Moores Rowland
Jimmy Budhi & Rekan - Registered Public Accountants

PT ENERGI MEGA PERSADA Tbk AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2006
AND THE YEAR ENDED DECEMBER 31, 2005
(With Comparative Figures for the Years Ended
December 31, 2004 and 2003)
AND
REPORT OF INDEPENDENT AUDITORS

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PT ENERGI MEGA PERSADA Tbk.

DIRECTORS' STATEMENT LETTER
RELATING TO
THE RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006, DECEMBER 31, 2005, 2004 AND 2003
PT ENERGI MEGA PERSADA TBK AND SUBSIDIARIES

In order to fulfill Bapepam's Regulation stipulated in the Enclosure of Bapepam Decision under Number Kep-40/PM/2003 dated December 22, 2003, concerning Regulation Number VIII.G.11: Responsibility of Directors upon Financial Report, we, the undersigned:

1.	Name	:	Christopher B. Newton
	Office address	:	Wisma Mulia Lt. 32, Jl. Jenderal Gatot Subroto Kav. 42, Jakarta, Indonesia
	Domicile as stated in ID Card	:	Jl. Permata Intan III Blok R No. 5, Permata Hijau, Jakarta Selatan, Indonesia
	Phone number	:	(021) 52906250
	Position	:	President Director
2.	Name	:	Yuli Soedargo
	Office address	:	Wisma Mulia Lt. 32, Jl. Jenderal Gatot Subroto Kav. 42, Jakarta, Indonesia
	Domicile as stated in ID Card	:	Taman Kebon Jeruk J-XI/16 R.T. 003/R.W. 021 Kel. Srengseng, Kec. Kembangan, Jakarta Barat
	Phone number	:	(021) 52906250
	Position	:	Director

state that:

1. We are responsible for the preparation and presentation of the consolidated financial statements;
2. The consolidated financial statements have been prepared and presented in accordance with generally accepted accounting principles;
3. a. All information contained in the consolidated financial statements is complete and correct;
   b. The consolidated financial statements do not contain misleading material information or facts, and do not omit material information and facts.
4. We are responsible for the Company and Subsidiaries' internal control system.

This statement letter is made truthfully.

Jakarta, June 1 , 2006

President Director	Director
Christopher B. Newton	**Yuli Soedargo**

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Moores Rowland

Jimmy Budhi & Rekan
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Report of Independent Auditors

Report No. 055/2006

The Stockholders and Boards of Directors
PT Energi Mega Persada Tbk

We have audited the accompanying consolidated balance sheets of PT Energi Mega Persada Tbk (the "Company") and Subsidiaries as of March 31, 2006 and December 31, 2005, and the related consolidated statements of income, changes in consolidated stockholder's equity, and consolidated cash flows for the three month period ended March 31, 2006 and the year ended December 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We did not audit the financial statements of certain subsidiaries, whose statements reflect assets and revenue of 5% and 6% as of March 31, 2006 and 7% and 6% as of December 31, 2005 of the consolidated totals. The financial statements of those subsidiaries were audited by another independent auditors whose reports have been furnished to us and our opinion, in so far as it relates to amounts included for those subsidiaries, is based solely on the reports of the other independent auditors. Since the purpose of the March 31, 2006 financial statements is limited to the information of Capital Market Supervising Boards (BAPEPAM) in connection on the merger of PT Energi Mega Persada Tbk with PT Bumi Resources Tbk (see Note 37), in conformity with BAPEPAM regulation, the Company did not present for comparative purposes its previous financial statements for the same periods, consolidated financial statements for the years ended December 31 2005, 2004 and 2003 are being presented instead. The consolidated financial statements for the years ended December 31, 2004 and 2003 were audited by another independent auditor whose report dated April 18, 2005, expressed an unqualified opinion with an explanation paragraph regarding restatement of the consolidated 2003 financial statements in connection with acquisition of Subsidiaries from entities under common control, the effect of deferred tax calculation of the Subsidiaries and the adoption of PSAK No. 24 (Revised 2004) regarding "Employee Benefits" (see Note 3).

Moores Rowland

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 consolidated financial position of the Company and Subsidiaries as of March 31, 2006 and December 31, 2005, and the consolidated results of their operations and their cash flows for the three month period ended March 31, 2006 and the year ended December 31, 2005 in conformity with accounting principles generally accepted in Indonesia.

As explained in Notes 3 and 4, on October 25, 2005, the Company acquired 99.99% of shares ownership in Tunas Harapan Perkasa from under common control entity based on the condition in the Sale and Purchase Agreement, becomes effective on January 25, 2006. The acquisition was recorded in conformity with PSAK No. 38 which requires restatements of prior years consolidated financial statements. In relation to the acquisition, the Company has restated its consolidated financial statements for the years ended December 31, 2005, 2004 and 2003.

JIMMY BUDHI & REKAN
Registered Public Accountants

Jimmy S. Budhi
License No. 03.1.0835

June 1, 2006

NOTICE TO READERS

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

PT ENERGI MEGA PERSADA Tbk
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2006 AND DECEMBER 31, 2005
(With Comparative Figures for December 31, 2004 and 2003)
(Figures in Rupiah expressed in thousands, unless otherwise stated)

A S S E T S

			December 31,		
	Notes	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
CURRENT ASSETS					
Cash and cash equivalents	2d,5	1,296,091,856	323,123,189	21,730,243	24,566,657
Trade receivables	2e,6	388,691,479	286,503,862	112,317,540	54,818,773
Other receivables	2e,7	320,243,939	318,480,773	149,684,486	40,482,745
Inventories	2f,8	382,618,280	354,191,558	121,860,730	65,408,251
Prepaid expenses and advances	2g,9	225,164,284	129,025,075	21,776,214	12,979,503
Prepaid tax	2q,27a	1,374,555	4,867,253	3,781,286	-
Deferred of Rights Issue cost	1b,10	-	3,244,472	-	-
Total Current Assets		2,614,184,393	1,419,436,182	431,150,499	198,255,929
NON-CURRENT ASSETS					
Due from related parties	2h,11	365,425,622	430,901,040	59,426,226	70,644,681
Restricted time deposits	2i,12	165,294,892	200,915,225	73,288,308	696,052
Fixed assets - net of accumulated depreciation Rp 5,443,210, Rp 4,149,925, Rp 1,638,957 and Rp 239,966 in 2006, 2005, 2004 and 2003	2j	10,147,158	7,234,909	1,638,957	405,022
Oil and gas properties - net of accumulated depreciation, depletion and amortization Rp 1,297,288,069, Rp 1,045,884,801, Rp 545,012,711, and Rp 324,802,456 in 2006, 2005, 2004 and 2003	2k,13	3,874,814,884	3,786,677,686	2,630,320,899	847,617,290
Site restoration fund	32	71,711,598	71,727,804	48,302,380	30,931,466
Deferred tax assets	2q,27e	255,102,707	172,604,748	25,381,698	52,143,711
Reimbursement of Subsidiary's dividend tax paid	4	200,055,453	216,699,185	204,795,059	-
Other assets	14	41,996,862	30,040,479	18,144,112	7,621,783
Total Non-current Assets		4,984,549,176	4,916,801,076	3,061,297,639	1,010,060,005
TOTAL ASSETS		7,598,733,569	6,336,237,258	3,492,448,138	1,208,315,934

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

(Figures in Rupiah expressed in thousands, unless otherwise stated)

LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)

	Notes	March 31, 2006	December 31, 2005 (As restated - see Note 3)	December 31, 2004 (As restated - see Note 3)	December 31, 2003 (As restated - see Note 3)
CURRENT LIABILITIES					
Short-term loan	15	-	-	140,129,487	-
Trade payables	16	308,332,812	266,515,001	142,360,206	87,670,109
Other payables	17	32,368,746	65,916,066	58,643,863	46,919,547
Accrued expenses	2u,18	296,933,793	398,157,559	136,478,763	46,082,168
Taxes payable	2q,27b	150,136,026	136,566,835	121,040,782	38,118,064
Current maturities of long-term loans	19	239,353,125	259,353,452	242,933,416	57,723,868
Total Current Liabilities		1,027,124,502	1,126,508,913	841,586,517	276,513,756
NON-CURRENT LIABILITIES					
Long-term loans - net of current maturities	19	3,826,226,199	3,141,760,852	807,252,079	124,428,068
Due to related parties	2h,11	410,876,678	774,507,950	851,447,220	1,107,611,599
Deferred tax liabilities	2q,27e	297,012,386	275,688,092	238,340,301	139,499,645
Employee benefits obligations	2p,29	27,683,817	25,220,060	24,478,989	14,209,493
Site restoration obligation	32	83,055,341	83,044,347	51,112,149	30,931,466
Subsidiary's dividend tax liability	4	200,055,453	216,699,185	204,795,059	-
Total Non-current Liabilities		4,844,909,874	4,516,920,486	2,177,425,797	1,416,680,271
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES	2b	1,059,043	2,941	(1,543,754)	(1,450)
EQUITY (CAPITAL DEFICIENCY)					
Capital stock - Rp 100 par value per share Authorized - 15,000,000,000 shares in 2006, 2005 and 2004 and 8,008,000,000 shares in 2003 Issued and paid-up -14,400,813,372 shares in 2006, 9,491,445,177 shares in 2005 and 2004 and 2,007,777,778 shares in 2003	20	1,440,081,337	949,144,518	949,144,518	200,777,778
Additional paid-in capital	2n,21	3,354,749,228	158,420,946	158,420,946	-
Equity proforma from restructuring transaction of entities under common control	2c,3,4	-	54,886,877	54,886,877	(613,001,552)
Difference in value from restructuring transactions of entities under common control	2c,22	(3,376,756,375)	(793,336,425)	(793,336,425)	(107,541,921)
Translation adjustments	2t	(41,265,269)	75,488,874	58,666,134	14,292,255
Retained earnings		348,831,229	248,200,128	47,197,528	20,596,797
Total Equity (Capital Deficiency) - Net		1,725,640,150	692,804,918	474,979,578	(484,876,643)
TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		7,598,733,569	6,336,237,258	3,492,448,138	1,208,315,934

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

PT ENERGI MEGA PERSADA Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2006 AND
THE YEAR ENDED DECEMBER 31, 2005
(With Comparative Figures for the Years Ended December 31, 2004 and 2003)
(Figures in Rupiah expressed in thousands, unless otherwise stated)

			December 31,		
	Notes	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
NET SALES	2o,23	433,833,576	1,682,100,322	972,664,531	570,056,644
COST OF GOODS SOLD	2o,24	258,634,970	1,162,228,835	630,704,879	361,491,491
GROSS PROFIT		175,198,606	519,871,487	341,959,652	208,565,153
OPERATING EXPENSES	2o,25				
General and administrative		97,095,230	183,192,733	93,453,266	64,284,131
INCOME FROM OPERATIONS		78,103,376	336,678,754	248,506,386	144,281,022
OTHER INCOME (CHARGES)					
Income from insurance claims	26b	57,312,635	-	-	-
Overhead cost recovery	32a	9,286,286	30,980,416	22,076,239	8,717,924
Interest income		11,441,142	6,359,458	7,940,868	7,531,132
Management fee		-	-	-	1,114,230
Allocation from Administrator		-	-	(17,083,683)	(2,010,268)
Gain (loss) on foreign exchange - net	2t	(42,997,836)	22,064,808	5,159,651	(3,536,386)
Financing charges	26a	(38,114,294)	(249,505,266)	(63,037,007)	(19,612,849)
Others - net		(9,231,457)	(13,054,567)	(23,451,808)	6,430,296
Other Charges - Net		(12,303,524)	(203,155,151)	(68,395,740)	(1,365,921)
INCOME BEFORE TAX BENEFIT (EXPENSE)		65,799,852	133,523,603	180,110,646	142,915,101
TAX BENEFIT (EXPENSE)	2q,27				
Current tax		(16,172,533)	(53,519,047)	(97,828,649)	(44,057,823)
Deferred tax		52,051,465	121,972,754	(51,873,716)	(67,333,373)
Total		35,878,932	68,453,707	(149,702,365)	(111,391,196)
INCOME BEFORE MINORITY INTEREST IN NET LOSS (INCOME) OF SUBSIDIARIES		101,678,784	201,977,310	30,408,281	31,523,905
MINORITY INTEREST IN NET LOSS (INCOME) OF SUBSIDIARIES	2b	(1,047,683)	(974,710)	(438,087)	79,603
NET INCOME		100,631,101	201,002,600	29,970,194	31,603,508
BASIC EARNINGS PER SHARE (in full amount)	2r,28	7.70	21.18	3.16	15.74

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

PT ENERGI MEGA PERSADA Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2006 AND THE YEAR ENDED DECEMBER 31, 2005
(With Comparative Figures for the Years Ended December 31, 2004 and 2003)
(Figures in Rupiah expressed in thousands, unless otherwise stated)

	Notes	Capital Stock	Additional Paid-in Capital	Equity Proforma from Restructuring Transactions of Entities under Common Control	Difference in Value from Restructuring Transactions of Entities under Common Control	Translation Adjustments	Retained Earnings	Total Equity (Capital Deficiency)
Balance as of January 1, 2003 – as previously reported		200,000	-	171,546,585	-	-	-	171,746,585
Equity proforma from restructuring transactions of entities under common control	2c,22	-	-	(98,235,139)	-	-	-	(98,235,139)
Balance as of January 1, 2003 - as restated	2c,22	200,000	-	73,311,446	-	-	-	73,511,446
Change in accounting policy and the Subsidiaries' equity arising from restructuring transactions of entities under common control	2c,3	-	-	(686,312,998)	-	-	(11,006,711)	(697,319,709)
Conversion of promissory notes to paid-in capital	20	200,577,778	-	-	-	-	-	200,577,778
Difference in value from restructuring transactions of entities under common control	2c,22	-	-	-	(107,541,921)	-	-	(107,541,921)
Translation adjustments	2t	-	-	-	-	14,292,255	-	14,292,255
Net income for the year		-	-	-	-	-	31,603,508	31,603,508
Balance as of December 31, 2003 - as restated		200,777,778	-	(613,001,552)	(107,541,921)	14,292,255	20,596,797	(484,876,643)
Conversion of promissory notes to paid-in capital	20	463,623,390	-	-	-	-	-	463,623,390
Elimination of Subsidiaries' equity from transactions of entities under common control	2c	-	-	514,766,429	-	-	-	514,766,429
Equity proforma from restructuring transactions of entities under common control	2c,22	-	-	153,122,000	-	-	-	153,122,000
Difference in value from restructuring transactions of entities under common control	2c,22	-	-	-	(685,794,504)	-	-	(685,794,504)
Translation adjustments	2t	-	-	-	-	44,373,879	-	44,373,879
Initial public offering	1b,20	284,743,350	158,420,946	-	-	-	-	443,164,296
Cash dividend		-	-	-	-	-	(3,369,463)	(3,369,463)
Net income for the year		-	-	-	-	-	29,970,194	29,970,194
Balance as of December 31, 2004 - as restated		949,144,518	158,420,946	54,886,877	(793,336,425)	58,666,134	47,197,528	474,979,578

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

PT ENERGI MEGA PERSADA Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2006 AND THE YEAR ENDED DECEMBER 31, 2005
(With Comparative Figures for the Years Ended December 31, 2004 and 2003)
(Figures in Rupiah expressed in thousands, unless otherwise stated)

	Notes	Capital Stock	Additional Paid-in Capital	Equity Proforma from Restructuring Transactions of Entities under Common Control	Difference in Value from Restructuring Transactions of Entities under Common Control	Translation Adjustments	Retained Earnings	Total Equity (Capital Deficiency)
Balance as of December 31, 2004 - as restated		949,144,518	158,420,946	54,886,877	(793,336,425)	58,666,134	47,197,528	474,979,578
Translation adjustments	2t	-	-	-	-	16,822,740	-	16,822,740
Net income for the year		-	-	-	-	-	201,002,600	201,002,600
Balance as of December 31, 2005 - as restated		949,144,518	158,420,946	54,886,877	(793,336,425)	75,488,874	248,200,128	692,804,918
Rights Issue I	20	490,936,819	3,196,328,282	-	-	-	-	3,687,265,101
Elimination of Subsidiaries' equity from transactions of entities under common control	2c	-	-	(54,886,877)	-	-	-	(54,886,877)
Difference in value from restructuring transactions of entities under common control	2c,22	-	-	-	(2,583,419,950)	-	-	(2,583,419,950)
Translation adjustments	2t	-	-	-	-	(116,754,143)	-	(116,754,143)
Net income for the period		-	-	-	-	-	100,631,101	100,631,101
Balance as of March 31, 2006		1,440,081,337	3,354,749,228	-	(3,376,756,375)	(41,265,269)	348,831,229	1,725,640,150

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2006 AND
THE YEAR ENDED DECEMBER 31, 2005
(With Comparative Figures for the Years Ended December 31, 2004 and 2003)
(Figures in Rupiah expressed in thousands, unless otherwise stated)

			December 31,		
	Notes	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	6,23	331,645,959	1,507,914,000	1,016,277,387	560,501,322
Cash paid to suppliers, contractors and employees		(519,150,714)	(903,066,241)	(684,919,209)	(219,924,995)
Cash generated from (used in) operations		(187,504,755)	604,847,759	331,358,178	340,576,327
Financing charges paid	26	(32,513,275)	(256,724,925)	(29,673,537)	(19,624,129)
Corporate income and dividend tax paid	27b,c	(17,672,598)	(123,743,751)	(25,077,776)	(14,828,742)
Net Cash Flows Provided by (Used in) Operating Activities		(237,690,628)	224,379,083	276,606,865	306,123,456
CASH FLOWS FROM INVESTING ACTIVITIES					
Insurance claims received		57,312,635	-	-	-
Interest received		7,209,740	6,359,458	6,120,868	7,542,411
Acquisition of fixed assets		(679,191)	(4,373,759)	(1,043,780)	(317,675)
Decrease (increase) in other assets		(11,956,383)	(11,896,367)	(10,522,329)	13,868,541
Acquisition of oil and gas properties	13	(883,236,101)	(1,467,593,147)	(485,020,194)	(320,622,640)
Net Cash Flows Used in Investing Activities		(831,349,300)	(1,477,503,815)	(490,465,435)	(299,529,363)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from (payment of) long-term and short-term loans - net	15,19	938,050,000	2,210,799,322	942,903,843	(23,295,338)
Increase (decrease) of due from/to related parties - net	11	50,047,531	(447,649,313)	289,271,842	27,716,197
Decrease (increase) of placement of restricted time deposits	12	35,620,334	(127,626,917)	(72,592,256)	53,440
Additional of paid-in capital	20,21	3,780,213,510	-	455,589,360	1,154,188
Payment of issuance of capital stock		(92,948,408)	-	(12,425,064)	-
Payment of loan of acquired Subsidiaries		(348,203,384)	-	(574,482,238)	-
Acquisition of Subsidiaries	4	(2,599,869,500)	-	(872,285,301)	-
Dividend paid		-	-	(3,369,463)	-
Net Cash Flows Provided by Financing Activities		1,762,910,083	1,635,523,092	152,610,723	5,628,487

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

(Figures in Rupiah expressed in thousands, unless otherwise stated)

	Notes	March 31, 2006	December 31, 2005 (As restated - see Note 3)	December 31, 2004 (As restated - see Note 3)	December 31, 2003 (As restated - see Note 3)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		693,870,155	382,398,360	(61,247,847)	12,222,580
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		323,123,189	21,730,243	24,566,657	13,550,307
Effect of foreign exchange rate changes		279,098,512	(81,005,414)	58,411,433	(1,206,230)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	1,296,091,856	323,123,189	21,730,243	24,566,657
Additional information for non-cash financing activities:					
Conversion of promissory notes to paid in-capital		-	-	463,623,390	200,577,778
Transfer of receivable from related parties					
PT Brantas Indonesia (formerly PT Energi Daya Persada)		-	-	-	227,982,385
PT Kondur Indonesia (formerly PT Energi Bumi Persada)		-	-	-	243,456,854
Transfer of payable from related parties					
PT Brantas Indonesia (formerly PT Energi Daya Persada)		-	-	-	(663,654,248)
PT Kondur Indonesia (formerly PT Energi Bumi Persada)		-	-	-	(678,762,250)

1. GENERAL

a. *Establishment and General Information*

PT Energi Mega Persada Tbk (the "Company") was established based on notarial deed No. 16 dated October 16, 2001 of H. Rakhmat Syamsul Rizal, S.H. Notary in Jakarta. The deed of establishment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his decision letter No. C-14507.HT.01.01.TH.2001 dated November 29, 2001 and published in State Gazette No. 31, Supplement No. 3684 dated April 16, 2002. The Company's Articles of Association have been amended several times, the most recent being based on Notarial Deed No. 45, dated January 25, 2006 of Robert Purba S.H., Notary in Jakarta, as a result of the Rights Issue I, concerning the change of the Company's Articles of Association articles 4(1), (2), and (3). The Amendment has been approved by the Minister of Law and Human Rights in his Decision Letter No. C-03656.HT.01.04.TH.2006, dated February 9, 2006 and published in State Gazette No. 39, dated May 16, 2006, Supplement No. 5161.

In connection with the Company's Initial Public Offering, the Company's Articles of Association have been amended based on Notarial Deed No. 40 of Extraordinary General Meeting of Shareholders (EGM) dated March 30, 2004 of Lena Magdalena, S.H., Notary in Jakarta, which was approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. C-08031.HT.01.04.TH.2004 dated April 2, 2004 and published in State Gazette No. 97, Supplement No. 11746 dated December 3, 2004. The changes include, among others, the changes of the Company's capital stock (see Note 20) and the Company's name from PT Energi Mega Persada to PT Energi Mega Persada Tbk.

In accordance with the article 3 of the Company's Articles of Association, the scope of its activities comprises of among others; trading, services and mining, and making direct and indirect investments through subsidiaries.

The Company's head office is located at Wisma Mulia, 33rd Floor, Jl. Jend. Gatot Subroto, Kav. 42, Jakarta. The Subsidiaries of the Company are engaged in oil and gas exploration, and their activities are located in Sidoarjo and Kangean Island in East Java province, Riau, Jambi, North Sumatera, and East Kalimantan Provinces.

The Company started its commercial operations in February 2003.

b. *Public Offering of Shares of the Company*

The Company obtained the effective notice of its initial public offering from the Chairman of the Capital Market Supervisory Agency (Bapepam) in his letter No. S.1480/PM/2004 dated May 26, 2004. On June 7, 2004, these shares were listed on the Jakarta Stock Exchange.

The Company's Extraordinary General Meeting (EGM) dated December 22, 2005, as stated on Notarial Deed No. 40 of Robert Purba S.H., Notary in Jakarta, approved the Right Issue I to the Company's shareholders in connection with the Exercise Rights (ER) of 4,909,368,195 shares of nominal value Rp 100 (full amount) per share, which were offered at Rp 770 (full amount) per share totaling Rp 3,780,213,510,150 (full amount).

On January 25, 2006, the Company has completed the Right Issue I. The funds received from the Right Issue I were Rp 3,780,213,510,150 (full amount).

(Figures in Rupiah expressed in thousands, unless otherwise stated)

1. GENERAL *(Continued)*

c. *Structure of the Company and its Subsidiaries*

The Company has ownership interest of more than 50%, directly and indirectly, in the following Subsidiaries:

Subsidiaries	Domiciled	Percentage of Ownership (%) March 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003	Year of Commercial Operation	Total Assets (Rp) March 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
RHI Corporation (RHI)	Delaware. USA	100	100	100	100	1984	1,219,977,520	1,144,982,613	445,980,915	257,838,474
Kondur Petroleum SA (KPSA) *)	Panama	100	100	100	100	1995	1,220,131,381	1,146,093,226	446,059,043	257,954,436
PT Imbang Tata Alam (ITA)	Indonesia	96	96	96	96	2001	519,209,105	446,837,422	228,029,302	183,372,495
Kalila Energy Ltd. (KEL)	Hong Kong	99.99	99.99	99.99	99.99	1997	902,933,017	925,838,932	381,826,488	221,659,013
Pan Asia Ltd. (PAN)	Hong Kong	99.99	99.99	99.99	99.99	1997	37,279,742	31,605,191	15,686,407	14,310,743
Lapindo Brantas Inc. (LBI) *)	Delaware, USA	100	100	100	100	1999	843,469,764	861,314,860	326,614,373	183,528,091
Energi Mega Pratama Inc. (EMP Inc)	British Virgin Islands	100	100	100	-	2003	3,878,043,511	3,158,871,287	1,855,446,727	85
EMP Exploration (Kangean). Ltd. (EEKL) *)	UK	100	100	100	-	1987	1,104,699,351	990,148,813	718,102,266	1,202,108,826
EMP Kangean Ltd. (EKL) *)	Delaware, USA	100	100	100	-	1987	1,671,232,180	1,439,445,760	999,878,315	704,669,027
Malacca Brantas Finance B.V. (MBF)	The Netherlands	100	100	-	-	2005	1,096,106,276	1,186,827,216	-	-
Energi Mega Persada Finance B.V. (EMP Finance)	The Netherlands	100	100	-	-	-	196,428	212,770	-	-
PT Tunas Harapan Perkasa (THP)	Indonesia	99.99	99.99	-	-	2005	1,113,157,936	1,220,637,957	1,001,823,780	699,085,682
PT Semberani Persada Oil (Semco) *)	Indonesia	99.99	99.99	-	-	1996	353,349,483	436,236,973	491,634,381	292,736,799
PT Insani Mitrasani Gelam (IMG) *)	Indonesia	99.9	99.99	-	-	2004	299,592,105	309,009,315	179,873,723	116,805,953
Kalila (Bentu) Ltd. (Bentu) *)	British Virgin Islands	100	100	-	-	-	271,983,836	286,849,007	208,822,887	172,129,799
Kalila (Korinci Baru) Ltd. (Korinci Baru) *)	British Virgin Islands	100	100	-	-	-	203,037,512	220,319,838	77,242,142	50,233,866
Costa International Group Ltd. (Costa) *)	British Virgin Islands	100	100	-	-	2002	136,451,435	138,233,548	96,207,797	71,490,057

*) *Indirect Ownership interest through Subsidiaries*

All the Subsidiaries of the Company, except MBF and EMP Finance, are holders of working interest of the following oil and gas production blocks through Production Sharing Contracts (PSC) with Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (BPMIGAS) or Technical Assistance Contract (TAC) with PT Pertamina (Persero) ("Pertamina") as follows:

Working Area	Maturity of Contract	Owned by	Percentage Ownership of Working Interest (%) March 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
Malacca PSC	2020	Kondur Petroleum S.A.	34.46	34.46	34.46	34.46
		PT Imbang Tata Alam	26.03	26.03	26.03	26.03
Brantas PSC	2020	Lapindo Brantas Inc.	50	50	50	50
Kangean PSC	2030	EMP Exploration (Kangean) Ltd.	40	40	40	-
		EMP Kangean Ltd.	60	60	60	-
Semberah TAC	2015	PT Semberani Persada Oil	100	100	100	100
Gelam TAC	2017	PT Insani Mitrasani Gelam	100	100	100	100
Bentu PSC	2021	Kalila (Bentu) Ltd.	100	100	-	-
Korinci PSC	2027	Kalila (Korinci Baru) Ltd.	100	100	-	-
Gebang PSC	2015	Costa International Group Ltd.	50	50	50	50

MBF and EMP Finance are involved in industry, financial and commercial activities.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

1. GENERAL *(Continued)*

d. Employees, Boards of Commissioners and Directors

As of March 31, 2006, December 31, 2005, 2004 and 2003, the members of the Company's boards of Commissioners and Directors were as follows:

	March 31, 2006 and December 31, 2005	December 31, 2004	December 31, 2003
Board of Commissioners:			
President Commissioner	Suyitno Patmosukismo	Suyitno Patmosukismo	-
Independent Commissioner	A. Qoyum Tjandranegara	A. Qoyum Tjandranegara	-
Commissioner	Rennier Abdul Rachman Latief	Roosmania Kusmuljono	Nazamudin Latief
Board of Directors:			
President Director	Christopher Basil Newton	Rennier Abdul Rachman Latief	Rennier Abdul Rachman Latief
Director	Yuli Soedargo	Nazamudin Latief	Muhammad Suluhudin Noor
Director	Faiz Shahab	Muhammad Suluhudin Noor	-
Director	Norman Hafiz Harahap	Norman Hafiz Harahap	-
Director	Thomas Leo Soulsby	Thomas Leo Soulsby	-
Director	-	Purwanto	-

The compositions as of March 31, 2006 and December 31, 2005 were based on the decision of the EGM on December 22, 2005, as stated in the Summary of EGM Deed No. 46 on December 23, 2005 of Robert Purba S.H., Notary in Jakarta.

The compositions as of December 31, 2004 were based on the decision of the EGM on July 30, 2004, as stated in the Summary of EGM Deed No. 27 dated July 30, 2004 and in connection with the Statement of Meeting Decision Deed No. 28 on July 30, 2004, both being deeds of Lena Magdalena, S.H., Notary in Jakarta.

The compositions as of December 31, 2003 were based on the decision of the EGM on February 14, 2003, as stated in the Summary of EGM Deed No. 3 dated February 14, 2003, being the deed of Rita Imelda Ginting S.H., Notary in Jakarta.

Total remuneration paid to the Commissioners and Directors of the Company for the three-month period ended March 31, 2006 and the year ended December 31, 2005 amounted to Rp 12.07 billion and Rp 16.66 billion, respectively.

As of March 31, 2006, December 31, 2005, 2004 and 2003, the Company and its Subsidiaries had approximately 1,082, 875, 585 and 365 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidated Financial Statements

The consolidated financial statements have been prepared using accounting principles and reporting practices generally accepted in Indonesia.

The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting, while the measurement basis is historical cost, except for certain accounts that are measured on the basis described in the related accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The reporting currency used in the preparation of the consolidated financial statements is the Indonesian Rupiah ("Rp").

The consolidated statements of cash flows are prepared using the direct method, cash flows being classified into operating, investing and financing activities.

b. *Principles of Consolidation*

The consolidated financial statements incorporate the financial statements of the Company and its Subsidiaries wherein:

- the Company has direct or indirect ownership of more than 50% with the ability to control; or
- the Company has 50% or less ownership, but the Company has the ability to control.

The financial statements of Subsidiaries are consolidated commencing from the date on which control is acquired and cease to be consolidated from the date on which control is transferred-out of the Company. The results of acquired or disposed of Subsidiaries during the year are included in the consolidated statement of income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The interest of the minority shareholders is stated as the minority's proportion of the historical cost of the net assets. The minority interest is subsequently adjusted for the minority's share of movements in equity. Any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

Where necessary, adjustments are made to the financial statements of the Subsidiaries to bring the accounting policies used in line with those used by the Company.

All inter-company transactions and account balances are eliminated to reflect the financial position and the results of operations of the Company and its Subsidiaries as a single business entity.

Subsidiaries use the proportionate consolidation method in recording and presenting their participating shares in Joint Ventures under PSC and TAC. The financial statements of the Joint Ventures are reflected in the financial statement of these Subsidiaries according to their participating interest in the PSC's and TAC's.

c. *Business Acquisitions*

Acquisitions are accounted for using the purchase method in accordance with the requirements of Statement of Financial Accounting Standard (PSAK) No. 22, "Business Combination". On acquisition, the assets and liabilities of a Subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Goodwill from the acquisition of oil and gas properties is recorded in the oil and gas properties and amortized using the unit of production method during the period of PSC or TAC. When the cost of acquisition is less than the interest in the fair values of the identifiable assets and liabilities acquired as at the date of acquisition (i.e. discount on acquisition), fair values of the acquired non-monetary assets are reduced proportionately until all the excess is eliminated. The remaining excess after reducing the fair values of non-monetary assets acquired is recognized as negative goodwill, treated as deferred revenue and recognized as revenue on a straight-line method over twenty (20) years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Acquisitions of Subsidiaries that represent a restructuring transaction of entities under common control are accounted for in accordance with PSAK No. 38 (Revised 2004), "Accounting for Restructuring Transactions of Business under Common Control". Based on this standard, acquisition of a subsidiary is accounted based on the pooling of interest, wherein assets and liabilities of a subsidiary are recorded at their book values. The difference between the transfer price and the Company's interest in the subsidiary's book values, if any, is recorded as "Difference in Value from Restructuring Transactions of Entities under Common Control" and presented as a separate component in the Company's Equity. Accordingly, the consolidated financial statements prior to acquisitions are restated, wherein the beginning balance of equity of the Subsidiary is presented separately as proforma equity arising from restructuring transactions of entities under common control. The balance of "Difference in Value from Restructuring Transactions of Entities under Common Control" can be realized to gain or loss from the time the common control no longer exists between the entities that entered into the transaction.

d. *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash on hand and in banks and investment with maturities of three months or less that can be used freely to finance operating activities.

e. *Allowance for Doubtful Accounts*

Allowance for doubtful accounts is provided based on a review of the status of the individual receivable accounts at the end of the period.

f. *Inventories*

Inventories of spare-parts, chemicals and fuel are classified into capital and non-capital inventories. Capital inventories represent spare-parts, chemicals, and fuel that are consumed or used as components of construction or capitalized as assets. Non-capital inventories represent inventories being consumed for the purpose of repair and maintenance of assets or used for operations. The costs of the consumed inventories are charged when used.

Inventory purchased under the term of the PSC and TAC becomes the property of BPMIGAS or Pertamina when landed in Indonesia.

Inventories of spare-parts, chemicals and fuel are valued at the lower of cost or net realizable value. Cost is determined using the weighted average method. Allowance for obsolete and/or slow-moving inventories is provided based on review of the condition inventories at the end of the period.

g. *Prepaid Expenses*

Prepaid expenses are amortized over the period benefited using the straight-line method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h. *Transaction with Related Parties*

The Company and its Subsidiaries have transactions with certain parties, which are related to them. In accordance with the PSAK No. 7, "Related Party Disclosures", related parties are defined as follows:

(1) Enterprises that, through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (including holding companies, subsidiaries and fellow subsidiaries);

(2) Associated companies;

(3) Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, and close members of the family of any such individual (close members of a family are defined as those members who are able to exercise influence or can be influenced by such individuals, in conjunction with their transactions with the Company);

(4) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including commissioners, directors and managers of the enterprise and close members of the families of such individuals; and

(5) Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4) or over which such a person is able to exercise significant influence. This definition includes enterprises owned by the commissioners, directors or major stockholders of the Company and enterprises that have a member of key management in common with the Company.

All significant transactions with related parties are disclosed in the notes to the consolidated financial statements.

i. *Restricted Time Deposits*

Time deposits that are restricted in use are presented under non-current assets.

j. *Fixed Assets*

Fixed assets are stated at cost, less accumulated depreciation.

Depreciation is computed using the straight-line method based on the estimated useful life of the asset as follows:

	Years
Machinery and equipment	4
Transportation and office equipment	4

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The costs of maintenance and repairs are charged to expense as incurred; expenditures that extend the useful life of the asset or result in an increase of future economic benefits such as increase in capacity and improvement in the quality of output or standard of performance, 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 the current operations.

k. *Oil and Gas Properties*

The Company and its Subsidiaries follow the full cost method of accounting in recording oil and gas properties. Accordingly, all costs associated with acquisition, exploration and development of oil and gas reserves, including directly related overhead costs, are capitalized. All costs arising from production activities are recorded at the time they are incurred.

The capitalized costs are subject to a "ceiling test", which basically limits such costs to the aggregate of (1) the "estimated present value", discounted at a 10% interest rate of future net revenues from estimated future production of proven reserves using prices based on current economic and operating conditions, (2) the cost of unproven properties and major development projects not being amortized, and (3) the lower of cost or estimated fair value of unproven properties included in cost being amortized. Any excess over the cost is charged to expense and separately disclosed during the related year.

All capitalized costs of oil and gas properties, including the estimated future costs of developing proven reserves, are amortized using the unit-of-production method based on the total estimated proven reserves. Investments in unproven properties and major development projects are not amortized until proven reserves associated with the projects can be determined or until impairment occurs. If the result of an assessment indicates that the properties are impaired, the amount of the impairment is added to the costs to be amortized.

The Company and its Subsidiaries have no ownership interest in the producing assets nor in the oil and gas reserves, but rather have the right to operate the assets and receive a share of production and/or revenues from the sale of oil and gas in accordance with the PSC and TAC.

There is no inventory of oil and gas owned by the Company since the total production of oil and gas shall be shared based on an agreed formula between the Subsidiaries and BPMIGAS or Pertamina (see Notes 32a and 32b).

Sale of proven and unproven properties are accounted for as adjustments of capitalized costs with no gain or loss recognized, unless such adjustments would significantly change the relationship between capitalized costs and proven reserves of oil and gas, in which case, the gain or loss is recognized in income.

l. *Impairment of Assets Value*

In compliance with PSAK No. 48, "Impairment of Asset Values", asset values are reviewed for any impairment and possible write-down to fair values whenever events on changes in circumstances indicate that their carrying values may not be fully recovered. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the current period statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

m. *Capitalization of Borrowing Cost and Foreign Exchange Losses*

In accordance with the revised PSAK No. 26 (Revised 1997), "Borrowing Cost", interest cost, foreign exchange differences and other costs incurred from borrowings obtained to finance the construction or installation of major facilities are capitalized. Capitalization of these borrowing costs ceases when the acquisition, construction or installation activities are substantially completed and the assets are ready for their intended use.

n. *Shares Issuance Costs*

Based on Bapepam's Decision Letter dated March 13, 2000, No. KEP-06/PM/2000, costs incurred in relation to Initial Public Offering and Rights Issue are presented as part of equity.

o. *Revenue and Expense Recognition*

Revenue is recognized when the crude oil and/or gas is delivered and title has passed. Expenses are recognized when incurred (accrual basis). Claim from insurance will be recognized as income upon collection.

p. *Employee Benefits*

In July 2004, the Indonesian Institute of Accountants issued PSAK 24 (Revised 2004), "Employee Benefits", which regulates the accounting and disclosure for employee benefits and covers not only retirement benefits but also short-term (e.g. paid annual leave, paid sick leave) and other long-term benefits (e.g. long-service leave, post-employment medical benefits). PSAK No. 24 (Revised 2004) replaced PSAK No. 24 issued in 1994, which covered only retirement benefit cost. The Company and its Subsidiaries have adopted the PSAK No. 24 (Revised 2004) commencing from 2004 and, as required by this standard, the Company has restated the 2003 consolidated financial statements. Kalila (Korinci Baru) Ltd., Kalila (Bentu) Ltd and PT Insani Mitrasani Gelam did not calculate estimated employee benefits since the amount is not material.

The Company and its Subsidiaries provide defined post-employment benefits for their employees pursuant to the terms of the Employment Work Contract/Company Policy. KPSA and ITA, Subsidiaries, also provide post-employment benefits from defined contribution pension plans. The contribution charged to the Subsidiaries is recognized as expense in the current period.

The cost of providing post-employment benefits is determined using the Projected Unit Credit Method. The accumulated unrecognized actuarial gains and losses that exceed 10% of the greater of the present value of the Company's defined benefit obligations and the fair value of plan assets are recognized on a straight-line basis over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The benefit obligation recognized in the balance sheet represents the present value of the defined obligation, adjusted for unrecognized actuarial gains and losses, unrecognized past service cost and fair value of the assets program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

q. *Income Tax*

The Company and its Subsidiaries determine their income taxes in accordance with PSAK No. 46, "Accounting for Income Tax".

Current tax expense of the Company is determined based on the taxable income for the period computed using prevailing tax rates. Current tax expense of Subsidiaries that are domiciled and registered as tax subjects in other countries is determined based on the taxable income for the period computed using prevailing tax rates in the related countries.

Current tax expense of the Subsidiaries that are engaged in exploration and production of oil and gas based on PSC and TAC is determined based on the taxable income in the related period using the prevailing tax rates as stated in the PSC and TAC.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the statement of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset in the balance sheet, except if these are for different legal entities, in the same manner as the current tax assets and liabilities are presented.

r. *Earnings per Share*

In accordance with PSAK No. 56, "Earnings per Share", basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the period.

Diluted earnings per share are computed by dividing net income by the weighted average number of shares outstanding as adjusted for the effects of all potential dilution.

s. *Segment Information*

Segment information is prepared using the accounting policies adopted for preparing and presenting the consolidated financial statements. The Company and its Subsidiaries' primary reporting segment information is based on business segment, while its secondary reporting segment information is based on geographical segment.

A business segment is a distinguishable component of an enterprise that is engaged in providing products or services or a group of products or services, which are subject to risks and returns that are different from those of other business segments.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment, which are subject to risks and returns that are different from those of components operating in other economic environments.

Assets and liabilities that relate jointly to one or more segments are allocated to their respective segments, if and only if, their related revenues and expenses are also allocated to those segments and the relative autonomy of those segments.

t. *Foreign Currency Transactions and Translation*

The books of accounts of the Company are maintained in Indonesian Rupiah. Transactions during the period involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are credited or charged to current operations.

The books of accounts of the Subsidiaries are maintained in United States Dollar. For consolidation purposes, assets and liabilities of the Subsidiaries at balance sheet date are translated into Rupiah using the exchange rates at balance sheet date, while revenue and expenses are translated at the average rates of exchange for the period. Resulting translation adjustments are shown as part of Equity as “Translation Adjustments”. The middle rate of Bank Indonesia prevailing on March 31, 2006, December 31, 2005, 2004 and 2003 were as follows:

		December 31,		
	March 31, 2006 (full amount)	2005 (full amount)	2004 (full amount)	2003 (full amount)
Currency				
US$	9,075	9,830	9,290	8,465
HK$	1,169	1,268	1,195	1,090
Euro	10,892	11,660	12,652	10,643

u. *Use of Estimates*

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

3. RESTATEMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

During the periods the Company made several acquisitions, the latest being the acquisition of PT Tunas Harapan Perkasa (THP), which became effective on January 25, 2006 (see Note 4). Since the acquisition of THP represents transactions of entities under common control, as required by PSAK No. 38 (Revision 2004), the Company has restated its consolidated financial statements for the years ended December 31, 2005, 2004 and 2003. The effect of the restatement of the equity of the Company’s Subsidiaries is presented as “Proforma Equity from Restructuring Transactions of Entities under Common Control”.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

3. RESTATEMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

In addition to the above, previously, the Company has restated its consolidated financial statements for the year ended December 31, 2003 when issuing the consolidated financial statements for the year ended December 31, 2004, due to the following:

- The Company applied PSAK No. 24 (Revision 2004) regarding "Employee Benefits", which is to be applied retrospectively.

- The Company's Subsidiaries applied PSAK No. 46 regarding "Accounting for Income Tax".

- In 2004, the Company acquired equity interest of ITA, PAN, KEL, and EMP Inc. Since the acquisition represented transactions of entities under common control, as required by PSAK No. 38, the consolidated financial statements for 2003 have been restated to reflect the restructuring as if the Subsidiaries had been acquired at the beginning of 2003. The Subsidiaries' equity at beginning of 2003 is presented in equity as "Proforma equity from Restructuring Transactions of Entities under Common Control".

The comparison of restated consolidated financial statements as of and for the year ended December 31, 2005 with the consolidated financial statements that had been previously reported is as follows:

	As restated	As previously reported
Total current assets	1,419,436,182	1,113,445,539
Due from related parties	430,901,040	427,202,349
Oil and gas properties	3,786,677,686	2,937,209,264
Deferred tax assets	172,604,748	89,774,398
Total non-current assets	4,916,801,076	3,945,755,535
Total assets	6,336,237,258	5,059,201,074
Trade payables	266,515,001	84,878,740
Taxes payable	136,566,835	112,711,257
Total current liabilities	1,126,508,913	582,808,272
Long-term loans	3,141,760,852	2,881,450,898
Due to related parties	774,507,950	380,989,284
Deferred tax liabilities	275,688,092	256,997,271
Total non-current liabilities	4,516,920,486	3,834,680,610
Retained earnings	248,200,128	270,968,699
Total equity - net	692,804,918	641,712,192
Net sales	1,682,100,322	1,479,359,013
Operating expenses	183,192,733	139,892,634
Net income	201,002,600	195,818,413
Basic earnings per share (in full amount)	21.18	20.63

(Figures in Rupiah expressed in thousands, unless otherwise stated)

3. RESTATEMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

The comparison of restated consolidated financial statements as of and for the year ended December 31, 2004 with the consolidated financial statements that had been previously reported is as follows:

	As restated	As previously reported
Total current assets	411,216,751	300,238,774
Oil and gas properties	2,630,320,899	2,028,879,880
Deferred tax assets	25,381,698	8,839,134
Total non-current assets	3,260,939,924	2,372,788,221
Total assets	3,672,156,675	2,673,026,995
Trade payables	142,360,206	28,619,113
Taxes payable	121,040,782	104,089,113
Total current liabilities	822,417,540	593,680,710
Long-term loans	807,252,079	706,783,237
Due to related parties	1,050,324,734	431,143,921
Deferred tax liabilities	238,340,301	238,340,301
Total non-current liabilities	2,376,303,311	1,649,324,282
Retained earnings	47,197,528	75,150,286
Total equity - net	474,979,578	431,565,544
Net sales	972,664,531	855,079,977
Operating expenses	93,453,266	59,055,718
Net income	29,970,194	74,166,617
Basic earnings per share (in full amount)	3.16	8.98

The comparison of restated consolidated financial statements as of and for the year ended December 31, 2003 with consolidated financial statements that had been previously reported is as follows:

	As restated	As previously reported
Total current assets	197,255,197	149,757,708
Due from related parties	71,645,413	973,075
Oil and gas properties	847,617,290	438,077,040
Deferred tax assets	52,143,711	37,669,162
Total non-current assets	1,011,060,737	513,073,313
Total assets	1,208,315,934	662,831,021
Trade payables	87,670,109	32,913,198
Taxes payable	38,118,064	33,775,646
Total current liabilities	251,530,519	122,043,995
Long-term loans - net of current maturities	124,428,068	79,401,700
Due to related parties	1,132,594,836	704,550,218
Deferred tax liabilities	139,499,645	139,499,645
Total non-current liabilities	1,441,663,508	963,175,989
Retained earnings	20,596,797	4,353,132
Total capital deficiency - net	(484,876,643)	(422,388,963)
Net sales	570,056,644	513,102,075
Operating expenses	144,281,022	43,170,792
Net income	31,603,508	15,359,843
Basic earnings per share (in full amount)	15.74	2.31

4. ACQUISITIONS OF SUBSIDIARIES

a. PT Tunas Harapan Perkasa ("THP")

The Company (acquirer) entered into a Sales and Purchase Agreement (SPA) with PT Mitra Andalan Mandiri ("MAM", as seller) on October 25, 2005 as follows:

a. 2,598,830 shares or 99.99% of all issued shares of PT Tunas Harapan Perkasa ("THP" as target company) that are owned by MAM amounting to Rp 2,599,869,500,000 (full amount). THP owns 100% shareholding in Costa International Group Ltd. ("Costa"), Kalila (Bentu) Ltd. ("Bentu") and Kalila (Korinci Baru) Ltd. ("Korinci Baru") and 99.99% shareholding in PT Insani Mitrasani Gelam ("Gelam") and PT Semberani Persada Oil ("Semco"). Except for Costa, all of these subsidiaries are the operators and the owners of 100% working interest in Bentu Block PSC, Korinci Baru Block PSC, Sungai Gelam Block TAC, and Semberah Block TAC. Costa owns a 50% working interest in Gebang Block PSC and has significant authorities in the operational activity within the Joint Operating Body (JOB), in which Pertamina acts as the operator.

b. Trade receivables of MAM to THP's subsidiaries, which were based on the restructuring and debt acknowledgment agreement of MAM and THP's subsidiaries amounting to US$ 33,497,199 or equivalent to Rp 348,203,383,605 (full amount).

Both of the transactions will only be in effect if the following conditions have been fulfilled:

- Approval from the Company's Extraordinary Shareholders' Meeting.

- Completion of the Company's Right Issue I.

- Completion of the due diligence process conducted by Hadiputranto, Hadinoto & Partners (Independent Lawyer Consultant office appointed by the Company) on the THP and Subsidiaries.

- Approval from THP and subsidiaries' creditors (if any).

The Company's Extraordinary General Meeting of Shareholders (EGMS) on December 22, 2005 approved the acquisition of all MAM's shareholding in THP and MAM's trade receivables from THP's subsidiaries.

On January 25, 2006, the Company has completed the Rights Issue I.

The acquisition represents transaction of entities under common control, it was therefore accounted for as restructuring transactions of entities under common control in accordance with PSAK No. 38 (see Note 3).

The acquisition became effective on January 25, 2006.

4. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

b. Energi Mega Persada Finance B.V.

On November 21, 2005, the Company acquired 100% equity interest of Stijna Belastingadviseurs B.V., a company incorporated in Amsterdam - The Netherlands from a third party. On the same day Stijna Belastingadviseurs B.V., changed its name to Energi Mega Persada Finance B.V. (EMP Finance). The acquisition cost was Euro 24,600 and because the difference between this purchase price and the net assets value of EMP Finance's shares, which amounted to Euro 6,600, was not material, this difference was recorded as loss in the current year. This acquisition was recorded using the purchase method.

c. Malacca Brantas Finance B.V.

On May 23, 2005, the Company acquired 100% equity interest of A. Bohl Vastgoed B.V., a company incorporated in Amsterdam - The Netherlands, from a third party. On June 24, 2005, A Bohl Vastgoed B.V. changed its name to Malacca Brantas Finance B.V. (MBF). The acquisition cost was Euro 24,600 and because the difference between this purchase price and the net assets value of MBF's shares, which amounted to Euro 6,600, was not material, this difference was recorded as loss in the current year. This acquisition was recorded using the purchase method.

d. ITA, PAN, KEL and EMP Inc.

In 2004, the Company acquired equity interests in PT Imbang Tata Alam (ITA) (96%), Pan Asia Ltd. (PAN), Hong Kong (99.99%), Kalila Energy Ltd. (KEL), Hong Kong (99.99%) and Energi Mega Pratama Inc. (EMP, Inc.), British Virgin Islands (100%), from entities under common control. ITA, PAN and KEL were acquired on February 27, 2004, April 19, 2004, and May 6, 2004, respectively, before the Company's initial public offering of its shares. The acquisition of EMP Inc., which was made on November 8, 2004 had been approved by independent stockholders on September 30, 2004 as stated in the Extraordinary Meeting of independent stockholders of the Company.

Before the Company acquired EMP Inc., a Subsidiary incorporated in the British Virgin Islands, on August 4, 2004, EMP Inc. acquired 100% shares of BP Exploration (Kangean) Ltd. and BP Kangean Ltd. from British Petroleum (BP). Combined, the two companies have a 100% working interest in the Kangean Block. Acquisition cost of these companies amounted to US$ 97.79 million. Based on the fair value assessment performed by an independent appraiser, the fair value of the purchased companies ranged from US$ 79.59 million to US$ 156.76 million, subject to whether the Kangean PSC could be extended or not. Subsequently, the Subsidiaries obtained the extension of the Kangean PSC until 2030. BP Exploration (Kangean) Ltd. and BP Kangean Ltd. have subsequently changed their names to EMP Exploration (Kangean) Ltd. and EMP Kangean Ltd, respectively.

The acquisitions of EMP Exploration (Kangean) Ltd. and EMP Kangean Ltd. were recorded by EMP Inc. using the purchase method. Fair values of net assets of these acquired companies were, accordingly, stated at acquisition costs while the differences between the net book value and their fair values were attributed to oil and gas properties. Details of the fair values of net assets as of the acquisition dates are as follows:

(Figures in Rupiah expressed in thousands, unless otherwise stated)

4. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

	EMP Exploration (Kangean) Ltd.	EMP Kangean Ltd.	Total
Cash on hand and in banks	-	6,383,135	6,383,135
Trade receivables	4,293,696	7,041,688	11,335,384
Inventories	395,772	593,658	989,430
Due from related parties	168,107	-	168,107
Deferred tax assets	-	3,289,723	3,289,723
Oil and gas properties	68,663,525	80,405,923	149,069,448
Right to reimburse prior years dividend tax	14,062,507	7,982,171	22,044,678
Taxes payable	(3,800,755)	(5,667,465)	(9,468,220)
Accrued expenses	(253,252)	(343,941)	(597,193)
Deferred tax liabilities	(6,266,751)	-	(6,266,751)
Due to related parties	(21,876,791)	(32,092,365)	(53,969,156)
Prior years dividend taxes payable	(14,062,507)	(7,982,171)	(22,044,678)
Other payables	(692,162)	(936,457)	(1,628,619)
Employee benefits obligation	(1,515,456)	-	(1,515,456)
Fair Value of Net Assets	39,115,933	58,673,899	97,789,832

The acquisition cost was financed by EMP Inc. through loans obtained from Capital Management Asia, Pte. Ltd. (CMA) and Credit Suisse (CS) (formerly Credit Suisse First Boston/CSFB), Singapore (see Notes 15 and 19).

At the time of the acquisition, these Subsidiaries had recorded dividend tax payable and penalties amounting to US$ 22,044,678. Based on the sales and purchase agreement, EMP Inc. has a right to reimbursement from BP for the payment of the tax payable if this is paid by EMP Inc. EMP Inc. recognized this right to reimbursement as an identifiable asset and thus accordingly included it in the value of the acquired net assets.

5. CASH AND CASH EQUIVALENTS

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Cash on hand	169,291	1,237,025	395,592	215,697
Cash in banks				
Rupiah				
Citibank N.A.	24,481,249	684,225	840,453	5,268,100
Hongkong Shanghai Bank Corporation	3,689,076	25,000	-	-
PT Bank Negara Indonesia (Persero) Tbk	2,073,429	13,908,287	795,614	1,680,142

(Figures in Rupiah expressed in thousands, unless otherwise stated)

5. CASH AND CASH EQUIVALENTS *(Continued)*

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
PT Bank Mandiri (Persero) Tbk	1,876,060	874,832	583,381	399,802
PT Bank International Indonesia Tbk	808,730	5,641,046	284,807	-
PT Bank Pan Indonesia Tbk	391,550	894,557	115,456	27,291
PT Bank Mega Tbk	370,087	126,750	139,853	-
PT Bank Syariah Mandiri	218,014	6,030,734	-	-
Deutsche Bank	53,889	58,595	-	-
PT Bank Central Asia Tbk	13,843	32,822	-	268,798
PT Bank Resonia Perdania	4,592	4,970	485,588	686
Standard Chartered Bank	4,307	4,995	5,936	-
PT Bank Permata Tbk	2,320	2,423	-	-
PT Bank Danamon Indonesia Tbk	-	489	33,156	641,197
PT Bank Global	-	-	18,961	52,678
	33,987,146	28,289,725	3,303,205	8,338,694
United States Dollar				
PT Bank Mega Tbk	514,258,143	26,284,558	726,250	-
Citibank N.A.	99,894,358	90,235,386	6,421,188	12,281,919
Credit Suisse, Singapura	20,283,378	-	-	-
PT Bank Negara Indonesia (Persero) Tbk	6,262,405	28,519,724	3,379,804	213,318
PT Bank International Indonesia Tbk	3,668,045	8,072,899	1,545,895	62,463
PT Bank Resonia Perdania	3,528,306	7,022,925	2,211,234	1,444,010
PT Bank Mandiri (Persero) Tbk	2,664,103	12,041,840	2,432,020	1,317,569
PT Bank Syariah Mandiri	2,541,363	-	-	-
Fortis Bank	397,072	47,275,079	-	-
Standard Chartered Bank	73,885	80,346	383,946	39,726
Deutsche Bank, AG	48,758	49,688	-	-
Hongkong Shanghai Bank Corporation	23,123	25,738	-	-
PT Bank Danamon Indonesia Tbk	-	-	874,988	194,187
PT Bank Central Asia Tbk	-	-	51,030	-
	653,642,939	219,608,183	18,026,355	15,553,192
Hongkong Dollar				
Citibank N.A.	46,538	50,410	5,091	35,824
Euro				
Fortis Bank	88,848	127,851	-	-
Time Deposits				
PT Bank Central Asia Tbk	550,187,842	-	-	-
Fortis Bank	43,469,252	-	-	-
PT Bank Mega Tbk	9,500,000	-	-	-
PT Bank Mandiri (Persero) Tbk	5,000,000	4,999,995	-	-
Others	-	-	-	423,250
	608,157,094	4,999,995	-	423,250
Other Investment				
PT Danatama Makmur	-	68,810,000	-	-
Total	1,296,091,856	323,123,189	21,730,243	24,566,657

(Figures in Rupiah expressed in thousands, unless otherwise stated)

5. CASH AND CASH EQUIVALENTS *(Continued)*

Other investment represents fund placement that is managed by PT Danatama Makmur (Danatama) as investment manager based on the management fund agreement signed between EMP Inc. and Danatama on December 9, 2005. The fund balance as of December 31, 2005 amounted to US$ 7 million. The maximum period of the investments ranged from between one (1) week to three (3) months and the interest rate yield was 7% per annum. All of this investment was settled on January 20, 2006.

6. TRADE RECEIVABLES

This account consists of:

a. By Debtor - Third Parties

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Local debtors				
BPMIGAS and Pertamina	69,952,588	89,121,484	45,108,747	20,107,549
PT Perusahaan Gas Negara (Persero) Tbk	34,444,569	26,110,655	34,573,952	18,189,448
PT Petrokimia Gresik	29,354,988	55,006,516	22,563,069	-
PT Perusahaan Listrik Negara (Persero)	24,636,590	27,905,853	9,901,654	-
Others	-	-	-	658,417
Foreign debtors				
Petro Diamond Co. Ltd.	230,302,744	-	-	-
BP Singapore Pte. Ltd.	-	66,513,605	-	-
Itochu Petroleum Co. (S) Pte. Ltd.	-	21,845,749	170,118	15,863,359
Total	388,691,479	286,503,862	112,317,540	54,818,773

b. By Age Category

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Up to 30 days	227,684,191	213,949,220	93,915,183	4,164,204
Over 31 - 60 days	128,349,101	44,614,025	13,055,209	34,573,261
Over 60 days	32,658,187	27,940,617	5,347,148	16,081,308
Total	388,691,479	286,503,862	112,317,540	54,818,773

All trade receivables are in US Dollar. The Company and its Subsidiaries did not provide any allowance for doubtful accounts as the management believes that the trade receivables are fully collectible.

Receivables from Subsidiaries as of March 31, 2006, are pledged as collateral for the long-term loans (see Note 19).

(Figures in Rupiah expressed in thousands, unless otherwise stated)

7. OTHER RECEIVABLES

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Reimbursable Value Added Tax	167,789,710	156,763,277	55,855,326	25,022,167
Advance to BPMIGAS and Pertamina	76,488,238	-	77,388,598	573,148
Paceworks International Ltd.	61,372,846	66,478,796	-	-
Loan to employees	27,962,874	30,742,743	13,592,893	1,873,042
Receivable from suppliers	25,928,777	43,201,000	36,962,457	8,844,579
Overhead receivables from PSC participants	4,941,783	16,822,033	11,293,834	3,120,318
Interest	4,231,402	-	1,820,000	-
Others	27,204,843	14,426,692	35,754,758	3,598,870
Total	395,920,473	328,434,541	232,667,886	43,032,124
Allowance for doubtful accounts	75,676,534	9,953,768	82,983,380	2,549,379
Total	320,243,939	318,480,773	149,684,486	40,482,745

Reimbursable Value Added Tax represents value added tax that has been paid by Subsidiaries which is reimbursable from BPMIGAS or Pertamina in accordance with the terms of PSC and TAC agreement.

Advance to BPMIGAS and Pertamina represents advance for financing of expenditures of BPMIGAS and Pertamina in assisting and expediting Subsidiaries' work program. The advance is in accordance with PSC and TAC agreements.

Paceworks International Ltd. (PI) is a company that assists MBF in general financial strategy and planning activity for obtaining capital expenditure funds (fund raising). Receivable from PI represents a portion of funds originating from a loan by Merrill Lynch, which was temporarily transferred to PI in line with its capacity as financial advisory in accordance with the agreement between PI and MBF (see Note 32d).

8. INVENTORIES

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Spare-parts	370,737,746	341,107,281	114,485,993	61,131,775
Fuel	6,881,387	8,977,188	4,011,794	2,941,401
Chemicals	4,999,147	4,107,089	3,362,943	1,335,075
Total	382,618,280	354,191,558	121,860,730	65,408,251

Inventories were insured in an insurance package with Oil and Gas Properties (see Note 13).

Based on the evaluation of the inventory condition at end of the period, management believes that no allowance for obsolete and slow-moving inventories was required.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

9. PREPAID EXPENSES AND ADVANCES

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Prepaid expenses				
Rental	10,238,779	9,971,625	3,674,148	1,787,136
Insurance	956,262	1,182,682	348,774	112,937
Service charge	714,535	424,277	-	-
Advances				
Project	201,375,616	107,444,794	15,508,256	8,730,634
Employees	1,354,232	3,904,295	1,597,536	-
Others	10,524,860	6,097,402	647,500	2,348,796
Total	225,164,284	129,025,075	21,776,214	12,979,503

Project advance represents advance for drilling services in Kangean PSC and Malacca PSC to suppliers.

10. DEFERRED RIGHTS ISSUE I COST

This account represents deferred Rights Issue I cost, which was completed on January 25, 2006 (see Note 1). The cost was subsequently recorded as deduction from additional paid-in capital.

11. DUE FROM / TO RELATED PARTIES

Due from Related Parties

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
PT Energi Timur Jauh (ETJ)	365,337,693	429,882,919	-	7,193,794
PT Kalila Energi Hijau	76,552	-	10,439,284	-
PT Raja Lampung Persada	-	-	23,225,000	-
PT Bakrie Capital Indonesia	-	-	12,354,474	-
PT Ladinda Petroindo (Ladinda)	-	-	8,707,089	12,990,626
Luxuriace Asset	-	-	1,858,000	-
Asian Worldwide Group Ltd.	-	-	954,761	-
PT Gunung Latimojong	-	-	929,000	-
PT Insani Bina Perkasa	-	-	-	36,726,241
PT Mitrasani Lestari Nusa	-	-	-	8,828,242
PT Energitama Abdi Nusa	-	-	-	2,537,502
PT Panca Citra Abadi	-	-	-	497,954
Others	11,377	1,018,121	958,618	1,870,322
Total	365,425,622	430,901,040	59,426,226	70,644,681

(Figures in Rupiah expressed in thousands, unless otherwise stated)

11. DUE FROM / TO RELATED PARTIES *(Continued)*

Due from ETJ represents advances made based on the agreement dated August 1, 1998 (see Note 32c). Out of the funds advanced to ETJ, an amount of US$ 28 million was paid by KPSA to ETJ for the settlement of the loan obtained by PT Ladinda Petroindo (Ladinda) from PT Bank International Indonesia Tbk. The loan was made available to finance the development in Brantas PSC by LBI, a Subsidiary and is guaranteed by LBI's working interest in the Brantas Block.

Due to Related Parties

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
PT Brantas Indonesia (BI)	176,115,238	190,767,250	188,190,670	348,739,115
PT Kondur Indonesia (KI)	175,171,627	190,222,034	6,773,692	253,652,277
Asian Worldwide Group Ltd.	41,690,782	45,171,563	-	-
Global Overseas Enterprise	16,789,521	18,199,675	68,950	-
PT Mitra Andalan Mandiri (MAM)	950,597	329,729,663	42,795,110	-
PT Hartindo Adhi Kencana	7,614	-	122,564,029	225,976,764
PT Mitrasani Lestari Nusa	-	6,055	1,398,935	-
PT Energi Timur Jauh (ETJ)	-	-	152,842,573	-
Kalila (Bentu) Operator Pty. Ltd.	-	-	107,689,884	93,560,039
Kalila (Bentu) Pty. Ltd.	-	-	90,498,646	78,132,737
Semberani Persada Oil HK	-	-	65,803,318	55,727,144
Kalila (Korinci Baru) Operator Pty. Ltd.	-	-	39,252,294	27,413,124
Kalila (Korinci Baru) Pty. Ltd.	-	-	33,429,545	22,820,658
Others	151,299	411,710	139,574	1,589,741
Total	410,876,678	774,507,950	851,447,220	1,107,611,599

Amounts due to BI and KI, Company's stockholders, represent net of due from and due to related parties that were transferred in 2004 and 2003 in accordance with the acquisition of Subsidiaries under common control.

Due to Asian Worldwide Group Ltd. and Global Overseas Enterprise Ltd. represents payables from taking over the working interest in Bentu PSC and Korinci Baru PSC from Petroz Korinci Baru Ldc. and Petroz Bentu Ldc. on August 7, 2005.

Based on the restated consolidated financial statements as of December 31, 2005, the Company has payables to MAM from taking over the liability of THP's subsidiaries based on the restructuring and debt acknowledgment agreement (see Note 4).

Based on the restated consolidated financial statements, as of December 31, 2005 the Company had payables to ETJ amounting to Rp 152.8 billion. The payables represent costs paid by ETJ that were allocated to KPSA and THP's subsidiaries in accordance with the function of ETJ as cash manager. Due to and due from ETJ is presented net in the consolidated financial statements.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

12. RESTRICTED TIME DEPOSITS

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Credit Suisse, Singapore (CS)	113,278,742	103,439,505	67,823,810	-
Bank of New York, Singapore	52,016,150	97,475,720	-	-
PT Bank Mandiri (Persero) Tbk	-	-	4,999,998	696,052
Others	-	-	464,500	-
Total	165,294,892	200,915,225	73,288,308	696,052

Time deposits in CS, represents placement of time deposits pursuant to the Cash and Account Management Agreement (CAMA) between EMP Inc., a Subsidiary, and CS, which will serve as collateral for the loan obtained from CS on May 19, 2005 (see Note 19). Time deposits mature on a monthly basis and earn interest at a rate of LIBOR less 0.25%, or zero, whichever is higher.

Time deposits in Bank of New York, Singapore represents placement of time deposits pursuant to the CAMA between MBF, LBI, KPSA and ITA with Bank of New York, Singapore to serve as collateral for credit facility received from Merrill Lynch on July 27, 2005 (see Note 19). Time deposits mature on a quarterly basis and earn interest at a rate equal to LIBOR.

13. OIL AND GAS PROPERTIES

This account consists of:

	2006					
	January 1	Acquisition	Additions	Deductions	Translation Adjustments	March 31
Cost	4,832,562,487	-	883,236,101	-	(543,695,635)	5,172,102,953
Accumulated depreciation, depletion and amortization	1,045,884,801	-	73,390,761	-	178,012,507	1,297,288,069
Net Book Value	3,786,677,686					3,874,814,884

	2005 (As restated – see Note 3)					
	January 1	Acquisition	Additions	Deductions	Translation Adjustments	December 31
Cost	3,175,333,610	-	1,467,593,147	-	189,635,730	4,832,562,487
Accumulated depreciation, depletion and amortization	545,012,711	-	410,968,484	-	89,903,606	1,045,884,801
Net Book Value	2,630,320,899					3,786,677,686

(Figures in Rupiah expressed in thousands, unless otherwise stated)

13. OIL AND GAS PROPERTIES *(Continued)*

	2004 (As restated - see Note 3)					
	January 1	Acquisition	Additions	Deductions	Translation Adjustments	December 31
Cost	1,172,419,746	1,330,892,031	494,527,776	10,700,137	188,194,194	3,175,333,610
Accumulated depreciation, depletion and amortization	324,802,456	-	205,090,495	32,468,172	47,587,932	545,012,711
Net Book Value	847,617,290					2,630,320,899

	2003 (As restated - see Note 3)					
	January 1	Acquisition	Additions	Deductions	Translation Adjustments	December 31
Cost	1,097,116,460	60,712,503	480,629,970	405,752,031	(60,287,156)	1,172,419,746
Accumulated depreciation, depletion and amortization	426,953,015	-	95,317,251	176,939,441	(20,528,369)	324,802,456
Net Book Value	670,163,445					847,617,290

Depreciation, depletion and amortization for the three-month period ended March 31, 2006 and the years ended December 31, 2005, 2004 and 2003, of Rp 73,390,761, Rp 410,968,484, Rp 205,090,495 and Rp 95,317,251, respectively, were charged to cost of goods sold (see Note 24).

In 2006 and 2005, the additions consisted of costs of development and exploration and capitalization of borrowing cost of the Credit Suisse, Singapore, loan obtained on May 19, 2005 amounting to US$ 7 million and US$ 27.4 million, respectively to finance the development of Kangean PSC (see Note 19).

In 2004, the acquisitions principally consisted of the oil and gas properties of the newly acquired Subsidiaries, ITA, KEL and EMP Inc., totaling US$ 149.1 million, while the addition represents costs of development and exploration amounting to US$ 34.6 million.

In 2003, the additions consisted of development and exploration of the oil and gas properties amounting to US$ 9.6 million and the acquisition of the newly acquired Subsidiary, RHI totaling US$ 5.9 million.

Company and Subsidiaries' management believes that there is no indication of impairment of oil and gas properties.

The oil and gas properties, as well as inventories were insured with several insurance companies, third party, against risk of loss and damage. As of March 31, 2006 and December 31, 2005, total sums insured were US$ 321,682,669, and as of December 31, 2004 and 2003, total sums insured were US$ 256,546,699 and US$ 229,783,343, respectively (see Note 8). The Company and Subsidiaries' management believes that these sums are adequate to cover the possibilities of loss on insured assets.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

14. OTHER ASSETS

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Security deposits	16,397,476	17,760,159	3,851,378	2,727,525
Post employment fund	6,966,318	9,317,744	5,954,323	1,839,064
Employees' cooperative	-	-	4,262,458	-
Others	18,633,068	2,962,576	4,075,953	3,055,194
Total	41,996,862	30,040,479	18,144,112	7,621,783

15. SHORT-TERM LOAN

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Capital Manager Asia Pte. Ltd. (CMA)	-	-	124,336,487	-
Suisse Charter Investment	-	-	15,793,000	-
Total	-	-	140,129,487	-

On August 4, 2004, EMP Inc. obtained an unsecured short-term loan from Capital Management Asia Pte. Ltd., a related party, to finance the acquisition of 100% shares in BP Exploration (Kangean) Ltd. and BP Kangean Ltd amounting to US$ 14.85 million. The loan bears interest rate at 15.5% per annum, which was initially due in three (3) months after loan availability could be extended up to a maximum of three (3) years.

On November 3, 2004, EMP Inc. obtained a loan from Suisse Charter Investment amounting to US$ 3 million with interest rate at 8.25% per annum. The loan was due on February 11, 2005. In 2004, EMP Inc. partially paid US$ 1.3 million of the loan balance.

Both loans were fully paid in 2005.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

16. TRADE PAYABLES

This account consists of:

a. By Creditors

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Third parties				
PT Jaya Karya Utama	59,656,694	-	83,692,855	45,471,675
PT Duta Energi Semesta	14,084,937	-	1,149,805	-
PT Kriya Eka Tama	8,703,112	-	3,053,744	231,729
PT Dahana (Persero)	7,786,722	-	-	-
PT Baruna Raya Logistic Inc.	6,991,153	606,031	-	-
PT Dowell Anadrill Schlumberger	5,265,666	431,774	911,860	-
PT Sillo Maritime Perdana	5,190,207	-	-	-
PT Kutilang Paksi Mas	5,098,693	-	-	-
PT Imeco Inter Sarana	5,095,948	189,852	-	3,623
Jsl Jet Drilling	4,908,119	20,077,293	-	-
Promatcon Tepatguna-Aquanur Sinergindo	4,614,930	-	-	-
PT Perdana Karya	3,350,878	898,210	1,084,366	-
PT Daya Alam Tehnik Inti	2,967,762	4,484,855	-	-
PT Halliburton Logging Service Indonesia	2,659,001	418,470	1,100,493	419,449
PT Pelita Air Service	2,380,606	-	-	-
PT Patra Drilling Contractor	1,536,028	-	-	-
PT Oaktech Nusantara	1,481,494	-	-	-
PT Calmarine	1,410,385	-	-	-
PT Dwi Prima Sembada	1,403,939	-	-	-
CV Aqua Terra Supplindo	1,236,704	-	-	-
PT Geoprolog Intiwijaya	1,149,485	-	1,857,099	-
PT Prima Hidrokarbon Internusa	1,106,783	-	-	-
PT Jaya Wijaya Raya	944,279	-	8,127,849	303,695
PT Indoturbine	625,227	2,467,350	-	-
PT Sanggar Cipta Kreasitama	584,337	283,051	1,233,842	-
PT Supraco Indonesia	422,904	1,292,322	-	-
PT Universal Respati Turbine Eng.	209,364	-	-	1,907,308
Exxonmobil Oil Indonesia Inc.	-	23,381,786	-	-
PT Singgar Mulia	-	4,218,669	-	-
PT Halliburton Indonesia	-	3,534,314	-	-
PT Maroci Line	-	2,316,322	-	-
Blue Sapphire Services Limited	-	1,284,372	-	-
PT Urawa Rekayasa Mandiri	-	1,156,008	-	-
PT Schlumberger Geophysics Nusantara	-	564,529	4,035,251	4,580,282
PT Patra Dinamika	-	-	2,537,322	-
PT Airfast Indonesia	-	-	1,075,903	-
Pertamina Trading Ltd.	-	-	-	23,358,804
PT Mitrasani Lestarinusa	-	-	-	1,214,626
Others (below Rp 1 billion each)	157,467,455	198,909,793	32,499,817	10,178,918
Total	308,332,812	266,515,001	142,360,206	87,670,109

(Figures in Rupiah expressed in thousands, unless otherwise stated)

16. TRADE PAYABLES *(Continued)*

b. By Age Category

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Up to 30 days	135,289,325	137,518,146	41,772,846	34,052,122
Over 31 - 60 days	72,880,124	6,358,813	3,447,743	8,812
Over 60 days	100,163,363	122,638,042	97,139,617	53,609,175
Total	308,332,812	266,515,001	142,360,206	87,670,109

c. By Currency

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
US Dollar	293,770,553	251,392,271	131,982,343	84,923,919
Rupiah	14,562,259	15,122,730	10,377,863	2,746,190
Total	308,332,812	266,515,001	142,360,206	87,670,109

Credit terms for the purchase of goods and services, both from local and foreign suppliers, ranges between 30 - 90 days.

17. OTHER PAYABLES

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Take or pay	8,598,727	14,016,952	28,887,236	-
Interests	4,083,750	47,475,614	7,396,999	7,013,133
Over-lifting	29,530	-	3,190,651	966,517
Commission	-	4,423,500	-	-
Marketing agent	-	-	-	13,956,660
Others	19,656,739	-	19,168,977	24,983,237
Total	32,368,746	65,916,066	58,643,863	46,919,547

Take or pay liabilities represents payments received by EEKL and EKL from PT Perusahaan Gas Negara (Persero) Tbk (PGN) in 1999 and 2000 arising from under-lifting of natural gas volumes based on the provision of the gas sales agreement between EEKL, EKL and PGN. Since 2005 such liabilities were paid through deduction of the invoice amount EEKL and EKL to PGN.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

17. OTHER PAYABLES *(Continued)*

Interests payable mostly represent accrued interest on loan of Semco, a Subsidiary, from PT Danatama Makmur, PT Bakrie Investindo and PT Bakrie Capital Indonesia. The principal of loan has been transferred to PT Hartindo Adi Kencana, whereas based on the restructuring and debt acknowledgement agreement, the loan was taken over by MAM.

Commission payable represents liability to Merrill Lynch on its credit facilities to MBF (see Note 19).

Over-lifting represents liability to BPMIGAS and Pertamina on differences between lifting of oil and gas and the Subsidiaries' entitlement.

18. ACCRUED EXPENSES

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Drilling	143,388,644	121,041,128	19,287,043	9,262,781
Production	46,834,504	166,103,383	14,044,092	4,911,068
Interest and financing charge	46,593,803	40,992,784	48,212,443	14,848,973
Support cost	43,744,101	48,894,125	30,259,448	5,350,802
Project	8,556,806	5,698,971	1,977,655	1,149,792
Geological and geophysical	4,748,702	5,514,421	2,684,671	-
Employee salaries and benefits	1,351,196	5,168,821	14,988,365	1,467,616
Professional fee	1,177,751	1,191,093	2,639,897	986,421
Others	538,286	3,552,833	2,385,149	8,104,715
Total	296,933,793	398,157,559	136,478,763	46,082,168

Accrued production and drilling represents expenditure for development of oil and gas facilities and integrated drilling service and offshore drilling in Rancak, Ngimbang and Sepanjang areas in the Kangean Block.

19. LONG-TERM LOANS

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Credit Suisse (US$ 327.75 million in 2006, US$ 225.75 million in 2005 and US$ 85.35 million in 2004)	2,974,331,250	2,219,122,500	792,901,453	-
Merrill Lynch (US$ 120 million)	1,088,999,996	1,179,599,995	-	-
PT Bank Niaga Tbk	1,763,470	1,844,052	-	-
PT Bank Permata Tbk	484,608	547,757	-	-

(Figures in Rupiah expressed in thousands, unless otherwise stated)

19. LONG-TERM LOANS *(Continued)*

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
PT Bank Mandiri (Persero) Tbk (US$ 27.69 million in 2004 and US$ 10.88 million in 2003)	-	-	257,284,042	92,099,200
PT Batasa Capital	-	-	-	90,052,736
Total	4,065,579,324	3,401,114,304	1,050,185,495	182,151,936
Less current maturities	239,353,125	259,353,452	242,933,416	57,723,868
Long-term Loans - Net	3,826,226,199	3,141,760,852	807,252,079	124,428,068

Credit Suisse, Singapore (CS)

On August 3, 2004, EMP Inc. obtained a credit facility from CS amounting to US$ 95 million to finance the acquisition of 100% shares in BP Exploration (Kangean) Ltd. and BP Kangean Ltd. (see Note 4). The loan is secured by the receivables (see Note 6) and shares of EMP Inc. and bears interest at 6% above LIBOR per annum and shall be payable in 60 monthly installments commencing from the date of its availability.

On March 31, 2006, loan from CS that consists of loans obtained by EMP Inc. and Semco amounting to US$ 275,000,000 and US$ 52,750,000, respectively.

On May 19, 2005, EMP Inc. entered into another credit facility agreement with CS, whereby CS agreed to provide a maximum US$ 275 million loan, of which US$ 78.5 million was used to settle the outstanding balance of the existing CS facility, and the remaining US$ 196.5 million was used to finance the development of Kangean PSC. The loan bears interest at 7% above LIBOR per annum and is secured by the entire EMP Inc. shares, EMP Exploration (Kangean Ltd.) shares, EMP Kangean Ltd. shares, receivables, and sales contract of EMP Inc.'s oil and gas. The loan is due in 5 years with a 3-year grace period.

The credit facility is divided into the following 4 drawdowns:

Drawdown	Date		Amount (full amount)
First	June 20, 2005	US$	115,000,000
Second	September 30, 2005		60,000,000
Third	December 31, 2005		65,000,000
Fourth	March 31, 2006		35,000,000
		US$	275,000,000

Interest will be paid on a monthly basis within 60 months after the first drawdown has been made, and the principal repayment will be on a monthly basis within 24 months from the grace period.

The loan agreement relating to the above facility contains covenants that among others requires EMP Inc. to increase equity amount to US$ 60 million no later than 18 months after the first utilization date and to maintain certain financial ratios computed based on EMP Inc.'s financial statements.

19. LONG-TERM LOANS *(Continued)*

On October 27, 2005, Semco obtained a credit facility from CS amounting to US$ 52.75 million to be used as follows:

(1) repayment for the Semco's loan amounting to US$ 19 million obtained from PT Bank Mandiri (Persero) Tbk. and IMG's loan amounting to US$ 7.8 million obtained from PT Bank Syariah Mandiri;

(2) funding for capital expenditures for the Operating Companies (Korinci Baru, IMG, Semco and Costa) amounting to US$ 9 million; and

(3) funding for inter-company loan.

The loan bears interest at 5% above LIBOR for the first six (6) months, 7% above LIBOR for the following three (3) months and 9% above LIBOR up to maturity.

The loan period is three (3) years with two installments. The first installment is due on the sixth month and the second installment on the thirty-sixth month, both amounting to US$ 26,375,000.

Collateral used for this credit facility is as follows:

- THP and operation companies shares.
- Receivable of IMG and Semco.
- Work contract of Operating Companies.

<u>Merrill Lynch, Singapore</u>

On July 27, 2005, MBF obtained a credit facility, Equity Collateralized Leveraged Securities (ECOLES) that consists of Series A Notes & Series B Notes from Merrill Lynch, Singapore (as placing agent) amounting to US$ 120 million to be used as follows:

- payment for the LBI's loan to PMA Investment Advisory Ltd. and ITA's loan to PT Bank Mandiri (Persero) Tbk.;
- funding for the development and exploration of oil and gas fields in Malacca Straits Block and Brantas Block; and
- funding for the operations of ITA, LBI and KPSA.

Series A Notes of US$ 25 million and Series B Notes US$ 95 million bear interest at 8.5% above LIBOR and at 8% above LIBOR, respectively. Notes will mature on July 2, 2008 with three-monthly interest payment starting October 27, 2005.

Collaterals used for this credit facility are as follows:
- Corporate guarantees from ITA, LBI and KPSA.
- Stocks, directly or indirectly owned by the Company.
- Collection Accounts, Debt Service Account, and Reserve Account.
- Receivables of ITA, LBI and KPSA.
- Inter-company loan between MBF with ITA, LBI, KPSA.
- Proceeds of claim of insurance in reference to operational obstacles in Malacca Straits Block and Brantas Block.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

19. LONG-TERM LOANS *(Continued)*

MBF entered into Stock Appreciation Rights (SAR) agreement that includes a Call Option with the holders of Series B Notes. The call option will be paid in cash by MBF for the difference between the Settlement Price and the Company's basic share price (based on the weighted average price of shares during the 20 days prior to the issuance date of the notes).

Subsequently, MBF transferred the loan to ITA, LBI and KPSA based on an agreement signed by each party on July 27, 2005. The loan received by each Subsidiary was as follows:

Type of loan	ITA (US$)	LBI (US$)	KPSA (US$)	Total (US$)
Tranche A	5,632,045	12,624,490	6,743,466	25,000,001
Tranche B	21,401,769	47,973,060	25,625,170	94,999,999
Total	27,033,814	60,597,550	32,368,636	120,000,000

Certain terms and conditions applying to the loan obtained by ITA, LBI and KPSA were as follows:

a. Interest date and maturity date

Type of loan	Interest Rate	Maturity Date
Tranche A	LIBOR plus 8.5%	36 months from the date of the agreement
Tranche B	LIBOR plus 8.0%	36 months from the date of the agreement

b. Term of Repayment

The repayment will be executed in a single installment on the date of maturity.

<u>PT Bank Niaga Tbk</u>

In 2005, the Company obtained a credit facility from PT Bank Niaga Tbk. with a maximum amount of Rp 2.02 billion to be used for the purchase of Company's vehicles. The loan bears interest at 6.93% - 9.62% per annum and is collateralized by the vehicles. The loan will be paid on a 36-installment basis.

<u>PT Bank Permata Tbk</u>

On February 8, 2005, IMG obtained a credit facility from PT Bank Permata Tbk. for the purchase of Company's vehicles. The loan bears interest at 8.8% per annum over its 5-year period.

<u>PT Bank Mandiri (Persero) Tbk</u>

In 2002, ITA, a Subsidiary, obtained a credit facility from Bank Mandiri with maximum credit of US$ 12.25 million at an interest rate at 9% per annum, which was used to take over the working interests of Novus Petroleum in Block Malacca Straits. It is collateralized by the working interest of ITA and KPSA in the Malacca Straits Block, sales of oil of ITA and KPSA, and personal guarantees by Rennier Abdul Rachman Latief and Julianto Benhayudi. Based on the letter from PT Bank Mandiri (Persero) Tbk dated February 28, 2003, the maximum credit has been changed to US$ 11.88 million. The loan is paid on a three-monthly installment basis and will become due on December 31 2007. The outstanding loan as of December 31, 2004 and 2003 amounted to US$ 9,380,000 and US$ 10,880,000, respectively.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

19. LONG-TERM LOANS *(Continued)*

The loan has been fully paid, as ITA received loan from MBF BV on July 27, 2005.

In 2004, Semco, a Subsidiary, obtained an investment credit facility from Bank Mandiri with a maximum amount of US$ 21,000,000. The outstanding loan as of December 31, 2004 amounting to US$ 18,314,730. The loan was used to finance oil and gas drilling project in Semberah TAC Block, including its production facility.

The loan will be paid on a three-monthly installment basis starting from June 2005 and will be due in June 2008. The interest rate for the loan is 8.25% per annum.

The investment loan is collateralized by working interest, accounts receivables, corporate guarantee of Semco and PT Hartindo Adi Kencana, personal guarantee of Indra Usmansyah Bakrie and Rennier A.R. Latief and Semco's time deposits amounting to Rp 5 billion. The loan has been fully paid, as Semco obtained loan from CS on October 27, 2005.

PT Batasa Capital (Batasa)

Credit from Batasa represents due from IMG that was obtained by Batasa from the Indonesian Banking Restructuring Agency on May 26, 2003. Subsequently the receivable was transferred several times and the most recent was transferred to PT Mitra Andalan Mandiri (MAM) on December 3, 2004. On December 17, 2004, receivable amounting to Rp 43.7 billion was converted to capital stock in IMG. The remaining was transferred to the Company and was fully paid on January 25, 2006. The takeover of the loan was due to the acquisition of THP (See Note 4).

20. CAPITAL STOCK

Composition of the Company's stockholders and their respective shareholdings was as follows:

	March 31, 2006		
Name of Stockholder	Number of Shares (full amount)	Percentage of Ownership (%)	Total Paid-up Capital (Rp)
PT Kondur Indonesia	4,705,079,236	32.67	470,507,924
PT Brantas Indonesia	4,484,075,293	31.14	448,407,529
Rennier Abdul Rachman Latief	446,912,286	3.11	44,691,229
Julianto Benhayudi	314,488,667	2.18	31,448,867
Public (below 5%)	4,450,257,890	30.90	445,025,788
Total	14,400,813,372	100.00	1,440,081,337

(Figures in Rupiah expressed in thousands, unless otherwise stated)

20. CAPITAL STOCK *(Continued)*

	December 31, 2005		
Name of Stockholder	Number of Shares (full amount)	Percentage of Ownership (%)	Total Paid-up Capital (Rp)
PT Kondur Indonesia	2,886,355,362	30.41	288,635,536
PT Brantas Indonesia	1,893,780,980	19.95	189,378,098
UBS AG Singapore	800,726,388	8.44	80,072,639
Rennier Abdul Rachman Latief	446,912,286	4.71	44,691,229
Julianto Benhayudi	314,388,667	3.31	31,438,867
Public (below 5%)	3,149,281,494	33.18	314,928,149
Total	9,491,445,177	100.00	949,144,518

	December 31, 2004		
Name of Stockholder	Number of Shares (full amount)	Percentage of Ownership (%)	Total Paid-up Capital (Rp)
PT Kondur Indonesia	2,941,355,362	30.99	294,135,536
PT Brantas Indonesia	2,941,355,362	30.99	294,135,536
Julianto Benhayudi	314,388,667	3.31	31,438,867
Rennier Abdul Rachman Latief	446,912,286	4.71	44,691,229
Public:			
Above 5%			
Credit Suisse	1,400,000,000	14.75	140,000,000
Below 5%	1,447,433,500	15.25	144,743,350
Total	9,491,445,177	100.00	949,144,518

	December 31, 2003		
Name of Stockholder	Number of Shares (full amount)	Percentage of Ownership (%)	Total Paid-up Capital (Rp)
PT Energi Bumi Persada	1,002,888,889	49.95	100,288,889
PT Energi Daya Persada	1,002,888,889	49.95	100,288,889
Julianto Benhayudi	1,600,000	0.08	160,000
Rennier Abdul Rachman Latief	400,000	0.02	40,000
Total	2,007,777,778	100.00	200,777,778

20. CAPITAL STOCK *(Continued)*

Based on Extraordinary General Stockholders Meeting dated February 14, 2003, the stockholders decided to increase the authorized capital from Rp 500,000 to Rp 800,008,000, to change the nominal value of each share from Rp 1,000 to Rp 100 (full amount), and increase the issued and paid-up capital from Rp 200,000 to Rp 200,777,778, as stated in Deed No. 2 dated February 14, 2003 of Rita Imelda Ginting S.H., notary in Jakarta. The increase of issued and paid-up capital was done through the conversion of promissory notes and interest to KI (formerly EBP) and BI (formerly EDP) into shares amounting to Rp 100,288,889 each. The changes in the authorized capital were approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his decision letter No. C-05378.HT.01.04.TH.2004, dated March 4, 2004. The deed was accepted and recorded in the database of Administration System for Legal Entities Directorate General of Law Administration Department of Justice and Human Rights of the Republic of Indonesia No. C-UM.02.01.2758 dated March 11, 2004.

Based on Extraordinary General Stockhoders Meeting dated February 27, 2004, as stated in deed No. 25 dated March 17, 2004 of Lena Magdalena S.H., Notary in Jakarta, the stockholders approved the issue of 384,970,667 shares with nominal value of Rp 100 (full amount) per share by converting the Company's payable to Julianto Benhayudi and Rennier Abdul Rachman Latief amounting to Rp 31,278,867 and Rp 7,218,200, respectively.

Based on Extraordinary General Stockholders Meeting dated March 18, 2004 as stated in deed No. 36 dated March 25, 2004 of Lena Magdalena S.H., Notary in Jakarta, the stockholders approved the issue of 4,251,263,232 shares with nominal value of Rp 100 (full amount) per share by converting promissory notes of Rennier Abdul Rachman Latief, BI and KI amounting to Rp 37,433,029, Rp 193,846,647 and Rp 193,846,647, respectively.

Based on the Meeting Statement deed No. 40 dated March 30, 2004 of Lena Magdalena, S.H., Notary in Jakarta, the shareholders approved to:

- Increase the authorized capital of the Company to Rp 1,500,000,000,000 (full amount);
- Change the Company's status from a private company into a public company;
- Conduct a public offering through the capital market of 2,850,000,000 shares, being new shares issued;
- Delegate to the Company's Directors authority to conduct necessary actions in relation to the Initial Public Offering (IPO); and
- Change the Company's name from PT Energi Mega Persada to PT Energi Mega Persada Tbk.

The deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his decision letter No. C-08031 HT.01.04.TH.2004 dated April 2, 2004. The deed was accepted and recorded in the database of the Administration System for Legal Entities Directorate General of Law Administration Department of Justice and Human Rights of the Republic of Indonesia No. C-08309 HT.01.04.TH.2004 dated April 7, 2004.

On May 26, 2004, the Company obtained the effective notice from the Chairman of the Capital Market Supervisory Agency (Bapepam) regarding the public offering of 2,847,433,500 shares of the Company's stock with nominal value of Rp 100 (full amount) per share, which were offered at Rp 160 (full amount) per share.

Based on Extraordinary General Stockholders Meeting dated December 22, 2005, the shareholders of the Company approved the Right Issue I to the Company's shareholders in connection with the Exercise Rights of 4,909,368,195 shares with nominal value of Rp 100 (full amount) per share totaling, which was offered at Rp 770 (full amount) per share totalling Rp 3,780,213,510,150 (full amount). The Company has completed all the requirements for the Rights Issue I on January 25, 2006 (see Note 1).

(Figures in Rupiah expressed in thousands, unless otherwise stated)

21. ADDITIONAL PAID-IN CAPITAL

	2006		
	Excess of Price over Par Value of Shares	Issuance Cost of Shares	Amount
Issuance of 7,756,801,695 shares Through:			
Public offering - 2,847,433,500 shares	170,846,010	12,425,064	158,420,946
Right Issues I - 4,909,368,195 shares	3,289,276,690	92,948,408	3,196,328,282
Total	3,460,122,700	105,373,472	3,354,749,228

	2005 and 2004		
	Excess of Price over Par Value of Shares	Issuance Cost of Shares	Amount
Issuance of 2,847,433,500 shares Through:			
Public offering	170,846,010	12,425,064	158,420,946

22. DIFFERENCE IN VALUE FROM RESTRUCTURING TRANSACTIONS OF ENTITIES UNDER COMMON CONTROL

	2006		
	Net Book Value	Acquisition Cost	Difference in value from restructuring transactions of entities under common control
RHI Corporation	92,458,079	200,000,000	(107,541,921)
Kalila Energy Limited	(537,838,356)	1,000,000	(538,838,356)
Pan Asia Enterprise	10,891,647	74,800,000	(63,908,353)
PT Imbang Tata Alam	(43,635,241)	38,400,000	(82,035,241)
Energi Mega Pratama Inc.	238,407,446	239,420,000	(1,012,554)
PT Tunas Harapan Perkasa	16,449,550	2,599,869,500	(2,583,419,950)
Total	(223,266,875)	3,153,489,500	(3.376.756.375)

(Figures in Rupiah expressed in thousands, unless otherwise stated)

22. DIFFERENCE IN VALUE FROM RESTRUCTURING TRANSACTIONS OF ENTITIES UNDER COMMON CONTROL *(Continued)*

	2005 and 2004		
	Net Book Value	Acquisition Cost	Difference in value from restructuring transactions of entities under common control
RHI Corporation	92,458,079	200,000,000	(107,541,921)
Kalila Energy Limited	(537,838,356)	1,000,000	(538,838,356)
Pan Asia Enterprise	10,891,647	74,800,000	(63,908,353)
PT Imbang Tata Alam	(43,635,241)	38,400,000	(82,035,241)
Energi Mega Pratama Inc.	238,407,446	239,420,000	(1,012,554)
Total	(239,716,425)	553,620,000	(793,336,425)

	2003 (As restated - see Note 3)		
	Net Book Value	Acquisition Cost	Difference in value from restructuring transactions of entities under common control
RHI Corporation	92,458,079	200,000,000	(107,541,921)

23. NET SALES

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Petro Diamond Co. Ltd.	236,162,638	-	-	-
PT Perusahaan Gas Negara (Persero) Tbk	76,202,861	347,801,206	292,877,933	174,426,895
PT Petrokimia Gresik (Persero)	56,267,949	297,113,791	199,091,606	-
BPMIGAS and Pertamina	39,460,233	230,833,719	5,544,734	62,937,813
PT Perusahaan Listrik Negara (Persero)	25,739,895	69,734,264	49,098,920	-
Itochu Petroleum Co. (S) Pte. Ltd.	-	595,028,961	406,212,447	332,691,936
BP Singapore Pte. Ltd.	-	141,588,381	19,838,891	-
Total	433,833,576	1,682,100,322	972,664,531	570,056,644

Total sales in 2004 included sales of EMP Inc. for five (5) months from the acquisition date of EKL and EEKL amounting to US$ 20 million (see Note 4).

(Figures in Rupiah expressed in thousands, unless otherwise stated)

24. COST OF GOODS SOLD

This account consists of:

	March 31, 2006	December 31, 2005 (As restated - see Note 3)	December 31, 2004 (As restated - see Note 3)	December 31, 2003 (As restated - see Note 3)
Production	114,399,660	429,246,875	242,206,159	169,809,886
Depreciation, depletion and amortization (see Note 13)	73,390,761	410,968,484	205,090,495	95,317,251
Production support	60,749,762	267,589,749	151,381,025	61,908,111
Workover	10,094,787	54,423,727	32,027,200	34,456,243
Total	258,634,970	1,162,228,835	630,704,879	361,491,491

Total cost of goods sold in 2004 included cost of goods sold of EMP Inc. for five (5) months from the acquisition date of EKL and EEKL amounting to US$ 13 million (see Note 4).

25. OPERATING EXPENSES

This account consists of:

	March 31, 2006	December 31, 2005 (As restated - see Note 3)	December 31, 2004 (As restated - see Note 3)	December 31, 2003 (As restated - see Note 3)
General and administrative				
Professional fees	49,082,641	54,525,245	33,285,396	4,411,564
Salaries, allowances and employee benefits	28,713,855	58,989,816	25,435,527	12,419,075
Office expenses	5,307,540	13,038,346	16,378,222	2,720,641
Management service	5,073,324	2,058,428	36,991	12,477,062
Rental	2,368,903	12,080,423	1,250,782	1,212,908
Tax	2,003,099	9,688,045	1,732	1,890,960
Business trip	596,590	5,874,857	1,567,038	1,490,466
Representation and donation	494,452	4,497,338	5,872,250	3,046,924
Depreciation	474,553	1,429,878	-	-
Bank	200,878	2,387,026	191,021	65,285
Bad debt expenses	-	4,015,977	-	2,581,302
Others (below Rp 500 million)	2,779,395	14,607,354	9,434,307	21,967,944
Total	97,095,230	183,192,733	93,453,266	64,284,131

Total operating expenses in 2004 included operating expenses of EMP Inc. for five (5) months from the acquisition date of EKL and EEKL amounting to US$ 0.85 million (see Note 4).

(Figures in Rupiah expressed in thousands, unless otherwise stated)

26. OTHER INCOME (EXPENSES)

a. Financing Charges

This account consists of:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Interest on loan from related parties	4,085,774	5,624,013	1,613,192	-
Interests and financing charges on bank loans and financial institutions loan	30,905,318	235,161,472	59,430,469	19,612,849
Interest on early payment of sale of oil	-	1,394,774	1,964,892	
Others	3,123,202	7,325,007	28,454	-
Total	38,114,294	249,505,266	63,037,007	19,612,849

b. Income from Insurance Claim

On January 27, 2006, EKL and EEKL, Subsidiaries, received the insurance claim from PT Tugu Pratama Indonesia amounting to Rp 57,312,635 in relation to the damaged of pipeline in Pagerungan field, North Bali Sea in 2002.

27. TAXATION

a. Prepaid tax

This account represents Value Added Tax.

b. Tax payable

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Corporate income and dividend tax	65,263,042	66,763,107	101,875,459	29,124,586
Income tax				
Article 4 (2)	145,808	160,706	928,032	-
Article 21	6,220,301	8,423,787	5,017,287	1,360,664
Article 23	17,108,509	7,835,728	8,251,044	1,941,676
Article 26	5,099,720	8,176,612	-	-
Value Added Tax	56,298,646	45,206,895	4,968,960	5,691,138
Total	150,136,026	136,566,835	121,040,782	38,118,064

27. TAXATION *(Continued)*

KEL and PAN have 100% ownership in Lapindo Brantas Inc. (LBI), a Subsidiary that is located in Delaware, United States of America (USA). The Subsidiary has an obligation to calculate and pay its income taxes according to the tax regulation in the USA. LBI has not filed its 2004 and 2003 due to certain adjustments made in respect to operating expenses that were capitalized as deferred cost and amortization of the deferred cost. Through its independent tax consultants, LBI has calculated estimated income tax expense amounting to US$ 0.15 million, US$ 0.9 million, US$ 1.3 million and US$ 3.1 million as of March 31, 2006, December 31, 2005, 2004 and 2003 respectively. These amounts were included in the consolidated financial statements.

Since late 2000, EEKL and EKL have been registered as United Kingdom (UK) tax residents.

In 2003, EEKL and EKL recorded dividend tax at the rate of 10%, and recognized the under-provision of US$ 9,550,099 and US$ 5,476,627, respectively for the period from 1998 to 2002. An accrual of US$ 4,512,408 and US$ 2,801,372 for penalties in relation to the late payments of such dividend tax as of June 30, 2004 was recognized by EEKL and EKL, respectively. EEKL and EKL did not calculate any penalty for the period starting July 2004 to March 31, 2006 (see Note 4).

EEKL and EKL through its independent tax consultant calculated that the UK current tax liability for the three-month period ended March 31, 2006 as US$ 601.

EEKL and EKL recorded additional UK tax liability for the year 2004 in 2005 amounting to US$ 297 and US$ 12,303, respectively based on the tax consultant calculation.

EKL is registered with the USA Internal Revenue Service (IRS). USA tax payable is calculated by an independent tax consultant in accordance with the assumption of agreement of applicable USA tax laws from the IRS. Through its independent tax consultants, EKL has calculated estimated income tax expense amounting to US$ nil and US$ 132 in 2005 and 2004, respectively.

RHI has no taxable income, therefore the management believes that RHI has no tax liability as of March 31, 2006. RHI's independent tax consultant calculated RHI's related tax liability as applicable in Delaware, and the tax consultant estimated that RHI's USA tax liability for December 31, 2005, 2004 and 2003 amounted to US$ nil.

The independent tax consultants estimated the income tax of LBI, EKL and RHI by assuming that the US IRS would accept such recalculation. The estimated tax amount could be different, should the IRS disagree with such assumption and calculation.

MBF and EMP Finance are registered in the Netherlands.

MBF tax consultants calculated the current tax liability to be US$ nil as of March 31, 2006 and December 31, 2005.

EMP Finance has not yet started its operational activity, therefore the management believes that EMP Finance has no tax liability as of March 31, 2006. Based on the calculation of the Company's tax consultant, the estimated tax liability of EMP Finance as of December 31, 2005 was US$ nil.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

27. TAXATION *(Continued)*

c. Tax Benefit (Expense)

Details of tax benefit (expense) of the Company and its Subsidiaries were as follows:

	March 31, 2006	December 31, 2005 (As restated - see Note 3)	December 31, 2004 (As restated - see Note 3)	December 31, 2003 (As restated - see Note 3)
Current tax				
Subsidiaries	(16,172,533)	(53,519,047)	(97,828,649)	(44,057,824)
Deferred tax				
Subsidiaries	7,359,986	106,839,148	(54,323,389)	(66,925,371)
Company	44,691,479	15,133,606	2,449,673	(408,001)
Sub-Total	52,051,465	121,972,754	(51,873,716)	(67,333,372)
Total	35,878,932	68,453,707	(149,702,365)	(111,391,196)

d. Current Tax

Reconciliation between income before tax as shown in the consolidated statements of income and estimated fiscal losses for the three-month period ended March 31, 2006 and the years ended December 31, 2005, 2004 and 2003, calculated with the effective tax rate, were as follows:

	March 31, 2006	December 31, 2005 (As restated - see Note 3)	December 31, 2004 (As restated - see Note 3)	December 31, 2003 (As restated - see Note 3)
Income before income tax expense per consolidated statements of income	65,799,852	133,523,603	180,110,646	142,915,101
Deduct income of Subsidiaries before tax	(211,026,055)	(188,374,247)	(189,225,667)	(144,333,098)
Loss before estimated corporate income tax - Company	(145,226,192)	(54,850,644)	(9,115,021)	(1,417,997)
Timing differences				
Employee benefits	223,823	1,313,128	2,351,428	-
Permanent differences				
Representation and donation	222,809	1,950,046	1,370,645	57,992
Interest income already subjected to final tax	(4,676,385)	(29,853)	(497,415)	-
Others	708,170	2,485,098	76,214	-
	(3,745,406)	4,405,291	949,444	57,992
Estimated fiscal loss of the Company	(148,747,775)	(49,132,225)	(5,814,149)	(1,360,005)
Estimated cumulative fiscal losses beginning of year	(56,306,379)	(7,174,154)	(1,360,005)	-
Cumulative tax loss carried forward - Company	(205,054,154)	(56,306,379)	(7,174,154)	(1,360,005)

(Figures in Rupiah expressed in thousands, unless otherwise stated)

27. TAXATION *(Continued)*

e. Deferred Tax

The details of the Company and its Subsidiaries' deferred tax assets and liabilities were as follows:

	2006			
	January 1, 2006	Translation Adjustment Financial Statement	Credited (charged) to Statements of Income	March 31, 2006
Deferred Tax Assets				
Employee benefits	529,094	(165,485)	98,484	462,093
Fiscal loss	80,622,288	-	43,025,234	123,647,522
Depreciation, depletion and amortization	(120,320,521)	21,581,959	(38,310,462)	(137,049,024)
Non-capital inventory	(5,655,606)	122,459	(970,722)	(6,503,869)
Unrecoverable charges	217,429,493	(29,780,842)	86,897,334	274,545,985
Total	172,604,748	(8,241,909)	90,739,868	255,102,707
Deferred Tax Liabilities				
Employee benefits	5,115,030	(632,717)	539,628	5,021,941
Depreciation, depletion and amortization	(262,331,418)	21,380,281	(49,621,415)	(290,572,552)
Non-capital inventory	(40,591,221)	(936,141)	2,679,958	(38,847,404)
Unrecoverable charges	22,119,517	(2,447,314)	7,713,426	27,385,629
Total	(275,688,092)	17,364,109	(38,688,403)	(297,012,386)
Deferred tax benefit			52,051,465	

	2005 (As restated - see Note 3)			
	January 1, 2005	Translation Adjustment Financial Statement	Credited (charged) to Statements of Income	December 31, 2005
Deferred Tax Assets				
Employee benefits	7,216,323	(4,609,899)	(2,077,330)	529,094
Fiscal loss	65,882,620	-	14,739,668	80,622,288
Depreciation, depletion and amortization	(104,993,962)	(11,362,239)	(3,964,320)	(120,320,521)
Non-capital inventory	(5,631,225)	(10,731)	(13,650)	(5,655,606)
Unrecoverable charges	62,907,942	9,529,232	144,992,319	217,429,493
Total	25,381,698	(6,453,637)	153,676,687	172,604,748
Deferred Tax Liabilities				
Employee benefits	3,968,224	(457,998)	1,604,804	5,115,030
Depreciation, depletion and amortization	(220,543,262)	(12,677,344)	(29,110,812)	(262,331,418)
Non-capital inventory	(21,765,263)	3,989,977	(22,815,935)	(40,591,221)
Unrecoverable charges	-	3,501,507	18,618,010	22,119,517
Total	(238,340,301)	(5,643,858)	(31,703,933)	(275,688,092)
Deferred tax benefit			121,972,754	

(Figures in Rupiah expressed in thousands, unless otherwise stated)

27. TAXATION *(Continued)*

	2004 (As restated - see Note 3)				
	January 1, 2004	Translation Adjustment Financial Statement	Beginning Balance Acquisition	Credited (charged) to Statement of Income	December 31, 2004
Deferred Tax Assets					
Employee benefits	4,366,805	492,553	-	2,356,965	7,216,323
Fiscal loss	17,396,875	3,412,578	-	45,073,167	65,882,620
Depreciation, depletion and amortization	(61,994,028)	(7,482,082)	-	(35,517,852)	(104,993,962)
Non-capital inventory	(1,137,476)	(281,650)	-	(4,212,099)	(5,631,225)
Unrecoverable charges	93,511,535	7,566,005	-	(38,169,598)	62,907,942
Total	52,143,711	3,707,404	-	(30,469,417)	25,381,698
Deferred Tax Liabilities					
Employee benefits	1,919,109	259,560	5,989,518	(4,199,963)	3,968,224
Depreciation, depletion and amortization	(122,542,438)	(15,296,385)	(66,224,690)	(16,479,749)	(220,543,262)
Non-capital inventory	(18,876,316)	(1,880,529)	(594,025)	(414,393)	(21,765,263)
Letter of credit service	-	-	310,194	(310,194)	-
Total	(139,499,645)	(16,917,354)	(60,519,003)	(21,404,299)	(238,340,301)
Deferred tax expenses				(51,873,716)	

	2003 (As restated - see Note 3)			
	January 1, 2003	Translation Adjustment Financial Statement	Credited (charged) to Statements of Income	December 31, 2003
Deferred Tax Assets				
Employee benefits	3,469,274	(185,455)	1,082,986	4,366,805
Fiscal loss	4,368,352	(267,020)	13,295,543	17,396,875
Depreciation, depletion and amortization	(51,060,256)	2,732,996	(13,666,768)	(61,994,028)
Non-capital inventory	(1,440,484)	76,535	226,473	(1,137,476)
Unrecoverable charges	149,387,579	(7,937,267)	(47,938,777)	93,511,535
Total	104,724,465	(5,580,211)	(47,000,543)	52,143,711
Deferred Tax Liabilities				
Employee benefits	4,412,167	(206,141)	(2,286,917)	1,919,109
Depreciation, depletion and amortization	(110,892,761)	6,133,657	(17,783,334)	(122,542,438)
Non-capital inventory	(19,578,439)	964,702	(262,579)	(18,876,316)
Total	(126,059,033)	6,892,218	(20,332,830)	(139,499,645)
Deferred tax expenses			(67,333,373)	

(Figures in Rupiah expressed in thousands, unless otherwise stated)

28. BASIC EARNINGS PER SHARE

The computation of basic earnings per share is based on the following data:

Earnings

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Net earnings used for calculation (in full amount)	100,631,101,000	201,002,600,000	29,970,194,000	31,603,508,000

Number of shares

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Weighted average number of shares for the calculation of basic earnings per share	13,061,894,733	9,491,445,177	9,491,445,177	2,007,777,778
Basic earnings per share (in full amount)	7.70	21.18	3.16	15.74

The Company did not calculate diluted earnings per share since the Company has no shares that have a potential dilutive effect for the three-month period ended March 31, 2006, and the years ended December 31, 2005, 2004 and 2003.

29. PENSION PLANS AND EMPLOYEE BENEFITS

Pension plans and retirement benefit liabilities (assets) balances as of March 31, 2006, December 31, 2005 and 2004 were computed by an independent actuary in accordance with PSAK No. 24 (Revised 2004) regarding "Employee Benefits".

Pension Plans

The Company's Subsidiaries (KPSA and ITA) provide defined contribution pension plans covering all their permanent employees.

Pension plans are managed by PT Tugu Mandiri, the contribution amounting to 9% of employees' salary, of which 6% is paid by the Company and 3% by the employee.

Employee Benefits

The Company and its Subsidiaries provide post-employment benefits for all their permanent employees based on Employment Working Agreement/Company Policy. No funding has been made by the Company and its Subsidiaries, except by KPSA and ITA which funds are administrated and managed by the Board of Trustees Contribution Fund of the Strait Malacca Employees Foundation and Trust Fund Agreement with several banks.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

29. PENSION PLANS AND EMPLOYEE BENEFITS *(Continued)*

Amounts recognized in respect to these employee benefits are as follows:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Current service cost	2,785,914	8,585,833	12,977,577	3,061,800
Interest costs	2,229,345	8,399,768	6,039,890	5,066,699
Expected return on plan assets	(963,900)	(3,460,705)	(2,950,418)	(2,697,840)
Net actuarial losses recognized	1,487,064	2,838,295	1,174,011	154,470
Past service cost	-	-	1,346,140	583,730
Total	5,538,423	16,363,191	18,587,200	6,168,859

The amounts included in the consolidated balance sheet arising from the Company and certain Subsidiaries obligations in respect of these employment benefits were as follows:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Present value of employee benefit obligation	92,436,810	90,236,887	83,196,310	58,807,748
Fair value of employee benefit plan assets	(47,523,730)	(47,720,313)	(43,258,820)	(36,880,230)
Funding status	44,913,080	42,516,574	39,937,490	21,927,518
Unrecognized actuarial loss	(17,229,263)	(17,296,514)	(15,768,695)	(7,718,025)
Unrecognized past service liability	-	-	310,194	-
Employee benefits obligations	27,683,817	25,220,060	24,478,989	14,209,493

Amounts recognized in consolidated balance sheet in respect of these employment benefits were as follows:

		December 31,		
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Beginning of the period	25,220,060	24,905,023	14,737,389	16,239,005
Contribution	-	(9,071,374)	(8,845,600)	(8,198,375)
Benefit paid	(3,074,666)	(6,988,114)	-	-
Amount charged to consolidated statement of income	5,538,423	16,374,525	18,587,200	6,168,863
End of the period	27,683,817	25,220,060	24,478,989	14,209,493

(Figures in Rupiah expressed in thousands, unless otherwise stated)

29. PENSION PLANS AND EMPLOYEE BENEFITS *(Continued)*

The actuarial computation of employee benefits obligations for March 31, 2006 and December 31, 2005 for the Company, KPSA, LBI and EMP Inc. were prepared by PT Bumi Persada Aktuaria, an independent actuarial firm, in its reports dated May 24, 2006 and February 1, 2006, respectively, while the computations for the years ended 2004 and 2003 for the Company, KPSA and LBI were prepared by PT Dian Artha Tama in its reports dated February 28, 2005, February 25, 2005 and March 16, 2005, respectively. The computation used the following assumptions:

	2006, 2005, 2004 and 2003
Discount rate	10% per annum
Future salary increases	10% per annum
Mortality rate	Commissioner Standard Ordinary (CSO) – 1980
Disability rate	10% of Commissioner Standard Ordinary (CSO) – 1980
Actuarial method	Projected Unit Credit
Normal retirement age	56 years (all employees are assumed to retire at normal retirement age)

The actuarial computation of employee benefits obligation for March 31, 2006, December 31, 2005, 2004 and 2003 for Costa was prepared by PT Dian Artha Tama, an independent actuarial firm, in its reports dated May 24, 2006, February 13, 2006 and August 11, 2005. The computation used the following assumptions:

	2006, 2005, 2004 and 2003
Discount rate	10% per annum
Future salary increases	5% per annum
Mortality rate	Commissioner Standard Ordinary (CSO) – 1980
Disability rate	0.1% of Commissioner Standard Ordinary (CSO) - 1980
Resignation rate	Age 18 - 45 = 1% pa, and age > 46 = 0% pa
Normal retirement age	56 years (all employees are assumed to retire at normal retirement age)

The actuarial computation of employee benefits obligation for December 31, 2005, 2004 and 2003 for Semco was prepared by PT Padma Radya Aktuaria, an independent actuarial firm, in its reports dated June 1, 2006, February 10, 2006 and August 22, 2005. The computation used the following assumptions:

	2006, 2005, 2004 and 2003
Discount rate	10.5% per annum
Future salary increases	10% per annum
Mortality rate	100% TM 12
Normal retirement age	55 years

Semco did not calculate estimated employee benefit as of March 31, 2006 since management believes that the effect is not material.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

30. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of relationship

a. PT Brantas Indonesia (formerly PT Energi Daya Persada) and PT Kondur Indonesia (formerly PT Energi Bumi Persada), are the Company's stockholders (see Note 20).

b. PT Energi Timur Jauh, Asian Worldwide Group Ltd., Global Overseas Enterprise and PT Mitra Andalan Mandiri are companies whose management is the same as the Company.

Transactions with related parties

In the normal course of business, the Company and its Subsidiaries entered into non-trade transactions with related parties, mainly advance payments and payment of expenditures on behalf of related parties.

These transactions are exempted from conflict of interest transactions, as stipulated in Bapepam Rules Number IX.E.1 Point 3c.1.

31. SEGMENT INFORMATION

Primary Segment

For management purposes, the Company and its Subsidiaries are currently organized into two (2) business divisions consisting of trading and mining. These divisions are the basis on which the Company and its Subsidiaries report their primary segment information.

Business segment information of the Company and its Subsidiaries are as follows:

	2006			
	Trading	Mining	Elimination	Consolidated
SALES				
External sales	-	433,833,576	-	433,833,576
RESULT				
Segment result	-	175,198,606	-	175,198,606
Unallocated expenses				(97,095,230)
Income from operations				78,103,376
Financing cost				(38,114,294)
Other income				25,810,769
Income before tax benefit (expense)				65,799,852
Tax benefit				35,878,932
Income before minority interest				101,678,784
Minority interest				(1,047,683)
Net income				100,631,101

(Figures in Rupiah expressed in thousands, unless otherwise stated)

31. SEGMENT INFORMATION *(Continued)*

	2006			
	Trading	Mining	Elimination	Consolidated
OTHER INFORMATION				
Assets				
Segment assets	4,972,748,471	8,766,903,536	(6,396,021,145)	7,343,630,862
Unallocatable assets				255,102,707
Consolidated total assets				7,598,733,569
Liabilities				
Segment liabilities	(83,617,402)	(7,819,265,502)	2,327,860,915	(5,575,021,989)
Unallocatable liabilities				(297,012,386)
Consolidated total liabilities				(5,872,034,375)
Capital expenditure	-	883,236,101	-	883,236,101
Depreciation, depletion and amortization	-	73,390,761	-	73,390,761

	2005 (As restated - see Note 3)			
	Trading	Mining	Elimination	Consolidated
SALES				
External sales	-	1,682,100,322	-	1,682,100,322
RESULT				
Segment result	-	519,871,487	-	519,871,487
Unallocated expenses				(183,192,733)
Income from operations				336,678,754
Financing cost				(249,505,266)
Other income				46,350,115
Income before tax benefit				133,523,603
Tax benefit				68,453,707
Income before minority interest				201,977,310
Minority interest				(974,710)
Net income				201,002,600
OTHER INFORMATION				
Assets				
Segment assets	1,526,836,195	7,961,197,422	(3,324,401,107)	6,163,632,510
Unallocatable assets				172,604,748
Consolidated total assets				6,336,237,258
Liabilities				
Segment liabilities	(160,417,534)	(7,304,984,001)	2,097,660,228	(5,367,741,307)
Unallocatable liabilities				(275,688,092)
Consolidated total liabilities				(5,643,429,399)
Capital expenditure	-	1,467,593,147	-	1,467,593,147
Depreciation, depletion and amortization	-	410,968,484	-	410,968,484

(Figures in Rupiah expressed in thousands, unless otherwise stated)

31. SEGMENT INFORMATION *(Continued)*

	2004 (As restated - see Note 3)			
	Trading	Mining	Elimination	Consolidated
SALES				
External sales	-	972,664,531	-	972,664,531
RESULT				
Segment result	-	341,959,652	-	341,959,652
Unallocated expenses				(93,453,266)
Income from operations				248,506,386
Financing cost				(63,037,007)
Other income				(5,358,733)
Income before tax expense				180,110,646
Tax expense				(149,702,365)
Income before minority interest				30,408,281
Minority interest				(438,087)
Net income				29,970,194
OTHER INFORMATION				
Assets				
Segment assets	305,090,702	4,732,917,560	(1,570,941,822)	3,467,066,440
Unallocatable assets				25,381,698
Consolidated total assets				3,492,448,138
Liabilities				
Segment liabilities	(119,893,470)	(3,447,444,847)	786,666,304	(2,780,672,013)
Unallocatable liabilities				(238,340,301)
Consolidated total liabilities				(3,019,012,314)
Capital expenditure	-	1,825,419,807	-	1,825,419,807
Depreciation, depletion and amortization	-	205,090,495	-	205,090,495

	2003 (As restated - see Note 3)			
	Trading	Mining	Elimination	Consolidated
SALES				
External sales	-	570,056,644	-	570,056,644
RESULT				
Segment result	-	208,565,153	-	208,565,153
Unallocated expenses				(64,284,131)
Income from operations				144,281,022
Financing cost				(19,612,849)
Other income				18,246,928
Income before tax benefit (expense)				142,915,101
Tax benefit				(111,391,196)
Income before minority interest				31,523,905
Minority interest				79,603
Net income				31,603,508

(Figures in Rupiah expressed in thousands, unless otherwise stated)

31. SEGMENT INFORMATION *(Continued)*

	2003 (As restated - see Note 3)			
	Trading	Mining	Elimination	Consolidated
OTHER INFORMATION				
Assets				
Segment assets	670,465	1,387,912,719	(232,410,961)	1,156,172,223
Unallocatable assets				52,143,711
Consolidated total assets				1,208,315,934
Liabilities				
Segment liabilities	(714,545)	(1,553,732,367)	752,530	(1,553,694,382)
Unallocatable liabilities				(139,499,645)
Consolidated total liabilities				(1,693,194,027)
Capital expenditure	-	541,342,473	-	541,342,473
Depreciation, depletion and amortization	-	95,317,251	-	95,317,251

Secondary Segment

The Company and its Subsidiaries' are operating in two main geographical areas, domestic and international.

Sales based on market

The following are the Company and its Subsidiaries' sales based on geographical market regardless of the location of the production of oil and gas:

	Sales based on geographical market			
	March 31, 2006	2005 (As restated - see Note 3)	2004 (As restated - see Note 3)	2003 (As restated - see Note 3)
Geographical market				
Domestic				
East Java	158,210,705	917,390,569	541,068,458	62,937,813
Jakarta	39,460,233	28,092,410	5,544,735	174,426,895
International				
Singapore	236,162,638	736,617,343	426,051,338	332,691,936
Total	433,833,576	1,682,100,322	972,664,531	570,056,644

32. COMMITMENTS

a. Production Sharing Contract (PSC)

The Subsidiaries entered into an agreement in the exploration and production of crude oil and gas contract area based on PSC with BPMIGAS.

A summary of significant provisions of the PSC is as follows:

1. Sales

   The oil and gas production shall be shared based on an agreed formula between the Subsidiaries and BPMIGAS.

   After deducting first tranche petroleum and recoverable operating cost, the Subsidiaries are required to pay their own Indonesian income tax for the revenues from the remaining crude oil and gas at the PSC effective rates, consisting of income tax and dividend tax.

2. Domestic Market Obligation

   The Subsidiaries are required to supply the Indonesian domestic crude oil requirements (Domestic Market Obligation - DMO) up to a certain percentage of oil production using the market price. The Subsidiaries receive the prevailing market price per DMO barrel for the first 60 months from commencement of commercial production from each new field in each respective contract area. After the periods of 60 months, the selling price will be lower than market price.

3. Cost Recovery

   Recoverable costs are distinguished between capital and non-capital costs and are recoverable only from production revenues derived from the related contract area.

4. Compensation, Assistance and Production Bonuses

   The Subsidiaries shall pay bonus and assistance to BPMIGAS for equipment and services ranging between US$ 500,000 - US$ 25,000,000 within 30 - 60 days after the production of petroleum has reached between 50 million - 325 million, barrels. Such bonus payments shall be borne solely by the Subsidiaries and shall not be included in the recoverable operating costs.

5. Exclusion of Areas

   The Subsidiaries have the obligation to relinquish certain areas to BPMIGAS within a certain period based on the agreement between the Subsidiaries and BPMIGAS. This obligation shall not apply to any part of the surface area of any field in which petroleum has been discovered.

6. Claim Insurance

   Operating cost shall include premium paid for insurance normally required to be carried for petroleum operation, together with all expenditures incurred or paid in settlement of any and all losses, claims, damages, judgment and other expenses.

32. COMMITMENTS *(Continued)*

7. Abandonment and Site Restoration

   The Subsidiaries are required to perform an environmental baseline assessment on the contract area at the commencement of their activities. Upon the expiration or termination or relinquishment of part of the contract area, or abandonment of any fields, the Subsidiaries are required to remove all equipment and installations that have been installed in the contract area, and perform all necessary site restoration activities. As of March 31, 2006, December 31, 2005, 2004 and 2003, the estimated site restoration liabilities amounted to US$ 9.15 million, US$ 8.4 million, US$ 5.5 million and US$ 3.65 million, respectively and the provision funding amounted to US$ 7.9 million, US$ 7.3 million, US$ 5.2 million and US$ 3.65 million, respectively.

8. Participation

   BPMIGAS shall have the right to demand from the Subsidiaries a 10% working interest in the total rights and obligations under the PSC. As consideration for the acquisition of the 10% working interest, BPMIGAS shall reimburse the Subsidiary an amount equal to a certain percentage of the cumulative operating costs that the Subsidiary has incurred over a determined period and of the amount of the bonus and assistance for procurement of equipment or services paid to BPMIGAS as referred to in the PSC.

b. Technical Assistance Contract (TAC)

   Significant provisions of the TAC applicable to the participants, including IMG and Semco, Subsidiaries, in the contract area are as follows:

1. Entitlement to Production

   Crude oil produced, net of cost recovery and investment credit is allocated at 73.2143% for Pertamina and 26.7857% for the Subsidiaries before consideration of tax and adjustment in domestic market obligation, if any. Pertamina's share of production from its properties in the TAC contract area represents the entitlement of Pertamina to a portion of the crude oil production. Costs related to the oil production are recoverable from Pertamina.

2. Cost Recovery

   The Subsidiaries will recover all operating costs out of the sales proceeds or other disposition of the required quantity of crude oil equal in value to such operating costs with a maximum of 65% per annum of crude oil produced and saved hereunder and not used in petroleum operations.

3. Investment Credit

   The Subsidiaries are entitled to recover an investment credit amounting to 15.78% of the capital investment of crude oil production facilities, out of gross production before recovery of operating costs and tax deductions, commencing in the earliest production year. The investment credit may be applied to new secondary and tertiary recovery projects, but it is not applicable to "Interim Production Schemes".

32. COMMITMENTS *(Continued)*

4. Domestic Market Obligation

The Subsidiaries are required to supply the domestic market in Indonesian with a portion of the share of the crude oil to which the Subsidiaries are entitled. This portion is not to exceed 25% of the total quantity of crude oil produced from the contract area. For the initial period of sixty months starting from the month of the first delivery of crude oil produced and saved from each field in the contract area, the fee per barrel for the quantity of crude oil supplied to the domestic market from each field shall be equal to the net realized Indonesian Crude Price. Subsequent to the initial period of sixty months, crude oil production supplied to the domestic market in Indonesia is priced at 15% of the Indonesian crude price.

Nonetheless, if for any year, the recoverable operating costs exceed the difference of the total sales proceeds from crude oil produced minus the investment credit, the Subsidiaries shall be relieved from this supply obligation for such year.

5. Production Bonuses due to Pertamina

Under the terms of the TAC, the Subsidiaries are committed to pay Pertamina certain production bonuses once production of crude oil reaches the following prescribed levels:

Total Cumulative Shareable Production	Production bonus (US$)
3 MMBOE (Million barrels of Oil Equivalent)	50,000
5 MMBOE (Million barrels of Oil Equivalent)	100,000
7 MMBOE (Million barrels of Oil Equivalent)	175,000

As of March 31, 2006, the Subsidiaries' production has not reached those prescribed levels.

6. Interest Recovery

Interest on loans for capital investments in petroleum operations not exceeding the prevailing commercial rates for capital investments in petroleum operations may be recovered as a component of operating costs with the approval of Pertamina.

7. Overhead Allocation

General and administrative costs, other than direct charges may be allocated from an affiliate company. Pertamina must approve the method employed to allocate affiliate overhead costs.

8. Signature Bonus Costs

Signature and commercial production bonus costs are not recoverable under the TAC agreement. Signature bonus costs represent the signature bonus paid to Pertamina under the terms of the TAC.

32. COMMITMENTS *(Continued)*

c. Agreement with PT Energi Timur Jauh (ETJ)

KPSA, IMG, Semco, Costa, Bentu and Korinci Baru, the Subsidiaries, appointed ETJ as operational and administrative coordinator, provider of general and administrative assistance and as cash manager for the period commencing on August 1, 1998 until July 31, 1999, which shall be automatically extended unless terminated by either party.

Based on the agreement, ETJ shall assist Subsidiaries in keeping the required books of accounts and other records applicable in Indonesia for oil and gas industries. ETJ shall also deliver to KPSA a monthly report of operational and administrative matters and activities and provide access to duly authorized parties of KPSA to examine or inspect the books of accounts and records prepared by ETJ. ETJ was also appointed as cash manager and authorized signatory in respect of each of Subsidiaries' bank accounts, without limitation, in making payment of expenditures on behalf of Subsidiaries. ETJ shall arrange the use of Subsidiaries' funds as necessary and use any of Subsidiaries' money being managed by ETJ to fund expenditures of other related parties having a similar agreement with ETJ as deemed necessary. ETJ shall also maintain separate and individual clean records of the inter-company payables and receivables status of Subsidiaries and update them on a regular basis.

All costs and expenses incurred by ETJ in relation with the above mentioned purposes shall be chargeable to Subsidiaries. All interest arising from Subsidiaries' funds in ETJ's bank account shall be credited to Subsidiaries.

d. Financial Advisory and Financial Management

Based on the agreement between PI and MBF dated July 28, 2005, MBF appointed PI in connection with the general strategic and financial planning activities of MBF in respect to funding MBF's capital expenditure. PI will provide advisory services and financial arrangement to MBF. In accordance with the agreement PI will arrange to channel MBF funds received from its creditor to other companies within the Company's group.

The period of agreement shall be one (1) year from the date of signing of the agreement.

e. Agreement with PT Perusahaan Listrik Negara (PLN)

On May 17, 2005, the Kalila (Bentu) Ltd. ("Bentu") entered into agreement with PLN whereby Bentu will supply gas to PLN. Gas to be supplied will originate from Bentu PSC and Korinci Baru PSC fields. This agreement shall be effective when the precedent conditions below have been fulfilled:

a. Bentu has signed the seller agreement with BPMIGAS.
b. Bentu has signed the Trustee and Paying Agent agreement for transaction with regard to this agreement.
c. PLN has approval from its shareholders to carry out this agreement.

The agreement will run until July 15, 2020 or until the volume of gas supplied has reached 146 BCF (Billion Cubic Feet).

As of the date of this report, this agreement has not been effective since PLN does not yet have the approval from its shareholders to carry out this agreement.

32. COMMITMENTS *(Continued)*

f. *Joint Operating Agreement* (JOA)

In 1985, Japan Petroleum Exploration Co., Ltd. (JAPEX) approved the JOA. Under the JOA, Costa International Group Ltd. (CIGL) as the successor of JAPEX and Japan North Sumatera (JNS) as the assistant operator of the Joint Operating Body (Gebang) (JOB-G) will recover its participating interest share of all operating costs and one half (1/2) of the amount of the reimbursement having been made by CIGL pursuant to the reimbursement out of the sales proceeds or other disposition of the required quantity of its participating interest share of crude oil equal in value to such operating cost and reimbursement that is produced and saved hereunder and not used in the petroleum operation.

The intent is that the Operator shall neither have gain nor loss as a result of being the assistant operator that wholly finances the JOB-G activities.

33. CONTINGENT LIABILITIES

The Company and its Subsidiaries' operations are subject to Indonesian laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may require the acquisition of a permit before drilling commences, which may restrict the types, quantities and concentration of various substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas, require remedial measures to prevent pollution resulting from the Company and Subsidiaries' operations. The Government has imposed environmental regulations on oil and gas companies operating in Indonesia and in Indonesian waters. Operators are prohibited from allowing oil into the environment and must ensure that the area surrounding any onshore well is restored to its original state insofar as this is possible after the operator has ceased to operate on the site.

Management believes that the Company and its Subsidiaries are in compliance with current applicable environmental laws and regulations.

34. OPERATING HAZARDS AND UNSECURED RISKS

The Company and its Subsidiaries' operations are subject to hazards and risks inherent in drilling for and production and transportation of natural gas and oil, such as fires, natural disasters, explosions, encountering formations with abnormal pressures, blowout, cratering, pipeline ruptures and spills, and which can result in the loss of hydrocarbons, environmental pollution, personal injury claims and other damage to properties of the Company and its Subsidiaries. Additionally, certain natural gas and oil operations of the Company and its Subsidiaries' are subject to tropical weather disturbances, some of which can be severe enough to cause substantial damage to facilities and possibly interrupt production. As protection against operating hazards, the Company and its Subsidiaries maintain insurance coverage against some, but not all for the potential losses. The Company and Subsidiaries' coverage for the oil and gas exploration and production activities include, but is not limited to, loss of wells, blowouts and certain cost of pollution control, physical damage on certain assets, employer's liability, comprehensive general liability, automobile and worker's compensation.

(Figures in Rupiah expressed in thousands, unless otherwise stated)

34. OPERATING HAZARDS AND UNSECURED RISKS *(Continued)*

The Company and its Subsidiaries maintain coverage for their drilling rigs, equipment and machinery for their replacement value and insure against third party liability and worker's compensations. However, they do not insure these assets against business interruption or loss of revenues following damage to or loss of a drilling rig, except in respect of an offshore rig where a term of the refinancing for such rig is that insurance coverage be in place for the benefit of the lender.

35. ABANDONMENT AND SITE RESTORATION OBLIGATIONS

Under the renewal and extension of PSCs signed by Kondur Petroleum S.A. - IJV, and EMP Kangean Ltd. - IJV with BPMIGAS, the Subsidiaries are required to provide for abandonment of all exploration wells and the restoration of their drill sites, together with all estimates of money required for the funding of any abandonment and site restoration program established in conjunction with an approved plan of development for a commercial discovery. Expenditures incurred in the abandonment of exploratory wells and the restoration of their drill sites shall be charged as operating cost in accordance with PSC, calculated based on the total estimated cost of abandonment and site restoration for each discovery divided by the total estimated number of economic years of each discovery. The estimates shall be reviewed on an annual basis and shall be adjusted each period as required.

36. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

At March 31, 2006, December 31, 2005, 2004 and 2003 the Company and its Subsidiaries had monetary assets and liabilities in foreign currencies as follows:

	2006		
	Foreign Currency (full amount)		Equivalent in Rupiah
Assets			
Cash and cash equivalents	US$	137,444	1,247,300,033
	HK$	39,810	46,538
	Euro	8,156	88,848
Restricted time deposits	US$	18,214,313	165,294,892
Trade receivables	US$	42,831,017	388,691,479
Other receivables	US$	13,251,785	120,259,952
Abandonment and site restoration fund	US$	7,902,105	71,711,598
Total Assets			1,993,393,340
Liabilities			
Trade payables	US$	31,796,618	288,554,307
Other payables	US$	3,490,835	31,679,324
Accrued expenses	US$	32,497,965	294,919,031
Taxes payable	US$	5,746,551	52,149,946
Due to related parties	US$	45,275,667	410,876,678
Long-term loans	US$	421,428,400	3,824,462,729
Site restoration obligation	US$	9,152,104	83,055,341
Total Liabilities			4,985,697,356
Net Liabilities			(2,992,304,016)

(Figures in Rupiah expressed in thousands, unless otherwise stated)

36. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES *(Continued)*

	2005 (As restated - see Note 3)		
	Foreign Currency (full amount)		Equivalent in Rupiah
Assets			
Cash and cash equivalents	US$	29,134,817	288,418,183
	HK$	39,755	50,410
	Euro	10,965	127,851
Restricted time deposits	US$	20,438,985	200,915,225
Trade receivables	US$	29,145,866	286,503,862
Other receivables	US$	23,572,952	231,722,121
Abandonment and site restoration fund	US$	7,296,826	71,727,804
Total Assets			1,079,465,456
Liabilities			
Trade payables	US$	25,573,985	251,392,271
Other payables	US$	6,643,310	65,303,738
Accrued expenses	US$	40,290,698	396,057,565
Taxes payable	US$	22,044,678	216,699,185
Due to related parties	US$	78,790,229	774,507,950
Long-term loans	US$	345,750,000	3,398,722,495
Site restoration obligation	US$	8,448,052	83,044,347
Total Liabilities			5,185,727,551
Net Liabilities			(4,106,262,095)

	2004 (As restated - see Note 3)		
	Foreign Currency (full amount)		Equivalent in Rupiah
Assets			
Cash and cash equivalents	US$	1,940,404	18,026,355
	HK$	4,355	5,091
Restricted time deposits	US$	7,888,946	73,288,308
Trade receivables	US$	12,090,155	112,317,540
Other receivables	US$	15,227,761	141,465,901
Abandonment and site restoration fund	US$	5,199,395	48,302,380
Total Assets			393,405,575

(Figures in Rupiah expressed in thousands, unless otherwise stated)

36. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES *(Continued)*

	2004 (As restated - see Note 3)		
	Foreign Currency (full amount)		Equivalent in Rupiah
Liabilities			
Trade payables	US$	14,206,926	131,982,343
Short-term loan	US$	15,083,906	140,129,487
Other payables	US$	4,184,481	38,873,826
Accrued expenses	US$	14,285,471	132,712,026
Taxes payable	US$	5,934,582	55,132,267
Due to related parties	US$	113,059,713	1,050,324,734
Long-term loans	US$	113,044,725	1,050,185,495
Site restoration obligation	US$	5,501,846	51,112,149
Total Liabilities			2,650,452,327
Net Liabilities			(2,257,046,752)

	2003 (As restated - see Note 3)		
	Foreign Currency (full amount)		Equivalent in Rupiah
Assets			
Cash and cash equivalents	US$	1,837,353	15,553,192
	HK$	30,645	35,824
Restricted time deposits	US$	82,227	696,052
Trade receivables	US$	6,475,933	54,818,773
Other receivables	US$	4,664,148	39,482,013
Abandonment and site restoration fund	US$	3,654,042	30,931,466
Total Assets			141,517,320
Liabilities			
Trade payables	US$	10,032,359	84,923,919
Other payables	US$	2,591,413	21,936,311
Accrued expenses	US$	5,421,622	45,894,030
Taxes payable	US$	3,440,589	29,124,586
Due to related parties	US$	133,712,970	1,131,880,291
Long-term loans	US$	21,518,244	182,151,936
Site restoration obligation	US$	3,654,042	30,931,466
Total Liabilities			1,526,842,539
Net Liabilities			(1,385,325,219)

37. OTHER SIGNIFICANT INFORMATION

Other significant information in relation to the operational activities of the Company and its Subsidiaries is as follows:

1. As of the date of the independent auditor's report, the management is still in the early stages of a merger plan of the Company with PT Bumi Resources Tbk, as stated in the letter of the Company to Bapepam dated April 21, 2006 and PT Bursa Efek Jakarta dated March 17, 2006.

2. At the end of May 2006, gas, steam and water emerged at the surface around the Banjar Panji -1 exploration well, located in Sidoarjo, East Java, in the Brantas PSC area which is operated by the LBI, a Subsidiary.

   As of the date of the independent auditor's report, the Company has taken necessary actions to overcome the effects that might happen under the circumstances. The losses incurred as a result of this incident could not yet be estimated.

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its Subsidiaries have been approved for release by the Boards of Directors and Commissioners on June 1, 2006.

RESERVE ESTIMATION

The following information on gross proven developed, undeveloped and probable reserve quantities are estimates only, and do not purport to reflect realizable values or fair market values of Subsidiaries' oil and gas reserves. The Subsidiaries emphasize that reserve estimates are inherently imprecise; accordingly, these estimates are expected to change as future information becomes available. There are numerous uncertainties inherent in estimating oil and gas reserves including many factors beyond the control of the Subsidiaries.

Management believes that the reserve quantities shown below are reasonable estimates based on available engineering and geological data, as follows:

	Malacca 1)	Brantas 2)	Kangean 3)	Gelam 4)	Semberah 5)	Gebang 6)	Korinci 7)	Bentu 8)
	Crude Oil	Gas and Crude Oil *)	Gas and Condensate *)	Crude Oil	Crude Oil	Gas and Crude Oil *)	Crude Oil	Crude Oil
	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE
Proven developed, undeveloped and probable reserves								
Balance as of January 1, 2003	33,940	29,658	-	-	-	-	-	-
Revision to previous estimation	4,662	4,995	-	-	-	-	-	-
Production in 2003	(3,857)	(2,929)	-	-	-	-	-	-
Balance as of December 31, 2003	34,745	31,724	-	-	-	-	-	-
Acquisition	-	-	285,174	-	-	-	-	-
Revision to previous estimation	8,534	-	-	-	-	-	-	-
Production in 2004	(3,609)	(3,936)	(7,222)	-	-	-	-	-
Balance as of December 31, 2004	39,670	27,788	277,952	-	-	-	-	-
Revision to previous estimation	(1,736)	3,912	(61,167)	-	-	-	-	-
Acquisition	-	-	-	5,181	22,699	680	12,595	48,273
Production in 2005	(3,405)	(3,126)	(4,862)	(65)	(300)	(345)	-	-
Balance as of December 31, 2005	34,529	28,574	211,923	5,116	22,399	335	12,595	48,273
Revision to previous estimation	-	-	(16,667)	-	-	882	-	-
Production in 3 months	(875)	(632)	(941)	(16)	(44)	(58)	-	-
Balance as of March 31, 2006	33,654	27,942	194,315	5,100	22,355	1,159	12,595	48,273
Proven developed and undeveloped reserves								
Balance as of January 1, 2003	29,722	21,525	-	-	-	-	-	-
Revision to previous estimation	699	4,995	-	-	-	-	-	-
Production in 2003	(3,857)	(2,929)	-	-	-	-	-	-
Balance as of December 31, 2003	26,564	23,591	-	-	-	-	-	-
Acquisition	-	-	243,530	-	-	-	-	-
Revision to previous estimation	4,211	-	-	-	-	-	-	-
Production in 2004	(3,609)	(3,936)	(7,222)	-	-	-	-	-
Balance as of December 31, 2004	27,166	19,655	236,308	-	-	-	-	-
Revision to previous estimation	107	(3,935)	(69,584)	-	-	-	-	-
Acquisition	-	-	-	1,052	6,847	532	2,661	23,602
Production in 2005	(3,405)	(3,126)	(4,862)	(65)	(300)	(345)	-	-
Balance as of December 31, 2005	23,868	12,594	161,862	987	6,547	187	2,661	23,602
Revision to previous estimation	-	-	(16,667)	-	-	38	-	-
Production in 3 months	(875)	(632)	(941)	(16)	(44)	(58)	-	-
Balance as of March 31, 2006	22,993	11,962	144,254	971	6,503	167	2,661	23,602

*) Units for gas and condensate have been converted from Billion Cubic Feet (BCF) and Million Barrels of Oil (MMBO) to Thousand Barrels Oil Equivalent (MBOE).

1) Estimated oil and gas reserves in the Malacca Block as of September 30, 2005, were certified by Gaffney, Cline and Associates (GCA), independent petroleum engineering consultants in their report dated November 9, 2005. In preparing their report, GCA utilized generally accepted petroleum engineering principles and definitions applicable to the proven and probable reserve categories and sub-classification by the U.S. Society of Petroleum Engineering.

2) Estimated oil and gas reserves in Brantas Block as of September 30, 2005 were certified by Gaffney, Cline and Associate (GCA), independent petroleum engineering consultants in their report dated December 16, 2005. In preparing their report, GCA utilized generally accepted petroleum engineering principles and definitions applicable to the proven and probable reserve categories and sub-classification by the U.S. Society of Petroleum Engineering.

RESERVE ESTIMATION *(Continued)*

3) Estimated oil and gas reserves in Kangean Block were certified by DeGolyer and MacNoughton (D&M), independent petroleum engineering consultants from United States of America in their report dated September 30, 2004 for the Pegerungan Field and April 30, 1995 for the Terang Sirasun Batur Field (TSB). The report certificates for the TSB field have not yet been updated since the field has not yet started to produce. The Company's management has revised the consultant's reserve calculation in TSB field as of March 31, 2006 and December 31, 2005.

4) Estimated oil and gas reserves in Gelam Block as of September 30, 2005 were certified by Gaffney, Cline and Associate (GCA), independent petroleum engineering consultants in their report on February 2006. In preparing their report, GCA utilized generally accepted petroleum engineering principles and definitions applicable to the proven and probable reserve categories and sub-classification by the U.S. Society of Petroleum Engineering.

5) Estimated oil and gas reserves in Semberah Block as of September 30, 2005 were certified by Gaffney, Cline and Associate (GCA), independent petroleum engineering consultants in their report on March 2006. In preparing their report, GCA utilized generally accepted petroleum engineering principles and definitions applicable to the proven and probable reserve categories and sub-classification by the U.S. Society of Petroleum Engineering.

6) Estimated oil and gas reserves in Gebang Block as of January 1, 2006 were certified by Gaffney, Cline and Associate (GCA), independent petroleum engineering consultants in their report dated March 16, 2006. In preparing their report, GCA utilized generally accepted petroleum engineering principles and definitions applicable to the proven and probable reserve categories and sub-classification by the U.S. Society of Petroleum Engineering.

7) Estimated oil and gas reserves in Korinci Block as of June 30, 2005 were certified by Malkewicz Hueni Associate (MHA), independent petroleum engineering consultants in their report dated September 13, 2005.

8) Estimated oil and gas reserves in Bentu Block as of June 30, 2005 were certified by Malkewicz Hueni Associate (MHA), independent petroleum engineering consultants in their report dated September 13, 2005.