

**Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk
And Subsidiaries**

Consolidated Financial Statements And Independent Auditors' Report
For The Years Ended December 31, 2001 And 2000
(Indonesian Currency)

Independent Auditors' Report

Report No. 36947S

The Stockholders and the Boards of Commissioners and Directors
Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk

We have audited the consolidated balance sheets of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk and Subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk and Subsidiaries as of December 31, 2001 and 2000, and the results of their operations, changes in their stockholders' equity and their cash flows for the years then ended in conformity with generally accepted accounting principles in Indonesia.

As explained in Note 2t to the consolidated financial statements, effective January 1, 2001, the Company adopted the Indonesian Statement of Financial Accounting Standards (PSAK) No. 55, "Accounting for Derivative Instruments and Hedging Activities".

Note 29 to the consolidated financial statements includes a summary of the effects of the economic conditions in Indonesia on the Company and its Subsidiaries as well as the measures the Company and its Subsidiaries have implemented and plan to implement in response to the economic conditions. The accompanying consolidated financial statements include the effects of the economic conditions to the extent they can be determined and estimated. Resolution of the economic conditions depends on the measures that have been and will be undertaken by the Indonesian government, actions which are beyond the Company's and Subsidiaries' control, to achieve economic recovery. It is not possible to determine the future effects of these economic conditions on the Company's and its Subsidiaries' liquidity and earnings.

Generally accepted accounting principles in Indonesia vary in certain respects from those in Australia. A description of the significant difference between these two generally accepted accounting principles and the approximate effects of this difference on net income and stockholders' equity are set forth in Notes 30 and 31 to the consolidated financial statements.

PRASETIO, UTOMO & CO.

License No. 98.2.0024

Drs. Hari Purwantono

License No. 98.1.0065

March 4 , 2002

NOTICE TO READERS

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

**PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(In Thousands Of Rupiah, Except Par Value and Share Data)

	December 31,	
	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (<i>Notes 2c, 3 and 17</i>)	Rp 801,746,726	Rp 706,778,196
Proceeds account (<i>Notes 4 and 17</i>)	72,356,325	162,094,110
Short-term investments - net (<i>Notes 2d and 5</i>)	3,288,171	2,932,070
Accounts receivable		
Trade (<i>Notes 2e, 6 and 13</i>)	136,157,051	79,873,967
Others - Net of allowance for doubtful accounts of Rp 2,142,834 (<i>Note 2e</i>)	11,270,447	14,313,543
Inventories (<i>Notes 2g, 7, 13 and 17</i>)	256,503,829	238,948,732
Prepaid taxes (<i>Note 8</i>)	25,178,812	41,450,880
Prepaid expenses (<i>Note 2h</i>)	21,346,628	14,311,431
Other current assets	183,346	1,268,815
Total Current Assets	1,328,031,335	1,261,971,744
NON-CURRENT ASSETS		
Investment in shares of stock (<i>Notes 2b, 9 and 17</i>)	30,929,169	30,929,169
Property, plant and equipment - Net of accumulated depreciation of Rp 504,316,871 in 2001 and Rp 406,844,850 in 2000 (<i>Notes 2i, 2j, 2k, 2u, 10, 13 and 17</i>)	1,048,841,922	1,080,326,936
Deferred exploration and development costs - net (<i>Notes 2o and 11</i>)	111,186,728	106,396,113
Deferred charges - net (<i>Notes 2m, 2n and 12</i>)	14,985,238	16,587,858
Deferred environmental protection and rehabilitation costs - net (<i>Note 2p</i>)	8,001,551	8,949,694
Other non-current assets	13,534,911	11,175,564
Total Non-Current Assets	1,227,479,519	1,254,365,334
TOTAL ASSETS	Rp 2,555,510,854	Rp 2,516,337,078

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(In Thousands Of Rupiah, Except Par Value and Share Data)

	December 31,	
	2001	2000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term bank loans (Notes 6, 7, 10 and 13)	Rp 131,617,184	Rp 131,332,690
Accounts payable		
Trade (Notes 2f, 14 and 25)		
Third parties	44,509,890	41,750,398
Related parties	16,576,628	3,144,225
Others	10,102,590	5,729,351
Accrued expenses (Notes 2q, 15 and 24)	74,905,166	67,993,005
Taxes payable (Notes 2v and 16)	64,760,447	166,055,571
Current maturities of long-term debts (Notes 4, 7, 10 and 17)	87,850,281	79,957,993
Current portion of estimated liabilities for environmental protection and rehabilitation (Notes 2p, 18 and 27b)	3,042,360	2,971,542
Total Current Liabilities	433,364,546	498,934,775
NON-CURRENT LIABILITIES		
Deferred tax liabilities - net (Notes 2v and 16)	80,730,731	80,014,761
Long-term debts - Net of current maturities (Notes 4, 7, 10 and 17)	84,007,801	156,917,098
Estimated liabilities for environmental protection and rehabilitation - Net of current portion (Notes 2p, 18 and 27b)	31,475,702	21,131,764
Total Non-Current Liabilities	196,214,234	258,063,623
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES (Note 2b)	6,206,919	9,031,698

(Forward)

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(In Thousands Of Rupiah, Except Par Value and Share Data)

	December 31,	
	2001	2000
STOCKHOLDERS' EQUITY		
Capital stock - par value of Rp 500 per share (<i>Note 19</i>)		
Authorized - 1 preferred share and 3,199,999,999 common shares		
Issued and fully paid - 1 preferred share and 1,230,768,999 common shares	Rp 615,384,500	Rp 615,384,500
Additional paid-in capital (<i>Note 19</i>)	340,987,784	340,987,784
Difference in foreign currency translation (<i>Note 2b</i>)	34,911,838	32,427,628
Unrealized gain on available-for-sale investments (<i>Notes 2d and 5</i>)	505,670	149,569
Retained earnings (<i>Note 26</i>)		
Appropriated	569,780,020	378,202,540
Unappropriated	358,155,343	383,154,961
Total Stockholders' Equity	<u>1,919,725,155</u>	<u>1,750,306,982</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>Rp 2,555,510,854</u>	<u>Rp 2,516,337,078</u>

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

**PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME**

(In Thousands Of Rupiah, Except Par Value and Share Data)

	For The Years Ended December 31,	
	2001	2000
NET SALES (Notes 2s, 2t and 20)	Rp 1,735,224,110	Rp 1,566,308,952
COST OF GOODS SOLD (Notes 2s and 21)	1,091,098,879	860,274,905
GROSS PROFIT	644,125,231	706,034,047
OPERATING EXPENSES (Notes 2s and 22)		
General and administrative	96,235,749	106,248,714
Selling	38,887,622	34,932,562
Exploration (Notes 2o and 11)	37,980,214	27,572,757
Total Operating Expenses	173,103,585	168,754,033
INCOME FROM OPERATIONS	471,021,646	537,280,014
OTHER INCOME (CHARGES)		
Interest income	51,288,121	32,463,292
Gain on derivative transactions - net (Notes 2t and 27c)	16,394,145	-
Interest expense	(18,997,753)	(25,420,640)
Write-off of other assets	(7,459,846)	(7,689,063)
Geology service expense - net	(2,947,339)	(7,434,869)
Gain (loss) on foreign exchange - net (Note 2u)	(2,200,883)	39,173,668
Amortization of deferred environmental protection and rehabilitation costs (Note 2p)	(948,143)	(948,143)
Pension expense (Note 2q)	-	(31,813,567)
Others - net	(2,301,930)	12,285,533
Other Income - Net	32,826,372	10,616,211
INCOME BEFORE INCOME TAX PROVISION (BENEFIT)	503,848,018	547,896,225
INCOME TAX PROVISION (BENEFIT) (Notes 2v and 16)		
Current	148,346,800	173,869,437
Deferred	715,969	(6,504,635)
Total	149,062,769	167,364,802

(Forward)

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Continued)
(In Thousands Of Rupiah, Except Par Value and Share Data)

	For The Years Ended December 31,	
	2001	2000
INCOME BEFORE MINORITY INTERESTS IN NET LOSS OF SUBSIDIARIES	Rp 354,785,249	Rp 380,531,423
MINORITY INTERESTS IN NET LOSS OF SUBSIDIARIES (Note 2b)	3,370,094	2,623,538
NET INCOME	Rp 358,155,343	Rp 383,154,961
EARNINGS PER SHARE (Note 2w)	Rp 291	Rp 311.31

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In Thousands Of Rupiah)

For The Years Ended December 31, 2001 And 2000

	Capital Stock		Additional Paid-in Capital		Difference in Foreign Currency Translation		Unrealized Gain on Available-for-Sale Investments		Retained Earnings		Total			
							Appropriated	Unappropriated						
Balance, January 1, 2000	Rp	615,384,500	Rp	340,987,784	Rp	23,004,145	Rp	-	Rp	233,933,245	Rp	234,344,522	Rp	1,447,654,196
Net income		-		-		-		-		-		383,154,961		383,154,961
Appropriation for general reserve		-		-		-		-		144,269,295		(144,269,295)		-
Difference in foreign currency translation (Note 2b)		-		-		9,423,483		-		-		-		9,423,483
Cash dividends declared (Note 26)		-		-		-		-		-		(90,075,227)		(90,075,227)
Unrealized gain on available-for-sale investments		-		-		-		149,569		-		-		149,569
Balance, December 31, 2000		615,384,500		340,987,784		32,427,628		149,569		378,202,540		383,154,961		1,750,306,982
Net income		-		-		-		-		-		358,155,343		358,155,343
Appropriation for general reserve		-		-		-		-		191,577,480		(191,577,480)		-
Difference in foreign currency translation (Note 2b)		-		-		2,484,210		-		-		-		2,484,210
Cash dividends declared (Note 26)		-		-		-		-		-		(191,577,481)		(191,577,481)
Unrealized gain on available-for-sale investments		-		-		-		356,101		-		-		356,101
Balance, December 31, 2001	Rp	615,384,500	Rp	340,987,784	Rp	34,911,838	Rp	505,670	Rp	569,780,020	Rp	358,155,343	Rp	1,919,725,155

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

**PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Thousands Of Rupiah)

	For The Years Ended December 31,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	Rp 1,695,337,127	Rp 1,585,480,714
Payments to suppliers and employees	(1,051,952,333)	(831,072,123)
Cash provided by operating activities	643,384,794	754,408,591
Payment of interest expense	(19,889,280)	(28,015,451)
Payment of income taxes	(241,066,151)	(41,812,110)
Cash receipt from insurance	3,083,547	8,286,534
Gain on foreign exchange due to restatement of cash and cash equivalents	56,244,412	132,607,484
Net Cash Provided by Operating Activities	441,757,322	825,475,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(90,108,151)	(98,301,520)
Net deductions in (additions to):		
Deferred exploration and development costs	(26,470,413)	(32,658,897)
Deferred charges	(7,602,791)	(17,538,735)
Other assets	(2,359,347)	4,216,029
Loans to employees	-	18,690,535
Placements in short-term investment	-	(2,304,147)
Net Cash Used in Investing Activities	(126,540,702)	(127,896,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term bank loans	(27,767,746)	(53,670,079)
Repayment of long-term debts	(90,640,648)	(78,528,673)
Payments of cash dividends	(191,577,481)	(90,075,227)
Deduction from (addition to) proceeds account	89,737,785	(162,094,110)
Net Cash Used in Financing Activities	(220,248,090)	(384,368,089)
NET INCREASE IN CASH AND CASH EQUIVALENTS	94,968,530	313,210,224
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	706,778,196	393,567,972
CASH AND CASH EQUIVALENTS AT END OF YEAR	Rp 801,746,726	Rp 706,778,196

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended December 31, 2001 And 2000
(In Thousands Of Rupiah, Except As Otherwise Stated)

1. GENERAL

Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (the "Company") was established and began commercial operations on July 5, 1968 based on Government Regulation No. 22 of 1968, as published in the State Gazette No. 36 dated July 5, 1968, under the name "Perusahaan Negara (PN) Aneka Tambang". On June 14, 1974, based on Government Regulation No. 26 of 1974, the status of "Perusahaan Negara (PN) Aneka Tambang" was changed from that of a state-owned corporation ("perusahaan negara") to that of a state-owned limited liability corporation ("perusahaan persero") and the Company has since been known as "Perusahaan Perseroan (Persero) PT Aneka Tambang".

The Company's Articles of Association was last amended by Notarial Deed No. 29 of A. Partomuan Pohan, S.H., LL.M., dated July 29, 1999, concerning, among others, the change in its name to "Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk", also known as "PT Antam Tbk". This amendment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C-17329.HT.01.04-TH.99 dated October 6, 1999.

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 mining.

The Company's head office is located in Jakarta. Currently, the Company operates six mines located in Kijang, Bintan Island, Riau (bauxite); Pomalaa, Sulawesi Tenggara (nickel); Gebe Island, Maluku (nickel); Gee Island, Maluku (nickel); Cilacap, Central Java (iron sand); and Pongkor Mountain, Bogor, West Java (gold). The Company also operates a precious metal refinery and a geology unit in Jakarta. In addition, PT Antam Resourcindo, the subsidiary of International Antam Resources Limited (IARL), the Company's Canadian subsidiary, owns several mining rights and operates a gold mine in Cikidang, West Java. PT Antam Resourcindo started its operating activities on July 16, 1997. As of December 31, 2001, IARL has total assets of Can\$ 7,101,960 or equivalent to Rp 46,475,220 and is currently engaged in the exploration and development of mineral properties.

Since November 27, 1997, all the Company's shares are listed on the stock exchanges in Indonesia. Starting August 9, 1999, the Company's shares have also been traded on the Australian Stock Exchange (ASX) in "CHESS Units of Foreign Securities (CUFS)" where each unit of CUFS is equivalent to five (5) common shares. A total of 246,153,799 CUFS units could be traded on the ASX representing 1,230,768,999 series B common shares.

As of December 31, 2001, the members of the Company's boards of Commissioners and Directors are as follows:

Commissioners

- Prof.Dr. Ir. Firman M.U. Tamboen, M. Eng.
(President Commissioner)
- Drs. A. Gunawan Suratno
- Drs. Djoko Darmono
- Ir. Supriatna Suhala, MSc
- Ir. S. Suryantoro, MSc

Directors

- Ir. D. Aditya Sumanagara (President Director)
- Ir. Harsojo Dihadjo
- Drs. Ki Agus Umar Tochfa
- Drs. Ismail Tangka
- Ir. Subagyo

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Thousands Of Rupiah, Except As Otherwise Stated)

Salaries and other compensation benefits incurred for the Company's Directors and Commissioners amounted to Rp 8,245,062 and Rp 6,017,122 in 2001 and 2000, respectively.

The Company and its Subsidiaries have a total of 3,593 and 3,811 permanent employees in 2001 and 2000, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidated Financial Statements

The consolidated financial statements have been prepared following accounting principles generally accepted in Indonesia (Indonesian GAAP), which vary in certain respects from those in Australia (Australian GAAP). A description of the significant difference between these two generally accepted accounting principles and its approximate effects on net income and stockholders' equity are set forth in Notes 30 and 31 in order to conform more closely to the form and content of financial statements required in filings with the ASX.

The consolidated financial statements have been prepared on the historical cost basis of accounting, except for gold and silver inventories which are valued at net realizable value and other inventories which are valued at the lower of cost or net realizable value, and certain property, plant and equipment which are stated at revalued amounts.

The consolidated statements of cash flows present receipts and payments of cash and cash equivalents classified into operating, investing and financing activities.

b. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its 82%-owned subsidiary, IARL, a publicly-listed company in Canada. IARL owns 99.99% of PT Antam Resourcindo, a local company acting as IARL's Indonesian operating subsidiary.

The accounts of IARL are translated into Rupiah amounts on the following bases:

Balance sheet accounts	-	Middle rate at balance sheet date (Can\$ 1 to Rp 6,544 in 2001 and Rp 6,389 in 2000) (full amounts)
Profit and loss accounts	-	Average rate for 2001 and 2000 at Rp 6,620 and Rp 5,729 to Can\$ 1, respectively (full amounts)

The resulting difference arising from the translation of balance sheet and profit and loss accounts is presented as "Difference in Foreign Currency Translation" under the Stockholders' Equity section in the consolidated balance sheets.

All significant intercompany accounts and transactions have been eliminated.

Investments in Contract of Work (CoW) companies are recorded based on the fair value of assets transferred to a CoW company or interest received by the Company, whichever is more determinable.

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Thousands Of Rupiah, Except As Otherwise Stated)

Investments in which the Company or its Subsidiaries have an ownership interest of at least 20% but not exceeding 50% are accounted for under the equity method whereby the cost of investment is increased or decreased by the Company's or Subsidiaries' share in the net earnings (losses) of the investees since the date of acquisition. Equity in net earnings (losses) is being adjusted for the straight-line amortization, over a 5-year period, of the difference between the cost of such investment and the Company's or Subsidiaries' proportionate share in the underlying fair value of the net assets at the date of acquisition (goodwill).

All other investments are carried at cost.

c. Cash Equivalents

Time deposits with maturities of three months or less at the time of placement and not pledged as collateral for loans are considered as "Cash Equivalents".

d. Short-term Investments

In accordance with the Statement of Financial Accounting Standards (PSAK) No. 50 "Accounting for Certain Investments in Securities", securities held for trading or available-for-sale are stated at fair values. Any change in the market value of trading securities is credited or charged to operations, whereas any change in the market value of available-for-sale securities is presented as a separate component of the Stockholders' Equity and credited or charged to operations upon realization.

e. Allowance for Doubtful Accounts

The Company and its Subsidiaries provide allowance for doubtful accounts based on a review of the status of the individual receivable accounts.

f. Transactions with Related Parties

The Company and its Subsidiaries have transactions with certain related parties as defined under PSAK No.7, "Related Party Disclosures". Transactions between the Company and other state-owned companies are not deemed necessary to be disclosed as related-party transactions under PSAK No. 7.

All significant transactions with related parties are disclosed in the related notes.

g. Inventories

Inventories, except gold and silver which are stated at net realizable value, are stated at the lower of cost or net realizable value. Cost is determined by the weighted-average method. Allowance for inventory obsolescence is provided to reduce the carrying value of inventories to their net realizable values.

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Thousands Of Rupiah, Except As Otherwise Stated)

h. Prepaid Expenses

Prepaid expenses are charged to operations over the periods benefited.

i. Property, Plant and Equipment

Property, plant and equipment are stated at cost, except for certain assets revalued in accordance with government regulation, less accumulated depreciation (except landrights). Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	10 to 20
Land improvements	10 to 20
Plant, machinery and equipment	8 to 25
Vehicles	4 to 8
Furniture, fixtures and office equipment	4 to 8

Construction in progress is stated at cost. The accumulated costs will be reclassified to the appropriate property, plant and equipment accounts when construction is substantially complete and the asset is ready for its intended use.

The cost of maintenance and repairs is charged to income as incurred; significant renewals and improvements are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the year.

j. Impairment of Asset Value

In compliance with PSAK No. 48, "Impairment of Asset Value", asset values are reviewed for any impairment and possible writedown to fair value whenever events or changes in circumstances indicate that the asset value may not be recoverable.

k. Capitalization of Borrowing Costs

In accordance with the revised PSAK No. 26, "Borrowing Costs", interest, amortization of discount or premium, amortization of the related costs to obtain the loans and foreign exchange differences on loans which are used to finance the construction of major facilities are capitalized. Capitalization of these borrowing costs ceases when the construction is substantially complete and the assets are ready for their intended use.

l. Stock Issuance Costs

Effective January 1, 2000, based on the Rule No. VIII.G.7 dated March 13, 2000 of the Capital Market Supervisory Agency (BAPEPAM), expenses incurred in connection with the Company's offering of its shares to the public were charged to "Additional Paid-in Capital".

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Thousands Of Rupiah, Except As Otherwise Stated)

m. Deferred Information System Development Cost

Cost of computer software purchased and the cost of subsequent updating thereof were deferred and are amortized using the straight-line method over 3 years.

n. Deferred Landright Costs

In accordance with PSAK No. 47, "Accounting for Land", costs incurred relating to the processing of the renewal of the legal title over the landrights were deferred and are amortized using the straight-line method over the legal term of landrights of 20 years.

o. Deferred Exploration and Development Costs

Exploration and development costs for a potential significant area of interest associated with a mineral deposit where the mining right is still valid and (i) such costs are expected to be recovered through exploitation or sale of proven reserves, or (ii) activities have not yet reached a stage permitting a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant exploration of the area of interest is continuing, are deferred and amortized upon commencement of commercial production using the unit-of-production method. These costs are expensed in the period during which the Company and its Subsidiaries determine that no future value is expected from the area of interest.

Management assesses the carrying value of deferred exploration and development costs annually. If the carrying value of deferred exploration and development costs is higher than the present value of estimated ore production during the remaining life of the mine or the period of the mining right whichever is shorter, the difference is charged to operations.

Costs relating to mining units currently being exploited and ongoing development expenditures to maintain production are charged to operations as incurred.

p. Environmental Protection and Rehabilitation

The Company and its Subsidiaries evaluate and accrue annually the costs of environmental protection and land rehabilitation programs related to their mining activities (shown under "Estimated Liabilities for Environmental Protection and Rehabilitation"), in compliance with the requirements of PSAK No. 33, "Accounting for General Mining". Costs related to mining activities during exploration and development stages are deferred and amortized upon the commencement of production based on the estimated economic life of the mine. Costs related to mining activities incurred during production are charged to current year's production expense. With the adoption of PSAK No. 33 in 1995, costs related to mining activities prior to 1995 were deferred and are amortized (charged to "Other Expenses") over the estimated economic life of the mine of 12 years.

PERUSAHAAN PERSEROAN (PERSERO) PT ANEKA TAMBANG Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Thousands Of Rupiah, Except As Otherwise Stated)

q. Retirement Benefits

The Company has a defined benefit retirement plan covering substantially all of its qualified permanent employees. The plan is funded through contribution of the employees and the Company. Employee contributions are computed at 5% of the employees' annual salaries including representation allowance, if any, and the Company's contributions are based on actuarial computations. Past service cost and experience adjustments are amortized over the average expected remaining working lives of existing employees of 7.79 years.

r. Postretirement Health Care Benefits

The Company has a defined contribution postretirement health care plan covering substantially all of its qualified permanent employees. Contributions are funded and consist of the Company's contributions computed at 7.5% and the employees' contribution computed at 5% of the employees' annual salaries.

The Company will continue to provide additional funds to cover all its pensioners, including their eligible dependents. The cost of providing these benefits is recognized when incurred.

s. Revenue and Expense Recognition

Revenue from sales is recognized at the time of shipment when the title passes to the customer, while revenue from services is recognized at the time the services are rendered. Sales of gold and silver are priced generally based on the London Bullion Market Association's quoted price at the date of transaction. Expenses are recognized when incurred (accrual basis).

t. Derivative Instruments

Effective January 1, 2001, the Company adopted PSAK No. 55 "Accounting for Derivative Instruments and Hedging Activities". PSAK No. 55 establishes the accounting and reporting standards requiring that every derivative instrument (including certain derivatives embedded in other contracts) shall be recorded in the consolidated balance sheet as either an asset or liability measured at its fair value. PSAK No. 55 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedges allow a derivative's gains and losses to offset related results on the hedged item in the consolidated statement of income, and requires that an entity must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting treatment.

At January 1, 2001, the transition gain adjustment for the Company as a result of adopting PSAK No. 55 amounting to Rp 775,356 is immaterial and as such, is included in "Other Income - Others" in the 2001 consolidated statement of income.

Prior to 2001, realized gains and losses on such instruments are reflected in income for the year.

The Company does not engage in any speculative derivative transaction. Derivative instruments are used to manage certain market risks arising from fluctuations in commodity prices.

The Company does not apply hedge accounting but instead takes fair value adjustments on derivatives to net income.

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u. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, assets and liabilities denominated in foreign currencies are adjusted to Rupiah to reflect Bank of Indonesia's middle rate of exchange prevailing at such date. The resulting gains or losses are credited or charged to operations of the current year, except for foreign exchange losses capitalized as part of borrowing costs (see Notes 2k and 10) and those allowed to be capitalized into the carrying value of certain assets in accordance with the alternative treatment discussed in paragraph 32 of PSAK No. 10, "Transactions in Foreign Currencies".

At December 31, 2001 and 2000, the rates of exchange used are as follows:

	2001 (full amounts)		2000 (full amounts)	
1 United States Dollar	Rp	10,400	Rp	9,595
100 Japanese Yen		7,916		8,357
1 Canadian Dollar		6,544		6,389

v. Provision for Income Tax

In accordance with PSAK No. 46 on "Accounting for Income Taxes", the Company and its Subsidiaries recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using tax rates in effect for the year in which the differences are expected to be realized.

w. Earnings per Share

Earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the year of 1,230,769,000 shares.

3. CASH AND CASH EQUIVALENTS

This account consists of:

	2001		2000	
Cash on hand (including US\$ 6,331 and ¥815,256 in 2001 and US\$ 4,113 and ¥ 1,644,808 in 2000)	Rp	264,158	Rp	331,891
Cash in banks PT Bank Mandiri (Persero) (including US\$ 1,147,711 in 2001 and US\$ 25,990 in 2000)		24,455,069		30,207,793

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	2001		2000
PT Bank Negara Indonesia (Persero) Tbk (including US\$ 638,718 and ¥ 759,173 in 2001 and US\$ 1,427,812 and ¥ 1,060,096 in 2000)	Rp 6,702,810	Rp	14,165,424
PT ING Indonesia Bank (including US\$ 350,696)	-		28,266,477
Others (including US\$ 262,664 in 2001 and US\$ 689,189 in 2000)	3,294,558		7,140,996
Total cash in banks	34,452,437		79,780,690
Cash equivalents			
Time deposits			
PT Bank Mandiri (Persero) (including US\$ 49,000,000 in 2001 and US\$ 34,250,000 in 2000)	690,600,000		491,628,750
PT Bank Universal Tbk	-		30,000,000
Others (including US\$ 789,970 in 2001 and US\$ 1,503,974 in 2000)	22,842,688		17,752,628
Total time deposits	713,442,688		539,381,378
Gold in Value - NM Rothschild & Sons (US\$ 5,152,639 in 2001 and US\$ 9,096,846 in 2000)	53,587,443		87,284,237
Total cash equivalents	767,030,131		626,665,615
Total cash and cash equivalents	Rp 801,746,726	Rp	706,778,196

Annual interest ranged from 11.25% to 17.98% in 2001 and from 8.5% to 13.3% in 2000 for Rupiah time deposits and from 5.56% to 6.92% in 2001 and from 5.5% to 6.92% in 2000 for US Dollar time deposits.

Gold in value represents funds in the form of gold maintained in NM Rothschild & Sons as a Debt Service Reserve Account which is restricted to be used only for payments of loan principal and interest installments required by the Gold Project Facility (see Note 17).

4. PROCEEDS ACCOUNT

As of December 31, 2001, this account represents the current account maintained in ING Bank N.V., Singapore (ING Singapore) amounting to US\$ 6,957,339 (equivalent to Rp 72,356,325) pursuant to the Amendment and Waiver of Gold Project Facility Agreement (see Note 17).

As of December 31, 2000, this account consists of a current account in PT ING Indonesia Bank amounting to Rp 162,094,110 (including US\$ 16,246,445) representing the proceeds from sales as required under the Gold Project Facility (see Note 17). In 2001, the account was terminated and replaced by the ING Singapore account described above.

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5. SHORT-TERM INVESTMENTS

This account consists of investments in the following mutual funds:

	2001	2000
Melati US Dollar	Rp 2,775,878	Rp 2,411,656
Yudistira	512,293	520,414
Total	Rp 3,288,171	Rp 2,932,070

Investment in Melati US Dollar mutual fund consists of 2,257,579 units. As of December 31, 2001 and 2000, the Net Assets Value (NAV) of the mutual fund per unit amounted to US\$ 0.118229 and US\$ 0.111334, respectively (full amounts).

Investment in Yudistira mutual fund consists of 1,324,749 units. As of December 31, 2001 and 2000, the NAV of the mutual fund per unit amounted to Rp 386.71 and Rp 392.84, respectively (full amounts).

The net unrealized gain on the above available-for-sale investments, amounting to Rp 505,670 and Rp 149,569 in 2001 and 2000, respectively, is presented as "Unrealized Gains on Available-for-Sale Investments" under the Stockholders' Equity section of the consolidated balance sheets.

6. ACCOUNTS RECEIVABLE - TRADE

This account consists of receivables arising from:

	2001	2000
Export sales (US\$ 10,471,089 in 2001 and US\$ 6,998,406 in 2000)	Rp 108,899,321	Rp 67,149,700
Domestic sales (including US Dollar denominated receivables of US\$ 570,991 in 2001 and US\$ 453,313 in 2000)	27,257,730	12,724,267
Total	Rp 136,157,051	Rp 79,873,967

The aging of the above receivables follows:

	2001	2000
0 to 30 days	Rp 107,201,003	Rp 75,277,780
30 to 90 days	23,121,643	4,576,026
over 90 days	5,834,405	20,161
Total	Rp 136,157,051	Rp 79,873,967

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The outstanding trade accounts receivable mainly arose from sales to Newco AG, Mitsui & Co., Sumitomo Co. Ltd., Nikkinko Trading Co. and Shandong Aluminium Corp.

Based on the review of the status of the individual receivable accounts at the end of the year, the Company's management is of the opinion that all receivables are fully collectible.

All trade receivables except those relating to in Gunung Pongkor Gold Mine, amounting to US\$ 4,120,000 have been pledged as collateral to the Working Capital Credit Facility from PT Bank Mandiri (Persero) (see Note 13).

7. INVENTORIES

This account consists of:

	2001	2000
Finished goods		
Nickel ore	Rp 77,925,302	Rp 62,751,882
Gold and silver	85,008,867	66,481,125
Bauxite ore	13,469,987	8,711,316
Iron sand	7,218,823	5,664,539
Gold and silver precipitates	5,785,118	4,721,147
Ferronickel	1,500,342	664,755
Other precious metals	1,480,378	962,638
Total finished goods	192,388,817	149,957,402
Work in process	5,325,785	2,695,094
Spare parts and supplies	58,789,227	86,296,236
Total	Rp 256,503,829	Rp 238,948,732

Inventories in Pomalaa and Pongkor mines as well as in Logam Mulia Refinery, totaling Rp 174,150,118, are covered by insurance against material damage and theft under blanket policies. The Company's management is of the opinion that the insurance is sufficient to cover possible losses from such risks. As of December 31, 2001, the sum insured is US\$ 7,490,675.49.

All inventories, except those inventories in Gunung Pongkor Gold Mine, amounting to US\$ 21,500,000, have been pledged as collateral to the Working Capital Credit Facility from PT Bank Mandiri (Persero) (see Note 13). In addition, inventories amounting to Rp 48,039,674 and Rp 48,378,890, in 2001 and 2000, respectively, in Gunung Pongkor Gold Mine have been pledged as collateral to the Gold Project Facility (see Note 17).

8. PREPAID TAXES

This account consists of:

	2001	2000
Value-added tax	Rp 25,178,812	Rp 41,446,423
Others	-	4,457
Total	Rp 25,178,812	Rp 41,450,880

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	2000			
	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Ending Balance
Plant, machinery and equipment	Rp 870,482,410	Rp 34,129,160	Rp -	Rp 904,611,570
Vehicles	19,299,930	5,212,323	-	24,512,253
Furniture, fixtures and office equipment	31,066,951	14,572,284	-	45,639,235
Sub-total	1,303,414,152	61,600,386	-	1,365,014,538
<u>Construction in progress</u>				
Buildings	804,482	973,080	874,454	903,108
Land improvements	81,668,231	16,657,480	1,647,113	96,678,598
Machinery and equipment	2,472,138	22,403,577	300,173	24,575,542
Sub-total	84,944,851	40,034,137	2,821,740	122,157,248
Total Carrying Value	1,388,359,003	101,634,523	2,821,740	1,487,171,786
<u>Accumulated Depreciation</u>				
Buildings	30,677,953	3,980,959	-	34,658,912
Land improvements	48,449,707	28,662,318	-	77,112,025
Plant, machinery and equipment	188,928,071	70,665,643	-	259,593,714
Vehicles	9,360,717	2,202,503	-	11,563,220
Furniture, fixtures and office equipment	17,692,425	6,224,554	-	23,916,979
Total Accumulated Depreciation	295,108,873	111,735,977	-	406,844,850
Net Book Value	Rp 1,093,250,130			Rp 1,080,326,936

Depreciation charged to operations amounted to Rp 114,034,722 in 2001 and Rp 111,149,540 in 2000. Additions to the accumulated depreciation in 2000 include a reclassification from other assets amounting to Rp 586,437.

Additions in 2001 and 2000 include the reclassification of construction in progress of Rp 99,820,859 and Rp 2,821,740, respectively to the related property, plant and equipment accounts. Deductions in 2001 include the write-off of building, machinery, equipment and vehicles with net book values totaling Rp 6,226,878 (with a carrying value of Rp 20,933,455 and accumulated depreciation of Rp 14,706,577).

Construction in progress - land improvements, is 86.29% complete as of December 31, 2001 based on physical completion. Expenditures in 2001 reached 92.79% of the 2001 budget. As of December 31, 2001, construction in progress - Ferronickel III Project amounting to Rp 25,022,866 and the total Ferronickel III Project costs incurred cannot yet be determined, because the evaluation of the project is still ongoing by the foreign independent consultant (see Note 27i).

Property, plant and equipment with net book values totaling Rp 484,034,871 as of December 31, 2001 located in Gunung Pongkor Gold Mine are pledged as collateral to the Gold Project Facility (see Note 17). Land and building amounting to up to US\$ 1,832,000 and machinery and equipment amounting to up to US\$ 21,828,000 located in Pomalaa Nickel Mine are pledged as collateral to the Working Capital Credit Facility from PT Bank Mandiri (Persero) (see Note 13).

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Property, plant and equipment are covered by insurance against destruction caused by fire or other risks under policies amounting to US\$ 430,147,630 and Rp 61,210,821 as of December 31, 2001 and US\$ 236,954,750 and Rp 113,407,095 as of December 31, 2000, which in the opinion of the Company's management, is sufficient to cover losses arising from such risks.

11. DEFERRED EXPLORATION AND DEVELOPMENT COSTS

This account consists of deferred exploration and development costs for the following areas of interest (see Note 2o):

	2001	2000
	_____	_____
Exploration Stage:		
Tayan	Rp 10,671,824	Rp 7,052,506
Obi Island	7,072,560	6,621,906
Gag Island	686,341	644,941
Papandayan	-	13,466,459
Others	45,178	212,461
	_____	_____
Sub-total	18,475,903	27,998,273
	_____	_____
Development/Production Stage:		
Cikidang	46,641,234	42,904,189
Buli Island	46,288,421	27,666,425
Pongkor	14,722,758	14,722,758
Kijang	6,173,560	6,173,560
Gee Island	1,200,486	1,200,486
Lumajang	-	268,030
	_____	_____
Sub-total	115,026,459	92,935,448
Accumulated amortization	(22,315,634)	(14,537,608)
	_____	_____
Net	92,710,825	78,397,840
	_____	_____
Total	Rp 111,186,728	Rp 106,396,113
	=====	=====

Amortization of deferred exploration and development costs amounted to Rp 7,778,026 in 2001 and Rp 5,483,311 in 2000.

In 2001, the management of PT Antam Resourcindo decided to write-off certain deferred exploration costs related to exploration work in the Papandayan, Gunung Patuha and Cibaliung areas due to the uncertainty of their recoverability. In 2000, the write-off of deferred exploration costs related to the Cikondang, Petung Kriyono and Gunung Tikukur areas. The write-off of deferred exploration costs amounting to Rp 15,291,293 and Rp 12,299,181 in 2001 and 2000, respectively, was charged to income as part of Exploration Expense.

In 2001, Buli Island entered the production stage.

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12. DEFERRED CHARGES

This account consists of:

	2001	2000
<u>Acquisition costs</u>		
Information system development costs	Rp 21,790,170	Rp 14,374,211
Debt issuance costs	7,076,170	7,076,170
Others	2,445,063	2,258,231
Total	31,311,403	23,708,612
<u>Accumulated Amortization</u>		
Information system development costs	9,189,203	1,929,659
Debt issuance costs	5,628,772	4,342,195
Others	1,508,190	848,900
Total	16,326,165	7,120,754
Net	Rp 14,985,238	Rp 16,587,858

Amortization of deferred charges amounted to Rp 9,205,411 in 2001 and Rp 3,375,332 in 2000.

13. SHORT-TERM BANK LOANS

This account consists of loans from:

	2001	2000
ABN-AMRO Bank N.V., Jakarta (US\$ 7,000,000)	Rp 72,800,000	Rp 67,165,000
PT Bank Mandiri (Persero) (US\$ 5,655,498 in 2001 and US\$ 6,687,617 in 2000)	58,817,184	64,167,690
Total	Rp 131,617,184	Rp 131,332,690

The promissory note issued to ABN-AMRO Bank N.V. bears annual interest ranging from 6.8% to 8.75% in 2001 and at 8.75% in 2000. The Company prepares promissory notes every 2 weeks with the last payment date on January 2, 2002.

The loan obtained from PT Bank Mandiri (Persero) in 1999, represents a working capital credit facility which bears annual interest at 7.33% in 2001 and 8.92% in 2000. The latest extension term of this loan is from January 1 to December 31, 2001. In December 2001, the Company received approval for the temporary extension of the Working Capital Credit Facility to the period from January 1 to March 31, 2002. The loan is secured by the Company's inventories and receivables, except those in Gunung Pongkor Gold Mine, as the main collateral, and fixed assets in Pomalaa Nickel Mine, as the additional collateral (see Notes 6, 7 and 10).

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14. ACCOUNTS PAYABLE - TRADE

This account consists of payables arising from the purchases of goods and services from third parties and related parties (see Note 25).

15. ACCRUED EXPENSES

This account consists mainly of accruals for pension expenses (see Note 24); royalty and retribution; salaries, wages and other employee benefits; contractor costs; housing subsidies; utilities; and interest.

16. TAXES PAYABLE

This account consists of:

	2001	2000
	<u> </u>	<u> </u>
Income taxes		
Article 21 (withholding tax on employee salaries)	Rp 2,702,797	Rp 12,725,834
Article 23/26 (withholding tax on rent and others)	3,089,231	2,837,335
Article 25 (corporate income tax-monthly)	8,000,000	3,500,000
Article 29 (corporate income tax- annual)	38,970,938	138,518,364
Value-added tax (tax collector)	11,960,082	8,474,038
Land and building tax	37,399	-
	<u> </u>	<u> </u>
Total	Rp 64,760,447	Rp 166,055,571
	<u> </u>	<u> </u>

A reconciliation between income before provision for income tax, as shown in the consolidated statements of income, and estimated taxable income for the years ended December 31, 2001 and 2000 follows:

	2001	2000
	<u> </u>	<u> </u>
Income before provision for income tax per consolidated statements of income	Rp 503,848,018	Rp 547,896,225
Loss of Subsidiaries	18,722,742	14,575,213
	<u> </u>	<u> </u>
Income before provision for income tax attributable to the Company	522,570,760	562,471,438

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	2001	2000
	Rp	Rp
Positive corrections:		
Mining closure cost	10,247,572	8,258,955
Pension expense	5,843,199	39,977,276
Entertainment	5,743,065	3,795,510
Social activities	4,647,642	3,496,272
Write-off of property, plant and equipment	3,573,930	5,568,981
Termination benefits	2,861,172	-
Tax assessments and penalties	2,114,390	486,177
Books and magazines	1,491,625	1,400,609
Salaries, wages, bonus and employee benefits:		
- Other employee benefits	1,135,144	1,773,932
- Post retirement health care expenses	9,461,483	16,000,000
Membership fee	489,230	318,247
Education	286,013	387,226
Professional fees	-	3,570,491
Provision for doubtful account	-	1,480,830
Negative corrections:		
Interest income already subjected to final tax	(51,005,123)	(32,217,568)
Depreciation and amortization	(14,856,984)	(31,300,904)
Payment to pension fund	(6,868,762)	(5,873,512)
Professional fees	(3,186,691)	-
Estimated taxable income	Rp 494,547,665	Rp 579,593,960

The amounts of estimated taxable income for 2001 and 2000 as stated above conform with the amounts reported in the respective Annual Income Tax returns.

The computation of provision for current income tax and income tax payable follows:

	2001	2000
	Rp	Rp
Estimated taxable income	494,547,665	579,593,960
Computation of corporate income tax in 2001		
10% X Rp 50,000	Rp 5,000	-
15% X Rp 50,000	7,500	-
30% X Rp 494,447,665	148,334,300	-

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	2001	2000
Computation of corporate income tax in 2000		
10% X Rp 25,000	Rp -	Rp 2,500
15% X Rp 25,000	-	3,750
30% X Rp 579,543,960	-	173,863,187
Provision for income tax	148,346,800	173,869,437
Prepayments of income taxes:		
Article 22	1,705,544	1,541,708
Article 23	2,741,694	566,321
Article 25	104,928,624	33,243,044
Total prepayments of income taxes	109,375,862	35,351,073
Income tax payable-Article 29	Rp 38,970,938	Rp 138,518,364

The computation of estimated deferred income tax on significant temporary differences between accounting and tax reporting bases of assets and liabilities using the maximum tax rate of 30% is as follows:

	2001	2000
Deferred tax assets		
Accrued mining closure cost	Rp 5,551,959	Rp 2,477,687
Accrued expenses	3,808,420	4,213,744
Allowance for doubtful accounts receivable	444,248	444,248
Total	9,804,627	7,135,679
Deferred tax liabilities		
Property, plant and equipment	90,535,358	87,150,440
Deferred tax liabilities - net	Rp 80,730,731	Rp 80,014,761

In 2001 and 2000, IARL, Subsidiary, has not recognized any deferred tax asset in its financial statements due to uncertainty in its recoverability.

17. LONG-TERM DEBTS

This account comprises loans provided by:

	2001	2000
The Gold Project Facility (43,274.9 oz. of gold in 2001 and 72,124.9 oz. of gold in 2000)	Rp 125,048,980	Rp 188,684,248
Newcrest Singapore Holdings Pte. Ltd. (US\$ 3,854,102)	40,082,661	36,980,109

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	2001	2000
Government of the Republic of Indonesia (two-step loans obtained through contractors) Rp	6,726,441	Rp 11,210,734
Total	171,858,082	236,875,091
Less current maturities		
The Gold Project Facility (28,849.9 oz of gold)	83,365,987	75,473,699
Government of the Republic of Indonesia (two-step loans obtained through contractors)	4,484,294	4,484,294
Total current maturities	87,850,281	79,957,993
Long-term portion	Rp 84,007,801	Rp 156,917,098

The Gold Project Facility

On December 4, 1996, the Company entered into a Gold Project Facility agreement (the "Agreement") with Rothschild Australia Limited [subsequently changed to NM Rothschild & Sons Limited (NMR)], Bayerische Vereinsbank AG., Commerzbank International S.A., PT ING Indonesia Bank, Republic Mase Australia Limited (collectively referred to herein as the "Gold Lenders" and "Hedging Banks") with NMR, as the agent for the Gold Lenders (the "Agent"), whereby the Gold Lenders and Hedging Banks have severally agreed to make available to the Company the Gold Facility for an aggregate maximum gold value of US\$ 61,600,000 and a Hedging Facility. The facilities were obtained to finance the expansion of Gunung Pongkor Gold Mine (the "Project") and for other purposes as approved by the Gold Lenders.

Based on the Agreement, drawings under the Gold Project Facility during the period commencing on the date of the agreement up to the earliest of the Project completion date; June 30, 1998; or, early termination date, if any, (the "Availability Period") shall be repaid on each of the following repayment dates (the "Repayment Dates").

Repayment Dates	Percentage of Outstanding Principal on Each Repayment Date
June 30 and December 31, 1998	4.6875%
June 30 and December 31, 1999	8.1250%
June 30 and December 31, 2000 up to 2002	10.6250%
June 30, 2003	10.6250%

The Company may, on any day after the last day of the Availability Period up to the Repayment Date, switch the gold denominated outstanding liabilities to the US Dollar-denominated liabilities after giving due written notice to the Agent.

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Drawings under the facility bear interest at SIBOR plus Margin for the US Dollar-denominated liability and LIBOR less Gold Forward (GOFO) plus Margin for gold-denominated liability. Margin shall be equivalent to 2.5% during the period up to 90 days after the Project completion date and 2% thereafter. The loan is secured, among others, by the assignment of rights in connection with the Project's mining right and the fiduciary transfer of proprietary rights, i.e., products, inventories, plant and equipment (see Notes 7 and 10).

Under the terms of the Gold Facility, the Company is required to observe certain negative covenants which include, among others, restrictions on the following: (i) merger or consolidation with other entities; (ii) purchase or redemption of any of its issued shares; (iii) prior to the Project's completion date, declaration of dividends out of the proceeds of the Project, except those permitted payments to shareholders; (iv) disposal of the Project's assets; and (v) creation of security interest over the Project's assets. In addition, the Company is required to maintain certain financial ratios calculated using a computer model, including (i) loan life ratio of not less than 1.5 : 1.0; (ii) project life ratio of not less than 2.0 : 1.0; and (iii) annual debt service coverage ratio of not less than 1.25 : 1.0. The Company is also required to maintain a Proceeds account and a Debt Service Reserve account. The money withdrawn from such account is restricted only to certain permitted payments (see Note 4). The Company is also required to meet the Project Completion Date of June 30, 1999 to be certified by independent engineers, or such later date as may be agreed upon by the majority of the Gold Lenders. The Company is also required to facilitate the completion of third party technical review on a regular basis.

Based on its letter dated June 30, 1999, NMR has approved the extension of the Project Completion Date of June 30, 1999 to December 31, 2000 with additional requirements, among others, the opening of a second US Dollar Proceeds Account whereby the proceeds from sales and hedging in US Dollar currency will be credited to such account until the Project Completion Date.

Based on its letter dated March 23, 2001, NMR, as Agent, has obtained formal approval from the Gold Loan Syndicate members to waive the Project Completion Date until June 30, 2001, provided that no drawing shall be permitted from the Proceeds Account unless the loan has been fully provided for, until:

- a. the Independent Engineer Kilborn Engineering Pacific Limited completes its technical review of the Gunung Pongkor Gold Mine satisfactorily to the Lenders;
- b. an updated computer model is agreed between the Agent and the Company; and
- c. the Proceeds Account is shifted from Jakarta to Singapore.

Based on the Amendment and Waiver of the Agreement dated November 8, 2001, (i) US Dollar Proceeds Account is shifted to ING Bank N.V., Singapore; (ii) the determination of the project completion and withdrawal dates and the requirement for the project completion date are waived; (iii) the Gold Lenders agree to release the Company from the requirement to deposit all of the proceeds from sales and hedging in the Proceeds Account; (iv) the Company would at all times ensure that the balance of the Debt Service Reserve Account and/or the Proceeds Account is equivalent to at least 100 percent of the current Gold Loan outstanding at any time throughout the duration of the Agreement.

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Newcrest Singapore Holdings Pte.Ltd.

In accordance with the Joint Venture Agreement (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 been accrued from the Bankable Feasibility Study Date. Prior to the Bankable Feasibility Study Date, Newcrest was solely and fully responsible for meeting all contributions for the expenditure of NHM and Newcrest had no recourse to the Company to have the Company contribute any funds whatsoever to such expenditure. As a condition precedent to Newcrest's obligation to make advances, the Company is obligated to deliver any of the acknowledgement of contingent Obligation, agreement to pledge shares and agreement to assign dividends. As of the reporting date, the Company has not yet delivered any of such acknowledgements/agreements. Repayment of the loan together with accrued interest and any aggregate amount shall be made in installments which shall be due only at the time of payment of any dividends that will become payable to the Company. A portion of any dividend, which is equal to 80% due to the Company as declared by NHM, shall be used as an installment for the payment of the loan. In the event the agreement is terminated, obligation to repay advances and all interest thereon shall survive to the extent only of the Company's shareholdings in NHM. The loan is secured by the Company's shares in NHM (see Note 9).

Government of the Republic of Indonesia

These loans were obtained by the Government from contractors and then lent out to the Company (two-step loans). The loans were used to finance the purchase of materials and services for the expansion of the Company's ferronickel project in Pomalaa, South East Sulawesi. The loan drawdowns were recognized by the Company upon the receipt of invoices from the related suppliers and contractors which were subsequently settled by the Government. The loan was converted into Indonesian Rupiah based on the exchange rate at the date of drawdown which was used as the basis of the Company in the recognition of the amount of its loan to the Government. The loans bear interest at 1% above the three months' average interest rate for Bank Indonesia certificates determined every June 15 and December 15 of the year. The last payment date is on June 15, 2003.

18. ESTIMATED LIABILITIES FOR ENVIRONMENTAL PROTECTION AND REHABILITATION

This account represents accrued liabilities for estimated costs of environmental protection and rehabilitation of areas related to the Company's and its Subsidiaries' mining activities (see Notes 2p and 27b). The details of this account are as follows:

	2001	2000
Balance at beginning of year	Rp 24,103,306	Rp 15,566,265
Addition during the year	13,543,179	9,623,171
Payments for actual expenditures during the year	(3,128,423)	(1,086,130)
Balance at end of year	34,518,062	24,103,306
Less current portion (estimated provision to be applied next year)	3,042,360	2,971,542
Long-term portion	Rp 31,475,702	Rp 21,131,764

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19. CAPITAL STOCK AND RELATED EQUITY ACCOUNTS

The details of share ownership are as follows:

Stockholders	2001		
	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount (In Full Rupiah)
Preferred Stock (A Dwiwarna share)			
Government of the Republic of Indonesia	1	-%	Rp 500
Common Stock (B shares)			
Government of the Republic of Indonesia	799,999,999	65.0000	399,999,999,500
Commissioner and Directors:			
Drs. Djoko Darmono (Commissioner)	7,500	0.0006	3,750,000
Ir. D. Aditya Sumanagara (President Director)	100,000	0.0081	50,000,000
Drs. Ismail Tangka (Director)	1,549,000	0.1259	774,500,000
Ir. Subagyo (Director)	100,000	0.0081	50,000,000
Public (each below 5% ownership)	429,012,500	34.8573	214,506,250,000
Total	1,230,769,000	100.0000%	Rp 615,384,500,000

Stockholders	2000		
	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount (In Full Rupiah)
Preferred Stock (A Dwiwarna share)			
Government of the Republic of Indonesia	1	-%	Rp 500
Common Stock (B shares)			
Government of the Republic of Indonesia	799,999,999	65.0000	399,999,999,500
Commissioner and Directors:			
Drs. Djoko Darmono (Commissioner)	7,500	0.0006	3,750,000
Ir. D. Aditya Sumanagara (President Director)	100,000	0.0081	50,000,000
Drs. Ismail Tangka (Director)	2,063,000	0.1677	1,031,500,000
Ir. Subagyo (Director)	100,000	0.0081	50,000,000
Public (each below 5% ownership)	428,498,500	34.8155	214,249,250,000
Total	1,230,769,000	100.0000%	Rp 615,384,500,000

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The Articles of Association provides the holder of the preferred stock with certain rights in addition to the rights held by a holder of common stock. Those rights include the right to vote on the election of the Directors and Commissioners and the right to approve amendments to the Articles of Association. The Stockholders' meeting may not proceed in the absence of the preferred stockholder. The preferred stock may not be transferred to any other party.

Additional paid-in capital represents the difference between the par value as stated in the Company's Articles of Association and the proceeds received from the stockholders in connection with the Company's initial public offering of its shares deducted with stock issuance costs.

As of December 31, 2001 and 2000, the details of additional paid-in capital are as follows:

Additional paid-in capital from initial public offering	Rp	387,692,100
Stock issuance costs	(46,704,316)
Net	Rp	<u>340,987,784</u>

20. NET SALES

The details of net sales by type of products or services are as follows:

	2001	2000
Mining products		
Ferronickel	Rp 617,238,810	Rp 682,160,308
Nickel ore	473,194,073	332,825,577
Gold	387,100,752	333,925,590
Bauxite ore	142,232,166	119,898,087
Silver	45,979,921	50,958,576
Iron sand	30,314,588	20,308,606
Other precious metals	1,090,174	698,535
Sub-total	1,697,150,484	1,540,775,279
Services		
Purification of precious metals and other service	38,073,626	25,533,673
Total	Rp <u>1,735,224,110</u>	Rp <u>1,566,308,952</u>

The details of net sales by geographical area and customers are as follows:

	2001	2000
Export		
Mitsui & Co., Ltd.	Rp 279,573,791	Rp 145,626,879
Newco AG	255,439,498	324,704,838
Pohang Steel Corp.	167,399,914	197,282,862

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	2001	2000
SK Global Co. Ltd.	Rp 61,023,223	Rp 289,863,401
Others (each below Rp 150,000,000)	634,551,164	528,966,979
Sub-total	1,397,987,590	1,486,444,959
Domestic	337,236,520	79,863,993
Total	Rp 1,735,224,110	Rp 1,566,308,952

21. COST OF GOODS SOLD

This account consists of:

	2001	2000
Production Cost		
Materials used	Rp 412,797,825	Rp 306,956,907
Salaries, wages, bonus and employee benefits	151,932,138	208,686,889
Depreciation	108,929,123	107,088,875
Ore exploitation services	87,079,010	28,594,861
Transportation	63,614,799	21,494,336
Exploitation fee	50,927,409	41,253,618
Indirect labor	45,054,547	26,357,191
Rent	37,198,276	34,152,700
Processing fee	33,305,193	-
Repairs and maintenance	22,166,463	16,123,972
Household appliances	19,336,419	17,519,566
Water and electricity	17,709,207	15,579,187
Insurance	12,032,018	9,339,908
Security	10,973,307	8,242,259
Amortization	10,791,504	6,737,821
Tax and retribution	6,473,342	5,044,829
Travel	3,625,367	3,737,925
Social activities	3,431,646	3,089,189
Others	38,783,392	31,079,175
Total	1,136,160,985	891,079,208
Work in Process		
Beginning of year	2,695,094	3,812,894
End of year	5,325,785	2,695,094
Cost of Production	1,133,530,294	892,197,008
Finished Goods		
Beginning of year	149,957,402	118,035,299
End of year	192,388,817	149,957,402
Cost of Goods Sold	Rp 1,091,098,879	Rp 860,274,905

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22. OPERATING EXPENSES

This account consists of:

	2001	2000
General and Administrative		
Salaries, wages, bonus and employee benefits	Rp 36,938,277	Rp 52,068,213
Mining closure cost	8,949,225	8,258,955
Amortization of information system development cost	7,259,544	1,929,659
Professional fees	5,576,241	11,851,829
Rent	5,295,321	5,034,751
Stationery and supplies	4,845,187	4,730,910
Office appliances	4,588,728	1,990,252
Travel	4,460,151	3,673,048
Depreciation	3,157,547	2,526,640
Service and maintenance	2,407,104	2,366,605
Postal and telecommunication	2,238,020	1,872,278
Bank charges	1,826,208	1,889,648
Training	1,719,124	760,336
Water and electricity	1,235,571	807,564
Social activities	855,066	632,450
Tax and retribution	144,427	178,052
Others	4,740,008	5,677,524
Total	96,235,749	106,248,714
Selling		
Transportation	23,017,488	21,192,521
Representative Office - Tokyo	7,052,874	6,520,604
Insurance	2,102,691	3,055,244
Others	6,714,569	4,164,193
Total	38,887,622	34,932,562
Exploration	37,980,214	27,572,757
Total Operating Expenses	Rp 173,103,585	Rp 168,754,033

Exploration expenses consist mainly of write-off of deferred exploration and development costs, feasibility study and preliminary exploration costs, licenses and administrative costs.

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23. SEGMENT INFORMATION

The Company and its Subsidiaries classify their mining products into four core business segments: nickel, gold and refinery, bauxite and iron sand. Information concerning the business segments of the Company's and Subsidiaries' mining units follows:

Unit	Net Sales		Gross Profit (Loss)		Income (Loss) From Operations	
	2001	2000	2001	2000	2001	2000
Nickel	Rp 1,090,432,883	Rp 1,014,985,886	Rp 426,735,030	Rp 519,510,917	Rp 369,703,997	Rp 457,011,249
Gold and Refinery	472,244,473	411,116,373	161,219,625	148,991,273	122,010,724	118,736,724
Bauxite	142,232,166	119,898,087	52,939,656	44,511,267	41,210,013	31,647,507
Iron Sand	30,314,588	20,308,606	3,230,920	(6,979,410)	1,576,562	(7,200,296)
Geology	-	-	-	-	(145,589)	(397,103)
Head Office	-	-	-	-	(63,334,061)	(62,518,067)
Total	Rp 1,735,224,110	Rp 1,566,308,952	Rp 644,125,231	Rp 706,034,047	Rp 471,021,646	Rp 537,280,014

Unit	Net Income (Loss)		Total Assets	
	2001	2000	2001	2000
Nickel	Rp 355,935,785	Rp 446,590,901	Rp 739,542,482	Rp 740,116,914
Gold and Refinery	146,705,677	103,008,842	702,039,832	702,349,190
Bauxite	40,312,563	31,803,271	40,314,434	32,829,826
Iron Sand	276,361	(8,720,293)	24,913,353	20,954,363
Geology	(3,012,538)	(8,190,807)	9,959,656	10,281,124
Head Office	(182,062,505)	(181,336,953)	1,038,741,097	1,009,805,661
Total	Rp 358,155,343	Rp 383,154,961	Rp 2,555,510,854	Rp 2,516,337,078

24. EMPLOYEE BENEFITS

The Company has a defined benefit retirement plan covering substantially all of its qualified permanent employees. Under this plan, the retirement benefit will be paid based on the employees' latest basic salary and representation allowance, if any, and their number of years in service. Retirement benefits charged to operations, consisting of current service cost and amortization of past service cost and related adjustments, amounted to Rp 5,843,199 and Rp 39,977,276 in 2001 and 2000, respectively.

The retirement benefits for the year ended December 31, 2001 were based on the latest actuarial valuation dated February 28, 2002 of PT Wyatt Purbajaga, an independent firm of actuaries, using the "Projected Unit Credit Method" with the following assumptions:

Annual discount rate	12%
Annual rate of increase in compensation	5%

The plan assets are being managed by Dana Pensiun Antam (the "Fund") established on July 15, 1997. Based on the actuarial valuation mentioned above, the plan assets and actuarial liability are as follows:

	2001	2000
Actuarial liability	(Rp 216,175,527)	(Rp 204,961,912)
Fair value of plan assets	197,605,889	187,758,057

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	2001	2000
Excess of actuarial liability over the fair value of plan assets	(Rp 18,569,638)	(Rp 17,203,855)
Unamortized past service cost	29,628,784	34,330,053
Unamortized experience adjustments	(20,508,906)	(27,601,521)
Accrued pension expense	(Rp 9,449,760)	(Rp 10,475,323)

On June 20, 2000, the Indonesian Ministry of Manpower issued Decree No. Kep-150/Men/2000 regarding the "Settlement of Work Dismissal and Determination of Separation, Appreciation and Compensation Payments by Companies". The Decree requires companies to pay termination, gratuity, and compensation benefits based on the employees' number of years of service provided the conditions set forth in the decree are met.

The Company's accruals in 2001 and 2000 already take into account the impact of the implementation of the above mentioned Decree.

25. RELATED PARTY ACCOUNTS AND TRANSACTIONS

The Company has engaged in transactions with related parties principally consisting of:

- a. Loan from the Government of the Republic of Indonesia, a shareholder (see Note 17).
- b. Rental of office space from and maintenance and cleaning service provided by PT Reksa Griya Antam, a subsidiary of Dana Pensiun Antam. Total costs incurred from these transactions amounted to Rp 5,548,382 in 2001 and 3,829,363 in 2000 (see Note 14). The shareholders of PT Reksa Griya Antam are the pensioners of the Company.
- c. Raw material purchases and equipment rental made from Koperasi Karyawan dan Pensiunan Aneka Tambang (Cooperative of the Company's Employees and Pensioners). Total raw material purchases and equipment rental amounted to Rp 56,601,375 in 2001 and Rp 32,020,369 in 2000 (see Note 14). The management and members of the Cooperative are the Company's employees.
- d. Mining contractor costs from PT Minerina Bhakti, a subsidiary of Dana Pensiun Antam, amounting to Rp 64,880,693 in 2001 and Rp 53,808,577 in 2000 (see Note 14). The shareholders of PT Minerina Bhakti are the pensioners of the Company.
- e. Mining contractor costs from PT Minerina Cipta Guna, a subsidiary of Dana Pensiun Antam, amounting to Rp 27,234,136 in 2001 and Rp 14,664,195 in 2000 (see Note 14). The shareholders of PT Minerina Cipta Guna are the pensioners of the Company.

The balances of accounts payable to related parties from the above transactions are shown below:

	2001	2000
Accounts payable:		
PT Minerina Bhakti	Rp 12,339,003	Rp 416,427
Koperasi Karyawan dan Pensiunan Aneka Tambang	2,412,297	1,746,485

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	2001	2000
PT Minerina Cipta Guna	Rp 1,606,474	Rp 967,536
PT Reksa Griya Antam	218,854	13,777
Total	Rp 16,576,628	Rp 3,144,225
Long-term debt (including current portion) Government of the Republic of Indonesia	Rp 6,726,441	Rp 11,210,734

26. DISTRIBUTION OF INCOME AND APPROPRIATION OF RETAINED EARNINGS

As resolved during each of the Annual Stockholders' General Meetings in 2001 and 2000, the Company allocated its net income for the following purposes:

- Declaration of cash dividends to stockholders amounting to Rp 191,577,481 in 2001 and Rp 90,075,227 in 2000.
- Appropriation for general reserve including reserve for business development amounting to Rp 191,577,480 for 2001 and Rp 144,269,295 for 2000.

27. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Financial Obligations Under Various Mining Rights

As mining rights holders, the Company and its Subsidiaries are required 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 and its Subsidiaries have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations. Their policy is to meet or, if possible, surpass the requirements of all applicable regulations issued by the Government of the Republic of Indonesia, by application of technically proven and economically feasible measures. Approvals were received from the Ministry of Energy and Mineral Resources of the Republic of Indonesia for the environmental reports entitled Environmental Evaluation Study, Environmental Management Plan and Environmental Monitoring Plan. These reports provided information and preliminary plans on the Company's and its Subsidiaries' environmental program.

The Company and its Subsidiaries have made a provision for estimated environmental protection and rehabilitation costs (see Note 18).

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c. Derivative Contracts

Beginning in 1998, the Company has entered into hedging sales agreements with Rothschild Australia Limited [subsequently changed to NM Rothschild & Sons (Australia) Limited (NMR)], whereby the Company agreed to sell gold and silver to, and buy Rupiah and US Dollar from NMR, on a monthly basis at certain amounts based on mutual agreement.

The details of outstanding contracts as of December 31, 2001 are as follows:

	Maturity Date	Number of Contract	Total Quantity (Toz)	Contract Value per Toz (Rp)	Fair Value (Rp)
<u>Gold</u>	January 31, 2002 – April 30, 2002	4	4,000	Rp 3,300	Rp 13,200,000
	January 31, 2002 – April 30, 2002	4	4,000	3,470	13,880,000
	April 30, 2002 – October 31, 2002	7	3,500	3,215	11,252,500
	April 30, 2002 – October 31, 2002	7	3,500	3,295	11,532,500
	November 29, 2002	1	1,000	3,375	3,375,000
	Total	23			53,240,000
<u>Silver</u>	January 31, 2002 – September 30, 2002	9	90,000	49	4,410,000
	January 31, 2002 – September 30, 2002	9	90,000	50	4,500,000
	Total	18			8,910,000

In 1999, the Company entered into additional hedging sales agreements with NMR, whereby the Company agreed to sell nickel to, and buy US Dollar from NMR, at certain amounts based on mutual agreement with total contract value in 2000 amounting to US\$ 1,639,818 for 288 tons of nickel. This agreement was settled in the first quarter of 2001.

Changes in the fair value of derivative contracts as of December 31, 2001 amounting to Rp 3,606,141 were recognized in income for the year.

d. Company's Ownership in Contract of Work Companies

The Company has ownership interests in the following Contract of Work companies as follows:

	Percentage of Ownership	Status in 2001
PT Sorikmas Mining	25%	Continuing exploration*
PT Gag Nikel	25	Under negotiation for development project*
PT Galuh Cempaka	20	Feasibility study
PT Dairi Prima Minerals	20	Exploration
PT Flores Barat Mining	20	Termination of Contract of Work in progress

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	Percentage of Ownership	Status in 2001
PT Gorontalo Minerals	20	Exploration *
PT Sumbawa Timur Mining	20	Exploration *
PT Uncak Kapuas Mining	20	Exploration *
PT Ingold Maluku Satu	15	Termination of Contract of Work in progress
PT Bima Wildcat Minahasa	15	Exploration *
PT Pelsart Tambang Kencana	15	Exploration *
PT Weda Bay Nickel	10	Exploration *

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

Based on the decision letter of the Ministry of Energy and Mineral Resources of the Republic of Indonesia No. 2028K/20/MEM/2001 dated August 14, 2001 regarding the "Termination of Contract of Work between the Government of the Republic of Indonesia and PT Nusratim Mining in Ende residential, Sikka, Flores Timur and Alor, Nusa Tenggara Timur Province", the termination of the Contract of Work between the Government of the Republic of Indonesia and PT Nusratim Mining (where the Company has a 20% ownership interest) has been approved.

e. Agreement for Feasibility Study and/or Establishment of Joint Venture to Undertake Exploration, Evaluation and Development Work

The Company has entered into a joint venture agreement (JVA) 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%

As of December 31, 2001, both mining rights area above are in the process of being merged with PT Dairi Prima Minerals' mining rights area disclosed under Note 27d above.

f. Joint Operation Agreement

On May 8, 2001, the Company entered into a joint operation agreement with PT Suvarna Bhumi Persada to undertake processing of quartz sand into gravel pack sand and fracturing sand, including marketing of such sand. Under this agreement, the Company shall provide funds amounting to US\$ 400,000. The term of this agreement is two (2) years and the Company has an option to extend it for another year. Under the agreement, the Company is entitled to receive 45% of the net income arising from such joint operation.

g. Sales Agreements

As of December 31, 2001, the Company has various commitments to sell certain products/commodities to various buyers at specified agreed quantities. The delivery of products will be for periods ranging from one (1) month to thirteen (13) years.

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h. Agreements to Undertake Exploration and Development Work on the Mining Rights

IARL, a Subsidiary, entered into several memoranda of understanding (MoU)/joint venture agreements (JVA) to undertake exploration and development work in relation to its mining rights through its Subsidiary, PT Antam Resourcindo as follows:

No.	Partners	Date of MoU/JVA	Mining Rights	Location	Area after Relinquishment (ha)
1.	PT Mitra Tambang Nusantara PT Yamabri Dwibakti Utama	November 15, 1996	DU.866* (KW.96PP0347)	Papandayan (West Java)	28,600
2.	Atapa Mineral Ltd. PT Oceanic Union Marine	February 13, 1996	DU.870* (KW.96PP0456)	Cikidang (West Java)	426
3.	PT Basya Tunggal Jaya Straits Resources Limited	May 17, 1996	DU.955* (KW.96PP00123) (KW.96PP00059)	Gunung Patuha (West Java)	26,720 4,514
4.	Atapa Mineral Ltd. PT Oceanic Union Marine	August 14, 1995	KW.96PP077*	Cikotok (West Java)	33,060
5.	Austindo Resources Corporation NL.	March 29, 1996	DU.1048 (KW.96PP019)	Cibaliung (West Java)	15,710
6.	Diadem Resources Ltd.	April 12, 1996	DU.1131* (KW.96PP0124)	Gunung Tikukur (West Java)	23,350

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

Based on the decision letter of the Director General of General Mining No. 549.K/24.01/DJP/2000 dated October 26, 2000 regarding the "Revocation of Mining Rights for Exploitation, Transportation, Selling, Processing and Refining (813/Jabar)", the revocation of Mining Rights owned by PT Panen Antam Emas (joint venture company between the Company and PT Panen Sumber Emas Agung) has been approved.

i. Ferronickel III Project

On November 21, 2000, the Company appointed Tessag Industrie-Anlagen GmbH as the proposed contractor for the Engineering, Procurement and Construction (EPC) Contract of the Company's ferronickel III expansion project (the "Project").

In relation with the Project, on December 2000, the Company has entered into an Advisory Agreement with IKB Deutsche Industriebank AG (IKB), Dusseldorf, as the arranger, wherein IKB shall undertake the following:

- Advice during the initial due diligence phase.
- Assistance during the arranging phase of the Project's debt financing through the development of cash flow related financing plan adapted to the specific requirements of the Project.
- Structure and execute the appropriate long-term loan funding for the Project.

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In October 2001, Hermes Kreditversicherungs-AG (Hermes), a German Export Credit Agency (ECA), gave its preliminary approval of the Project Information Memorandum (PIM) which will be completed by IKB. Hermes also approved the appointment of a foreign independent consultant to evaluate the Project. As of December 31, 2001, the evaluation of the Project which is also a part of the financial closure process is still ongoing.

j. Lawsuit

The Company is a party to a lawsuit filed by PT Hardy & Kee Engineering ("Plaintiff") before the District Court of Central Jakarta, registered under Case No. 325/PDT.G/1999/PN.JKT.PST dated June 28, 1999. Pursuant to the said District Court decision dated December 7, 1999, the Court decided against the Company and required the Company to pay US\$ 4,268,076 in damages to the Plaintiff.

In response to such Court decision, the Company's legal counsel presented to the said District Court, Memorandum of Appeal No. 379/SRT/PDT/BDG/1999/PN/JKT/PST dated December 13, 1999. On May 16, 2000, in its memorandum No. 137/PDT/2000/PT DKI, the Jakarta High Court decided on the following, among others:

- a. Cancellation of the Central Jakarta District Court Decision No. 325/PDT.G/1999/PN JKT. PST. dated December 7, 1999.
- b. Rejection of all the Plaintiff's claims.
- c. Declaration of the termination of the cooperation agreement between the Company and the plaintiff as set forth in the agreement No. 3530/912/DAT/1997 dated September 29, 1997 and its attachment.

The Plaintiff appealed to the Supreme Court of the Republic of Indonesia through its letter No. 325/PDT.G/1999/PN.JKT.PST Jo. No. 172/SRT.PDT.KAS/2000/PN JKT PST of October 26, 2000. The Company has also sent the counter memorandum of appeal to the Supreme Court of the Republic of Indonesia through the same registration number on November 8, 2000.

The Company's management is of the opinion that the settlement of this litigation will take considerable time and will not have a material adverse effect on the Company's future financial position and operating results.

28. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company and Subsidiaries have monetary assets and liabilities denominated in foreign currencies, as follows:

	2001		2000	
	Foreign Currencies	Rupiah Equivalent	Foreign Currencies	Rupiah Equivalent
Assets				
Cash on hand	US Dollar 6,331	Rp 65,843	4,113	Rp 39,463
	Japanese Yen 815,256	64,534	1,644,808	137,457
Cash in banks	US Dollar 2,049,093	21,310,564	2,493,687	23,926,921
	Japanese Yen 759,173	60,094	1,060,096	88,592
Gold in value	US Dollar 5,152,639	53,587,443	9,096,846	87,284,237
Time deposits	US Dollar 49,789,970	517,815,688	35,753,974	343,059,378
Proceeds account	US Dollar 6,957,339	72,356,325	16,246,445	155,884,636
Accounts receivable	US Dollar 11,042,080	114,837,627	7,451,719	71,499,240
Other receivables	US Dollar 610,470	6,348,888	969,733	9,304,584
Sub-total		Rp 786,447,006		Rp 691,224,508

(Forward)

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		2001		2000	
		Foreign Currencies	Rupiah Equivalent	Foreign Currencies	Rupiah Equivalent
Liabilities					
Short-term bank loans	US Dollar	12,655,498	Rp 131,617,184	13,687,618	Rp 131,332,690
Accounts payable	US Dollar	492,818	5,125,312	202,640	1,944,335
Accrued expenses	US Dollar	2,200,404	22,884,197	1,422,481	13,648,705
	Japanese Yen	69,063,431	5,466,882	-	-
Long-term loans	US Dollar	3,854,102	40,082,661	3,854,102	36,980,109
Gold in value	US Dollar	12,203,940	125,048,980	19,664,851	188,684,248
Sub-total			330,225,216		372,590,087
Net Assets			Rp 456,221,790		Rp 318,634,421

29. ECONOMIC CONDITIONS

Indonesia continues to experience adverse economic conditions which started in 1997, mainly resulting from currency depreciation in the region, the principal consequences of which have been the lack of liquidity and volatile exchange and interest rates. Economic conditions improved somewhat in 1999. However, the country's economic conditions continue to be affected by uncertainties in the social and political situation. As of December 31, 2001, the Rupiah had weakened to Rp 10,400 to US\$ 1 compared to Rp 9,595 to US\$ 1 as of December 31, 2000.

The operations of the Company and its Subsidiaries have been affected by the economic conditions. Given the economic pressures on the Company's and its Subsidiaries' suppliers, the availability of certain materials and services used in the processing of the Company's and its Subsidiaries' products has tightened, thus, increasing related costs.

In response to the continuing adverse economic conditions, the Company and its Subsidiaries plan to adopt more stringent criteria in disbursing capital expenditures. Since a substantial portion of the Company's and its Subsidiaries' sales are denominated in US Dollar, management believes that the cash flows to be generated from future operations will be adequate to fund repayment of debts as they mature.

Recovery of the economy depends on measures that have been and will be undertaken by the Indonesian government, actions which are beyond the Company's and its Subsidiaries' control. It is not possible to determine the future effects of the economic conditions on the Company's and its Subsidiaries' liquidity and earnings.

30. SIGNIFICANT DIFFERENCE BETWEEN INDONESIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) AND AUSTRALIAN GAAP

The Company's consolidated financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) in Indonesia, which vary in certain respects with Australian GAAP. The significant difference as it applies to the Company is the capitalization of foreign exchange loss.

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Indonesian GAAP allow capitalization of foreign exchange losses incurred on loans used to finance acquisition of assets resulting from severe devaluation against which there is no practical means of hedging. Such exchange differences are capitalized 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.

Australian GAAP do not allow capitalization of foreign exchange losses on borrowings arising from a severe depreciation of the currency. These foreign exchange losses are charged to income under Australian GAAP.

31. RECONCILIATION OF NET INCOME AND STOCKHOLDERS' EQUITY UNDER INDONESIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) AND AUSTRALIAN GAAP

The following is a summary of the significant adjustments to net income and stockholders' equity for the years ended December 31, 2001 and 2000 which would be required had Australian GAAP been applied instead of Indonesian GAAP to the consolidated financial statements.

	2001	2000
Net income per consolidated statements of income prepared under Indonesian GAAP	Rp 358,155,343	Rp 383,154,961
Australian GAAP adjustments		
Increase (decrease) due to:		
Depreciation of the capitalized foreign exchange losses based on Indonesian GAAP	9,063,859	9,063,859
Income tax related to above adjustment	(2,719,158)	(2,719,158)
Net adjustment	6,344,701	6,344,701
Approximate net income in accordance with Australian GAAP	364,500,044	389,499,662
Net income per share (Full amount)	Rp 296	Rp 316
Stockholders' equity per consolidated financial statements prepared under Indonesian GAAP	Rp 1,919,725,155	Rp 1,750,306,982
Australian GAAP adjustments		
Increase (decrease) due to:		
Capitalization of foreign exchange losses - net	(76,408,569)	(85,472,428)
Deferred tax liabilities	21,453,308	24,172,466
Net adjustments	(54,955,261)	(61,299,962)
Approximate stockholders' equity in accordance with Australian GAAP	Rp 1,864,769,894	Rp 1,689,007,020

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32. RECLASSIFICATION OF ACCOUNTS

The write-off of deferred exploration and development costs amounting to Rp 12,299,181 which is recorded as Others-Net (as part of Other Income (Charges)) in the 2000 consolidated statement of income was reclassified to Exploration expenses (as part of Operating expenses) to conform with the 2001 consolidated financial statements presentation which complies with the presentation of exploration and development costs under PSAK No. 33, "Accounting for General Mining".