



PT SEMEN GRESIK (PERSERO) Tbk.

QUARTERLY REPORT (9M2010)

Jakarta, November 2, 2010

PT Semen Gresik (Persero) Tbk.

JSX : SMGR
Reuters : SMGR.JK
Bloomberg : SMGR.IJ

Market Capitalization – as of September 30, 2010

Rp 58,722,048,000,000

Issued shares – as of August 07, 2007

5,931,520,000 Shares

Share Price (Closing)

4 January 2010 Rp 7,600
As of 30 September 2010 Rp 9,900
Hi/Lo (9 mo) Rp 9,900/Rp 7,300

Major Shareholders

Government of Indonesia 51.06%
Public 48.94%

Board of Directors

President Director – Dwi Soetjipto
Vice President Director – -
Finance Director – Cholli Hasan
Production Director – Suparni
R & D and Operations Director – Suharto
Marketing Director – Irwan Suarly

Consolidated Subsidiaries

PT Semen Padang (99.99%)
PT Semen Tonasa (99.99%)
PT Kawasan Industri Gresik (65%)
PT Industri Kemasan Semen Gresik (60%)
PT United Tractors Semen Gresik (55%)

Website

<http://www.semengresik.com>

Financial Summary For the nine-month ended September 30, 2010

Description (Rp bn)	9M-09	9M-10	Change (%)
Revenue	10,404	10,292	-1.1
Cost of Revenue	5,647	5,356	-5.1
Gross Profit	4,757	4,936	3.8
Operating Expenses	1,698	1,729	1.8
Operating Income	3,059	3,207	4.8
EBITDA	3,379	3,546	4.9
Net Income	2,408	2,522	4.7
EPS (full amount)	411	425	3.5

Ratio (%)	Formula	9M09	9M10
Ebitda Margin	Ebitda / Revenue	32.5	34.5
Interest Coverage (x)	Ebitda / Interest Expense	216.0	298.9
Total Debt to Equity	Total Debt / Total Equity	1.7	3.1
Total Debt to Asset	Total Debt / Total Asset	1.3	2.5

Business Highlights

- Net Income increased by 4.7% year-on-year amounting to Rp2,522 billion or equivalent to EPS of Rp425 (full amount).
- Semen Gresik's total sales volume in 9M10 reached 12.9 million tons of cement or a decrease of 4.2% year-on-year.
- Domestic sales volume posted 12.7 million tons or a decrease of 1.3% year-on-year. Domestic sales account for 99.1% of total sales.
- COGS per ton in 9M10 experienced decrease of 1% below 9M09 mainly due to decrease in fuel, electricity, packaging, and transportation.
- Ebitda increased by 4.9% amounting to Rp3,546 billion year-on-year, and Ebitda margin increased to 34.5% from 32.5% year-on-year.
- As of 30 September 2010, the Company's LT Liabilities amount to Rp352 billion, with debt-to equity ratio increasing to 3.1% from 1.7% in September 30, 2009.

Corporate Secretary

PT Semen Gresik (Persero) Tbk.
Gedung Utama SG, 5 Floor,
Jl. Veteran, Gresik 61122 – Indonesia

Phone: +62313981732/3981745

Fax: +62313983209

Email: sunardip@sg.sggpr.com

SEMEN GRESIK REPORTS UNAUDITED CONSOLIDATED NINE MONTHS 2009 RESULTS

PT Semen Gresik (Persero) Tbk. ("SMGR" or "the Company") announced its un-audited and consolidated nine-month 2010 financial statements. The Company recorded revenue and operating income for the period of Rp10,292 billion and Rp3,207 billion, respectively. Net income was recorded at Rp2,522 billion.

The un-audited financial statements were prepared in accordance with the Indonesian Generally Accepted Accounting Principles. For more detailed information, please refer to the Company's Consolidated Financial Statements as filed with Bapepam and the Exchanges on October 29, 2010.

FINANCIAL RESULTS

Sales and Net Revenues

In the nine-month 2010 domestic cement consumption (industry) reached 29.5 million tons or an increase of 8.3% compared to the same period in 2009 of 27.3 million tons, while exported cement decreased from 3.1 million tons to 2.1 million tons. The total sales volume reached 31.6 million tons or increased 4.1% compared to the same period in 2009 of 30.4 million tons.

Until September 2010, the total Company's sales volume of cement recorded a decline of 3.4% year-on-year to 12.9 million tons, comprising 1.3% decrease in domestic sales (12.7 million tons) and 61.2% decrease in export sales (0.2 million tons). In the domestic market, the Company's market share decreased to 43% compared last year of 45%.

Sales Volume 9M2010 (tons)

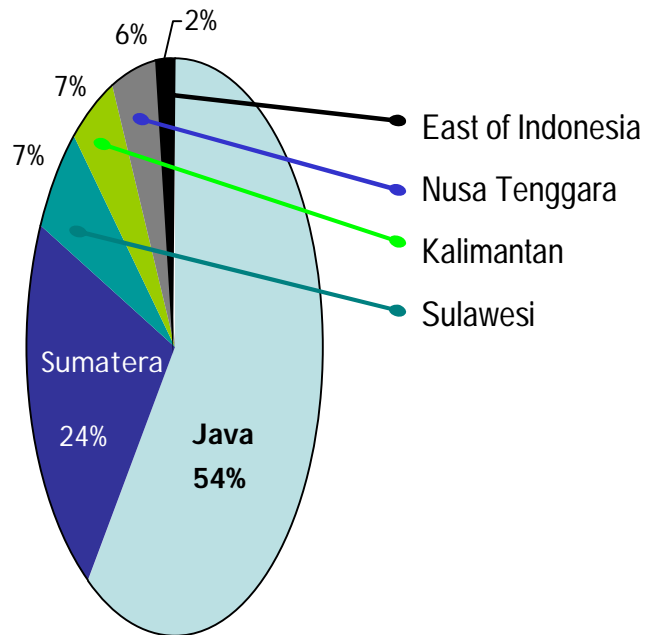
Company	Domestic	Growth (% yoy)	Export	Growth (% yoy)	Total	Growth (% yoy)
Semen Gresik	6,446,576	0.4	-	-	6,446,576	0.4
Semen Padang	3,760,831	(0.1)	131,658	(69.4)	3,892,490	(7.2)
Semen Tonasa	2,490,479	(7.1)	48,620	38.1	2,539,099	(6.5)
Total	12,697,887	(1.3)	180,288	(61.2)	12,878,165	(3.4)
Industry	29,543,900	8.3	2,070,536	(33.3)	31,614,436	4.1

* Excluded clinker sales volume

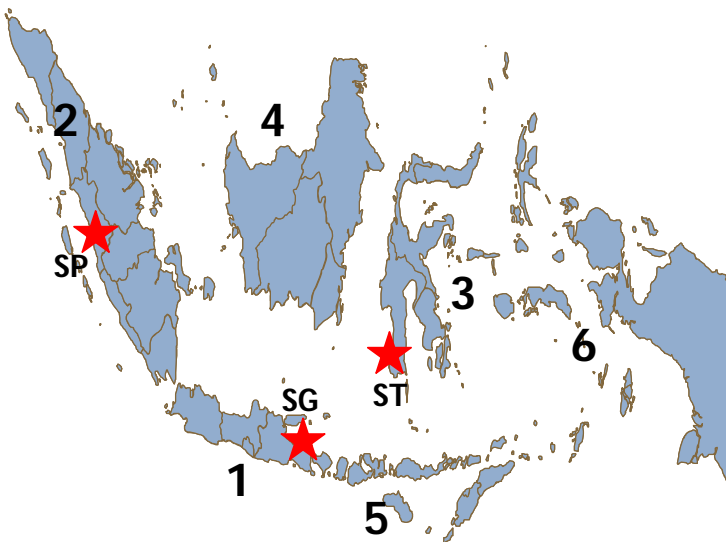


MARKET BY GEOGRAPHY (9M2010)

Domestic Consumption - Java remains as the largest market¹⁾



Domestic Market Share¹⁾



REGION	MARKET SHARE (%)			
	SMGR	INTP	HOLCIM	OTHERS
1. JAVA	38.1	40.4	19.1	2.4
2. SUMATERA	44.4	15.8	9.4	30.5
3. SULAWESI	59.6	16.6	0.8	23.0
4. KALIMANTAN	53.6	26.5	11.1	8.8
5. NUSA TENGGARA	37.8	38.4	4.2	19.6
6. EASTERN IND.	70.5	16.0	0.9	12.5
TOTAL INDONESIA	43.0	31.1	13.6	12.3

¹⁾ Source: ASI (Indonesia Cement Association)

Net Revenue

The Company's total sales revenue in 9M10 reported at Rp10,292 billion or decrease of 1.1% year-on-year from Rp10,404 billion in 9M2009. Cement sales contribute 99.1% of Company's revenue.

The Company's net sales in the domestic market in 9M10 amounted to Rp10,203 billion, an increase of 0.8% compared to the previous year of Rp10,119 billion, while export amounted to Rp89 billion or decrease of 68.8% compared to the same period last year. The domestic average selling price increased by 2% year-on-year, while the export average selling price decreased by 1%.

Cost of Revenue

The cost of revenue decreased by 5.1% from Rp5,647 billion in 9M09 to Rp5,356 billion in 9M10, primarily as a result of decrease in fuel, electricity, packaging, and transportation costs. COGS per ton in 9M10 recorded Rp415.922, decrease of 1% compared to the same period in 2009.

Gross Profit

Gross profit increased by 3.8% year-on-year amounting to Rp4,936 billion in 9M2010. Gross margin increased from 45.7% in 2009 to 48% in 2010, on the back of management's ability and efforts to control production cost.

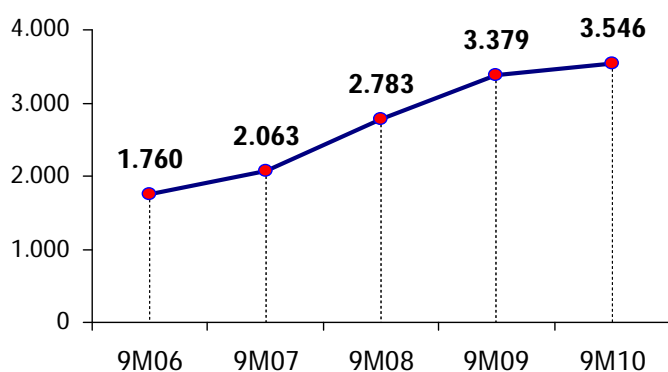
Operating Expenses

The Company's operating expenses increased by 1.8% from Rp1,698 billion in 2009 to Rp1,729 billion in 2010 mainly due to an increase in selling expenses of 3.3% (mainly driven by an increase in distribution expenses) and general & administration expenses of 0.3% (mainly driven by an increase in partnership and community development program expenses).

EBITDA

Ebitda increased by 4.9% to Rp3,546 billion year-on-year, and Ebitda margin increased from 32.5% to 34.5% due to management effort in controlling production cost.

Ebitda (Rp billion)



EBITDA Margin (%)

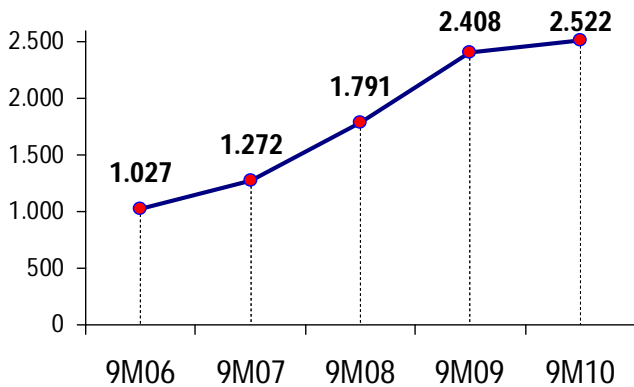
9M06	9M07	9M08	9M09	9M10
27.1%	29.1%	31.6%	32.5%	34.5%



Net Income

Net income rose 4.7% year-on-year to Rp2,522 billion and net margin rose 1.4% year-on-year to 24.5% in 9M10.

Net Income (Rp billion)



Net Income Margin (%)

9M06	9M07	9M08	9M09	9M10
15.8%	17.9%	20.3%	23.1%	24.5%

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CONSOLIDATED BALANCE SHEETS AS AT SEPTEMBER 30, 2010 AND 2009

(Expressed in thousands of Rupiah, unless otherwise stated)

AKTIVA	2010	2009	ASSETS
Aktiva lancar			Current assets
Kas dan setara kas	3,431,297,974	2,957,696,857	Cash and cash equivalents
Kas dan setara kas yang dibatasi penggunaannya	36,260,223	-	Restricted cash and cash equivalents
Investasi jangka pendek	104,880,500	974,500,000	Short-term investments
Piutang usaha, setelah dikurangi penyisihan piutang ragu-ragu sebesar Rp57.632.087 (2009: Rp60.815.739)			Trade receivables net of provision for doubtful accounts of Rp57,632,087 (2009: Rp60,815,739)
- Pihak ketiga	1,282,047,043	1,282,100,872	Third parties -
- Pihak-pihak yang mempunyai hubungan istimewa	340,455,390	341,894,061	Related parties -
Piutang lain-lain, setelah dikurangi penyisihan piutang ragu-ragu sebesar Rp5.353.512 (2009: Rp3.966.536)	16,334,504	22,070,917	Other receivables net of provision for doubtful accounts of Rp5,353,512 (2009: Rp3,966,536)
Persediaan, setelah dikurangi penyisihan persediaan usang dan bergerak lambat sebesar Rp47.887.435 (2009: Rp34.086.009)	1,903,546,516	1,609,434,126	Inventories net of provision for obsolete and slow moving inventory of Rp47,887,435 (2009: Rp34,086,009)
Uang muka	135,836,692	176,108,042	Advances
Beban dibayar di muka	24,859,385	26,255,203	Prepaid expenses
Pajak dibayar di muka	13,680,816	2,711,598	Prepaid taxes
Jumlah aktiva lancar	7,289,199,043	7,392,771,676	Total current assets
Aktiva tidak lancar			Non-current assets
Kas dan setara kas yang dibatasi penggunaannya	-	6,637,938	Restricted cash and cash equivalents
Piutang lain-lain pihak-pihak yang mempunyai hubungan istimewa	8,555,053	14,008,527	Other receivables from related parties
Aktiva pajak tangguhan	107,595,866	101,999,226	Deferred tax assets
Investasi pada perusahaan asosiasi	71,649,355	63,536,575	Investments in associates
Properti investasi - bersih	16,491,403	12,224,887	Investments property
Aset tetap setelah dikurangi akumulasi penyusutan dan deplesi sebesar Rp6.193.998.680 (2009: Rp5.828.891.665)	5,242,009,317	4,097,548,145	Fixed assets net of accumulated depreciation and depletion of Rp6,193,998,680 (2009: Rp5,828,891,665)
Beban tangguhan setelah dikurangi akumulasi amortisasi sebesar Rp21.391.110 (2009: Rp17.220.009)	59,216,681	21,294,197	Deferred charges net of accumulated amortisation of Rp21,391,110 (2009: Rp17,220,009)
Uang muka pembangunan pabrik baru	1,060,262,519	-	Advances for construction of new plants
Aktiva lain-lain	16,909,076	25,225,977	Other assets
Jumlah aktiva tidak lancar	6,582,689,270	4,342,475,472	Total non-current assets
JUMLAH AKTIVA	13,871,888,313	11,735,247,148	TOTAL ASSETS



**CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2010 AND 2009**

(Expressed in thousands of Rupiah, except par value per share)

	<u>2010</u>	<u>2009</u>	
KEWAJIBAN DAN EKUITAS			LIABILITIES AND EQUITY
Kewajiban lancar			Current liabilities
Hutang usaha			Trade payables
- Pihak ketiga	856,259,203	743,268,823	Third parties -
- Pihak-pihak yang mempunyai hubungan istimewa	146,474,648	125,049,231	Related parties -
Hutang lain-lain	33,864,188	22,133,559	Other payables
Beban yang masih harus dibayar	734,604,799	740,482,852	Accrued expenses
Hutang pajak	156,372,163	348,449,865	Taxes payable
Uang muka penjualan	24,829,897	25,840,382	Sales advances
Hutang jangka panjang yang jatuh tempo dalam satu tahun			Current maturities of long-term liabilities
- Hutang bank	10,410,831	1,016,333	Bank loans -
- Pinjaman dari Pemerintah Republik Indonesia	11,389,816	8,673,455	Loans from the Government of the Republic of Indonesia -
- Hutang bunga dan denda	9,494,013	24,948,210	Interest and penalties payable -
- Hutang sewa pembiayaan	22,465,205	12,819,187	Finance lease liabilities -
Jumlah kewajiban lancar	<u>2,006,164,763</u>	<u>2,052,681,897</u>	Total current liabilities
Kewajiban tidak lancar			Non-current liabilities
Kewajiban pajak tangguhan	16,354,088	19,847,306	Deferred tax liabilities
Kewajiban imbalan kerja	204,340,727	146,598,220	Employee benefits obligation
Hutang jangka panjang - setelah dikurangi bagian yang jatuh tempo dalam satu tahun			Long-term liabilities - net of current maturities
- Hutang bank	253,473,668	21,688,667	Bank loans -
- Pinjaman dari Pemerintah Republik Indonesia	7,501,695	36,276,477	Loans from the Government of the Republic of Indonesia -
- Hutang bunga dan denda	5,884,988	28,957,807	Interest and penalties payable -
- Hutang sewa pembiayaan	46,344,860	75,969,878	Finance lease liabilities -
Kewajiban tidak lancar lainnya	24,861,126	25,552,832	Other non-current liabilities
Jumlah kewajiban tidak lancar	<u>558,761,152</u>	<u>354,891,187</u>	Total non-current liabilities
Jumlah kewajiban	<u>2,564,925,915</u>	<u>2,407,573,084</u>	Total liabilities
Hak minoritas atas ekuitas anak perusahaan	<u>125,266,201</u>	<u>114,243,646</u>	Minority interests in equity of subsidiaries
Ekuitas			Equity
Modal saham - nilai nominal Rp 100 (angka penuh) per saham			Share capital - par value of Rp 100 (full amount) per share
Modal dasar - 20.000.000.000 saham			Authorised - 20,000,000,000 shares
Modal ditempatkan dan disetor penuh - 5.931.520.000 saham	593,152,000	593,152,000	Issued and fully paid 5,931,520,000 shares
Tambahan modal disetor	1,458,257,900	1,247,355,440	Additional paid-in capital
Modal saham yang diperoleh kembali	-	(198,672,291)	Treasury stock
Keuntungan belum direalisasi atas kepemilikan efek	4,880,500	2,500,000	Unrealized holding gain (loss) on securities
Cadangan atas lindung nilai arus kas	(54,470,963)	-	Headging
Saldo laba - dicadangkan	253,338,000	253,338,000	Retained earnings - appropriated
Saldo laba - belum dicadangkan	8,926,538,760	7,315,757,269	Retained earnings - unappropriated
Jumlah ekuitas	<u>11,181,696,197</u>	<u>9,213,430,418</u>	Total equity
JUMLAH KEWAJIBAN DAN EKUITAS	<u>13,871,888,313</u>	<u>11,735,247,148</u>	TOTAL LIABILITIES AND EQUITY



CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2010 AND 2009
(Expressed in thousands of Rupiah, unless otherwise stated)

	<u>2010</u>	<u>2009</u>	
Pendapatan	10,292,072,882	10,403,596,323	<i>Revenue</i>
Beban pokok pendapatan	<u>5,356,306,306</u>	<u>5,646,880,063</u>	<i>Cost of revenue</i>
Laba kotor	4,935,766,576	4,756,716,260	<i>Gross profit</i>
Beban usaha	<u>1,728,974,917</u>	<u>1,697,631,619</u>	<i>Operating expenses</i>
Laba usaha	3,206,791,659	3,059,084,641	<i>Operating income</i>
Penghasilan/(beban) lain-lain			<i>Other income/(expense)</i>
Penghasilan bunga	179,432,207	256,760,922	<i>Interest income</i>
Laba penjualan aset tetap	-	275,685	<i>Gain on sale of fixed assets</i>
(Kerugian) selisih kurs - bersih	(1,492,280)	(9,441,540)	<i>Foreign exchange (loss) - net</i>
Beban bunga	(11,861,714)	(15,643,852)	<i>Interest expense</i>
Penghasilan lain-lain - bersih	<u>4,233,304</u>	<u>24,588,601</u>	<i>Other income - net</i>
Jumlah penghasilan lain-lain - bersih	<u>170,311,517</u>	<u>256,539,816</u>	<i>Total other income - net</i>
Bagian atas laba bersih perusahaan asosiasi	<u>8,997,206</u>	<u>7,776,920</u>	<i>Equity in net income of associates</i>
Laba sebelum pajak penghasilan	3,386,100,382	3,323,401,377	<i>Profit before income tax</i>
Beban pajak penghasilan	<u>846,236,169</u>	<u>895,428,660</u>	<i>Income tax expense</i>
Laba sebelum hak minoritas	2,539,864,213	2,427,972,717	<i>Income before minority interests</i>
Hak minoritas atas laba bersih anak perusahaan	<u>17,722,397</u>	<u>19,701,779</u>	<i>Minority interests in net income of subsidiaries</i>
Laba bersih	<u>2,522,141,816</u>	<u>2,408,270,938</u>	<i>Net income</i>
Laba bersih per saham dasar (dinyatakan dalam angka penuh Rupiah per saham)	<u>425</u>	<u>411</u>	<i>Basic earnings per share (expressed in Rupiah full amount per share)</i>



CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2010 AND 2009
(Expressed in thousands of Rupiah, unless otherwise stated)

	<u>2010</u>	<u>2009</u>	
Arus kas dari aktivitas operasi			Cash flows from operating activities
Penerimaan dari pelanggan	10,057,273,629	10,270,376,452	Receipts from customers
Pembayaran kepada pemasok	(6,127,249,076)	(5,815,380,528)	Payments to suppliers
Pembayaran kepada karyawan	<u>(1,146,838,862)</u>	<u>(1,187,870,044)</u>	Payments to employees
Kas yang dihasilkan dari operasi	2,783,185,691	3,267,125,880	Cash resulted from operations
Penghasilan bunga yang diterima (Penempatan)/pencairan kas dan setara kas yang dibatasi penggunaannya	179,432,207 (1,822,495)	256,760,922 3,222,403	Interest income received (Placement)/withdrawal of restricted cash and cash equivalents
Pembayaran pajak penghasilan	(1,171,612,761)	(990,437,873)	Payment of corporate income tax
Pembayaran bunga dan beban keuangan	<u>(43,896,343)</u>	<u>(31,881,056)</u>	Payment of interest and financing charges
Arus kas bersih yang diperoleh dari aktivitas operasi	<u>1,745,286,299</u>	<u>2,504,790,276</u>	Net cash flows provided from operating activities
Arus kas dari aktivitas investasi			Cash flows from investing activities
Perolehan aset tetap	(1,562,299,189)	(1,119,945,000)	Acquisition of fixed assets
Pencairan kas dan setara kas yang dibatasi penggunaannya	790,000,000	-	Withdrawal of restricted cash and cash equivalents
Pencairan/(penempatan) investasi jangka pendek	945,567,795	(882,500,000)	Withdrawal/(placement) of short-term investments
Uang muka pembangunan pabrik baru	(579,942,358)	-	Advances for construction of new plants
Penambahan beban tangguhan - bersih	(39,272,561)	(983,743)	Additions to deferred charges - net
Dividen yang diterima	3,696,161	7,498,304	Dividends received
Hasil penjualan aset tetap	<u>-</u>	<u>374,900</u>	Proceeds from sales of fixed assets
Arus kas bersih yang digunakan untuk aktivitas investasi	<u>(442,250,152)</u>	<u>(1,995,555,539)</u>	Net cash flows used in investing activities
Arus kas dari aktivitas pendanaan			Cash flows from financing activities
Pembayaran kembali hutang bank	(9,057,670)	(7,307,000)	Repayment of bank loans
Penerimaan hutang bank	240,980,923	18,200,000	Proceeds from bank loans
Pembayaran kembali pinjaman dari Pemerintah Republik Indonesia	(17,384,965)	(20,565,640)	Repayment of loan from the Government of the Republic of Indonesia
Pembayaran hutang sewa pembiayaan	(14,401,426)	(14,267,241)	Payment of finance lease liabilities
Pembayaran dividen	(1,485,549,184)	(1,261,763,983)	Payment of dividends
Pembelian kembali saham yang diterbitkan	-	(8,157,046)	Payment for purchase of treasury stock
Penerimaan/(pembayaran) kepada pihak yang mempunyai hubungan istimewa	<u>3,410,753</u>	<u>(4,361,052)</u>	Receipts from/(payments to) related parties
Arus kas bersih yang digunakan untuk aktivitas pendanaan	<u>(1,282,001,569)</u>	<u>(1,298,221,962)</u>	Net cash flows used in financing activities
Kenaikan/(penurunan) bersih kas dan setara kas	21,034,578	(788,987,225)	Net increase/(decrease) in cash and cash equivalents
Kas dan setara kas pada awal tahun	<u>3,410,263,396</u>	<u>3,746,684,082</u>	Cash and cash equivalents at the beginning of the year
Kas dan setara kas pada akhir periode	<u>3,431,297,974</u>	<u>2,957,696,857</u>	Cash and cash equivalents at the end of the periods
Pengungkapan tambahan			Supplemental disclosure
Aktivitas investasi yang tidak mempengaruhi kas:			Non-cash investing activity:
Perolehan aset tetap melalui sewa pembiayaan	2,695,944	2,717,673	Acquisition of fixed assets through finance leases

