONDON S/A STICHTING SHELL PENSIOENFONDS	5,973,500	0.31
SSB JY64 SSL CO SSB FRANK RUSSELL INVESTMENT CO	5,922,645	0.31
BBH LUXEMBOURG S/A FIDELITY FUNDS EMERGING MKTS	5,921,500	0.31
THE NORTHERN TRUST S/A AVFC	5,531,000	0.29
UBS AG	5,286,000	0.28
CLEARSTREAM BANKING S.A. LUXEMBOURG	5,156,200	0.27
REKSA DANA MANULIFE DANA SAHAM	5,041,500	0.26

Share Ownership



2005	%
Government	65
Public	35

In 2005, Antam's share price performed better than the world's major mining indices and the indices of most international stock exchanges, such as the JCI, ASX, Dow Jones and NASDAQ, which Antam outperformed by 78%, 72%, 106% and 101% respectively.

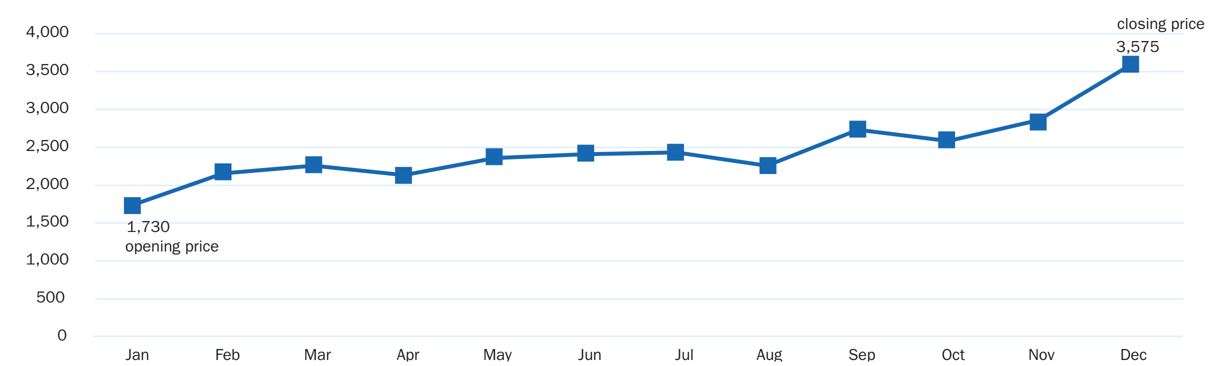
The trading of Antam's shares on the Australian Stock Exchange (ASX), which are traded as Chess Depository Interests (CDI), was negligible. Antam's CDI price closed at AUD 0.30/CDI. Antam chooses to retain its listing in Australia in order to maintain high levels of transparency and disclosure and corporate governance and to expose the company to the scrutiny to a larger pool of capital market participants with a view to improving the company's credibility and reputation. As well, the listing provides a means by which Antam could raise money in the future, particularly for an investment in Australia.

The Government of Indonesia held 65% ownership of Antam, while 35% of the issued capital or 667,691,950 shares were publicly traded on the Jakarta Stock Exchange (JSX: ANTM), Surabaya Stock Exchange (SSX: ANTM) and Australia Stock Exchange (ASX: ATM). Antam's shares are fully listed on the ASX where one CDI is equal to 5 common shares.

At the end of 2005, the largest public shareholder was the Oppenheimer Developing Market Fund with a 9.87% ownership. Antam's shares were held by 213 foreign shareholders and accounted for 82% of the stock trading on the Jakarta Stock Exchange. Most of the foreign shareholders were institutional investors, who collectively held 29% of Antam's shares.

COMPOSITION OF SHAREHOLDERS

SHARE PRICE MOVEMENT 2005



NUMBER OF HOLDERS OF EACH CLASS OF SECURITY AND ASSOCIATED VOTING RIGHTS

Security Class	Number	Voting Right/Privileges
Preferred Stock (A Dwiwarna Share)	1	• Can request EGM • Appoints candidates and approves of Commissioners and Directors elected at AGM/EGM • Cannot transfer preferred stock to another holder • Can only be owned by the Republic of Indonesia • Must approve decision to issue equity
Common Stock (B Shares)	1,907,691,949	• Each share equals one vote at AGM/EGM • Holders of more than 10% can request AGM/EGM, and request agenda items

AGM = Annual General Meeting of Shareholders
EGM = Extraordinary Annual General Meeting of Shareholders

Most foreign shareholders were domiciled in the US, Netherlands, England, Luxembourg and Singapore. The largest domestic shareholders were pension funds and mutual funds.

TOTAL SHARES

The authorized capital of the company was Rp3.8 trillion comprising 1 Dwiwarna (Golden) preferred share and 7,599,999,999 common shares with a nominal value of Rp500 per share. The issued and fully paid-up capital was Rp954 billion comprising 1 preferred share and 1,907,691,949 common shares.

DIVIDEND POLICY

The company's dividend policy is to distribute a cash dividend to the shareholders at least once a year. Since 1997, the dividend policy has been to use a minimum payout ratio of 30% of net profit after tax, unless the Annual General Meeting of Shareholders (AGM) determines otherwise. The company's dividend payout ratio has ranged between 40% and 50%. The AGM held in May 2005 decided to require Antam to pay a 35% dividend payment of the 2004 net profit. amounting to Rp282.49 billion or Rp148.08 per share. One of the requirements of Antam's bond is to limit the payout of Antam's annual dividend to 50% of net profit after tax.

UTILIZATION OF IPO FUNDS

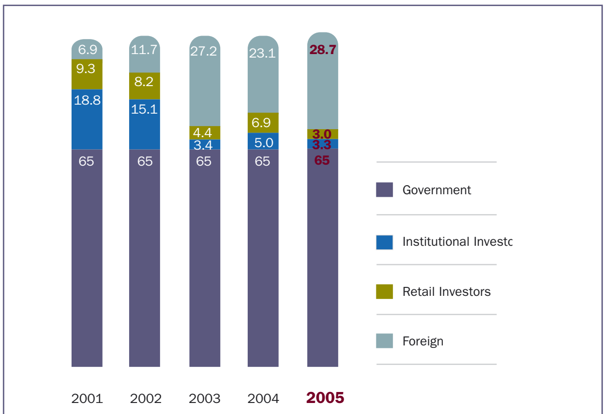
By the end of 2004, Antam had fullly utilized the Rp556 billion raised from the 1997 IPO. Antam spent Rp382 billion, or 69% of the total amount for the FeNi III nickel expansion. Antam spent Rp128 billion or 23% of the total amount for the Repair and Modernization of FeNi I smelter in 1998. For the development of Logam Mulia precious metals refinery, Antam spent Rp17 billion or 3%. Antam spent Rp29 billion or 5% of the total amount to repay debt owed to Bank Dagang Negara.

SHAREHOLDER RETURNS

In 2005, total stockholders' equity increased 24% to Rp3,030 billion, or Rp1,588 per share, due to the 40% increase in retained earnings to Rp2,053 billion. Antam shareholders' equity as a percentage of total assets grew from 40% to 47% as Antam repaid debt and total retained earnings grew 40% to Rp2,053 billion.

Antam's return on assets (ROA), which indicates operating efficiency, stayed level at 13% as Antam's assets grew, as the construction of the FeNi III expansion neared completion, at a similar pace to net income, which grew due to higher commodity prices. Antam maintains a healthy ROA due to good margins and asset turnover. Antam's net margin of 26% is slightly below the 28% of

PUBLIC SHAREHOLDERS COMPOSITION



DISTRIBUTION SCHEDULE
(Including holders of CDIs)

Number of Shares held	Number of Holders
1 - 1,000	815
1,000 - 5,000	844
5,001 - 10,000	1,039
10,001 - 100,000	1,230
100,001 >	257

UTILIZATION OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING
(as of December 31, 2005)

Utilization	Amount (%)	Amount (Billion Rp)	Realized (Billion Rp)
FeNi III Expansion	73	406,152	381,646
Construction of Coal-fired Power Plant	9	50,074	-
Replacement and Modernization of FeNi I	8	44,510	127,998
Repayment of Certain Indebtedness to Bank BDN	5	29,243	29,243
Development of the Logam Mulia Smelts and Refinery	5	26,394	17,486
Total	100	556,373	556,373

2004, but still robust. According to a 2005 report by PricewaterhouseCoopers on trends in the Indonesian mining sector, the net margin for the Indonesian mining sector in 2004 was 19% compared to 15% for the global mining industry.

Return on equity (ROE), the main driver of value and the absolute return to shareholders, decreased from 33% in 2004 to 28% as equity growth outpaced net income growth. However, Antam's ROE is comparatively healthy. The PwC study referred to above indicates the 2004 ROE for the Indonesian mining sector was 27%, while ROE for the global mining sector was 19%

Since the IPO in 1997 Antam has paid an annual cash dividend with an average payout ratio of 41%. Antam is dedicated to returning cash to shareholders every year, at a minimum 30% and maximum 50% of net income. The maximum of 50% is due to the restrictive covenants of Antam's bonds. Please see "Dividend Policy" above and the related section in the Financial Review for more information on Antam's dividends.

ANALYST AND MEDIA COVERAGE (2004 IN PARENTHESIS)

Report			Analyst	Press Release	ASX Filling	Bloomberg Article	Bloomberg Terminal "Entries"
Buy 54(30)	Hold 4(8)	Sell 13(1)	12(16)	21(20)	54(59)	150(162)	645(769)

DIRECT FEEDBACK FROM YOU

Located here and throughout the annual report are the top 25 answers to the question **"if you could tell Antam's management one thing, what would that be?"** as collected from our December 2005 Investor Perception Survey. The answers are largely from fund managers of large international institutions, analysts, bankers and media. Some of the answers below are from shareholders:

Fund Manager	"Greater focus on mines you can control and operate less on 'strategic investments' (ie. Freeport)."
Fund Manager	"Look after your shareholders interests at all times."
Fund Manager	"Fair treatment on minority shareholders and good corporate governance"
Structured Commodity Trade Finance Banker	"Build track record with various types of investors/financiers to secure competitive access to finance also in adverse capital market scenario's"
Investment Analyst	"Continue the efforts to improve transparency and creating shareholders' value"
Investment Analyst	"Look at building up a large portfolio of minority interests in mining companies and actively managing that portfolio."
Investment Analyst	"Maximize your earnings by leveraging current high global metal prices and striving for further cost efficiencies."
Fund Manager	1) To cushion the blow of negative events outside of your control it is better to under-promise what you expect to achieve. 2) Try to think like a shareholder.
Fund Manager	"We don't own the stock primarily because we have not found the long term strategic planning of the company very clear. This probably has to do with the fact that the government is the controlling shareholder. However we are open to investing in this sort of situation under the right conditions in terms of fundamental growth and valuation."
Investment Analyst	"Focus on what the company is good at and and try to be free from any form of political influence."
Fund Manager	"That project management is crucial to ensure that our clients benefit in full from rising commodity prices. In our experience there are few companies good at project management."
Investment Analyst	"Invest more for expansion"
Equity Sales	"Listen to your shareholders"
Customer/Supplier	"Be quicker in your decisions to invest!"
Investment Banker	"Don't spread your self too thin across too many commodities. Focus on your strength - nickel."

INVESTOR RELATIONS: HELPING TO BUILD UNDERSTANDING

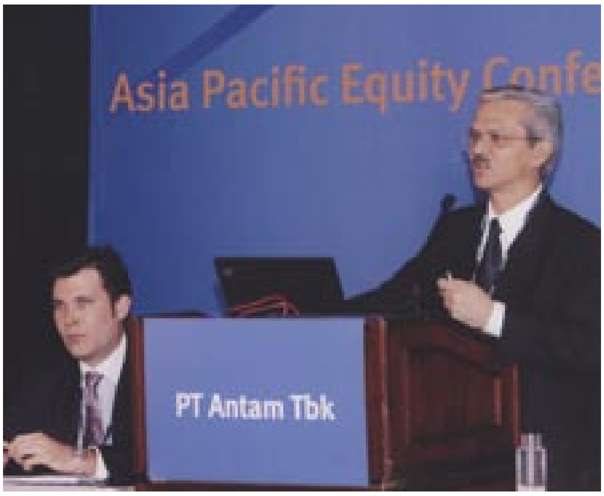
"It has been demonstrated that measurable, proactive investor relations programs have a quantifiable impact on a company's private or public valuation" National Investor Relations Institute

BRIEF DESCRIPTION OF IR ACTIVITIES AND GOALS

Antam's approach to investor relations is a pragmatic one, which views investor relations as part of the investment process. Companies that need capital beyond cash flow must compete for capital. In order to compete successfully for capital a company must provide timely and balanced disclosure as well as demonstrate honestly and competently why an investment should be considered. Antam believes that transparency adds real value by lowering the cost of capital. To create transparency Antam focuses on providing high quality information, operating with integrity and honesty to help boost credibility and to successfully bridge management and investors. Antam understands that while investors still consider the balance sheet and cash generation as the prime considerations, they also must assess intangible off-balance sheet factors that indicate a company's ultimate performance abilities. Building transparency and disclosure helps to build understanding and recognition about Antam and where it is going, which helps Antam win investors in the competition for capital.

Antam's three man IR team understands Antam's record will not speak for itself and the marketing effort must be continuous. During 2005, members of Antam's Board of Directors (normally the President Director or Finance Director) spoke at regional investment conferences hosted by international banks in Jakarta, Kuala Lumpur, Bangkok, Singapore and Sydney. Antam conducted several analyst meetings during and following these conferences. Antam also welcomed several visiting groups of investors and provided tours of the mines and facilities. In April, Antam conducted a non-deal roadshow to Singapore and Hong Kong to explain full year 2004 results and the situation surrounding the unplanned shutdown of FeNi II. Antam conducted a second international roadshow in September to the UK and USA, and spoke at a major international Asian equities conference in New York. A first for Indonesia, Antam conducted a reverse roadshow in Jakarta so domestic investors could meet with management. These activities complimented the continuous activities and campaigns undertaken by the IR team such as identifying and targeting new investors, increasing analyst coverage, advertising, emailing, improving media coverage, etc.

INCREASED TRANSPARENCY = BETTER ACCOUNTABILITY = BETTER PERFORMANCE



The main goal in 2006 is to continue to build understanding and recognition of Antam. Specifically the aim is to create awareness of the FeNi III project commencing commercial operations and the significant impact this will have and on the value of Antam's impressive project pipeline. Besides exceeding or meeting the standard number of investment conferences, roadshows and investor meetings, Antam will host a major facility tour of the FeNi III smelter and power plant. As well as increasing the number of media interviews, Antam will increase advertising spending in 2006 and for the first time will conduct a TV campaign as well as host a conference call to discuss financial results. Antam will continue to target well known international institutional investors, particularly those focused on mining and emerging markets.

IR PERCEPTION SURVEY

At the end of 2005 Antam's IR team conducted an online investor perception survey in order to gauge current opinions and assessments of Antam, with a view to better serving the capital market. Most of the respondents were investment analysts who indicated fundamentals/competitive advantage, sector trends/management and planning were the top three investment considerations. The majority of respondents selected "miner" to best describe Antam, followed by "Indonesian", over "state-held" or "state-run". The majority of investors chose "commodity", "mining" and "solid fundamentals" to describe why they would invest in Antam, although this also suggests that more mining-oriented investors are interested in Antam.

The majority of respondents described Antam's management team, strategic plans and corporate governance as "good" and 92% agreed that "every effort should be made to meet international standards of good corporate governance." The majority of respondents rated Antam's transparency and investor relations as "good", with the highest marks for speed and quality of investor relations replies, followed by annual report, press releases and NewsAlerts.

= INCREASED COVERAGE = INCREASED SHAREHOLDER VALUE

When asked which areas Antam should focus on to improve its investor relations, over half of respondents claimed Antam should "better convey corporate strategy and objectives," followed by "better quality disclosures," and "better address specific financials." Antam's IR team will take all of the findings from the survey into consideration in terms of giving Antam's investors the information they need to build understanding and make informed decisions.

NEW LOGO

Antam will launch a new logo in 2006 following a lengthy process, which began in 2005 with assistance by Equus, a brand consultant based in Singapore. The new logo attempts to convey the attributes of a modern, pro-active, responsible, forward-looking, dynamic and professional mining company and is symbolic of the advancement of Antam as a company, with the successful commissioning of FeNi III, record breaking profit, and a pipeline of impressive projects, to the next level of diversified mining companies.

Ashur Wasif, SE, MM Corporate Secretary

Joined Antam in 1975. Graduated with a diploma in Accounting from Jayabaya University, followed by a degree in Management from the University of Indonesia. He also has a Master of Business Administration from Prasetya Mulia. Most of his career has been in the field of finance, amongst others as the Head of Funding and Accounting and the General Manager of Finance at SBU Nickel. He was the Head of Information Technology before becoming Antam's Corporate Secretary in 2004. He was also part of Antam's Investor Relations team in 1998 and was a key person during Antam's IPO in 1997, the only IPO of a State Owned Enterprise during the economic crisis.

OUR OPERATIONS

REVIEW OF OPERATIONS

Nickel ore excavation at Pomalaa to later process into ferronickel

SEGMENT CONTRIBUTION

Most of Antam's Rp3.3 trillion in sales revenues, which increased 15% over 2004, were generated by its two key segments. The nickel segment comprises ferronickel and nickel ores and the gold segment includes sales of gold and silver and income from precious metal refinery services. In 2005, like the year before, the nickel segment remained the largest contributor, with sales revenues amounting to Rp2.5 trillion or 76% of Antam's total sales. Sales revenues from the nickel segment increased 16% due to higher commodity prices and higher sales volumes of high-grade nickel ore, despite lower ferronickel sales due to the unscheduled shutdown of FeNi II plant in March 2005. Sales revenue from the gold segment increased 12% to Rp589 billion due to higher gold prices and despite production difficulties. The gold segment contributed 18% of the total sales, similar to 2004.

MAIN COMMODITY PRODUCTION TARGETS

	2006
Ferronickel (tonne Ni)	20,000
Nickel Ore (million wmt)	4.2
Gold (kg)	2,360
(t.oz)	83,246

Revenues from Antam's other segments, including iron sands and bauxite, increased by 14% to Rp190 billion, in line with higher bauxite sales volumes and higher prices. All of the revenues from the nickel segment were from exports, which accounted for 34% of the gold segment's revenues. Antam's total sales revenues of Rp3.3 trillion were 88% from exports.

Operating income from the nickel segment increased by 12% to Rp1.3 trillion. Lower production and higher costs at the gold segment narrowed operating margins and resulted in a 53% drop in operating income to Rp80 billion despite the increase of sales volume and selling prices. Even though the bauxite operation was profitable, the Other Segment recorded an operating loss of Rp12 billion due to the poor performance of the iron sands division and costs of closing down that division.

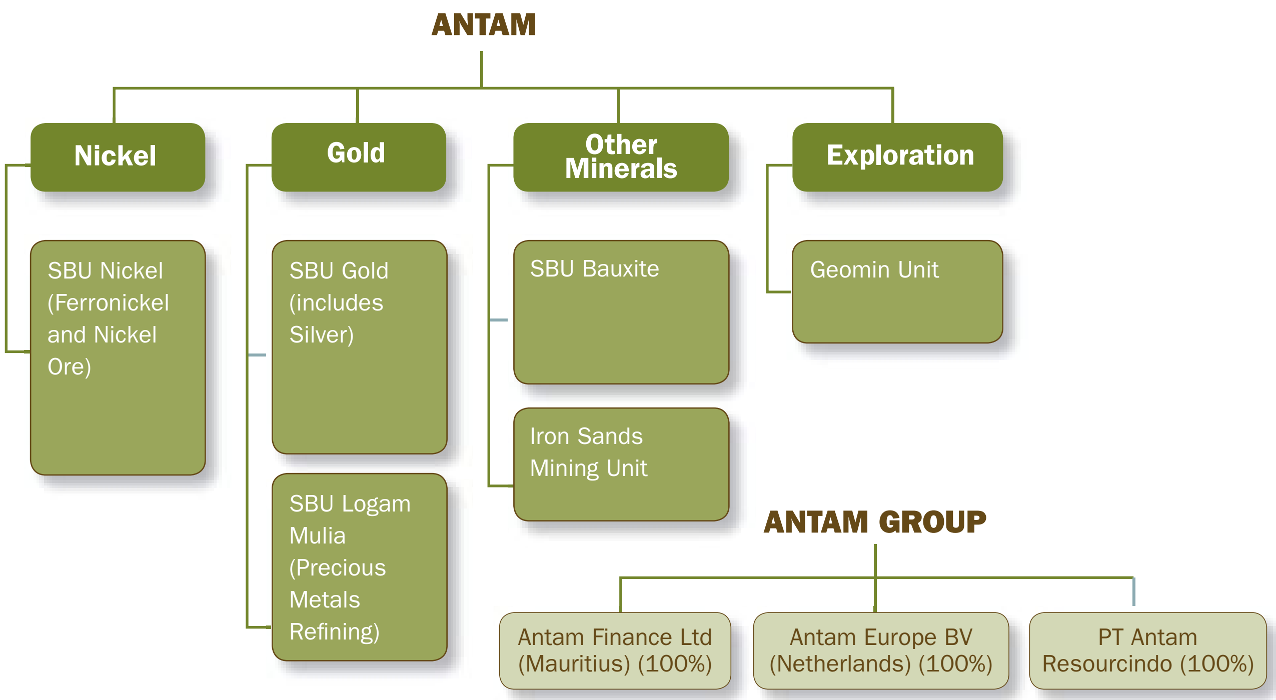
Nickel and gold will remain the main income contributors for the company. In 2006, the contribution of the nickel segment will increase following the operation of FeNi III. Commercial operations of this plant, which are expected to begin in beginning of May 2006, will increase Antam's 2006 ferronickel production to 20,000 tonnes of nickel, nearly triple the 7,338 tonnes of production in 2005.

PRODUCTION AND SALES

	Unit	2001	2002	2003	2004	2005	2005/2004 %
Production Volume							
Ferronickel	lbs Ni	22,711,995	19,409,474	19,693,870	17,515,706	**16,177,502**	(8)
	metric ton Ni	10,302	8,804	8,933	7,945	**7,338**	(8)
Nickel Ore							
• Saprolite	wmt	2,498,163	3,253,338	3,306,733	3,152,420	**3,408,252**	8
• Limonite	wmt	1,120,978	1,152,676	1,088,696	943,056	**672,548**	(29)
Total Nickel Ore	wmt	3,619,141	4,406,014	4,395,429	4,095,476	**4,080,800**	(0)
Gold	t.oz	127,928	122,591	134,258	119,437	**93,589**	(22)
	kg	3,979	3,813	4,176	3,715	**2,911**	(22)
Silver	t.oz	902,760	816,532	918,525	887,050	**791,051**	(11)
	kg	28,079	25,397	28,570	27,591	**24,605**	(11)
Bauxite	wmt	1,237,006	1,283,485	1,262,705	1,330,827	**1,441,899**	8
Iron Sands	wmt	469,377	378,587	245,409	89,664	**21,901**	(76)
Sales Volume							
Export							
Ferronickel	lbs Ni	22,628,220	18,137,409	19,550,570	17,390,501	**15,397,366**	(11)
	metric ton Ni	10,264	8,227	8,855	7,888	**6,984**	(11)
Nickel Ore							
• Saprolite	wmt	1,968,472	2,422,979	2,244,434	2,546,339	**3,025,841**	19
• Limonite	wmt	821,858	1,004,976	1,087,141	1,373,786	**1,060,240**	(23)
Total Nickel Ore	wmt	2,790,330	3,427,955	3,331,575	3,920,125	**4,086,081**	4
Gold	t.oz	58,900	57,228	66,872	51,278	**38,201**	(26)
	kg	1,823	1,780	2,080	1,595	**1,188**	(26)
Silver	t.oz	-	205,668	856,058	171,922	**375,192**	118
	kg	-	6,397	26,627	5,347	**11,670**	118
Bauxite	wmt	1,217,843	1,260,007	1,093,965	1,325,559	**1,617,566**	22
Iron Sands	wmt	-	-	-	103,328	**-**	(100)
Domestic Sales							
Ferronickel	lbs Ni	39,683	8,818	28,660	19,842	**664**	(97)
	metric ton Ni	18	4	13	9	**4**	(56)
Gold	t.oz	79,284	74,365	88,702	72,587	**78,804**	9
	kg	2,466	2,313	2,759	2,258	**2,451**	9
Silver	t.oz	992,461	1,374,186	356,833	670,576	**583,634**	(13)
	kg	30,869	42,742	11,099	20,857	**18,153**	(13)
Iron Sands	wmt	439,326	340,459	108,555	107,933	**23,268**	(78)
Sales Revenue							
Export							
Total Sales	million Rp	1,397,988	1,375,197	7,823,322	2,513,839	**2,896,446**	15
	US$ '000	136,485	149,949	213,473	278,829	**296,495**	6
Revenue	million Rp	1,735,225	1,711400	2,138,811	2,858,538	**3,287,269**	15

CASH COST, PRODUCTION COST AND AVERAGE SELLING PRICE

	Unit	2001	2002	2003	2004	2005	2005/2004 %
Cash Cost							
Ferronickel	US$/lb	1.78	2.42	3.16	3.35	**3.91**	17
Nickel Ore							
• Saprolite	US$/wmt	8.84	12.00	13.94	15.12	**14.80**	(2)
• Limonite	US$/wmt	3.44	4.50	4.91	7.32	**7.44**	2
Gold	US$/t.oz	140.69	165.69	175.50	183.46	**252.94**	38
Bauxite	US$/wmt	7.27	9.08	9.73	8.00	**8.48**	6
Iron Sands	Rp/wmt	58,072	75,833	117,924	333,044	**-**	(100)
Production Cost							
Ferronickel	US$/Lb	1.92	2.62	3.37	3.63	**4.30**	18
Nickel Ore							
• Saprolite	US$/wmt	9.43	12.41	14.42	15.49	**19.77**	28
• Limonite	US$/wmt	3.90	4.89	5.21	7.58	**7.52**	(1)
Gold	US$/t.oz	180.82	222.55	235.29	259.27	**336.35**	30
Bauxite	US$/wmt	7.54	9.42	10.31	8.23	**8.74**	6
Iron Sands	Rp/wmt	61,013	80,417	124,683	350,718	**-**	(100)
Avg. exchange rate	Rp/US$	10,249	9,280	8,504	8,935	**9,712**	9
Average Selling Price							
Ferronickel	US$/lb	2.63	3.05	4.06	6.23	**6.45**	4
Nickel Ore							
• Saprolite	US$/wmt	21.38	21.91	28.38	42.35	**44.64**	5
• Limonite	US$/wmt	4.61	8.20	14.96	16.47	**19.06**	16
Gold	US$/t.oz	270.98	312.22	364.32	411.97	**446.14**	8
Silver	US$/t.oz	4.45	4.77	4.93	6.64	**7.27**	9
Bauxite	US$/wmt	11.24	11.06	10.93	11.36	**11.90**	5
Iron Sands	Rp/wmt	69,002	79,418	86,374	150,120	**105,180**	(30)



Income from the gold segment is predicted to decrease slightly due to construction following the re-design of the Pongkor gold mine. The mine plan has been re-designed due to soft wall conditions and lower than expected grades. For 2006, Antam is targetting production volume of 3.3 million wmt of high grade nickel ore, 0.9 million wmt of low grade nickel ore, 2,360 kg of gold, and 1.5 million wmt of bauxite. However, Antam will attempt to capitalize on the good market conditions and increase sales of nickel and bauxite beyond the targets.

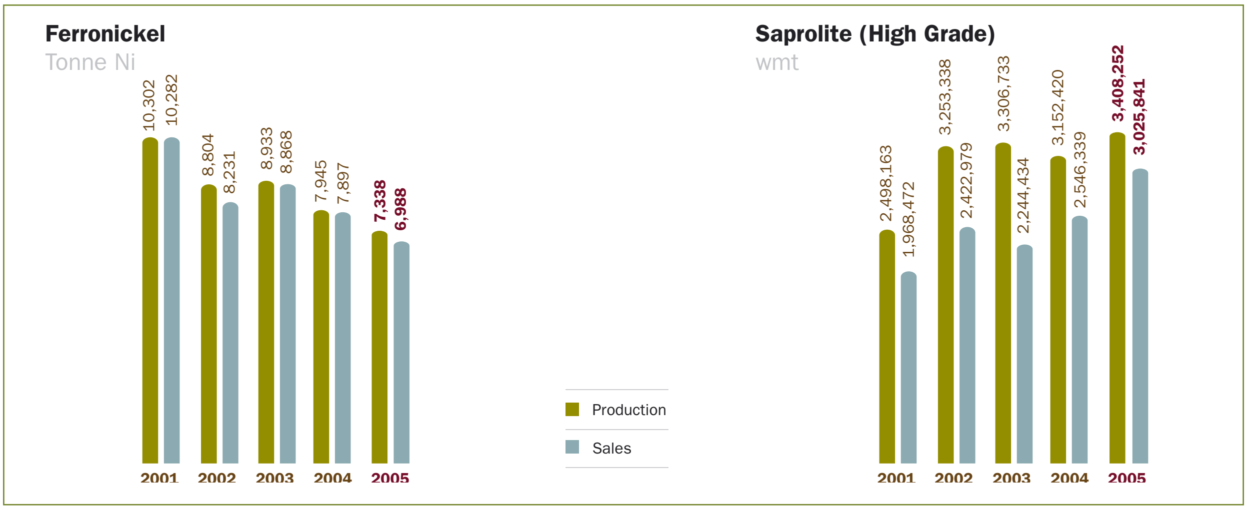
PRODUCTION AND SALES

Nickel

In 2005, Antam's ferronickel production decreased 8% to 7,338 tonnes of nickel following the unscheduled shut down of FeNi II smelter in March, during its commissioning period. This included 904 tonnes of nickel produced through toll smelting with Pamco Japan, conducted to maintain punctual deliveries to consumers.

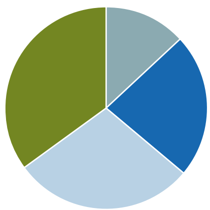
In line with lower ferronickel production, sales decreased 12% to 6,988 tonnes of nickel. Sales volumes were lower than production due to shipments bound for Europe, which were still in transit in December and could not be recorded as sales. Antam ships ferronickel to its customers in Europe and North Asia and pays for the Cost, Insurance and Freight (CIF). Antam ships nickel ore and bauxite Free on Board (FOB). In 2005, income from ferronickel increased slightly to Rp986 billion in line with the 4% higher average selling price of US$6.45 per pound.

FERRONICKEL AND SAPROLITE NICKEL ORE SALES AND PRODUCTION



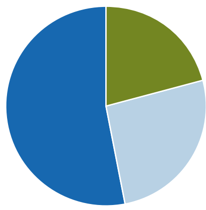
SALES BY DESTINATION

Ferronickel



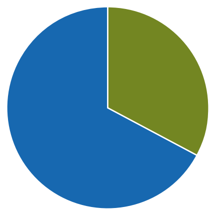
2005	%
Europe	35
Korea	29
Japan	23
Taiwan	13

Nickel Ore



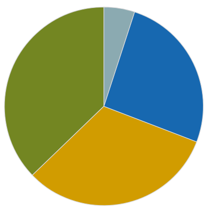
2005	%
Europe	21
Australia	26
Japan	53

Gold

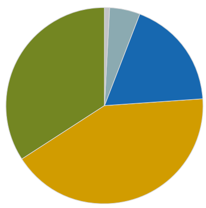


2005	%
Export	67
Local	33

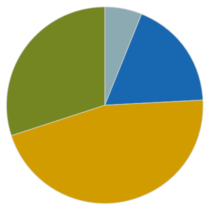
SALES BREAKDOWN



2003	%
Ferronickel	37
Nickel Ore	32
Gold	26
Bauxite	5
Iron Sands	0



2004	%
Ferronickel	34
Nickel Ore	42
Gold	18
Bauxite	5
Iron Sands	1



2005	%
Ferronickel	30
Nickel Ore	46
Gold	18
Bauxite	6
Iron Sands	0

The production of saprolite nickel ore increased 8% to 3,408,252 wmt as Antam increased production at all of its mines: Pomalaa, Gee, Buli and the new mine, Mornopo. Similarly, saprolite sales volumes increased 19% to 3,025,841 wmt. Antam increased volumes to offset the loss of income due to the unscheduled shutdown of FeNi II smelter. In 2005, operating income from saprolite nickel ores increased 36% to Rp1.326 trillion due to higher volumes and a 5% higher average selling price of US$44.64 per wmt.

In 2005, the production of limonite nickel ore, including Low Grade Saprolite Ore (LGSO), decreased 29% to 672,548 wmt due to the decreasing demand from Antam's sole buyer in Australia. Unlike saprolite, there is a limited market for limonite due to the technical difficulties in extracting nickel from limonite. LGSO production from Pomalaa decreased 15% to 510,529 wmt while limonite production from Buli decreased 26% to 162,019 wmt.

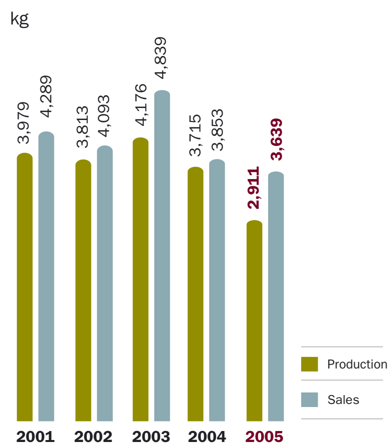
Limonite is only produced in Pomalaa and Buli, following the closure of the Gebe nickel mine at the end of 2004.

In line with lower demand, sales volume decreased by 23% to 1,060,240 wmt. Operating income from limonite fell by 11% to Rp196 billion despite a 16% higher average selling price of US$19,06 per wmt.

Gold

In 2005, gold production production decreased 22% to 2,911 kg, achieving 78% of the target. In the beginning of the year, gold operations were impacted by the breakdown of the ball mill, such that there was only one line functioning at the plant. Antam also had to deal with changing geological conditions underground. The walls of the tunnels were more fragile than anticipated, requiring continual reinforcement, which slows production. These conditions were also more dangerous, and the collapse of a wall lead to the death of an employee in October. As well, production fell due to lower than expected grades

GOLD SALES AND PRODUCTION



of 9.72 grams per ton (gpt), far lower than the planned grade of 11.66 gpt. The production of silver, which is a by-product of gold, decreased 11% to 24,605 kg.

Gold sales volumes decreased by a lesser 6% to 3,639 kg, due to the sale of gold inventories. Meanwhile, silver sales increased 14% to 29,823 kg due to less restrictions on silver exports beginning in June 2005. However, gold revenues increased by 11% to Rp507 billion as the average selling price of gold increased 8% to US$446.14 per t.oz.

Bauxite and Iron Sands

In 2005, the production of bauxite ores increased 8% to 1,441,899 wmt and the sales volume reached 1,617,566 wmt due to high customer demand. Revenues from bauxite, which was entirely exported, increased 38% to Rp187 billion due to higher volumes and a 5% higher average selling price of US$11.91 per wmt.

Considering the decreasing scale of iron sands operations and to improve efficiency, Antam assigned its iron sands operations to its wholly-owned subsidiary, PT Antam Resourcindo. In 2005, iron sands generated a negligible Rp1.5 billion in revenue, and sustained operating losses. Sales volumes amounted to 23,268 wmt from production of 21,901 wmt.

CASH COSTS

Nickel

In 2005, the average cash cost for producing ferronickel rose 17% to US$3.91 per pound. The increase was caused by lower production volumes due to the unplanned shutdown of FeNi II smelter at the beginning of 2005. Costs also increased due to higher fuel prices following the full removal of national fuel subsidies. Materials, including fuel, made up the largest cost component accounting for 36% of total cash costs. Other significant components included mining services costs at 25% and employee costs at 14%.

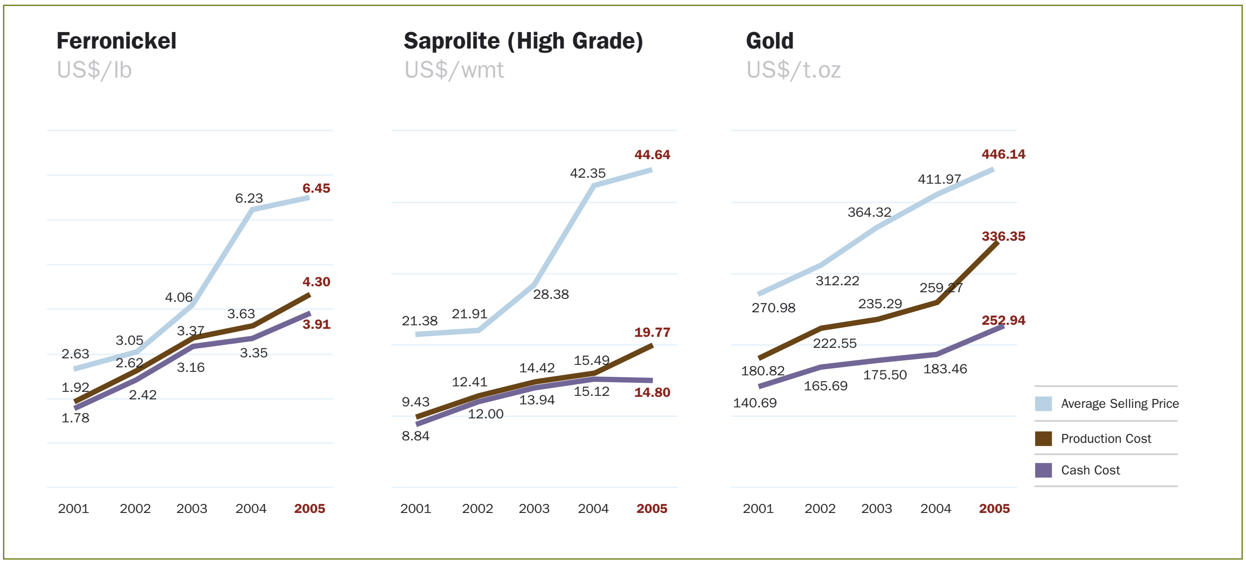
In 2005, the production costs of most of the world's nickel producers were higher due to the increase of international oil prices, the appreciation of the US dollar and the increase of employee costs. A prominent metal consultant in London estimated an average increase of cash costs for the nickel industry of 18% to US$3.12 per lb. Antam was in the top quarter of the industrial cash cost curve. After FeNi III begins commercial operations, Antam's cash costs should decrease due to greater efficiency and economies of scale. Antam will also lower costs by converting from diesel to natural gas to generate power to smelt ferronickel and management hopes to once again become a competitive ferronickel producer.

In 2005, the cash costs for saprolite nickel ore decreased by 2% to US$14.80 per wmt due to higher production. The cash costs of limonite ore increased by 2% to US$7.44 due to lower production and higher fuel, labour and services costs.

Gold

In 2005, the cash cost to produce gold increased 38% to US$252.94 per t.oz. due to lower production and higher fuel, labour and mining services charges. Antam nevertheless retained its position as a low cost gold producer. A prominent metal consultant in London estimated the gold mining industry's average cash cost increased by 13% to US$275 per t.oz.

COST, SALES AND PRICE TRENDS



Bauxite
Antam's cash cost for producing bauxite increased 6% to US$8.48 per wmt due to higher mining services charges, due to more difficult mining conditions as the Kijang mine nears the end of its mine life, Higher mining services charges were also caused by higher fuel prices.

Costs of Goods Sold
Antam's costs of goods sold increased 22% in 2005 to Rp1.827 trillion. The five largest components of the costs of goods sold were mining services, labour, materials, fuel and depreciation. Together they accounted for 67% of the total costs of good sold.

Mining services was the largest component of the costs of goods sold, accounting for 20% of the total. The cost of mining services increased 48% to Rp370 billion as Antam raised the production of saprolite nickel ore. Higher mining services charges were also due to higher fuel prices.

In 2005, Antam's labour costs increased 23% to Rp277 billion and became Antam's second largest cost component, accounting for 15% of total costs of goods sold. Antam raised compensation in 2005, with limited increases to employees' salaries and the payment of a larger annual performance bonus in the amount of seven times an employee's monthly base salary due to Antam's higher revenues and profits.

Materials accounted for 12% of the cost of goods sold and are the third largest cost component. Materials includes, among others, coal, limestone and other consumables. In 2005, the cost of materials increased by only 3% to Rp226 billion due to the decline in ferronickel production.

Fuel is the fourth largest component of the 2005 costs of goods sold, accounting for 10% of the total. Depite the decrease of Antam's ferronickel production in 2005, fuel costs increased by 14% to Rp182 billion. Signifiicantly higher fuel prices occurred in 2005 following the government's decision to cut the national fuel subsidy in March 2005 and to entirely abolish the fuel subsidy for the mining industry in July 2005. Antam's energy-intensive ferronickel operation at Pomalaa accounts for 93% of Antam total fuel costs

OPERATING EXPENSES
Antam's 2005 operating expenses increased by 23% to Rp264 billion. The main cause of the increase was the Rp103 billion employees' early retirement cost related to the closure of Gebe nickel mine and Cilacap iron sands mine. The largest component of operating expenses is employee compensation, which increased 13% to Rp130 billion due to higher salaries and the higher annual performance bonus.

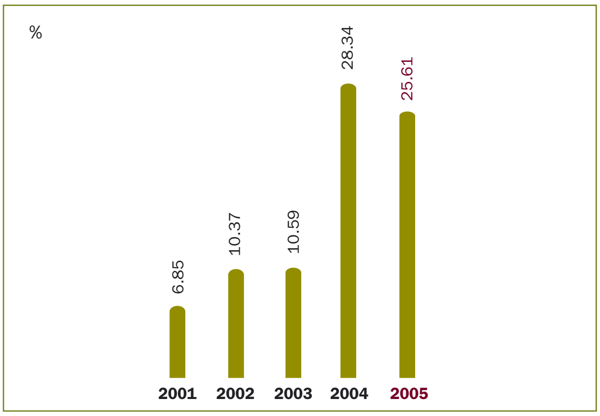
RESULTS OF THE COST REDUCTION PLAN

Business Unit	Billion Rp	
	2004	2005
Nickel	4.6	2.2
Gold	1.8	5.3
Precious Metals Refinery	0.3	-
Bauxite	0.4	-
Geomin	0.4	0.5
Total	7.7	8.0

OTHER EXPENSES
Antam's other income increased 1% to Rp67 billion, due to higher interest income of Rp22 billion due to increased interest rates and the Rp38 billion dividend payment from PT Nusa Halmahera Minerals (NHM), a gold joint venture between Antam and Newcrest. Foreign exchange gains decreased by 71% to Rp20 billion as the strengthening Rupiah lowered the value of Antam's cash (an fx loss), which is substantially all US dollars as well as lowering the value of Antam's debt (an fx gain) which is all US dollars. Antam's interest expense increased to Rp26 billion as Antam began to expense interest on the borrowings for the power plant, which had previously been capitalized, as the plant became operational in April 2005.

COST REDUCTION PROGRAM (CRP)
Despite efforts to keep costs down, the costs of goods sold increased in 2005 due to higher fuel prices and increased employee compensation. In 2005, Antam planned to reduce production costs by operating the newly refurbished FeNi II smelter, which had been upgraded with a more efficiently copper cooling system. As well, the new power plant was expected to bring signficant cost reduction by producing more stable and efficient power.

NET MARGIN



However, these cost reductions did not occur due to the unplanned shutdown of FeNi II in March for more repairs. As such, Antam saw little to no efficiency gains from the new power plant. Even if FeNi II had not shut down, it is likley Antam's costs would have increased due to the government's decision to abolish fuel subsidies for the mining industry.

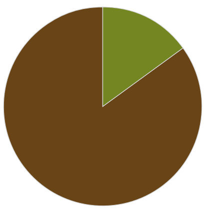
To anticipate higher fuel prices, in 2005 Antam substituted Industrial Diesel Oil with the less expensive Marine Fuel Oil, to fuel the new power plant run by Wartsila. The IDO proportion of Antam's fuel usage was 16% in 2005, compared with 73% in 2004.

10% from 38% to 34% as operating income increased to Rp1,136 billion. Similarly, the net margin fell 7% to 26% from 28% as net income increased 4% to Rp842 billion.

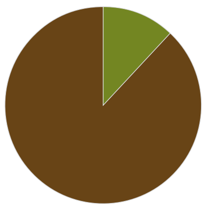
SALE OF ASSETS

Antam sold two non-performing assets in 2005. A residential house in Simprug, Jakarta was sold for Rp6 billion, while a warehouse in Makassar was sold for Rp550 million. In 2006, Antam's team will focus on the sale of land and buildings located in Jakarta, Cilacap, Cikotok and Gebe.

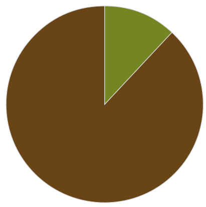
SALES BREAKDOWN



2003	%
Domestic	15
Export	85



2004	%
Domestic	12
Export	88



2005	%
Domestic	12
Export	88

To lower cash costs, Antam conducted a labour force reduction, with a view to lowering the work force to 2,500 by 2009. In 2005, Antam reduced the work force by 400, with the closure of the depleted Gebe nickel mine. The reduction of 800 daily contractors at Pongkor is planned for 2006. More significantly to cost reduction, Antam is planning to convert its 102 megawatt (MW) diesel power plant to natural gas by mid-2008. At a cost of around US$24 million, Antam expects to save US$22 million per year. For the long term, Antam is considering becoming an offtaker from a planned 600MW hydropower facility. Antam is targetting cash costs of US$3.70 to US$3.80 per pound in 2006 and following a shift to more economical fuel, Antam hopes to produce ferronickel for US$3.50 per pound.

In 2005, Antam's cost reduction program saved Rp8 billion, a similar amount as 2004 by improving the efficiency of limestone consumption, better electricity usage and the use of generic medicines for employees.

PROFITABILITY AND MARGINS

Despite the 15% increase of Antam's revenues, the gross margin decreased 7% from 48% to 44% as the increase in costs outpaced the 7% increase in gross income to Rp1,460 billion. The operating margin decreased by

CLOSURE OF FACILITIES

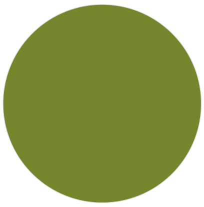
In 2005 the company ceased iron sands mining activities at Cilacap, Central Java as the deposit is depleted. Antam has two remaining iron sands mines in Kutoarjo and Lumajang. However, considering the small scale of the operations and to improve efficiency, the management decided to assign those operations to its subsidiary, PT Antam Resourcindo. Antam allocated Rp1.5 billion for the mine closure and post-mining activities.

The company has allocated Rp77 billion for future mine closure costs. Antam has allocated Rp19 billion for the Gebe nickel mine, Rp28 billion for the Kijang bauxite mine, Rp4 billion for the Cikotok gold mine, Rp21 billion for Pomalaa, Gee and Buli nickel mines, and Rp2 billion for the Pongkor gold mine. Antam has also allocated Rp909 million for environmental reclamation at the Precious Metal Refinery and Processing Unit in Jakarta.

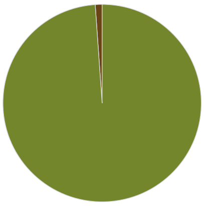
BUSINESS INTERRUPTION

As part of a routine full overhaul, Antam shutdown its FeNi II smelter on September 14, 2004. After the overhaul was complete, Antam switched on the smelter for a one month commissioning period. On March 23, 2005, during the commissioning period of the plant, Antam decided to shut down FeNi II for safety reasons

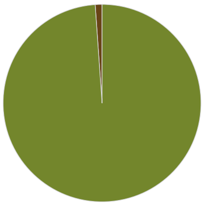
REVENUE DENOMINATION



2003	%
US$ Portion	100
IDR Portion	0



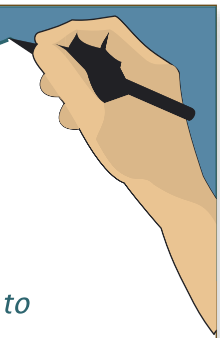
2004	%
US$ Portion	99
IDR Portion	1



2005	%
US$ Portion	99
IDR Portion	1

after finding abnormal metal levels and temperatures in the furnace. These conditions were caused by damage to the refractory bricks due to an improper implementation of ramp up procedures. Antam then began repairs which lasted until August 2005 and delayed full commercial operation of FeNi II until September 2005. The cost to repair FeNi II amounted to Rp70 billion (US$7 million), a large portion of which paid for for the airfreight of the refractory bricks. At the end of 2005, FeNi II smelter was fully operational.

On September 6th 2005, a tunnel wall collapsed at the 500 metre level (Level 500) inside the Pongkor gold mine. The unfortunate accident killed one employee and slightly injured two others. The accident did not disrupt the overall mining activities at Pongkor.



"Concentrate on cost reduction program"
Investment Analyst

"It's better to be conservative and surprise the market to the upside than to be overly bullish."
Investment Analyst

As collected from Antam's 2005 Investor Perception Survey

MANAGEMENT DISCUSSION & ANALYSIS

COMPANY OVERVIEW

COMPANY DESCRIPTION

PT Aneka Tambang (Antam) is a vertically integrated, export-oriented, diversified mining and metals company. With headquarters in Jakarta and operations spread throughout the mineral-rich Indonesian archipelago, Antam undertakes all activities from exploration, excavation, processing through to marketing of nickel ore, ferronickel, gold, silver, bauxite and iron sands. The company has long term loyal blue chip customers in Europe, Australia and Asia. Due to the vastness of the company's licensed exploration areas as well as its known large holdings of high quality reserves and resources, Antam has formed several joint ventures with international partners to profitably develop geological ore bodies into profitable mines. The company was formed in 1968 from the merger of several single-commodity state-owned mining companies. This is how the company was named as "Aneka Tambang", which means "Many Mines".

The corporate structure is uncomplicated, with Antam having 100% ownership of two financing-related entities, Antam Finance Limited (Mauritius) and Antam Europe B.V. (The Netherlands) and one operating entity called PT Antam Resourcindo, which runs Antam's iron sands division and the small, nearly depleted, Cikotok gold mine in West Java.

Antam was first listed on the Jakarta and Surabaya stock exchanges when the government sold 35% of the company to the public in 1997. In 1999, Antam listed its shares as a Foreign-Exempt Listing on the Australian Stock Exchange, augmenting to a full ASX Listing in 2002. In 2003, Antam conducted its maiden US$ bond issuance through its Mauritian subsidiary Antam Finance Ltd. The bonds are listed on the Singapore Stock Exchange. The company's shares are actively traded on the Jakarta Stock Exchange, with the 35% public ownership mostly comprised of over 200 foreign institutional investors, mainly from the UK and USA.

COMPANY OBJECTIVES

The main objective of the company is to enhance shareholder value while profitably expanding operations in a sustainable manner. This remains management's prime objective and a means to realize Antam's vision of being a mining company of international standards with a competitive advantage in the global market. It means becoming a bigger and better company. A company that is larger, more pro-active, more productive, more future-oriented, more profitable, better balanced and more competitive on the international market.

Antam will achieve its main objective of creating shareholder value by creating a bigger and better company, by implementing the following strategies:

1) Focus on our core business.

We ask ourselves, "how can we generate the most value from our reserves?" We build on our existing strengths to ensure long term profitability. By maximizing output we increase cash generation and lower unit costs.

2) Create sustainable growth.

We sustain growth through reliable expansion projects, strategic alliances, acquisitions, increasing quality reserves and adding value by moving away from selling raw materials and increasing processing activities.

3) Maintain Financial Strength.

By generating as much cash as possible we ensure we have the funds to repay our debts, finance our continued growth and pay dividends.

Antam will achieve its objectives by producing low cost, high quality products of nickel, gold and industrial minerals. In order to develop sustainable and profitable operations Antam will enhance employee's welfare and maintain high levels of work safety and health, environmental conservation and community development.

As well as running and developing sustainable operations, Antam aims to create shareholder value by forming strategic joint ventures with international partners, and exploring interesting investment opportunities to grow profitably. Antam seeks to build on its vast reserves and resources, its diversified product mix, and its vertically integrated operations to make a bigger and better company.

One of Antam's enduring competitive strengths is its product and services mix, which is comprised of ferronickel, saprolite (high grade) nickel ore, limonite (low grade) nickel ore, gold, silver, bauxite, iron sands, and precious metals refinery services. With ferronickel, nickel ore and gold comprising 30%, 46% and 18% of sales revenues, Antam has had this same product mix for the past 10 years. This product mix helps stabilize Antam's earnings, which are subject to the volatile price swings of the commodities markets.

processing ferronickel from FeNi I and in 1995 expanded ferronickel capacity to around 10,000 tonnes of nickel contained in ferronickel. In 1993, Antam opened the Pongkor gold mine, after a discovery was made by Antam's exploration division. The mine was expanded in 1996 to a gold and silver capacity of around 4,000kg and 27,000kg respectively with funds obtained though a syndicated gold loan from international and local banks. Antam also operates Indonesia's only precious metals refinery, Logam Mulia, which process gold and silver from Pongkor, as well as for third party producers in Indonesia.

All of Antam's operations are located in Indonesia and are spread throughout the archipelago. They are divided into four divisions, Nickel, Gold, Others and Exploration, which are further categorized as strategic business units (SBUs) or mining units. SBU Nickel, which is based in Pomalaa, Southeast Sulawesi, produces and exports Antam's nickel ore and ferronickel. SBU Gold, contains the Pongkor gold mine in West Java as well as the Logam Mulia precious metals refinery in Jakarta, and generates revenue from gold and silver sales as well as refinery services. SBU Bauxite and the Iron Sands mining unit together make up Antam's Other Minerals division. Antam's fourth division is the Exploration division, known as Unit Geomin, which is responsible to make new discoveries on Antam's vast licensed areas and to increase the accuracy of Antam's current reserves estimates. Antam's SBUs are run as profit-centres, led by a Deputy Director. While final decisions are made at Head Office, the SBUs are given a good degree of independence in their operations.

CURRENT ANTAM PRODUCTION AREAS

Operation	Product	Location	Areas (ha)	Licence	Licenses Expiry	Year Open
Pomalaa	Nickel Ore and Ferronickel	South East Sulawesi	8,314	822K/24.01/DJP/2000 823K/24.01/DJP/2000 3740/SK-DJ/522DUP.1981 2626/SK-DJ/353DUP.1981	2010 2010 2009 2009	1938
Gee	Nickel Ore	North Maluku	39,040	490.K/24.01/DJP/2000	2019	1998
Mornopo	Nickel Ore	North Maluku				2005
Tanjung Buli	Nickel Ore	North Maluku				2001
Pongkor	Gold, Silver	West Java	6,047	142K/2014/DDJP/1992	2022	1995
Kijang	Bauxite	Riau	3,669.5	NO.339/XII/2004	2009	1935

Another company strength is Antam's vertically integrated operations, from exploration to marketing, which helps to control costs and ensure uninterrupted productivity. As Antam seeks to strategically shift into more processing activities, Antam's extraction has largely been outsourced to mining contractors, but the ownership of the reserves means Antam is not at risk of having to purchase expensive third party raw materials. Antam has shown itself to be adept at every stage along the production process from the discovery of Pongkor by Antam's Unit Geomin to maintaining and finding long term loyal customers, such that Antam's sales are generally a function of how much Antam can produce. Antam's gold, nickel and exploration divisions have received ISO certification for quality and environmental management.

The company has been producing bauxite, gold, silver, nickel ore and iron sands since its formation in 1968, although most of the ore bodies have been known and/or exploited since well before then. In 1976, Antam began

Antam has approximately 112 million wet metric tonnes (wmt) of saprolite nickel ore reserves and resources, which could last Antam about 25 years at current extraction rates. Antam also has estimated limonite reserves and resources of approximately 175 million wmt, which could last for many decades at current extraction rates. Both saprolite and limonite are lateritic ores, found only in tropical areas, and are mostly differentiated by the grade of nickel found in the ore, with saprolite having about 2.4% nickel and limonite having about 1.5% nickel. Antam also has 85 million tonnes of bauxite, the quality of which is determined by the amount of silica and other chemical properties. Bauxite is the raw material used in making alumina. Antam currently extracts and exports about 1.5 million tonnes per year. Antam has about 10 years of gold and silver production left from the 4.5 million tonnes of high grade ore remaining at the Pongkor gold mine.

SBU NICKEL

SBU Nickel exports saprolite nickel ore to Japan and limonite nickel ore to Australia. The ores are extracted by Antam using open pit mining techniques from selected sites located at the nearly depleted reserves at Pomalaa, Southeast Sulawesi, and by Antam's mine contractors from three sites at Antam's Buli reserves, located in Halmahera, North Maluku: Gee, Tanjung Buli and the newly opened Mornopo mine. Antam's contractors are PT Minerina Bhakti and Yudistira Bhumi Bhakti. PT Minerina Bhakti is related to Antam as it is owned by Antam's pension fund. However the terms of engagement were made through a tender and priced on an arm's length basis. Limonite is located closer to the surface than saprolite and is less expensive to extract. About 20% - 25% of Antam's ore production will be used as feedstock to produce ferronickel, while the rest is exported. Before exporting by ship to its international customers, Antam will occasionally blend and crush the ore to an agreed to specification. Larger ships are loaded offshore by barges over a two to three day period, but the pace is weather dependent. Every year, Antam aims to produce about 3.5 million wmt of saprolite and 1.3 million tonnes of limonite. Antam is a low cost producer of these products, averaging US$15/wmt for saprolite and US$7/wmt for limonite in 2005. If necessary, for example to offset lower sales of other products, Antam can easily increase the production and export of the wide-margined nickel ore.

Antam produces ferronickel, which is about 80% iron and 20% nickel, by feeding treated sarpolite nickel ore into its two smelters, FeNi I and FeNi II, at a ratio of about 70 tonnes of nickel ore for every tonne of nickel contained in ferronickel. Using the Elkem process, Antam treats the ore to become calcine through a process that crushes, dries, heats and adds certain consumables to reduce acidity, using machines located over an area larger than a football pitch. The phyrometallurgical technology Antam uses to produce the ferronickel is standard for this type of ore, and while reliable, is extremely energy intensive and operationally challenging. Due to the high power needs, Antam requires as assured power source. In April 2005 Antam transformed its older 58 megawatt power plant into an auxiliary and backup role and began to generate power from a new 102MW power plant which was built and is now operated by Wartsila of Finland. Antam's limonite cannot be treated using phyrometallurgy, as the grades are too low. However, a relatively new process known as High Pressure Acid Leaching, which is based on hydrometallurgy can potentially economically extract nickel from limonite. Antam is planning to jointly develop an HPAL project in order to add value to Antam's vast limonite reserves.

Antam's ferronickel is sold in the form of ingot (bars) or shots (pellets) and is differentiated as containing high or low carbon levels. Antam aims to produce about 10,000 tonnes of nickel contained in ferronickel per year from FeNi I and II, which is slightly below the nameplate capacity of 11,000 tonnes. Output will increase significantly as Antam brings the 15,000 tonnes per year FeNi III smelter into operation in 2006. Antam's production costs have increased over the past 3 years as fuel subsidies were removed and due to lower production volumes. Antam's 2005 cash costs of US$3.92 per pound place Antam in the top quartile of the industry cost curve. As the cost of power is critical to the profitability of SBU Nickel, Antam is seeking to lower cash costs by converting the power plant from diesel fuel to natural gas.

SBU GOLD

Antam runs Indonesia's only underground gold mine at Pongkor, West Java. The Pongkor mine was built underground as the gold rests beneath the Mount Halimun National Park. A combination of conventional and mechanized cut and fill mining is performed, with hydraulic jumbo drilling and load haul dump techniques used. After the gold ore is smelted at the Pongkor mine to become gold bullion, Antam transports the bullion by armoured truck to Logam Mulia for further refining, where Antam produces high quality gold bars and retail gold products, silver, and other precious metals.

The gold from Logam Mulia is internationally accredited for its purity by the London Bullion Market Association. Antam aims to produce about 400,000 wmt of ore from Pongkor, in order to produce around 3,000kg of gold and 25,000kg of silver. This is well below the name plate capacity of 5,000kg of gold, due to softer than expected tunnel walls within the mine and lower grades. Antam has re-designed the mine plan and it is hoped production levels will increase. Logam Mulia has a capacity of 75 tonnes of gold and 275 tonnes of silver, but less than half the capacity is utilized due to dwindling demand from third party miners. It is hoped that renewed investment in the gold mining sector in Indonesia will increase demand for Logam Mulia's services. Antam's 2005 gold cash costs of US$249.91 per ounce are below the industry average of US$275 per ounce. They are expected to increase to US$314 per ounce in 2006 as Antam reduces production

Antam's new 102 MW power plant at Pomalaa

to build new excavation stopes following a re-design of the mine plan. Antam's silver is a by-product of the gold refining process.

SBU BAUXITE AND IRON SANDS MINING UNIT

Antam is Indonesia's only legal producer of bauxite. The ore is extracted from open pits at Antam's Kijang mine in Riau province by Antam's contractor PT Minerina Cipta Guna, which is owned by Antam's pension fund. The bauxite is then washed and screened and exported to alumina producers in Japan and China. The Kijang mine life has been extended due to large demand from resource-hungry China for the lower quality bauxite, as the mine's high quality bauxite reserves have been extracted. Antam has held discussions with potential international and local partners about developing Kijang into a facility which can produce smelter grade alumina using ore extracted nearby from pits owned by Antam and other local companies. This plan was still at the initial discussion phase.

Antam's largest bauxite reserves are located at Tayan, West Kalminatan, and although uneconomical to export the raw material due to the added costs of transportation because of the inland location of the mine, Antam plans to develop a chemical grade alumina plant together with Japanese and Singaporean partners.

Antam aims to produce about 1.5 million tonnes of bauxite per year. The operation of Antam's iron sands mining unit was turned over to Antam's subsidiary PT Antam Resourcindo in 2005 as the unit is not profitable, and preparations are being made to sell the unit. The contribution of iron sands to Antam's revenue was negligible. The company lost money on the iron sands mining unit due to the expenses related to shutting down the Cilacap mine.

UNIT GEOMIN

Antam's Unit Geomin is responsible for all of Antam's exploration activities. It is a cost centre although the unit can conduct services for third parties should there be such a demand. The main focuses of Unit Geomin are to make new gold discoveries and to further delineate and more accurately estimate Antam's known reserves of nickel and bauxite. Unit Geomin will work together with international partners as required by Head Office to meet the terms of joint venture agreements. In 2005, Antam provided Unit Geomin's services as in kind participation in the PT Cibaliung gold joint venture.

CUSTOMERS AND MARKETS

Most of Antam's customers are long-term, loyal, blue chip companies, in North Asia, Australia and Europe. Antam's sales agreements have a duration of one to three years and are based on volumes with prices determined by the prevailing international spot price. Antam also has two long term offtake agreements of 11 and 10 years, which will be implemented when commercial operations of FeNi III begin. The agreements are for a combined annual total of 15,000 tonnes of nickel in ferronickel, with TKN of Germany and Posco of Korea. All of Antam's nickel ore is exported to ferronickel producers and all of Antam's ferronickel is exported to stainless steel producers. The bulk of Antam's gold and silver is sold to jewelry manufacturers, both locally and abroad. In 2005, as in 2004, two thirds of Antam's gold and refinery revenues were domestic. Antam's bauxite is sold entirely to alumina producers in China and Japan and iron sands are sold entirely to local cement producers. Antam's precious metal refinery serves domestic gold producers and is actively seeking new customers to boost its capacity utilization.

Although China has been a major source of demand growth in the past three years, most of Antam's new customers have come from Eastern Europe. Antam began exporting nickel ore to FeniMak of Macedonia (for IMR/Alferon) and to Pobuzky in the Ukraine. In 2004, Antam began exporting nickel ore to Razno Imports of the Ukraine. Antam does not currently sell any nickel products to China, although it is considered a potential future market once FeNi III begins commercial operations. Currently Antam only exports bauxite to China, which has extended the life of the Kijang bauxite mine.

Antam views its human resources as its top asset, but like any resource, human resources need to be developed. In 2005, Antam's human resource department focused on improving the workforce, both in terms of worker satisfaction and productivity, through selective workforce reductions, or "right sizing", and increased training. Antam also sought ways to better align individual performance with compensation. In 2005, Antam formed a Learning Center which wil be reponsible to develop a master plan for Antam's Human Resources development as well as formulate specialised training and development courses for employees.

Management feels that it has good productive relations with the major employee union, Aneka Tambang Worker Union (Perpantam), and a smaller group from Pomalaa who are members of the All Indonesian Workers Union (SPSI). At the end of 2005, Antam had a total work force of 3,069, which was 10% less than the 3,429 of 2004. Antam had 2,852 permanent employees, 14% less than the 3,300 of 2004. As well, Antam employed 217 non-permanent employees, similar to the 129 of 2004.

Antam reduced the workforce by 448 in 2005 with the closure of the Gebe nickel mine. The output of the Gebe nickel mine will be largely replaced by the Mornopo mine, the operation of which has been outsourced to Antam's contractor PT Minerina Bhakti. To improve productivity and the welfare of the skilled and hardworking members of Antam's workforce, Antam plans to reduce the workforce to 2,500 by 2009.

In addition to basic remuneration, Antam provides housing subsidies, transportation allowances, healthcare, life insurance, remote site allowance, union membership and social insurance for all permanent workers.

There were no base salary increases in 2005, however, a remote site bonus was increased and due to Antam's higher net sales, employees annual year end bonuses were increased from five months to seven months of monthly base salaries. As such in 2005, Antam's total employee cost increased 32% to Rp586 billion. Antam has no plans to raise base salaries nor bonuses in 2006, so labour costs should not rise significantly.

Although Antam had an operationally tough year in 2005 in terms of ferronickel and gold, it was very difficult to differentiate individual compensation due to the challenge of determining who is directly responsible for what amount of mining and processing output.

Antam has a defined benefits pension plan, which is managed by the Antam Pension fund and funded by contributions from the employees and Antam. In addition to the pension program, the company provides support for health services during retirement for eligible retirees and their family members, which is managed by the Antam Pensioners Health Foundation. Health services support during retirement is limited to Rp5 million per year for each retiree, excluding life threatening cases, which are fully borne by the company.

DYNAMICS OF THE BUSINESS

MARKET OPPORTUNITIES AND RISKS

It will come as no surprise that the international commodity markets are very strong at the moment and will likely maintain their historically strong level, although

Product	Customer - Country
Saprolite	Gokokai (Pamco (via Mitsubishi), Sumitomo Metals Mining Co. (via Mitsui), Nippon Yakin Kogyo (via Marubeni)) - Japan Raznoimports, FeniMak (for IMR/Alferon), Pobuzky – Europe
Limonite	Queensland Nickel Pty. Ltd – Australia
Ferronickel	Via Avarus AG (Antam's Agent in Europe):Thyssen Krupp Nirosta, AvestaPolarit, ALZ BV, Pohang Iron & Steel Co (Posco) – Korea Nikkinko Trading, Atmix (via Mitsubishi), Nisshin Steel, Nippon Yakin Kogyo (via Marubeni) – Japan Yieh United Steel, Taiwan
Gold	Standard Bank – UK Various local jewelers – Indonesia
Silver	AGR Mathey Yamamory Various local jewelers – Indonesia
Precious Metal Refinery	PT Newmont Minahasa Raya, PT Indo Muro Kencana, PT Nusa Halmahera Minerals – Indonesia
Bauxite	Nippon Light Metals, Showa Denko, Sumitomo Chemical – Japan Shangdong Aluminium, Shangdon Xinfa, Weigiao – China

Ball mill in operation at Pongkor gold mine

NUMBER OF EMPLOYEES

	2000	2001	2002	2003	2004	**2005**
Permanent	3,674	3,577	3,487	3,421	3,300	**2,852**
Temporary	124	106	122	126	129	**217**
Total	3,798	3,683	3,609	3,547	3,429	**3,209**

perhaps declining in the years ahead. The nickel spot price averaged US$3.20 per pound in the ten years prior to 2003, when the recent boom began. The price averaged US$6.48 per pound from 2004 to 2005. According to metals consultants Brookhunt, from 2006 until 2010 the price is expected to average US$5.52 per pound and until 2017 the price is expected to average US$4.92 per pound. The seemingly insatiable demand for base metals from China has added to the continuing growth of global industrial production. According to Macquarie, China is likely to account for 30% of world nickel demand by 2010, up from around 8% in 1993. Global industrial production growth is expected to remain above 5% through to 2009.

As well, the investment sentiment towards Indonesia has improved considerably due to more political and economic stability and better governance. The capital markets are booming, the Rupiah is stable and strengthening, interest rates and inflation look to be in check despite rising fuel prices, and national debt levels are lower.

The above factors have created numerous opportunities for a multi-commodity, resource-rich company such as Antam. This is confirmed by the activities of Antam's joint ventures partners, which are now advancing their projects, after several years on care and maintenance. Highlights of these activities include the progress made by Newcrest to further develop the new gold deposit held by PT Nusa Halmahera Minerals, while also operating a profitable mine nearby, the progress Austindo made to start the PT Cibaliung gold project, the money raised by Herald Resources for the PT Dairi Prima lead and zinc project, and the export of diamonds to Europe by PT Galuh Cempaka and their discovery of a 58 carat diamond (of nominal value). At the moment, most of these projects represent tremendous future value for Antam, as only PT Nusa Halmahera Minerals has already begun paying annual cash dividends.

Examples of new opportunities that presented themselves to Antam are the potential sale by the government of a 9.36% in PT Freeport Indonesia, the possibility of the Indonesian government creating a mining sector holding

At work in the assay laboratory

company called the Indonesian Resource Company, the chance to jointly develop Antam's Kijang bauxite operation into a smelter grade alumina operation, the potential to develop pig iron from the company's overburden, or waste rock, the possible acquisition of a promising gold project in Sumatra, the chance to increase Antam's interest in some of the more promising joint venture projects and many, many more. When Antam conducted roadshows to Asia, Europe and the USA, some of the shareholders were puzzled at some of the opportunities Antam's management was investigating, such as the costly stake in PT Freeport Indonesia, although each opportunity is considered worthwhile.

At the same time, on the risk side, production costs are going up and there is the risk that costs, such as fuel or labour, will continue to rise. This is true for Antam as it is for the rest of the mining industry. As well, there is the risk of commodity prices falling in the years ahead. Therefore, if Antam does not get production costs down, especially for ferronickel, Antam will be in for some difficult years, especially in 2010, when nickel prices are expected to significantly drop. It is also strategically important, as being a low cost producer was an enduring competitive advantage of the company and Antam hopes to regain that position.

There is also the risk that if the company does not take action it will miss the opportunity to take advantage of the current favourable conditions in both the commodities and capital markets and the more positive views on investing in, or lending to, Indonesia. On the other hand, there is the risk Antam's management gets caught up in the excitement of the current three year bull run on commodities and makes indiscriminate investments or growth decisions. Antam must be growth-oriented, yet balanced, creating winning strategies by carefully weighing the potential risks with the potential rewards.

KEY COMPETITIVE ADVANTAGES

Most of Antam's competitors, whether the competition is for suppliers, customers, partners or for capital, are small to mid-sized nickel and diversified mining companies. One of Antam's durable competitive advantages is its known large holdings of quality mineral reserves and resources and the many valid long term operating licenses and enormous licensed exploration territories.

Antam's main strategies are based on how to generate profit by adding value to these reserves. Another competitive advantage of the company is the diversity of its commodities, which provides a stabilizing effect in volatile commodity markets, which single commodity producers do not enjoy. Antam's vertical integration of its operations is another strength many of its competitors do not have. Especially in these times of rising costs, Antam can control the production process from start to finish, meaning from exploration to marketing. For example Antam is not subject to the rising raw material costs that other nickel producers are faced with. Antam also has an advantage over its competitors in terms of its location in Indonesia. Indonesia is known for its tremendous geological potential, has a mining sector that is in its relative infancy and has better operating margins that the top 40 global mining companies. In addition, Indonesia is returning once again as an attractive destination for direct investment.

Finally, Antam has a competitive advantage over peers in terms of low cost operations. Although ferronickel costs have been at the high end of the cost curve over the past three years due to lower production and the loss of national fuel subsidies, Antam is a low cost provider of its other products. As well, Antam's position at the top end of the ferronickel cost curve is due to its use of costly diesel fuel to generate the huge loads of power required. Unlike other companies, which already employ cheaper power sources, Antam can convert to natural gas and perhaps regain its position as a low to mid cost nickel producer.

MARKET SHARE

Antam's market share of the international gold, silver and bauxite markets is negligible, although Antam is an important supplier to its long term and loyal customers in Asia and Europe. Antam's normal capacity of 10,000 tonners per year of nickel contained in nickel represents about 1% of the global nickel market. This will increase to nearly 3% after FeNi III is up and running in 2006. Antam's total nickel ore production (both high and low grade) in 2005 contained roughly 92,000 tonnes of nickel, which is about 9% of global nickel production.

PERFORMANCE INDICATORS

The key measurements of operational performance used by Antam's management are production volumes. If Antam is able to meet or beat it's production targets, the company is seen to be performing well. The reason production volumes are used, is because they are the most controllable by management (as opposed to commodity or fuel prices). Sales volumes are generally a function of production volumes. Although heavily impacted by non-controllable factors, Antam also looks to cash cost performance as a measure of the company's performance. In terms of returns for its new development projects, the company seeks a minimum project internal rate of return of 15%. In terms of corporate return on equity, Antam seeks to surpass 15%.

RISK MANAGEMENT

Antam's main risks concern fuel and commodity prices and the movements of the Rupiah exchange rate. Antam manages these risks by attempting to use the lowest cost fuel possible and by installing and operating the most efficient equipment possible. The risk of rising fuel costs is mitigated by Antam's ability to lower costs in other areas, such as labour. Antam's manages the risk of commodity prices with some limited hedging activities, explained in more detail in the Financial Review. The greatest way Antam can manage these risks is by operating as productively and efficiently as possible, rather than compounding the risk through complicated derivative instruments.

There is also the risk of the disruption of operations, and expensive fines or court judgments due to environmental and local community development issues. This has occurred to other mining operations in Indonesia. Antam maintains constant contact and good relations with local communities, most of which grew up alongside the mine and maintains standards of environmental management which meet or beat national standards and are ISO 14001 certified. Therefore the company does not feel it is at great risk in terms of legal or regulatory compliance.

Mining is a risky business and there is the ever present risk related to occupational health and safety. Antam has a zero-accident policy. While accidents will occur, Antam has not lost significant production due to lost man hours caused by health and safety issues.

There is also the risk that changes in technology will jeopardize the competitiveness of Antam's operations. To avert this possibility, Antam has formed, or is forming, strategic partnerships with international mining companies that possess the latest technology. The Tayan Chemical Grade alumina project, will add more value to Antam's bauxite reserves and Antam's goal of jointly operating a High Pressure Acid Leaching project, will ensure Antam's long term cash costs are competitive. Antam will also buy the latest technology, such as the copper cooling system newly installed at the ferronickel smelters at Pomalaa, which improves productivity by about 10%.

The company in not at risk due to the availability of staff or other resources or due to product liability.

"Always make it clear to investors that creating shareholder wealth is the most important criteria in planning the future and operating the company. IF you get this right, everything else is easy. If you look after shareholders they will look after you."
Stockbroker

As collected from Antam's 2005 Investor Perception Survey

DIRECTORS' STATEMENT REGARDING RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

PT ANTAM Tbk AND SUBSIDIARIES

On behalf of Board of Directors, we, the undersigned:

1.	**Name**	**Ir. D. Aditya Sumanagara**
	Office Address	Jl. TB. Simatupang # 1, Jakarta 12530
	Address of Domicile	Tanjung Barat, Jakarta Selatan
	Telephone	+6221 789 1234
	Position	President Director
2.	**Name**	**Kurniadi Atmosasmito, S.E., M.M.**
	Office Address	Jl. TB. Simatupang # 1, Jakarta 12530
	Address of Domicile	Baranang Siang Indah, Bogor
	Telephone	+6221 789 1234
	Position	Finance Director

Declare that :

The "Director's Statement Regarding Responsibility for the Consolidated Financial Statements (31 December 2005)", which we signed on March 14, 2006 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

Furthermore, the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

This is our declaration, which has been made truthfully.

For and on behalf of the Board of Directors

Ir. D. Aditya Sumanagara
President Director

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

Jakarta
11 April 2006

FINANCIAL REVIEW

ABRIDGED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2005 AND 2004
(Expressed in thousands of Rupiah)

	2005	2004*)
CURRENT ASSETS		
Cash and cash equivalents	720,833,059	1,998,551,871
Trade receivables – third parties	467,998,026	281,993,825
Inventories	527,289,673	396,065,076
Prepaid taxes	263,579,706	167,633,821
Total current assets	2,087,511,802	2,977,269,826
NON-CURRENT ASSETS		
Fixed assets	3,825,458,802	2,692,859,049
Total non-current assets	4,315,202,326	3,065,376,263
TOTAL ASSETS	**6,402,714,128**	**6,042,646,089**
CURRENT LIABILITIES		
Trade payables – third parties	113,067,259	85,346,459
Accrued expenses	385,120,866	516,961,878
Taxes Payable	225,090,028	270,495,510
Total current liabilities	779,405,791	912,335,474
NON-CURRENT LIABILITIES		
Long-term liabilities,		
net of current maturities:		
- Bonds	1,678,203,404	1,757,950,117
- Investment loans	265,410,000	314,504,608
Total non-current liabilities	2,593,662,838	2,687,840,747
EQUITY		
Total retained earnings	2,053,273,346	1,464,505,739
Total equity	3,029,642,904	2,442,468,293
TOTAL LIABILITIES AND EQUITY	**6,402,714,128**	**6,042,646,089**

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

	2005	2004*)
NET SALES	3,287,268,833	2,858,537,505
Cost of Sales	(1,827,140,772)	(1,497,699,936)
GROSS PROFIT	**1,460,128,061**	**1,360,837,569**
Operating Expenses	(324,324,172)	(264,265,923)
OPERATING INCOME	**1,135,803,889**	**1,096,571,646**
Other Income	66,874,529	66,222,733
PROFIT BEFORE INCOME TAX	**1,202,678,418**	**1,162,794,379**
Income Tax Expense	(360,741,438)	(352,544,748)
NET INCOME	**841,935,961**	**810,248,723**
Basic Earnings per Share	**441.34**	**424.73**

*) As restated

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004
(Expressed in thousands of Rupiah)

	2005	2004*)
OPERATING ACTIVITIES		
Receipts from customers	3,070,631,953	2,719,898,534
Payments to suppliers	(1,322,481,928)	(1,036,630,819)
Net cash provided by operating activities	**790,652,690**	**763,945,299**
INVESTING ACTIVITIES		
Payments for fixed assets	(1,436,158,392)	(875,426,263)
Dividends received	31,966,096	10,816,855
Net cash used in investing activities	**(1,616,796,493)**	**(940,169,679)**
FINANCING ACTIVITIES		
Repayment of short-term borrowings	(38,021,354)	(58,528,428)
Repayment of long-term borrowings	(201,541,115)	(42,311,151)
Payment of dividends	(258,184,029)	(94,225,414)
Net cash (used in)/provided from financing activities	**(470,956,498)**	**67,450,566**

BALANCE SHEET

ASSETS PER SEGMENT

Segment	Assets 2004 (Rp billion)	**Assets 2005 (Rp billion)**	Growth 2005 (%)	Return on Assets 2005 (%)
Nickel	2,963	**4,549**	53.5	28
Gold/Silver/Refinery	667	**655**	-2	12.5
Bauxite/Iron Sands	98	**105**	7	5
Head Office*	2,315	**1,094**	-53	-
Antam	6,043	**6,403**	6	13

*Head Office categorized as a business unit. All tax expenses are charged to head office.

TOTAL ASSETS

Antam's total consolidated assets increased 6% to Rp6,403 billion or US$651 million up from Rp6,043 billion or US$650 million. The very slight increase in US Dollar terms is attributed to the weaker Rupiah, which decreased in value 6% to Rp9,830 on December 31, 2005 from Rp9,290 on December 31, 2004. Antam acquired no significant new assets in 2005 and focused on the construction of the new FeNi III smelter, which began at the end of 2003.

CURRENT ASSETS

Antam's current assets decreased 30% to Rp2,087 billion, or US$212 million, as Antam continued to make big expenditures on the final year of construction of the ferronickel expansion project, FeNi III. Antam's cash and cash equivalents decreased 64% to Rp721 billion. The decrease in cash holdings contrasts with other current assets, such as trade receivables, inventories and prepaid taxes, which increased.

CASH AND CASH EQUIVALENTS

Antam's cash and cash equivalents decreased 64% to Rp721 billion, or US$73 million, from Rp1,999 billion, or US$215 million. The largest portion of Antam's cash holdings was used to pay for the construction of FeNi III. Other significant non-operating uses of cash in 2005 included the repayment of US$20 million (Rp201 billion) of Antam's US Dollar Eurobonds and the payment of a Rp258 billion dividend.

As in 2004, Antam's cash was held in numerous bank accounts and time deposits. Held in over 15 local and foreign banks, 64% of Antam's cash was held in time deposits and 36% was held in cash accounts. As a US Dollar earning exporter, similar to 2004, Antam's cash was 87% US Dollars, with the balance held in Rupiah. Antam converts US Dollars to Rupiah each month to pay for working capital requirements.

As with the rest of the world, the interest earned on Antam's US Dollar time deposits increased, from a maximum 1.5% in 2004 to a maximum 4.25% in 2005. Rates on Rupiah time deposits increased from a maximum 7.24% in 2004 to a maximum 13% in 2005.

RECEIVABLES

Antam's receivables increased 76% to Rp516.5 billion due to rising prices and increased orders to Europe. Trade receivables with third parties grew 66% to Rp468 billion, whereas other receivables grew 304% to Rp48.5 billion. There was no allowance for doubtful accounts as all of the receivables were collectible. The largest trade receivables were from Antam's new nickel ore customer in the Ukraine, Raznoimport, and Avarus, which is Antam's longtime nickel agent in Europe. Together they accounted for over half of trade receivables. New to the list of trade receivables was Yano Metal Company and Xinfa from China. As in 2004, 65% of Antam's trade receivables were due in less than 30 days.

INVENTORY

Antam's inventories increased 33% to Rp527 billion or US$54 million, up from Rp396 billion or US$43 million, primarily due to rising costs as well as selling prices. Finished goods, which were 58% of inventories, and work in progress, are stated at the lower of cost or net realizable value. Over one third of inventories are spare parts and supplies, which rose 159% to Rp205 billion. Finished goods rose 2% to Rp306 billion, as ferronickel and gold/silver inventories increased 69% to Rp100 billion and 17% to Rp54 billion and nickel ore inventories dropped 19% to Rp108 billion. Maintaining a policy of relatively low inventories, inventory turnover dropped slightly to 6.2 times, or about every two months.

LIQUIDITY

Antam's liquidity weakened slightly as the current ratio decreased to 2.7 times, in line with the 30% decrease of current assets. Due to the lower cash holdings, Antam's working capital decreased 36% to Rp1,308.5 billion.

LIQUIDITY	2004	2005	2005 Changes (%)
Current Ratio	3.3	**2.7**	-18
Working Capital	Rp2,065 billion	**Rp1,308 billion**	-36

NON-CURRENT ASSETS

Antam's non-current assets increased 41% to Rp4,315 billion or US$439 million, up from Rp3,065 billion or US$330 million in 2004. The increase is mainly due to the 42% increase in fixed assets, net of accumulated depreciation, to Rp3,825 billion or US$389 million.

The increase in fixed assets is largely attributed to the completion of Antam's new 102 megawatt power plant in April 2005 and the continuing construction of Antam's third ferronickel smelter, FeNi III. Total additions to fixed assets amounted to Rp1,311 billion, with substantially all attributed to the construction in progress of FeNi III, at Rp1,266 billion. The additions for the new power plant were largely reflected in the transfers of Rp117 billion for buildings and Rp668 billion for plant, machinery and equipment. At the end of 2005, Rp2,263 billion of Antam's fixed assets were still accounted for as construction in progress. Total depreciation of fixed assets in 2005 increased 14% to Rp174 billion, over half of which was for plant, machinery and equipment and substantially all of which was expensed to Antam's cost of sales.

Antam owed PT Inco Rp24 billion for high grade nickel ore, to be used as feedstock for the new FeNi III smelter. Yudistira Bhumi Bakti was owed Rp19 billion for mining contractor services and Sumber Setia Budi was owed Rp18 billion. Most of the over 17 accounts were for mining services, raw materials and supplies. Lower than in 2004, 51.5% of Antam's trade payables were Rupiah denominated and similar to the prior year, 71% were payable in less than 30 days.

ACCRUED EXPENSES, TAXES PAYABLE

Antam's accrued expenses decreased 26% to Rp385 billion as there was a 67% decrease in accrued expense for the construction of FeNi III to Rp107 billion, as most major expenditures had occurred up to the end of 2005. Meanwhile, Antam boosted the accrued expense for mining services 471% to Rp80 billion. Other accrued expenses included Rp76 billion for employee early retirement at Gebe and Rp32 billion for interest.

FINANCIAL STRUCTURE

DEBT RATIOS	2004	2005	2005 Changes (%)
Long Term Debt/Equity	85%	**64%**	-25
Long Term Debt/Assets	34%	**30%**	-12
Debt : Equity	60:40	**53:47**	-

TOTAL LIABILITIES

Antam's total liabilities decreased 6% to Rp3,373 billion or US$343 million, down from Rp3,600 billion or US$387.5 million. The decrease is due to Antam's debt repayment activities, lower accrued expenses and lower taxes payable, despite slightly higher payables and post-retirement obligations.

CURRENT LIABILITIES

Antam's current liabilities decreased by 15% to Rp779 billion or US$79 million. Trade payables increased 24% to Rp116 billion, with Rp113 billion owed to third parties. This did not offset the 26% decrease in accrued expenses to Rp385 billion or the 17% decrease in taxes payable to Rp225 billion.

TRADE PAYABLES

The top three trade payable accounts amounted to over two thirds of total third party trade payables.

NON-CURRENT LIABILITIES

Antam's non-current liabilities decreased 4% to Rp2,594 billion or US$264 million from Rp2,688 billion or US$289 million. The decrease is due to Antam's debt repayment activities, which offset increased liabilities for pensions and other post-retirement obligations, which rose 6% to Rp577 billion and for environmental reclamation, which rose 3% to Rp73 billion.

LONG TERM DEBT

Due to Antam's debt reduction activities, Antam's total long term debt at the end of 2005 amounted to Rp1,943 billion or US$201 million down 6% from Rp2,072 billion or US$223 million. Antam's two long term borrowings were in US Dollars, substantially all at a fixed interest rate. They consisted of US$175 million (Rp1,678 billion) outstanding for Notes issued in 2003 by Antam's wholly-owned subsidiary Antam Finance Ltd (AFL) and US$30 million (Rp265 billion) for an investment credit facility with domestic bank, BCA. Both the Notes and the investment credit facility were used to fund the construction of Antam's new ferronickel smelter FeNi III and the accompanying 102 megawatt diesel power plant.

NOTES BUYBACK, DEBT REPAYMENT

As part of Antam's prudent financial management, in 2005 Antam bought back and cancelled US$20 million of the AFL Notes used to fund the FeNi III project. The Notes were bought back in several installments on the open market in accordance with the prevailing pricing environment. The buyback plan brought substantial savings in terms of interest expense and withholding tax. Antam also repaid US$3.8 million (Rp35.8 billion) owed to Newcrest Singapore Holdings Pte. Ltd. for Antam's 17.5% interest in the gold joint venture, PT Nusa Halmahera Minerals.

If the price is right and if Antam has the cash, Antam will likely continue to repurchase and cancel its AFL Notes.

COST OF DEBT

AFL issued US$200 million worth of Notes at a slight discount on September 30, 2003, at a 7 year maturity but with an option of early redemption, or repayment, beginning after the fourth year. The Notes pay a fixed coupon of 7.375%, on a semi-annual basis every March 30 and September 30. The investment credit facility with BCA incorporated the same terms and conditions as the AFL Notes. Of the $60 million available to Antam, only $30 million was drawn down. The repayment of the investment credit facility commences in quarterly installments after a 28 months grace period following the draw down date of March 30, 2004. The interest rate on this borrowing is 7% for two years from the draw down date and BCA Prime Lending rate less 1% thereafter.

NOTE COVENANTS

Antam, as the guarantor, is bound by certain terms and conditions contained within the AFL Notes issued in September 2003. Among them are limitations on the incurrence of indebtedness. These limitations include levels of two financial ratios which must be satisfied in order to incur further debt. After FeNi III begins commercial operations Antam can only incur indebtedness up to a maximum of 3.5 times Net Debt to Earnings Before Interest Tax Depreciation and Amortization (EBITDA) and a minimum 2 times EBITDA to Financial Charges. As at the end of 2005, Antam was well within what is allowed by these ratios, with Net Debt to EBITDA of 0.93 and EBITDA to Financial Charges of 8.53.

The Notes contain other restrictive covenants such as the Negative Pledge, which restricts the use by Antam to grant security interest to obtain indebtedness. Among other things, Antam cannot grant more than 15% of net tangible assets as security interest. There are also restrictions as regards the disposal of assets, the consolidation, merger and sale of assets, and acquisitions.

Although Antam has several projects currently under development, only the Tayan Chemical Grade Alumina Project is at the stage where financing will soon be needed and most likely by the end of 2006 or beginning of 2007. For strategic reasons, Antam is taking the largest minority stake in the Tayan project, such that during the three year construction of the facility Antam can become more familiar with the new markets, technology and operational procedures of producing CGA, before possibly exercising an option to acquire a majority stake at some point after operations have commenced. No project is currently being delayed due to a lack of available financing caused by the restrictive covenants of the Notes.

However, Antam is constantly reviewing new opportunities in the vibrant mining sector and should certain investments arise or current projects advance more rapidly than envisioned, the Notes could become restrictive to Antam's growth plans.

NOTES REFINANCING

Antam has received several unsolicited proposals to conduct a refinancing of the Notes issued by Antam's subsidiary AFL in September 2003. The proposals have come in light of several growth opportunities and acquisitions Antam has expressed an interest in and in recognition of Antam's existing pipeline of numerous growth projects and developments. However, at the current moment Antam has the flexibility it requires to incur the indebtedness, if necessary, to fund any shortfall in planned capital expenditures. While the funding requirements for Antam's existing projects, notwithstanding any other investment opportunity considered by Antam, are substantial, none of Antam's projects are at a stage where funds need to be raised. The debt funding of the Tayan project, which will be project financed, and for which Antam will have the largest minority share for strategic reasons, will likely be raised

DEBT INCURRENCE RATIOS OF THE AFL BOND

	2004 (restated)	**2005**	VS (%) 05/04
Net Debt/EBITDA	0.06	**0.93**	1,450
EBITDA/Financial Charges	8.29	**8.53**	3

through an international load syndicate. Antam's equity in the project will be paid for out of Antam's operating cash

EQUITY

Antam's total equity rose 24% to Rp3,030 billion or US$308 million up from Rp2,442 billion or US$263 million. The reason for the increase is due to the 40% increase in retained earnings to Rp2,053 billion, of which Rp1,240 billion had been appropriated. Retained earnings increased on the back of improved performance due to higher selling prices.

CASH FLOWS

Due to increased production costs, higher tax payments, larger expenditures on the FeNi III expansion project and other development projects, debt reduction activities and a larger dividend payment, Antam's net decrease in cash and cash equivalents enlarged 1,090% to Rp1,297 billion from Rp109 billion. As such Antam's cash and cash equivalents decreased 64% to Rp721 billion.

CASH FLOWS FROM OPERATING ACTIVITIES

Antam's net cash provided from operating activities decreased 4% to Rp791 billion or US$81 million due to higher wages, higher payments of interest and increased tax payments. In line with higher selling prices and higher sales volumes of high grade nickel ore and bauxite and despite lower sales volumes of ferronickel and gold, receipts from customers increased 13% to Rp3,071 billion or US$316 million. Payments to suppliers increased 27% to Rp1,322 billion. Another trend in the mining industry is the rising cost of labour. This was also the case for Antam, which increased payments to commissioners, directors and employees by 37% to Rp554 billion, largely due to increased year end bonuses of seven times the monthly base salary. Higher bonuses were paid in line with the higher revenues of the company. Antam's payments of interest increased 252% to Rp34 billion or US$3.5 million from Rp10 billion or US$1.1 million. The biggest increase came from the 201% increase in payments of tax, which increased in line with higher profit before tax and due to higher value added tax payments for the parts and equipment purchased for the construction of FeNi III.

FINANCIAL RETURNS

	2004	**2005**
Return on Assets	13%	**13%**
Return on Equity	33%	**28%**
Return on Invested Capital*	18%	**17%**

PBIT/(LT Debt + Equity)

CASH FLOWS USED IN INVESTING ACTIVITIES

Antam's net cash used in investing activities increased 72% to Rp1,617 billion or US$166 million up from Rp940 billion or US$105 million. The biggest payments were made for fixed assets, which increased 64% to Rp1,436 billion. Substantially all the payments for fixed assets were made for the construction of the new power plant and ferronickel smelter, FeNi III. Due to continuing work on nickel and gold exploration, opening the new Mornopo mine, as well as further development work on the Tayan project, payments for exploration and development increased 233% to Rp192 billion.

Antam received a Rp32 billion dividend from the 17.5% interest in the gold joint venture with Newcrest Singapore Holdings Pte. Ltd., PT Nusa Halmahera Minerals.

CASH FLOW USED IN FINANCING ACTIVITIES

Antam's net cash used in financing activities amounted to Rp471 billion or US$48 million, in contrast to 2004 when financing activities provided Rp67 billion. Antam's repayment of long-term borrowings increased 376% to Rp201 billion, while the payment of the dividend increased 174% to Rp258 billion. In 2005, Antam did not raise any proceeds from any borrowings, whereas in 2004 Antam received US$30 million (Rp258 billion) from the BCA US Dollar Investment Credit Facility.

Antam has been free cash flow negative for the past three years due to the large expenditures on FeNi III. It is

FREE CASH FLOW

	2004 (Rp billion)	**2005 (Rp billion)**	Growth 2005 (%)
Operational Cash	764	**791**	-4
Total Capital Expenditures	1,364	**1,311**	-4
Free Cash Flow	- 600	**- 520**	13

anticipated that Antam will begin generating positive free cash flow in 2006 due to the significant sales revenue increase following the commercial operation of FeNi III. Despite being free cash flow negative Antam continued to pay dividends, based on a policy of a 30% minimum and 50% maximum dividend payout ratio. The Government of Indonesia, as Antam's majority shareholder, has a strong influence on the eventual payout ratio. Although in the past three years they have not asked for 50%, as they have in the past, in recognition of the funding needs of Antam's growth plans, they still require cash every year to support the state budget.

In 2005, although the payout ratio only increased slightly, the value of Antam's dividend payment soared 284% on the back of much higher 2004 net income.

HEDGING

Antam's hedging activities are conducted to protect a portion of Antam's budgeted revenues, according to budgeted price assumptions and to an amount not exceeding 30% of annual production of nickel and gold. Antam does not engage in any other hedging activities.

In 2005, Antam engaged in nickel hedging to a volume of 3,000 tonnes through the use of a product known as a "zero cost collar." In this case, Antam would sell a call option (which gives the buyer the right to buy nickel at a previously determined price and date) and buy a put option (which gives Antam the right to sell nickel at a previously determined price and date) of an equal volume and at an equal price. If the spot price of nickel did not exceed the price on the call option nor fall below the price on the put option, no transaction would occur and the options would expire. Each month starting from March 2005, three contracts worth 100 tonnes each would expire, until the last 3 contracts expired in December. At no time did the nickel price ever exceed the $8.31 per pound price of the call option, nor fall below the $5.41 per pound price on the put option, and thus no nickel options were ever utilized and there was no cost for Antam. Provided Antam can obtain as wide a price band as in 2005, it is likely Antam will use zero cost collars once again.

In 2004, Antam hedged 24,000 t.oz. of 2005 gold production at an average selling price of US$440.50 per troy ounce with Deutsche Bank as the counterparty.

DIVIDEND PAYOUT

	2003	**2004**	Growth 2004 (%)
Payout Ratio	32.5%	**35%**	8
Cash Dividend	Rp74 billion	**Rp282.5 billion**	282
Dividend per Share	Rp38.60	**Rp148.08**	284

HEDGE BOOK (as per December 31, 2005)

Description	Maturity	T.oz	Avg Rate/T.oz USD	Total
Gold/IDR Forward	2006	10,000	441.00	4,410,000

INVESTMENTS FOR FUTURE PERFORMANCE

INVESTMENTS FOR FUTURE PERFORMANCE

Antam's investments for future performance are based on the strategies of focusing on what the company does best and on what ore reserves it currently has. Therefore the company is focused on growth through the profitable extraction, processing and sale of gold, silver, nickel, and alumina. The company's growth is primarily organic. Antam seeks to add value to its gold, nickel and bauxite reserves through reliable expansion projects and by moving away from selling raw materials and increasing processing activities. Organic growth also means increasing quality reserves, so investing in exploration is an important investment for future performance. Antam will also seek to share the risk and accelerate growth through investments in joint ventures. Finally, Antam is also seeking opportunities to grow by making strategic acquisitions.

UPCOMING PROJECTS

Antam's management feels it has one of the best project pipelines in Indonesia. Now that the FeNi III is near completion, the company can concentrate on the next stage of growth and development.

The approximately US$220 million 300,000 tonnes per annum (tpa) Tayan Chemical Grade Alumina project is the most advanced, with a bankable feasibility study completed in 2003. This joint project will commence in 2009 and will add value to Antam's vast bauxite reserves in West Kalimantan. As Antam has never produced alumina before, a joint venture will be formed with Antam's international partners, Showa Denko K.K of Japan, Marubeni Corporation of Japan and STAR of Singapore. Antam will have the largest minority stake of 49%, while the remaining three partners will hold 51%. Antam has taken a minority stake to avoid consolidation to Antam's balance sheet, perhaps until some milestone in the future. Tayan will be project financed, with 35% equity funded and 65% debt funded.

Following after Tayan is the US$650 million, 30,000 tpa FeNi IV ferronickel joint venture project, which will add value from 2010 to Antam's vast nickel reserves at Buli in North Maluku and for which Antam signed a Memorandum of Understanding with Posco of South Korea to finalize a bankable feasibility study by the end of 2006. Unlike FeNi III, Antam has decided to jointly develop FeNi IV due to the high project costs. However, should conditions warrant, Antam would be ready to develop the project by itself, as Antam has three decades experience in the successful smelting and export of ferronickel.

Simultaneously to, but slightly after, FeNi IV is the US$1 billion, 50,000 tpa High Press Acid Leaching (HPAL) project, for which Antam was in discussions with international partners and hopes to see operational in 2010.

For Tayan and FeNi IV, Antam will initially take the largest minority share, which may be increased to a majority. To avoid burdening the balance sheet and to maintain a strong financial position, Antam's projects will be project financed. All of these projects are expected to bring significant returns to Antam, add significant value to Antam's reserves, maintain a diversified portfolio and with HPAL, help push nickel cash costs lower.

CAPITAL EXPENDITURES

As in 2004 and 2003 the bulk of Antam's capital expenditures in 2005 were allocated to the nickel division, for the construction of the FeNi III ferronickel smelter and associated 102 megawatt power plant. At a cost of US$320 million, including financial charges, the construction of FeNi III began in late 2003 and took 28 months to build. The commissioning of FeNi III is underway, with the switch on occurring on February 12, 2006 and commercial operations expected in May 2006. The project was funded from cash raised during Antam's Initial Public Offering in November 1997, from the US$200 million Eurobond issued by Antam Finance

Limited, from the US$30 million investment credit facility from BCA and from internal operating cash.

Other non-routine capital expenditures in 2005 included the US$15 million (Rp146 billion) spent for the five months of repairs on FeNi II smelter, after an unplanned shutdown in March 2005. Antam also spent about Rp38 billion to open the Mornopo nickel mine. Antam's routine capital expenditures amounted to around Rp146 billion.

larger, more economical bond, provided Antam has a good project with a feasibility study and is at the fund raising stage. Until such time, Antam will continue to improve its financial structure by repurchasing and canceling bonds to reduce debt, if bond market conditions are again advantageous. If Antam does decide to come to the market, Antam will inform the market in a timely and balanced way.

EXPLORATION

In 2005, Antam's exploration activities again focused on nickel, gold and bauxite in Indonesia. Conducted by Antam's exploration division, Unit Geomin, the main objectives of the exploration activities are the discovery of new prospects or new resources and to improve reserve estimations through detailed exploration. More accurate reserve estimations allow Antam to develop and finance mining expansions, to grow and add value to Antam's core business.

CAPITAL EXPENDITURES

Business Division	Billion Rp		Growth %	Source of Funds
	2004	**2005**		
Nickel	1,292	**1,218**	(6)	IPO, AFL Bond, BCA Operating Cash
Gold/Silver/Refinery	69	**78**	13	Operating Cash
Bauxite/Iron Sands	3	**14**	367	Operating Cash
Head Office*	1	**0.7**	(30)	Operating Cash
Antam	1,365	**1,311**	(4)	

Antam's capital expenditures in 2006 will likely amount to Rp500 billion to Rp600 billion and include the Rp143 billion for a portion of Antam's 49% equity in the Tayan Chemical Grade Alumina project, Rp143 billion for the remaining expenditure for FeNi III, Rp211 billion of routine capital expenditures as well as the cost of opening new mines and part of the cost of converting the power plant to natural gas.

FINANCING ANTAM'S INVESTMENTS

Antam's project pipeline, has a total value of approximately US$2 billion. However, the only project at a stage that will shortly require financing is the Tayan Chemical Grade Alumina project. As for Tayan, once the feasibility studies have been completed, Antam can then accurately estimate cash flows and make financing arrangements. The debt in these joint venture projects will be financed with limited to no recourse to Antam. Antam will most likely cover its equity contribution in these projects through monetizing reserves, operating cash or through debt. Antam has the flexibility to incur the indebtedness, if necessary, to fund any shortfall in planned capital expenditures.

In 2005, Antam was approached by over 15 banks with proposals on how to raise money and change or refinance the AFL bond, due to their understanding of Antam's current project pipeline. Although conditions are currently favourable for an Indonesian corporate to come to the market, Antam will only do so once its projects are more developed, as it is not sensible and too expensive to pre-finance a mining project. Bond market participants have indicated to Antam the market is ready to participate in a

Antam's estimation of its mineral resources and ore reserves is prepared according to the JORC code issued by the Australasian Institute of Mining and Metallurgy. Every year, as part of Antam's listing on the Australian Stock Exchange, Antam must submit its reserves estimation as the Competent Person report.

Antam's mineral resources and ore reserves estimations indicate the amount of resources and reserves owned by the company. They exclude the large reserves jointly held by Antam and its partners.

Mineral resources are the geological estimation of the size of the mineralization, increasing in accuracy from inferred to indicated to measured. After considering cut off grades and production costs, Antam can estimate ore reserves, which are those mineral resources that are economically feasible to extract. Ore reserves are measured as probable or, the most accurate, proven. Measured resources and proven reserves are both estimated using 25 metre spacing between drill locations. Proven reserves help provide an estimate of the likely duration and future cash flows and are used

NICKEL

Location	Reserves					Resources				
	Classification	Saprolite		Limonite		Classification	Saprolite		Limonite	
		wmt ('000)	Ni (%)	wmt ('000)	Ni (%)		wmt ('000)	Ni (%)	wmt ('000)	Ni (%)
Pomalaa	Proved	1,300	2.1	750	1.8	Measured + Indicated	-	-	-	-
	Probable	-	-	-	-	Inferred	-	-	-	-
TOTAL Pomalaa		1,300	2.1	750	1.8					
Bahubulu	Proved	-	-	-	-	Measured + Indicated	6,700	2.4	25,800	1.4
	Probable	-	-	-	-	Inferred	-	-	-	-
	TOTAL	-	-	-	-	TOTAL	6,700	2.4	25,800	1.4
Tapunopaka	Proved	-	-	-	-	Measured + Indicated	6,400	2.4	28,800	1.5
	Probable	-	-	-	-	Inferred	-		-	-
	TOTAL	-	-	-	-	TOTAL	6,400	2.4	28,800	1.5
Mandiodo	Proved	-	-	-	-	Measured + Indicated	3,700	2.3	19,500	1.5
	Probable	-	-	-	-	Inferred				
	TOTAL	-	-	-	-	TOTAL	3,700	2.3	19,500	1.5
TOTAL Bahubulu, Tapunopaka, Mandiodo		-	-	-	-		16,800	2.4	74,100	1.5
Tanjung Buli	Proved	3,000	2.5	600	1.6	Measured + Indicated	5,900	2.5	3,200	1.6
	Probable	7,100	2.5	6,700	1.6	Inferred	-	-	-	-
	TOTAL	10,100	2.5	7,300	1.6	TOTAL	5,900	2.5	3,200	1.6
Gee	Proved	2,100	2.3	-	-	Measured + Indicated	-	-	-	-
	Probable	-	-	-	-	Inferred	-	-	-	-
	TOTAL	2,100	2.3	-	-	TOTAL	-	-	-	-
Pakal	Proved	-	-	-	-	Measured + Indicated	12,450	2.7	18,200	1.6
	Probable	-	-	-	-	Inferred	-	-	-	-
	TOTAL	-	-	-	-	TOTAL	12,450	2.7	18,200	1.6
Sangaji	Proved	-	-	-	-	Measured + Indicated	42,600	2.4	58,900	1.4
	Probable	-	-	-	-	Inferred	-	-	-	-
	TOTAL	-	-	-	-	TOTAL	42,600	2.4	58,900	1.4
Other Prospects of Buli Area	Proved	3,000	2.3	600	1.4	Measured + Indicated	4,200	2.5	2,600	1.4
	Probable	13,600	2.3	9,800	1.4	Inferred	-	-	-	-
	TOTAL	16,600	2.3	0,400	1.4	TOTAL	4,200	2.5	2,600	1.4
TOTAL Buli Area		28,800	2.4	17,700	1.5		65,150	2.5	82,900	1.5
GRAND TOTAL		**30,100**	**2.4**	**18,450**	**1.5**		**81,950**	**2.4**	**157,000**	**1.5**

GOLD

Location	Reserves						Resources					
	Clasification	Gold Ore					Clasification	Gold Ore				
		wmt ('000)	Grade (g/t)		(t.oz)			wmt ('000)	Grade (g/t)		(t.oz)	
			Au	Ag	Au	Ag			Au	Ag	Au	Ag
Pongkor	Proved	1,774	10.7	118.2	554,100	6,112,200	Measured + Indicated	1,330.3	10.4	95.9	409,200	3,746,750
	Probable	1,446	8.4	99.5	359,600	4,265,100	Inferred	258.0	8	116	59,100	865,500
GRAND TOTAL		**3,220**	**9.7**	**109.7**	**913,700**	**10,377,300**	**TOTAL**	**1,588.3**	**10.0**	**99.2**	**468,300**	**4,612,250**

BAUXITE

Location	Reserves						Resources					
	Classification	Washed Bauxite					Classification	Washed Bauxite				
		wmt ('000)	T-SiO2 %	R-SiO2 %	Fe203 %	Al203 %		wmt ('000)	T-SiO2 %	R-SiO2 %	Fe203 %	Al203 %
Wacopek	Proved	3,000	13.1	7.0	6.1	52.0	Measured + Indicated	-	-	-	-	-
	Probable						Inferred	-	-	-	-	-
	TOTAL	3,000	13.1	7.0	6.1	52.0	TOTAL	-	-	-	-	-
Tayan	Proved	9,300	20.1	4.1	8.8	47.3	Measured + Indicated	51,500	10.4	3.1	16.4	46.9
	Probable	21,600	12.0	3.7	14.5	47.5	Inferred	-	-	-	-	-
	TOTAL	30,900	14.4	3.8	12.8	47.4	TOTAL	51,500	10.4	3.1	16.4	46.9
GRAND TOTAL		**33,900**	**14.3**	**4.1**	**12.2**	**47.8**		**51,500**	**10.4**	**3.1**	**16.4**	**46.9**

IRON SANDS

Location	Reserves				Resources			
	Classification	Iron Sands			Classification	Iron Sands		
		Volume ('000) m3	Fe %	Consentrate ('000) wmt		Volume ('000) m3	Fe %	Consentrate ('000) wmt
Kutoarjo	Proved	1,100	47.4	250	Measured + Indicated	-	-	-
	Probable	7,300	47.4	1,700	Inferred	-	-	-
	TOTAL	8,400	47.4	1,950	Total	-	-	-
Lumajang	Proved	-	-	-	Measured + Indicated	-	-	-
	Probable	1,800	49.7	700	Inferred	-	-	-
	TOTAL	1,800	49.7	700	Total	-	-	-
GRAND TOTAL		**10,200**	**48.0**	**2,650**		**-**	**-**	**-**

MINERAL RESOURCES AND ORE RESERVES*

Commodity	Ore Quantity ('000 wmt)		Change (%)	Production 2005 ('000 wmt)
	2004	**2005**		
Saprolite Nickel	113,190	**112,050**	(1)	3,200
Limonite Nickel	198,860	**175,450**	(12)	620
Gold	5,513	**4,550**	(17)	393
Bauxite	112,250	**85,400**	(24)	1,400
Iron Sands	2,650	**2,650**	0	-

*Based on the Competent Person's Report. Figures as per December 31, 2005 (Does not include inferred resources).

PROVED AND PROBABLE RESERVES*

Commodity	Ore Quantity ('000 wmt)		Change (%)	Estimated Rate of Annual Production ('000 wmt)	Estimated Remaining Years With No Further Exploration**
	2004	**2005**			
Saprolite Nickel	33,370	**30,100**	(10)	3,500	9
Limonite Nickel	12,400	**18,450**	49	1,500	12
Gold	4,468	**3,220**	(28)	400	8
Bauxite	60,710	**33,900**	(44)	1,000	34
Iron Sands	2,650	**2,650**	0	500	5

*Based on the Competent Person's Report. Figures as per December 31, 2005 (Does not include inferred resources).
**This is estimation and is not meant to suggest with certainty the mine life of Antam's operations, which may have a longer or shorter duration.

when seeking the funds to develop a new mine.

In general we can see Antam's resources estimates decreasing in 2005. This is due to extraction, but mostly as a result of more accurate estimations after more detailed drilling activities. Sometimes more accurate drilling will increase the estimate of a resource, but not in 2005.

In 2005, Antam's total exploration expenses, excluding joint ventures, decreased 12% to Rp55.1 billion Antam spent Rp48.2 billion on nickel exploration, Rp4.5 billion for gold, and Rp2.4 billion for bauxite.

NICKEL EXPLORATION

In 2005, Antam conducted nickel exploration activties at Halmahera, including Gee and Pakal Islands, Southeast Sulawesi and Obi Island. The exploration included geological, geophysical, drilling, analytical and evaluation activities to improve the classification of known ore resources, with a view to supporting Antam's long term nickel developments, such as FeNi IV and the HPAL project. Antam will continue to focus activities at Halmahera and Sulawesi, to further delineate Antam's holdings of low-grade nickel ore (limonite), high-grade nickel ore (saprolite) and Low Grade Saprolite Ore (LGSO). Antam will also explore the potential of pig iron from the iron cap, located near the surface and overburden. Antam will review the potential of Obi Island in 2006.

In line with the operation of FeNi III plant in 2006, Antam has entered into an agreement with PT Inco to supply nickel ore for FeNi III from Inco's Pomalaa Timur nickel ore reserves, which are located next to Antam's Pomalaa facility.

As at December 31, 2005, Antam's total saprolite nickel resources and reserves decreased 12% to 112.05 million wmt and limonite nickel resources and reserves decreased 12% to 175.45 million wmt. Antam's saprolite ore reserves estimation, which excludes resources, decreased 10% to Rp30.1 million wmt. For limonite ore reserves, the estimation increased 49% to 18.45 million wmt. The decreases are the result of excavation as well as further detailed drilling activities at Buli, North Maluku including Sangaji.

Buli, East Halmahera, North Maluku

In 2005, Antam reduced the distance between drill locations in order to increase the classification of the reserves estimations. At Pakal and Blok A (Mornopo) Antam used a drill space of 25m x 25m, while in Sangaji Antam used a drill space of 50m x 50m and 100m x 100m. Antam focused its activities on the Sangaji prospect.

As a result of Antam's drilling activities, total reserves and mineral resources of saprolite nickel ore at Buli increased 45% to 93.95 million wmt while limonite nickel ore at Buli increased 2% to 100.6 million wmt. In 2006 Antam will focus on supporting the mining of the Mornopo mine, which Antam opened at the end of 2005, and the exploration of Sangaji will be accelerated in order to anticipate the development of FeNi IV and the HPAL project.

Antam is still in the process of acquiring the permit to explore the company's nickel deposit at Pakal Island as Antam must replace the land which is classified as a protection forest by the Ministry of Forestry, with an equal area of land elsewhere. Antam is also making prepartions for land clearing, developing infrastructure and a catchment area.

Southeast Sulawesi

In 2005, Antam conducted exploration activities at Bahubulu, Tapunopaka and Mandiodo islands, including a hydrooceanography study for the harbor location plan and a bathymetry measurement at selected harbor locations. As at December 31, 2005 total reserves and mineral resources of saprolite nickel ore in Southeast Sulawesi, including Pomalaa, decreased 20% to 18.1 million wmt while limonite decreased 25% to 74.85 million wmt, due to more accurate drilling activities and extraction.

At Southeast Sulawesi Antam will focus drilling in 2006 on Tapunopaka area with a space of 25m x 25m. Antam is in the process of creating a mining plan, feasibility study, and an Environment Impact Analysis (AMDAL) to change the exploration license to an exploitation license. Other activities will include a mining block test, and geotechnical research.

Obi Island

In 2006, drilling at Obi Island was performed at a spacing of 25m x 25m. Antam conducted a hydrooceanography study and bathymetry measurements related to developing a harbor. Antam began drilling activity at the Kawasi area to support a new mine plan. The 2006 exploration plan is to continue drilling at the Kawasi area with spacing of 25m x 25m. As well, Antam will perform revisions to its mining block test, geotechnical research and an Environmental Impact Analysis due to an administrative change from North Maluku Regency to South Halmahera Regency.

GOLD EXPLORATION

The gold exploration in 2005 was aimed at discovering new prospects in line with the depleting reserves of Pongkor. Integrated exploration efforts have been continually carried out to discover new high grade and low grade resources, including the application for mining permits and acquisition efforts.

As at December 31, 2005 total reserves and resources at Pongkor decreased 18% to 4.5 million wmt with 1.32 million ounces contained in situ gold metal. The decrease in the estimate is due to the existence of unanticipated unstable geotechnical conditions that have made extraction more difficult. Antam carried out the initial phase of gold exploration in West Sulawesi, South Sulawesi and Sumatra with the goal of obtaining licenses in 2006 should results be favourable.

Advanced stage gold exploration at Seblat, Bengkulu, and Gunung Patah Tiga, Jambi on Sumatra and Bulado in Gorontalo were positive and will be continued in 2006. Detailed exploration activities at Pongkor were focused on finding mineral potential under the 500 meter level (L-500) by conducting technical geological drilling in the backfill dump area. A potential continuation of the ore body was identified at several Pongkor veins.

Having started in 2004, the joint exploration for gold by Antam and the Japan Oil, Gas, and Metals National Corporation (JOGMEC) owned by the Government of Japan continued in 2006. The activites covered Cikotok, Banten and Flores, East Nusa Tenggara. Test drilling was performed at Cikotok, and semi detailed activities were conducted at Flores.

CURRENT ANTAM CONCESSION AREAS*

Operation	Commodity	Location	Area (ha)	Licence	License Expiration
Buli	Nickel Ore	Maluku	39,040	KW97PP0443	2021
Maniang	Nickel Ore	Southeast Sulawesi	195	KP SK Bupati Kolaka No. 27	2008
Bahubulu, Tapunopaka	Nickel Ore	Southeast Sulawesi	14,770	KW99STP057	2005**
Mandiodo	Nickel Ore	Southeast Sulawesi	3,428	KW99NPP001	2006
Tayan	Bauxite	West Kalimantan	36,410	KW98PP0183	2020

*Please see the table "Current Antam Production Areas" for a list of licensed exploitation areas. Exploration in Pomalaa, Kijang and Pongkor are in progress.
**To be renewed.

Notes to Reserves and Resources Estimations

Pursuant to the JORC Code, a **'mineral resource'** is a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The term mineral resource covers mineralisation which has been identified and estimated through exploration and sampling and within which ore reserves may be defined by the consideration and application of technical, economic, legal, environmental, social and governmental favors.

An **'indicated mineral resource'** is that part of a mineral resource for which tonnages, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. The estimate is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed. An indicated mineral resource indicates a lower level of confidence than that applying to a measured mineral resource.

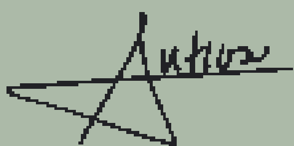
A **'measured mineral resource'** is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenchers, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity.

An **'ore reserve'** is the economically mineable part of measured or indicated mineral resource. Ore reserves are those portions of mineral resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the persons making the estimates, can be the basis of a viable project after taking account of all relevant metallurgical, economic, marketing, legal, environmental, social and governmental factors. The estimate includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors.

These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserved are sub-divided in order of increasing confidence into probable ore reserves and proved ore reserves.

A **'probable ore reserve'** is the economically mineable part of an indicated, and in some circumstances measured mineral resource. The estimate includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. A probable ore reserve indicates a lower level of confidence than a proved ore reserve.

The data on the reserves and resources included in this Annual Report is based on and accurately reflects information that has been compiled by Mr. Trenggono Sutioso. Mr. Sutioso is a permanent employee of the Company an a member of the Australasian Institute of Mining and Metallurgy and has the appropriate experience to be considered a Competent Person as defined in the JORC Code. However, the reserves and resources information contained in this Annual Report has not been independently verified and any independent verification may produce variation, which may be material. Unless otherwise indicated, these reserves and resources data do not include that of the Company's joint venture.This information is a summary of the Company's reserves and resources as at December 31, 2005, for simplification measured and indicated resources have been combined.



31 December 2005
Trenggono Sutioso

In 2006, Antam will continue detailed exploration activities in the other areas mentioned above and Liman Mountain, East Java. Antam will look for new prospect areas at Kulabu Mountain, West Sumatra, Singkarak Lake, West Sumatra and Sulawesi.

BAUXITE EXPLORATION

In 2006, bauxite exploration activities focused on new discoveries and on increasing reserves classification to support the Chemical Grade Alumina project at Tayan, West Kalimantan. Antam conducted exploration activities on the nearly exhausted Kijang deposit, to determine the resource estimation using new cut off grades. Antam also re-explored the Wacopek area by implementing a beneficiation program to estimate economical reserves.

The total reserves and mineral resources of washed bauxite from both Kijang and Tayan decreased 24% to 85.4 million wmt. Washed bauxite at Kijang increased 54% to 3 miliion wmt due to extensive exploration activities at Wacopek. Reserves and mineral resources at Tayan decreased 25% to 82.4 million due to adjustments of the mine design related to the economical mining of Tayan. It was found some of the previous estimated resources could not be extracted. For the first time, Antam estimated proved reserves at Tayan, of 9.3 million wmt. In 2006, the plan is to continue exploration in Tayan at Munggu Pasir and North Tayan to improve resources classification.

JOINT VENTURES

Indonesia's mineral resource potential has always attracted much interest from investors and strategic partners. With improving conditions in Indonesia, and stronger commodity markets, various parties have sought to create partnerships with Antam. Forming joint ventures is in line with the company's strategy of sharing the risk and improving the likelihood of successfully exploring and developing Antam's vast resources, over 923,000 hectares of licensed mining areas. By sharing the risk and costs with strategic partners, Antam can accelerate the opening of new mines and facilities. Antam also gains access to advanced mining methods and technology as well as training for human resources.

In forming joint ventures in the past, Antam would acquire a minority free carried interest in a project in return for the mining rights and to compensate previous exploration expenditures. Normally, Antam would also have a loan carred interest, which could be repaid using the dividends of the project. As well, Antam often required an option to increase its ownership in the joint venture, if the project is shown to be feasible. Antam's joint ventures would be granted a Contract of Work (CoW), which allows a foreign company to control mining activities. The foreign party would normally provide for and arrange the financing and provide the technololgy, while Antam would provide the mining licenses, local approvals and mining expertise.

Due to the likely abolishment of the CoW system, and the desire and necessity to form joint ventures, Antam began to look at new ways to encourage investment and partnership. Antam's 2005 joint venture strategy saw Antam seeking larger stakes in the joint ventures, and a less passive role.

In 2005, Antam had 12 joint ventures, most of which were still at the exploration phase. However, some of Antam's joint ventures made significant progress, although there remained only one operational joint venture, PT Nusa Halmahera Minerals (NHM) in Gosowong. The progess made by Antam's joint ventures is a good indication of the improving development conditions of the Indonesian mining industry, which has been stagnant for many years. It appears solutions are being found to longstanding issues such as regional autonomy and pro-investment amendments were made to several laws, including forestry, mining and environmental.

PROMISING JOINT VENTURES

JV	Product	ANTAM %	JV Location
PT. Nusa Halmahera Minerals	Gold	17.5	Newcrest (ASX Listed)
PT. Cibaliung Sumberdaya	Gold	10.25	Austindo (ASX Listed)
PT. Sorikmas Mining	Gold	20	Oropa (ASX Listed)
PT. Gag Nikel	Nickel	25	BHP Billiton (LSE/ASX Listed)
PT. Weda Bay Nickel	Nickel	10	Weda Bay Minerals (TSE Listed)
PT. Dairi Prima Minerals	Lead/Zinc	20	Herald Resources (ASX Listed)
PT. Galuh Cempaka	Diamonds	20	BDI Mining Corp. (LSE/AIM Listed)

Due to the more favourable outlook for its joint ventures, Antam is considering making cash contributions to the more promising projects and to exercise options to increase its interest in these projects. While it is difficult to attribute any monetary value to Antam's interest in the joint ventures, except for PT NHM, due to the current lack of forecastable cash flows, Antam views these joint ventures as having tremendous upside potential.

PT Nusa Halmahera Minerals (Antam: 17.5%)
Located in North Maluku, PT Nusa Halmahera Minerals is a gold joint venture between Antam and ASX-listed Newcrest Ltd. The joint venture extracted gold from the Gosowong deposits from October 1998 until May 2002, and produced 772,000 t.oz. of gold, with an average cash cost of US$226 per ounce. After operations ceased at Gosowong, mining activities moved to the Toguraci deposits located two kilometers from Gosowong. Commercial production began at Toguraci in February 2004. PT Nusa Halmahera Minerals estimates mining operations in Toguraci will last unitl the fourth quarter of 2006. In 2005, PT Nusa Halmahera Minerals also initiated the exploitation of the Kencana mine located in Gosowong. The exploitation of this new mine which has an estimated resources of 2.1 million ounces and a reserve of 1.3 ounces is planned to reach the production phase in the second quarter of 2006.

PT Nusa Halmahera Minerals is the only joint venture generating dividends for Antam, with dividends for the year 2005 of Rp38 billion. In September 2005, Antam repaid its remaining debt of US$2.6 million to Newcrest Ltd to maintain its ownership portion in PT Nusa Halmahera Minerals, thus dividend payments in the future will not be reduced to make debt payments to Newcrest Ltd.

PT Galuh Cempaka (Antam: 20%)
The Cempaka alluvial diamond project is located in Kalimantan. Antam's partner in this project is BDI Mining Corp., a public mining company listed on the AIM board of the London Stock Exchange. The project has estimated reserve and resources of 1,412,950 carats, supporting mining activities for more than 14 years with an extraction rate of 100,000 carats per year.

In 2005, mining operations were conducted in the Main Channel of Seran Lake following the end of operations in the South Channel of Seran Lake in 2004. In the beginning of 2005, the application for the extension of the CoW area from 2,944 hectares to 11,031 hectares was approved. The project made two shipments of diamonds to Europe. The first commercial shipment occured in August 2005, sold through a tender in Antwerp, Belgium. During 2005, PT Galuh Cempaka sold approximately 16,773 carats of alluvial diamonds at an average price of US$332 per carat and 678 carats of fine diamonds at US$88 per carat.

PT Dairi Prima Minerals (Antam: 20%)
PT Dairi Prima Minerals is a lead and zinc joint venture between Antam and ASX-listed Herald Resources Ltd that was established in 1998, with Herald controlling 80% of the shares. Dairi Prima is located in North Sumatra and is based on a 7th Generation CoW. The total project cost of the Dairi Prima project is estimated at around US$140 million with annual production of 320,000 tons of concentrate (220,000 tons of zinc and 100,000 tons of lead) with a contained metal production of 185,000 tons (120,000 tons of zinc and 65,000 tons of lead). In 2005, Herald Resource raised US$90 million via a placement on the Australian Stock Exchange and made arrangements to borrow an additional US$30 million via a bank syndicate. PT Dairi Prima Minerals plans to begin construction activities at the mine site in the second quarter of 2006, depending on finalizing required permits and financing. Dividends from PT Dairi Prima Minerals will not be paid to Herald or Antam until all obligations to external parties have been settled.

PT Cibaliung Sumberdaya (Antam: 10.25%)
The Cibaliung project is a gold joint venture between Antam and Austindo Resources Corporation NL, a public company listed on the ASX. The estimated mine life of Cibaliung is 6 years with an annual production rate of approximately 70,000 ounces of gold equivalent. The estimated initial capital expenditure for the project is US$37 million. In 2005, construction activities began. Production is planned to commence in the fourth quarter of 2006. For the gold smelting plant, PT Cibaliung Sumberdaya will spend A$2.6 million to purchase and relocate an existing smelting plant at Mount Olympus mine, West Australia. In 2005, the Cibaliung project obtained approval of a US$26 million project facility from ANZ Investment Bank.

Other Joint Ventures
Most of Antam's other joint ventures were focussed on exploration activities or acquiring financing. PT Sorikmas Mining, which operates the Pungkut gold project, continued exploration activities. In 2005, PT Weda Bay Nickel appointed a company to update the 2002 pre-feasibility study, to be completed by 2006.

ACQUISITIONS
PT Freeport Indonesia
In the middle of 2005 Antam announced it was exploring a possible purchase of the governemnt's 9.36% stake in PT Freeport Indonesia (PTFI), which operates a world-class copper and gold mine in Grasberg, Indonesia in order to maintain a value generating strategy in a dynamic business environment. Rather than detracting from Antam's strategy of maximizing shareholder value by focusing on its core business and improving and growing its core gold, nickel and bauxite reserves and operations, Antam's management considered the possible acquisition of the stake in PT FI would allow Antam to increase leveraging and increase support for Antam's existing project pipeline and also enjoy a healthy dividend.

After Antam suggested a plan for the government to swap its shares in PT FI in exchange for newly issued Antam shares, the government asked Antam to conduct a due diligence and consider the costs and benefits, the size of the investment, the financing, and other key issues. Antam appointed HSBC to conduct the due diligence as Antam's financial advisor. However, due to the expected high price of the stake and the lack of support from the government, Antam decided to postpone the plan indefinitely.

GOLD

Antam was actively seeking gold acquisitions in 2005 as the output of Pongkor decreased and in recognition that Pongkor would likely only produce gold for the next 10 years. As Antam wishes to maintain gold as an important cash generator, Antam continues with an active exploration program, as well as seeking acquisitions. In 2005, Antam was exploring one promising gold project in Sumatra, majority held by an international gold mining company.

INDONESIAN RESOURCE COMPANY

In 2005, the government began a drive to better manage its state-owned enterprises by grouping them into industry sectors. Antam, together with PT Timah, a 65% state held tin miner and PT Bukit Asam Batubara a 65% state held coal miner, formed a task force to explore the value of creating a strategic holding company, which would hold the government's interest in all three companies, but would not interfere in the daily operations of the companies. The task force appointed Citigroup, which is expected to advise, by the middle of 2006, on the value of creating the holding company and the best way to form the holding company. It is possible the holding company may bring benefits to Antam in terms of financing and other areas. The holding company will not be formed unless it brings value to the three companies, and in consultation with all shareholders.

"Layout clearly the IRR benchmark for all expansion plans and beat it."
Investment Analyst

"Be as visible as you can. You cannot get out and tell your story too much to the market."
Investment Analyst

"For all major developments provide what cash flow implications those could have to Antam's cash flows."
Investment Analyst

As collected from Antam's 2005 Investor Perception Survey

OUR SOCIAL RESPONSIBILITIES

CORPORATE SOCIAL RESPONSIBILITY REPORT

Inspecting young mangrove tree prior to revegetation

THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

Antam realizes that in running our mining operations, we need to prioritize occupational health and safety, pay attention to environmental conservation, and to participate in community development. The principles of sustainable development must be applied in every aspect of operational activities and at every location. Antam also believes carrying out mining activities not only requires formal exploration and exploitation permits, but also a "social license". A social license provides security for sustainable mining operations and can only be obtained if the communities living in the surrounding areas of Antam's operations are not harmed and instead benefit from the company's presence.

For Antam, the implementation of sustainable development must be relevant to every local situation. As such, Antam's management of corporate social responsibility is focused at the local level, in the context of national or even international laws and regulations.

Antam has been trying to vitalize the concept of sustainable development throughout the company in terms of our daily practices with detailed guidelines for every operation.

CODE OF ETHICS

Antam's Code of Ethics provides behavioral guidelines in term of daily interactions with all parties and as a basic decision-making reference. Topics covered include Equality and Respect for Human Rights, Occupational Safety and Health and Mine Environment, Fair Job Opportunities and Conflict of Interests. Violations of the code are subject to sanctions pursuant to the company's regulations and may be reported to the related authorities.

As formalized in the Code of Ethics, Antam believes human rights are universal. As an inseparable part of the community, Antam has an obligation to support all efforts to ensure the fulfillment of human rights and Antam is committed to ensure every operational activity of the company shall not violate any principle of human rights.

Antam is committed to achieve high standards of Occupational Safety and Health and Mine Environment. Antam is determined to to create fair job opportunities, and prohibits any kind of discrimination.

Antam realizes every employee is entitled to participate in activities for financial gain in addition to, and without obstructing, his obligations to Antam. These activities must be legal and free from any conflict of interest with

School children near Antam's Jakarta Head Office take part in an outdoor learning activity

regards his obligations to Antam. Antam's employees are not allowed to misuse Antam's resources or influence, which may discredit Antam's good reputation.

ENVIRONMENTAL MANAGEMENT

Antam has a "Zero Harm" goal for its for employees, partners, communities and the environment. Antam seeks to become a leader in environmental and natural resources management practices.

Antam embraces the philosophy that the use of the land or economic exploitation of mineral resources is temporary in nature and that every effort must be made to fully restore the land to its original purpose once mining operations have ceased. As such, Antam uses systems, methods, equipment and materials which have a minimum impact on the environment. Antam strives to make the most optimal use of natural resources and to focus on minimizing waste and conservation. Antam also complies with all environmental standards and has obtained all the necessary environmental approvals. Antam has in place an emergency response procedure for environmental accidents. Antam allocates significant funds for the development and implementation of appropriate mine closure and post-mining environmental reclamation activities. Antam's nickel business unit at Pomalaa received the ISO 14001 certification for environmental management in 2000 and the Pongkor gold business unit received ISO 14001 certification in 2002.

In 2005, Antam's two main business units participated in the Corporate Performance Assessment Program (PROPER) organized by the Ministry of Environment. The PROPER assessment gave the nickel operations at Pomalaa and the gold operations at Pongkor a rating of blue. The assessment is based on the implementation of water and air pollution controls, management of toxic and hazardous waste, environmental management systems, resource utilization management and relations with surrounding communities. A rating of gold is the highest a company can receive, followed by green, blue, red and black. Pomalaa received a rating of red in 2004 because slag produced by the processing of ferronickel was categorized as toxic and hazardous waste. The rating was upgraded to blue after consultation with the Ministry, which was not using an appropriate hazardous waste test.

Antam's spending on environmental management and land rehabilitation decreased by 3% to Rp21.5 billion. Antam has budgeted Rp42.5 billion for environmental management and monitoring activities in 2006, which will focus on waste management, land rehabilitation and mine closure programs.

In 2005, Antam rehabilitated 23.5% less land, 240.92 hectares, at a cost of Rp10.2 billion. The rehabilitation of the Gebe nickel mine, which closed at the end of 2004 continued, with 540.2 hectares of the 647 hectares of land rehabilitated. At the former Cilacap iron sands mine Antam rehabilitated 622.6 hectares of the goal of 630.3 hectares. Since the land rehabilitation program began in 1990, Antam has renewed 3,066 hectares and has targeted 3,660 hectares for the end of 2006.

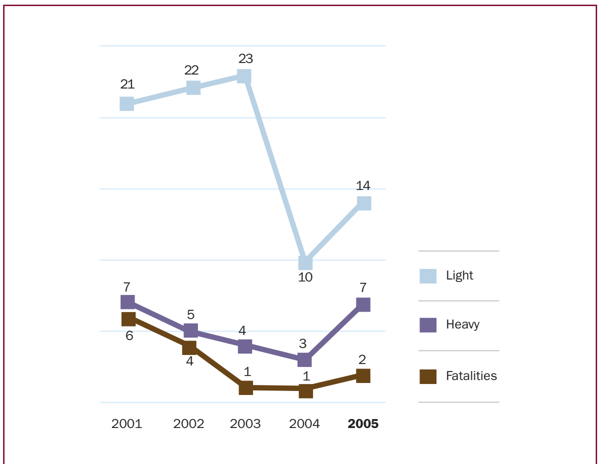
As per December 31, 2005, Antam had allocated Rp76.8 billion for future environmental management obligations. This is on top of the routine operational costs for environmental management and monitoring activities.

COMMUNITY DEVELOPMENT

Antam is committed to participate in the development of communities near its mining operations. Antam's CSR concept emphasizes "locality". This means community development programs are made in line with the programs of the local government and/or relevant government agencies, and pays attention to the local communities' social and cultural conditions.

In 2005, in addition to routine community development activities, such as assistance with the construction of public facilities and infrastructure, assistance with education and health and creating partnerships with local businessmen and workers, Antam also addressed underprivileged communities in urban areas. From October to December 2005, Antam worked with students from the University of Indonesia, and AIESEC (a global, non-political, independent, not-for-profit organisation run by students and recent graduates of institutions of higher education), and the Dielts Foundation. The partnership organized computer, English and entrepreneurship courses for street children in Jakarta. Antam provided financial support and human resources for the courses. A fund-raising event raised Rp16 million by auctioning art work made by the street children.

WORK ACCIDENTS 2001-2005



In 2005, Antam continued its regular meetings with members of the public, local government and non-government organizations to ensure more accuracy in the distribution of aid provided by the company and to gather input regarding on-going programs.

Antam spent Rp17 billion in 2005 for community development activities, in 2005, a 12.5% increase over 2004. The largest expenditure was the Rp1 billion of assistance given for the tsunami victims. In addition to money, Antam sent a medical team, medical equipment and medicines as well as a drilling team to locate fresh water. Antam has allocated Rp16 billion for community development activities in 2006.

In addition, as required by the government Antam will continue to extend working capital loans through its Partnership and Local Community Development Program, for which Antam allocates 1% of the company's net profit. Since 1992 Antam has assisted 1,806 local partners through this program.

ILLEGAL MINING

The number of illegal miners surrounding the Pongkor gold mine is similar to previous years, ranging from 100 to 200 persons. Illegal mining activities are located on the surface of Antam's deposit, within Halimun Mountain National Park. As the surface of the deposit is within the boundaries of a national park, it cannot legally be mined. In 2005, illegal miners did not disrupt Antam's gold mining operations and no other Antam operation has illegal miners.

Similar to previous years, Antam attempted to reduce the number of illegal miners using a three-pronged approach, addressing the problem from a social, economic and security perspective. Community empowerment programs and efforts to control illegal miners are implemented in an integrated and consistent manner jointly with various relevant parties, including the police, community leaders, local government and local people.

OCCUPATIONAL SAFETY AND HEALTH

Occupational health and safety is an integral part of Antam's business activities. To achieve the goal of zero accidents, Antam provides all safety equipment and applies appropriate standards in a safe and healthy

A house near Pomalaa on land reclaimed from the bay using Antam's slag

working environment. To ensure high standards are maintained, there are clear sanctions for any violation, which is also a component of an employee's personal performance assessment.

With regard to occupational health, Antam provides promotive, preventive, curative and rehabilitative medical services for employees and their families. Retired employees and their families receive curative and rehabilitative medical services. Every employee is obligated to undergo a comprehensive medical examination every year. Employees who are not fit to perform their duties must undergo medical treatment. Employees, partners and visitors are required to wear protective gear provided at the mining and processing sites. This gear includes working suits, safety shoes, safety helmets, mine headlamps, safety belts, ear plugs, maskers, goggles, and gloves. Visitors must attend a safety induction session and sign a statement that they will comply with all safety rules.

In September 2005, due to softer than normal wall conditions, a ceiling collapsed at the 500 metre level (L500) of the Pongkor gold mine, which resulted in one employee fatality and injured two others. The accident occurred just as the employees had completed a routine drilling at the location and were preparing to load explosives to blast a new tunnel. Antam investigated the unfortunate accident and expresses its deepest condolences to the victims' families.

In 2005, Antam once again received an award for Occupational Safety and Health from the Ministry of Energy and Mineral resources, with special mention for the Pomalaa nickel facility, Pongkor gold mine, Logam Mulia precious metals refinery and the Iron Sands mining unit.

MINE CLOSURE

All mining companies have an obligation to appropriately manage the closure of the mine once the resource has been extracted, in addition to its community development and environmental management activites. Antam's approach is to limit the economic loss to the local community when the mine closes by helping to create alternative economic and job opportunites. Every mining plan has an environmental management plan, mine closure plan and post-mining plan, which will be reviewed by Antam's Environment and Mine Closure Committee before being submitted to the Board of Commissioners for approval. For Antam, environmental management and mine closure plans are inseparable parts of every mining operation.

In 2005, Antam implemented post-mining programs at the Gebe nickel mine, Kijang bauxite mine, Cikotok gold mine and Cilacap iron sands mine. In Gebe, Antam obtained approval of the mine closure plan from the local government. As a follow up to a Memorandum of Understanding signed with the Ministry of Marine Affairs and Fisheries in 2002, Antam commenced the development of a local fishery. Antam and its partners created fish breeding nests and increased the number of fishing boats. At Cilacap, Antam made an inventory of assets that can be granted to the local government for public use. In Cikotok, Antam sought cooperation with third parties to convert the existing Hydropower generator into Mini-Hydropower generator. Antam will also help to develop agricultural and plantation businesses at Cikotok. At Kijang Antam revised the mine closure plan as the mine life has been extended due to strong demand for the low quality bauxite that is still available at the mine site that was previously deemed uneconomical.

OUR FINANCIAL STATEMENTS

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

PT ANTAM Tbk.
KANTOR PUSAT
Gedung Aneka Tambang, Jl. TB. Simatupang No. 1, Tanjung Barat, Jakarta 12530, Indonesia
Telp.: (62-21) 789 1234, 781 2635, Fax.: (62-21) 789 1224, E-mail : corsec@antam.com
Website : www.antam.com

Haryanto Sahari & Rekan

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Kantor Akuntan Publik
Haryanto Sahari & Rekan
PricewaterhouseCoopers
Jl. H.R. Rasuna Said Kav. X-7 No. 6
Jakarta 12940 - INDONESIA
P.O. Box 2473 JKP 10001
Telephone: +62 21 5212901
Facsimile: +62 21 52905555 / 52905050
www.pwc.com

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

The accompanying notes form an integral part of these consolidated financial statements.

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

The accompanying notes form an integral part of these consolidated financial statements.

**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

The accompanying notes form an integral part of these consolidated financial statements.

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

The accompanying notes form an integral part of these consolidated financial statements.

**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.

The accompanying notes form an integral part of these consolidated financial statements.

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2005 AND 2004
(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

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2005 AND 2004
(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.

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2005 AND 2004
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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.

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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.

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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.

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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.

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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).

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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%

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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.

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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 %.

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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.

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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).

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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.

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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

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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.

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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

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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.

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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.

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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

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19. SHARE CAPITAL

	2005		
Shareholders	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

	2004		
Shareholders	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.

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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

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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)

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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

	2005	2004
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

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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).

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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%

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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%

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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.

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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

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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.

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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.

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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.

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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

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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.

CONTACT US

OUR PHOTOS

SBU Gold (Pongkor Facility)

Antam's Head Office

Unit Geomin (exploration division)

Logam Mulia Precious Metals Refinery

SBU Nickel (Pomalaa Facility)

BUSINESS UNITS

NICKEL MINING BUSINESS UNIT

Jl. Jend. Ahmad Yani No. 5
Pomalaa, Kolaka 93652, Sulawesi Tenggara
Ph : (62-405) 310 171
Fax : (62-405) 310 833
e-mail : mis_nickel@antam.com

GOLD MINING BUSINESS UNIT

Desa Bantarkaret, Kec. Nanggung, Kab. Bogor
Kotak Pos No. 1
Nanggung Bogor 16650
Ph : (62-251) 369 999
Fax : (62-251) 681 542, 681 543
e-mail : gold.pongkor@antam.com

PRECIOUS METALS REFINERY BUSINESS UNIT

Jl. Pemuda - Jl. Raya Bekasi Km. 18
Pulogadung, Jakarta Timur 13010
PO BOX 1079/JAT
Ph : (62-21) 475 7108
Fax : (62-21) 475 0665
e-mail : lm@logammulia.com

BAUXITE MINING BUSINESS UNIT

Jl. Bintan Kijang
Tanjung Pinang 29151
Kepulauan Riau
Ph : (62-771) 61177, 61520
Fax : (62-771) 61921

GEOMIN UNIT

Jl. Pemuda No. 1
Pulogadung, Jakarta 13250
Ph : (62-21) 475 5380
Fax : (62-21) 475 9860
e-mail : geomin@antam.com

ANTAM TOKYO REPRESENTATIVE OFFICE

New Aoyama Building, East 1507
1-1, Minami Aoyama, 1-Chome
Minato-ku, Tokyo, Japan
Ph : (03-3423) 8031
Fax : (03-3423) 8033

INSTITUTIONS AND SUPPORTING PROFESSIONALS

AUDITOR

Haryanto Sahari & Rekan
Gedung PricewaterhouseCoopers
Jl. HR Rasuna Said, Kav C-3
Jakarta, 12920
Indonesia

Ph : (62-21) 521 2901-06
Fax : (62-21) 5212911 –12
www.pwc.com

SECURITIES ADMINISTRATION AGENCIES

PT Datindo Entrycom
Puri Datindo
Belakang Wisma Diners Club
Jl. Jend. Sudirman Kav 34
Jakarta, 10220
Indonesia

Ph : (62-21) 570 9009
Fax : (62-21) 570 9026
e-mail : deone@indosat.net.id
www.datindo.com

Computershare Registry Services Pty
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Australia

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BANKERS

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ABN AMRO Bank NV
Citibank

LOCAL AGENT AND REGISTERED OFFICE IN AUSTRALIA

Roger Penman
WHK Australia
15th Floor, 309 Kent Street
Sydney, NSW 2000
Australia

Ph : (61 2) 9262 2155
Fax : (61 2) 9262 2190
e-mail : mail@whk.com.au
Website. www. whk.com.au

To receive a copy of Antam's annual report and for other information, please visit our website or contact:

Corporate Secretary
Gedung Aneka Tambang
Jl. Letjen. T. B. Simatupang No. 1
Lingkar Selatan, Tanjung Barat
Jakarta, 12530
Indonesia

Ph : (62-21) 780 5119
Fax : (62-21) 781 2822
e-mail : corsec@antam.com
www.antam.com

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Please send an email to : **Cameron Tough (cameron@antam.com)**
Eko Endriawan (eko.endriawan@antam.com)
Fajar Triadi (ftriadi@antam.com)

If we don't have the information or data you seek, we will do our best to find it for you in a timely fashion. If you have any feedback about Antam's investor relations, please feel free to drop us an email.

Calendar 2006

Report on:

• First Quarter Financial Report	April 28, 2006
• First Quarter Activities Report	April 28, 2006
• Second Quarter Activities Report	July 31, 2006
• Third Quarter Activities Report	October 31, 2006
• First Semester Financial Report	August 31, 2006
• Nine Months Financial Report	October 31, 2006
Annual General Meeting Jakarta, Indonesia	May 30, 2006
Payment of Dividend	TBA (usually August)

Note: these dates are subject to change

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PT ANTAM Tbk

Head Office
Gedung Aneka Tambang
Jl. Letjen T.B. Simatupang No. 1
Lingkar Selatan, Tanjung Barat
Jakarta 12530, Indonesia

Phone : (62-21) 789-1234
(62-21) 781-2653
Fax. : (62-21) 789-1224
E-mail : corsec@antam.com

OPTIMA