

# INFO MEMO FY10 RESULTS

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## PT BUKIT ASAM (PERSERO), Tbk. CONSOLIDATED FINANCIAL STATEMENTS as at 31 December 2010

**Sales volume increased by 4%  
for the year ended 31 December 2010**

Jakarta, March 2011 – PT Bukit Asam (Persero), Tbk. announced its consolidated financial statements as at 31 December 2010 (audited).

### Sales Volume

The Company's sales volume increased by 4% to 12.95 million tons in the period of January – December 2010 from 12.48 million tons in the same period in 2009. Domestic sales volume contributed 63.5% of the total sales volume, and export sales volume contributed 36.5%.

### Sales Revenue

During the period of January – December 2010, the Company's sales revenue amounted to Rp7,909.15 billion, or decreased by 11.6% compared to the figure in the same period in 2009 (FY09 : Rp 8,947.85 billion), mainly due to a drop in domestic selling price.

Weighted average domestic selling price in the period January – December 2010 decreased by 18% from Rp 747,417 per ton to Rp 612,366 per ton.

Weighted average export selling price in the period of January – December 2010 was USD67.50 per ton, or increased by 4.5% compared to the figure in the same period in 2009, which was USD 64.59 per ton.

### Railway Capacity

In the period of January - December 2010, total coal transported by railway lines (from Tanjung Enim mine to both Tarahan Port and Kertapati Pier) increased by 3% compared to the total of coal transported in the period of January – December 2009, or increase to 10.8 million tons.

## Coal Production and Purchasing

Coal production in the period of January – December 2010 increased to 12.5 million tons, or increased by 7% compared to coal production in the same period in 2009. This included coal production from IPC mine in Kalimantan, which was about 0.5 million tons.

The average of Stripping Ratio decrease to 3.51 in the period of January – December 2010 from 3.60 in the period January - December 2009.

Total coal purchasing in the period of January – December 2010 decrease slightly to 0.56 million tons from 0.57 million tons in the same period in 2009.

Therefore, total coal production and purchasing in the period of January – December 2010 increase to 13.0 million tons, or increased by 7% compared to total coal production and purchasing in the same period in 2009.

## Operating Income

The Company's Operating Income in the period of January – December 2010 decreased by 35% to Rp 2,304.16 billion from Rp 3,548.32 billion in the same period in 2009.

Drop in Operating Income was due to Sales Revenue dropped by 11.6%, COGS rose by 3.8% to Rp 4,258.99 billion, and Operating Expenses rose by 3.9% to Rp 1,346.01 billion. The main factor of rise in COGS was due to increase in railway tariff, royalty cost, and rental of heavy equipment cost. The 2010 railway tariff per ton, compared to the 2009 railway tariff, increased by 7.1% for period of January – mid March 2010 and increased by 14.1% for period of mid March – December 2010. Increase in the royalty cost, which was increased by 14.5%, was due to change in

calculating a net of selling expenses as basis on calculating the royalty, based on the Director General of Minerals, Coal and Geothermal circular letter. However, royalty tariff paid by the Company still ranging from 3% to 7% of sales after net of selling expenses deduction. Increase in rental of heavy equipment cost, which was increased by 22.8%, was due to increase in in-house production done by the Company.

## Net Income

The Company's Net Income in the period of January – December 2010 decreased by 26.4% to Rp 2,008.89 billion from Rp 2,727.73 billion in the same period in 2009.

The Company's Gross Profit Margin (GPM), Operating Profit Margin (OPM), and Net Profit Margin (NPM) in the period of January – December 2010 were 46.2%; 29.1% ; and 25.4% respectively, or decrease from 54.1% ; 39.6% ; and 30.5% respectively in the period of January – December 2009.

Furthermore, ROI decrease to 33% from 48%, and ROA decrease to 23% from 34%.

Net income per share in the period January – December 2010 drop to Rp 872 from Rp1,184 in the same period in 2009. Number of ordinary shares outstanding was 2,304,131,850 shares.

## Assets

The consolidated total assets as at 31 December 2010 of Rp 8,722.70 billion, or increased by 8.0% compared to total assets as at 31 December 2009.

Cash and cash equivalents for the year ended 31 December 2010 of Rp 5,054.08 billion, or

increased by 7.3% compared to cash and cash equivalents as at 31 December 2009.

### **Target for FY11**

Based on optimistic scenario, expected sales volume for FY11 of 16.8 million tons, or increased by 23% compared to sales volume for FY10 due to an increasing in coal transportation volume, IPC mine production volume, and coal purchasing as well.

Coal volume transported by railway for FY11 expected to increase to 13.6 million tons from 10.8 million tons for FY10, or rose by 26%. PTKA, which is the owner and operator of the existing railway system, informed that additional 6 new locomotives will start operation in mid year 2011. Meanwhile, the Company and PTKA already agreed the 2011 tariff per ton, which is increased by 5.76%.

Production volume from IPC mine in East Kalimantan expected to increase to 0.9 million tons for FY11. Moreover, coal purchasing expected to increase to 1.2 million tons.

For domestic selling volume, the Company and PT Indonesia Power have agreed a higher selling price for coal to *Suralaya* Power Plant for the year 2011. The new price settled at Rp815,000 per ton (CIF), or increased by 19% compared to the selling price for the year 2010, for coal with caloric value of 5,000 kcal/kg GAR with expected total volume of 6.1 million tons. The agreed selling price will be effective from January 1, 2011 until December 31, 2011.

The Company has also settled a higher selling prices with PT PLN for coal to *Bukit Asam* Mine Mouth Power Plant and *Tarahan* Power Plant, for the year 2011. Expected total volume of 1.0 million tons will be supplied to *Bukit*

*Asam* Mine Mouth Power Plant located at Tanjung Enim Mine at price Rp 575,000 per ton for the year 2011, or increased by 34% compared to selling price for the year 2010, for coal with caloric value of 5,000 kcal/kg GAR. The agreed selling price will be effective from January 1, 2011 until December 31, 2011.

For *Tarahan* Power Plant, which is located at *Tarahan* Port, both parties have agreed a higher selling price of Rp 729.325,- per ton for the year 2011, or increased by 28% compared to selling price for the year 2010, with total volume of 0.7 million tons and caloric value of 5000 kcal/kg GAR. The agreed selling price will be effective from January 1, 2011 until December 31, 2011.

Furthermore, PTBA has signed an Additional Contract with PT PLN for additional contract volume of 1 million ton per year for delivery from April 2011 - December 2011. Both parties have agreed a higher selling price at Rp 740,211 per ton (FOB at *Tarahan* Port), or increased by 29% compared to selling price for delivery from October 2010 - March 2011, for coal with caloric value of 4,900 kcal/kg GAR.

### **Production Efficiency**

The Company has been improving operational efficiency in order to maintain sustainable low production cost. The development of a mine mouth power plant 3x10 MW for internal use at Tanjung Enim Mine with total investment of USD 41.4 million, is one of the Company's strategy to improve operational efficiency. By year end 2010, the EPC (Engineering, Procurement and Construction) progress already achieved 85.6%. The Company expects to start the operation of this power plant in 2H11.

This power plant will be used to support mine operation by using Bucket Wheel Excavators

(BWE) mining operation system. In the future, the Company will perform operation with using more electricity through the utilization of 5 Bucket Wheel Excavators (BWE) at Tanjung Enim mine. Currently, the Company operates 2 BWE out of 5 BWE the Company has. The Company expects to start operates 3 BWE in 2H11, 4 BWE in 2H12, and 5 BWE in 2013.

In addition, the Company will build others power plant for internal use as well, which are a power plant 2x8 MW at Tarahan Port and a mine mouth power plant 2x10 MW at Peranap mine.

The EPC contractor for power plant 2x8 MW project at Tarahan Port has been chosed, and the current stage is in EPC contract negotiation with the contractor. The Company expects to start the EPC in 1Q11, and to start operation in 1Q13.

EPC'tender process for the mine mouth power plant 2x10 MW at Peranap mine is still ongoing.

In addition, in line with a plan to increase gradually an existing railway capacity to 22.7 mtpa, the Company has started the development of its infrastrustures including ports' expansion. The troughput of Tarahan Port will be expanded to 25 mtpa and Kertapati Pier to 2.7 mtpa by 2013.

### **Business Development Projects**

➤ **To maximize the existing railway capacity.**

On Monday, 12th October 2009 PTBA and PT Kereta Api (Persero), or PTKA, signed a Long term Coal Transportation Agreement (CTA) for 20 years from 1st January 2010 until 31th December 2029.

Based on the new CTA, PTKA will increase coal transportation capacity gradually, as follows :

<b>Year</b>	<b>Total Capacity (million ton)</b>
2011	13.6
2012	15.6
2013	18.5
2014	22.7
2015 - 2029	22.7

The independent consultant has submitted the draft of tariff's formula and take or pay's formula to PTBA and PTKA to get approval from both parties.

➤ **A New Railway Project (Tanjung Enim Mine – A New Port in Lampung)**

PT Bukit Asam Transpacific Railway or PT BATR, which is the joint venture company between PTBA (10%), PT Transpacific Railway Infrastructure (80%) and China Railway Engineering Corporation (10%), has signed Engineering, Procurement and Construction (EPC) and Operator & Maintenance (O&M) contracts with China Railway Group Limited for the development of a new Railway & Port with railway track of 307 KM and capacity of 25 mtpa.

China Railway Engineering Corporation own 100% stake of China Railway Group Limited.

EPC contract of USD 1.3 billion with the contract period of 4 years.

This railway will transport PTBA's coal from Tanjung Enim mine, South Sumatera Province to a new port in Lampung Province.

The project is currently in a design stage (Engineering). The detailed alignment design has been submitted to regencies to get approval.

The railway will operate commercially in 2014 and will increase PTBA's production significantly.

➤ **A New Railway Project (Tanjung Enim mine – A New Port in Tanjung Api2)**

PTBA, India's Adani group and the South Sumatera Provincial Government signed Head of Agreement (HoA) on CTA (Coal Transportation Agreement) in August 2010. Adani will build a 270 KM railway from Tanjung Enim to a new port in Tanjung Api-Api, South Sumatera province with capacity of 35 mtpa. Adani will be the offtaker of 60% of total volumes transported through this project at a benchmark price for 20 years. Currently, the project is under Feasibility Study stage, and expected to need 3 – 4 years to complete a construction.

➤ **Banjarsari Mine Mouth Power Plant (2 x 100 MW)**

PTBA has 59.75% stake in the power plant, and will supply 1.1 million ton coal to power plant.

CNEEC (China National Electric Equipment Corporation) has been appointed as EPC

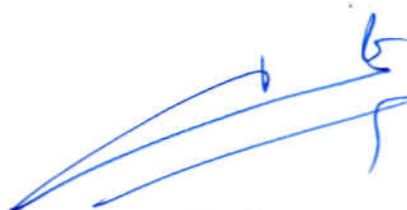
(Engineering, Procurement and Construction) contractor.

The approval on Power Purchase Agreement's draft has been obtained from Minister of Energy & Mineral Resources in February 2011. To finalize the PPA is still ongoing. The EPC expected to start in 2Q11 with the construction period of 33 months.

➤ **Coal Bed Methane**

Coal Bed Methane potential reserve in Tanjung Enim is about 0.8 Trillion Cubic Feet (TCF). Joint Operation Agreement signed in February 2011 between parties, which are PTBA (27.5%), Pertamina (27.5%) and Arrow Energy (45%). Previously, Production Sharing Contract between the Consortium and the Government already signed in August 2009, and the composition of share is the Consortium 45% and the Government 55%. The CBM project targeted to start operation in 2013.

Jakarta, 10 March 2011



**Achmad Sudarto**  
Corporate Secretary

**PT TAMBANG BATUBARA BUKIT ASAM (PERSERO) Tbk AND SUBSIDIARY**  
**Summary of Company Performance (audited)**  
**Ended December 31, 2010**  
**With Comparative Figures for 2009**

	<b>2010</b> <i>(Mill Rp)</i>	<b>2009</b> <i>(Mill Rp)</i>	<b>2010:2009</b> <i>(%)</i>
<b>SALES</b>			
Coal			
Domestic	8,228,014	8,068,424	102.0%
Export	4,722,552	4,416,312	106.9%
<b>Total coal (ton)</b>	<b>12,950,565</b>	<b>12,484,736</b>	<b>103.7%</b>
Bricquette (ton)	18,009	22,143	81.3%
<b>SALES</b>			
Coal (Rp)			
Domestic	5,046,585	6,011,905	83.9%
Export	2,841,475	2,909,219	97.7%
<b>Total coal (ton)</b>	<b>21,094</b>	<b>26,730</b>	<b>78.9%</b>
Bricquette (ton)	<b>7,909,154</b>	<b>8,947,854</b>	<b>88.4%</b>
<b>Profit (loss)</b>			
Gross profit	3,650,166	4,843,553	75.4%
Operating Profit	2,304,158	3,548,315	64.9%
Net Profit	2,008,891	2,727,734	73.6%
Earnings Per Share	872	1,184	73.6%
<b>Assets, Liabilities &amp; Equity</b>			
Total assets	8,722,699	8,078,578	108.0%
Cash and cash equivalents	5,054,075	4,709,104	107.3%
Current Assets	6,645,953	6,783,391	98.0%
Current Liabilities	1,147,728	1,380,908	83.1%
Non Current liabilities	1,133,723	911,832	124.3%
Total Liabilities	2,281,451	2,292,740	99.5%
Minority	74,512	84,466	88.2%
Amortitation and Depreciation	73,134	84,149	86.9%
Interest Income	2,037	371	0.0%
Tax	600,713	1,032,675	58.2%
Equity			
- Capital Stock	1,152,066	1,152,066	100.0%
- Additional paid in capital	30,485	30,485	100.0%
- Unrealised gain from available for sale financial asset	1,422	-	
- General Reserve	3,335,840	1,944,695	171.5%
- Net Income	1,846,923	2,574,126	71.7%
<b>Total Equity</b>	<b>6,366,736</b>	<b>5,701,372</b>	<b>111.7%</b>
<b>FINANCIAL RATIO</b>			
Current assets to current liabilities (%)	579%	491%	117.9%
Total liabilities to total assets (%)	26%	28%	92.2%
ROI (%)	33%	48%	68.0%
ROA (%)	23%	34%	68.2%

PT TAMBANG BATUBARA BUKIT ASAM (PERSERO) Tbk AND SUBSIDIARY  
 CONSOLIDATED BALANCE SHEET (audited)  
 Dec 31, 2010 With Comparative Figures for 2009

	2010 (Mill Rp)	2009 (Mill Rp)	2010:2009 %
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5,054,075	4,709,104	107.3%
Trade receivables	997,178	1,505,459	66.2%
Other receivables	20,231	24,249	83.4%
Inventories - net	423,678	409,901	103.4%
Current maturities of long-term receivables	-	-	-
Available for sale financial asset	71,422	-	-
Other current assets	79,369	134,678	58.9%
<b>TOTAL CURRENT ASSETS</b>	<b>6,645,953</b>	<b>6,783,391</b>	<b>98.0%</b>
<b>NON-CURRENT ASSETS</b>			
Mining property - IPC	187,542	199,063	94.2%
Property, plant and equipment (net of accumulated depreciation)	921,005	446,754	206.2%
Investment in associated company	266,979	122,620	0.0%
Deferred exploration and development costs - net	327,560	246,590	132.8%
Placement of Fund - Bond	-	-	-
Deposits and guarantees	4,062	4,199	96.7%
Deferred tax assets - net	316,072	250,053	126.4%
Other non-current assets - net	53,526	25,908	206.6%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,076,746</b>	<b>1,295,187</b>	<b>160.3%</b>
<b>TOTAL ASSETS</b>	<b>8,722,699</b>	<b>8,078,578</b>	<b>108.0%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	73,156	58,097	125.9%
Accrued expenses	748,235	789,369	94.8%
Taxes payable	197,836	431,230	45.9%
Current portion of provision for Ombilin open pit mine closure	5,410	5,410	100.0%
Current portion of provision for environmental protection and reclamation	32,111	17,799	180.4%
Provision for employee restructuring program	69,858	57,025	0.0%
Current maturities of long term debt-bank loan	13,294	13,500	0.0%
Other current liabilities	7,828	8,478	92.3%
<b>Total current liabilities</b>	<b>1,147,728</b>	<b>1,380,908</b>	<b>83.1%</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for retirement and employee benefits	959,072	759,792	126.2%
Provision for environmental protection and reclamation net of current portion	174,343	151,266	115.3%
Long term debt - net of current maturities	-	-	0.0%
Long term debt - net Other	308	774	0.0%
<b>Total non-current liabilities</b>	<b>1,133,723</b>	<b>911,832</b>	<b>124.3%</b>
<b>TOTAL LIABILITIES</b>	<b>2,281,451</b>	<b>2,292,740</b>	<b>99.5%</b>
<b>MINORITY INTERESTS</b>	<b>74,512</b>	<b>84,466</b>	<b>88.2%</b>
<b>EQUITY</b>			
Capital Stock	1,152,066	1,152,066	100.0%
Additional paid-in capital - net	30,485	30,485	100.0%
Unrealised gain from available for sale financial asset retained earnings	1,422	-	-
Retained earnings			
Appropriated	3,335,840	1,944,695	171.5%
Unappropriated	1,846,923	2,574,126	71.7%
<b>TOTAL EQUITY</b>	<b>6,366,736</b>	<b>5,701,372</b>	<b>111.7%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8,722,699</b>	<b>8,078,578</b>	<b>108.0%</b>

PT TAMBANG BATUBARA BUKIT ASAM (PERSERO) Tbk AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF INCOME (audited)  
Ended December 31, 2010  
With Comparative Figures for 2009

	2010 (Mill Rp)	2009 (Mill Rp)	2010:2009 (%)
Sales	7,909,154	8,947,854	88.4%
Cost of GOODS SOLD	4,258,988	4,104,301	103.8%
Gross profit	3,650,166	4,843,553	75.4%
<b>Operating expenses</b>			
General and administrative	663,529	695,346	95.4%
Selling and marketing	659,526	578,759	114.0%
Exploration	22,953	21,133	108.6%
<b>Total Operating Expenses</b>	1,346,008	1,295,238	103.9%
Income from operations	2,304,158	3,548,315	64.9%
<b>OTHER INCOME (CHARGES)</b>			
Foreign exchange gain (loss) - net	(32,732)	(29,352)	111.5%
Interest income	244,308	202,178	120.8%
Employee restructuring expense	22,163	11,873	186.7%
Provision for obsolete inventory	(17,334)	(1,669)	1038.6%
Bad debt expenses	(6,940)	(30,227)	23.0%
Others - net	91,592	64,236	142.6%
Other Income - Net	301,057	217,039	138.7%
<b>INCOME BEFORE INCOME TAX</b>	2,605,215	3,765,354	69.2%
<b>SHARE IN NET LOOS OF ASSOCIATE</b>	(5,565)	(3,352)	
<b>INCOME TAX EXPENSE (BENEFIT)</b>			
Current	666,732	1,110,900	60.0%
Deferred	(66,019)	(78,225)	84.4%
<b>INCOME TAX EXPENSE - NET</b>	600,713	1,032,675	58.2%
<b>INCOME BEFORE MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARY</b>	1,998,937	2,729,327	73.2%
<b>MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARY</b>	9,954	(1,593)	-624.9%
<b>NET INCOME</b>	2,008,891	2,727,734	73.6%
<b>EARNINGS PER SHARE</b>	872	1,184	73.6%

PT TAMBANG BATUBARA BUKIT ASAM (PERSERO) Tbk AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF CASH FLOWS (audited)  
Ended December 31, 2010  
With Comparative Figures for 2009

	2010 (Mill Rp)	2009 (Mill Rp)	2010:2009 (%)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	8,371,694	8,729,086	96%
Cash receipts from other operations	130,283	103,932	125%
Payments to royalty	(581,742)	(416,761)	140%
Payments to tantiem	-	-	-
Payments to suppliers and employees	(4,800,514)	(4,606,549)	104%
<b>Net Cash Receipts from Operating Activities</b>	<b>3,119,721</b>	<b>3,809,708</b>	<b>82%</b>
Payment for taxes	(874,235)	(1,252,373)	70%
Cash receipts from tax	-	2,791	0%
Cash receipts from interest income	244,308	200,084	122%
<b>Net Cash Provided By Operating Activities</b>	<b>2,489,794</b>	<b>2,760,210</b>	<b>90%</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for deferred exploration and development expenditures	(91,223)	(23,079)	
Proceed from sale of fixed assets	1,858	-	
Payments for available for sale financial asset	(70,000)	-	
Acquisition of additional shares of subsidiary	-	(9,787)	
Investment in associated company	(149,924)	-	0%
Acquisitions of property, plant and equipment	(489,871)	(41,408)	1183%
<b>Net Cash Used in Investing Activities</b>	<b>(799,160)</b>	<b>(74,274)</b>	<b>1076%</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceed from issuance of capital stock	-	-	0%
Payment of dividend to stockholders PT IPC	(1,235,841)	(1,007,494)	0%
Payment of dividend for Small Business Partnership Program	(54,554)	(17,000)	0%
Payment of commudity development program	(54,554)	-	0%
<b>Net Cash Used in Financing Activities</b>	<b>(1,344,949)</b>	<b>(1,024,494)</b>	<b>0%</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>345,685</b>	<b>1,661,442</b>	<b>21%</b>
<b>EFFECT OF EXCHANGE RATE MOVEMENTS ON CASH AND EQUIVALENTS</b>	<b>(714)</b>	<b>5,942</b>	<b>-12%</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>4,709,104</b>	<b>3,041,720</b>	<b>155%</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>5,054,075</b>	<b>4,709,104</b>	<b>107%</b>