

PT WIJAYA KARYA Tbk
ON THE VERGE OF DOUBLE GROWTH

Company In Brief:

PT Wijaya Karya Tbk. (WIKA), with the 48-year experience, is the most growing company in infrastructure industry. WIKA has a unique and complete set of competence to become a construction company with an integration in concrete industry, realty and trading with national and international reputation. WIKA's pride itself in becoming a contractor of projects equivalent to Power Plants in Cilacap and Cilegon, Cipularang Toll Bridge, Sommerset and Bellezza Apartments, Cement Plant 8 Indocement Project, and several others. WIKA grows to be an EPC project manager by acquiring specialties companies.

WIKA has been listed in IDX since October 2007 and use the capital market fund to finance its expansion in EPC, power plant and toll road projects, and international construction projects.

www.wika.co.id

Outlook:

- As the 1st semester revenue shows an almost double growth in revenue amid the infrastructure setbacks, WIKA is certain to be able to perform even higher in the better second semester of 2008
- WIKA has designed a solid program to manage the margin and with that, WIKA is sure that the second semester margin will be higher.
- WIKA targets to dominate in the power plant construction projects especially in EPC projects. To support the aim, WIKA is acquiring PT Catur Insan Pertiwi, a mechanical electrical company specializing in power plant.

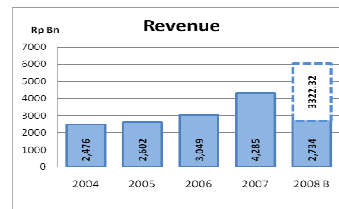
Recent Developments:

- WIKA's current order book is 77.62% of the 2008 order book target. The August order book is Rp 13.5 trillion and the target is Rp 14.1 trillion.
- WIKA Beton, who controls 65% of precast concrete market, is operating in full capacity until October 2008. The H1 revenue is Rp 450.9 billion, representing 61% of full year target revenue of WIKA Beton.
- WIKA Intrade received a contract to manufacture 9.25 million gas tanks until 2009 with a total contract value of Rp 1.2 trillion.

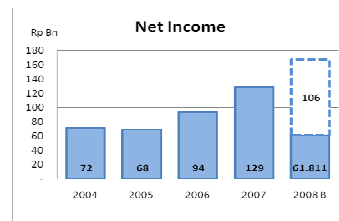


Financial Highlight (As in Unaudited H1 2008 Report):

Revenue : Rp 2,733.7B



Net Income : Rp 61.81 B



Current Ratio : 1.63x
 DER : 2.55x
 ROE : 4.70%
 ROA : 1.31%
 EPS : Rp 21.14/shr (annualized)
 PER : 9.2x (as of Oct 17, 2008)

Financial Summary

HIGHLIGHT OF WIKA INCOME STATEMENT

Per June 30, 2008

(In Rp Bn)

	Audited Financial Statement for the Full Year of 2006 & 2007			Unaudited Financial Statement for the 1st Semester of 2007 & 2008		
	FY 2006	FY 2007	% YOY	H1 2007	H1 2008	% YOY
Net Revenue	3,049.43	4,284.58	41%	1,499.67	2,733.68	82%
COGS	2,803.58	3,925.62	40%	1,375.11	2,561.31	86%
Gross Profit	238.24	376.31	58%	135.79	167.77	24%
Sales Expenses	6.85	10.95	60%	2.36	1.36	-42%
G&A Expenses	107.63	124.75	16%	50.11	62.17	24%
Operating Income	123.76	240.61	94%	83.33	104.25	25%
Interest Income	2.21	10.53	377%	0.79	22.89	2801%
Interest Expense	(53.38)	(51.04)	-4%	(22.23)	(24.83)	12%
Other Income (Expenses)	62.62	(12.15)	-119%	(3.35)	(2.00)	-40%
Pretax Income	135.22	87.95	-35%	58.54	100.30	71%
Tax Expense	(29.72)	(44.33)	49%	(15.00)	(29.16)	94%
Net Income	93.90	129.14	38%	39.19	61.81	58%

HIGHLIGHT OF WIKA BALANCE SHEET

Per June 30, 2008

(In Rp Bn)

	Audited Financial Statement for the Full Year of 2006 & 2007			Unaudited Financial Statement for the 1st Semester of 2007 & 2008		
	FY 2006	FY 2007	% YOY	H1 2007	H1 2008	% YOY
Cash and Cash Equivalents	336.74	1,364.82	305%	192.29	683.98	256%
Account Receivables	499.07	599.23	20%	688.43	707.45	3%
Inventories	323.56	464.47	44%	440.66	1,038.64	136%
Total Current Assets	2,246.16	3,687.32	64%	2,335.55	4,254.93	82%
Fixed Assets	232.09	245.50	6%	235.38	266.96	13%
Total Non Current Assets	408.98	445.74	9%	438.10	479.93	10%
TOTAL ASSETS	2,655.14	4,133.06	56%	2,773.64	4,734.86	71%
Short Term Loans	447.28	175.99	-61%	328.12	292.10	-11%
Trade Payables	653.35	973.74	49%	767.41	1,155.13	51%
Current Maturities of Long Term Debt	30.32	133.44	340%	312.80	-	-100%
Total Current Liabilities	1,850.45	2,231.96	21%	1,911.60	2,607.63	36%
Total Non Current Liabilities	347.43	544.95	57%	367.92	738.34	101%
Total Equity	402.26	1,291.21	221%	439.31	1,314.63	199%

HIGHLIGHT OF WIKA INCOME STATEMENT

2008 Forecast

(In Rp Bn)

	Audited Financial Statement for the Full Year of 2007			Performance Q1 in terms of 2007 & 2008 F	
	FY 2007	FY 2008 F	% YOY	H1 2008	% of 2008 F
Net Revenue	4,284.58	6,056.00	41%	2,733.68	45.14%
COGS	3,925.62	5,535.00	41%	2,561.31	46.27%
Gross Profit	376.31	521.00	38%	167.77	32.20%
Operating Income	240.61	360.00	50%	104.25	28.96%
Net Income	129.14	167.00	29%	61.81	37.01%

HIGHLIGHT OF WIKA RATIO

Per June 30, 2008

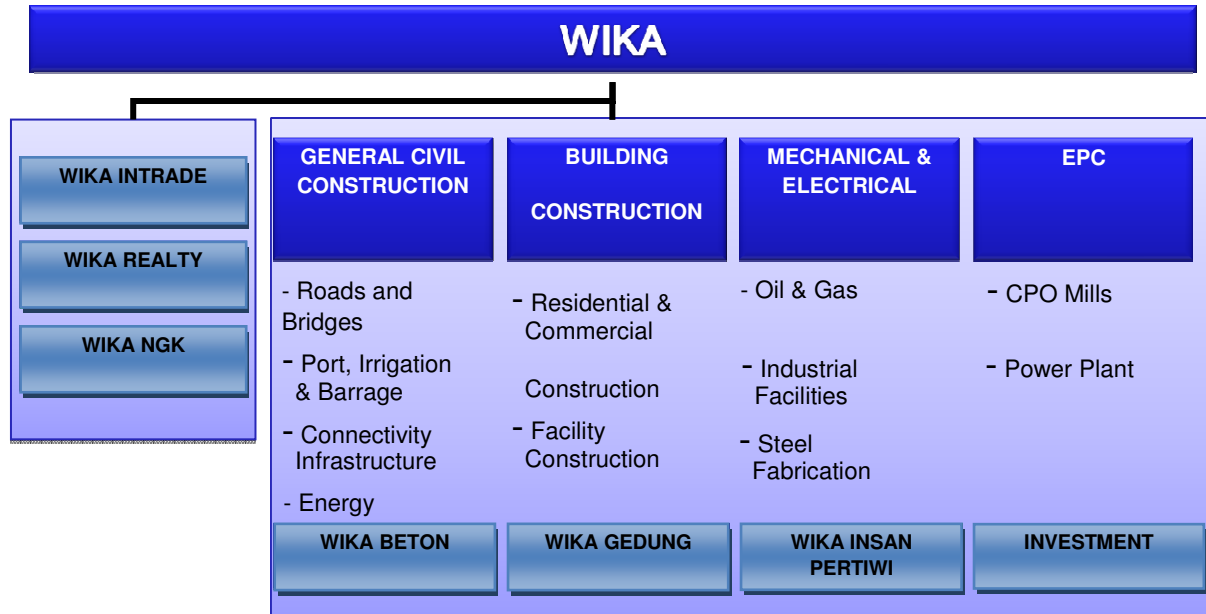
(In Rp Bn)

	Audited Financial Statement for the Full Year of 2006 & 2007			Unaudited Financial Statement for the 1st Semester of 2007 & 2008		
	FY 2006	FY 2007	% YOY	H1 2007	H1 2008	% YOY
Current Ratio	1.21	1.65	36%	1.22	1.63	34%
Debt to Equity Ratio	5.46	2.15	-61%	5.19	2.55	-51%
Net Gearing	0.70	0.34	-51%	0.75	0.56	-25%
Age of Receivables (Days)	59.74	51.05	-15%	83.78	47.23	-44%
Age of Payables (Days)	85.06	90.54	6%	101.85	82.31	-19%
Return on Equity	23.34%	10.00%	-57%	8.92%	4.70%	-47%
Return on Assets	3.54%	3.12%	-12%	1.41%	1.31%	-8%
Gross Margin	7.81%	8.78%	12%	9.05%	6.14%	-32%
Operating Margin	4.06%	5.62%	38%	5.56%	3.81%	-31%
Earning Before Tax Margin	4.43%	2.05%	-54%	3.90%	3.67%	-6%
Net Margin	3.08%	3.01%	-2%	2.61%	2.26%	-13%
Total Asset Turnover	114.85%	103.67%	-10%	54.07%	57.74%	7%

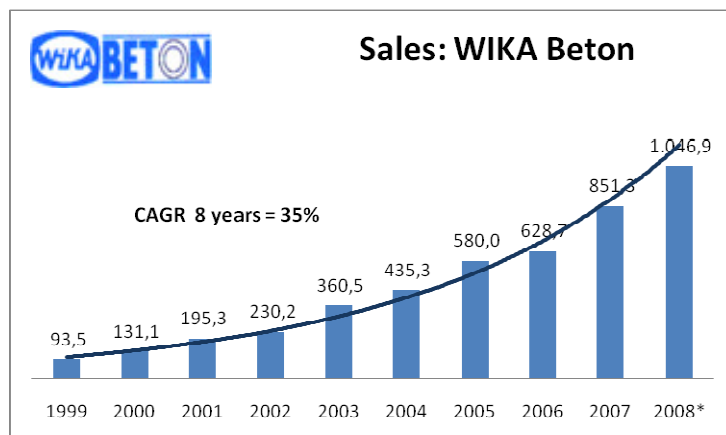
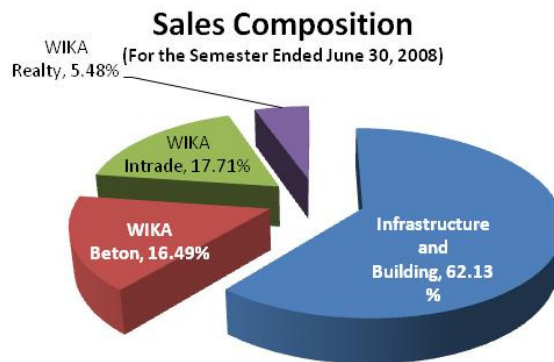
* All quarterly data are from unaudited financial statements

Business Segments

Construction contributes 62% of Q2 2008 revenue and accounts for 38% of the company’s operating income. Construction works include power plants and mechanical electrical, bridges and roads, port, irrigation, barrages, and building. The competencies owned by WIKA are well-reflected in the structure below.



Revenue composition among the construction business and business of the subsidiaries can be seen in the graphic.



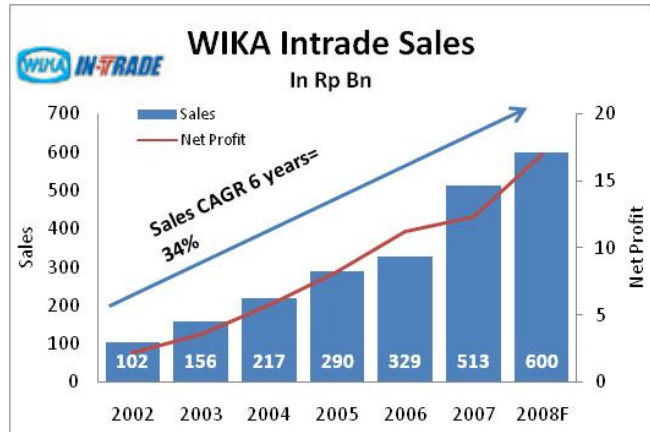
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W I K A B e t o n p r o d u c e s p r e - c a s t

concrete for WIKA construction works and even for other constructing companies. WIKA has been fully booked and working at full capacity up to October 2008.

WIKA Intrade produces and trades various products especially construction material such asphalt, elevator, WIKA Intrade also produces automotive parts to optimize equipments acquired previously.

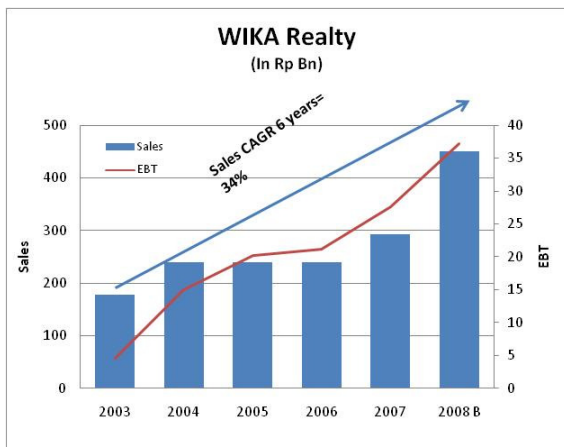
The subsidiary also manufactures and trades gas tanks to meet government’s efforts to change households energy source from kerosene to gas. WIKA Intrade is the only company able to manufacture certified gas tanks with large capacity of 3.3 million tanks/ year and would be increased to 7.2 million tanks/ year. WIKA Intrade just secured a contract to manufacture another 9.25 million tanks with a contract value of Rp 1.2 trillion. WIKA Intrade will manufacture 2 million tanks of the total 9.25 million in 2008, while the rest will be manufactured in 2009.



WIKA Intrade contributes 17.71% of total corporate revenue in H1 2008 and 13.73% of operating income. Its revenue in the first semester is Rp 484 billion, representing 80.7% of the yearly target revenue.

WIKA Realty develops residential complex, vertically and horizontally. WIKA Realty is developing studio type residences in central Jakarta area, aiming the young and high income executives working in the Jakarta.

To minimize financial risk, WIKA Realty does not acquire lands and therefore retains few land banks and higher asset turnover. In doing it, WIKA Realty builds wide and strong cooperation with the land owners. In sum, WIKA Realty is building strong competencies in designing and constructing residences with lesser risks compared to other property developers.



WIKA Realty is currently developing 12 areas throughout Indonesia: Tamansari Puri Bali, Tamansari Bukit Damai, Tamansari Persada Bogor, Tamansari Manglayang Regency, Tamansari Bukit Mutiara, Tamansari Metropolitan Manado, Tamansari Pelabuhan Ratu, Grand Tamansari Samarinda, Ciomas Hills, Fatmawati Festival, Tamansari Majapahit, and Tamansari Pesona Bali.

Its first semester revenue is Rp 149.7 billion, contributing 5.47% of the total revenue and representing 51.29% of WIKA Realty’s 2008 revenue target.

Thamrin Resident, one of WIKA Realty’s projects in Central Jakarta has been 80% sold and is building another tower.

Recent Developments

- Indramayu Coal Fired Steam Power Plant (3 x 330 MW)

A coal fired steam power plant, with 3x330 MW capacity and the total value of Rp 154 billion. Located in Desa Sumuradem Kecamatan Sukra, Indramayu, Indramayu power plant is owned by PT. PLN. It is financed by the government budget (15%) and PT. PLN (85%).



PLN entrusted a cooperation of Sinomach, CNNEC, and PENTA (SCP JO) to be the main contractor. In turn, SCP JO gave the works to WIKA, Zhen Hua, Truba, and SSP as the sub contractors. WIKA is awarded the civil works consists of PC Pile, earth works, concrete works, and dewatering.

The overall construction lasts for 30 months (June 2007 – December 2009), but WIKA’s portion would be completed in March 2009. The completion plan would be as follows.

Indramayu Coal-Steam Power Plant is one the three power plants that are pushed to complete the work faster than planned. WIKA, even before the statement of moving forward faster, had completed its works faster than scheduled, as can be seen in the graph.

- Banten-Labuan: Jetty & Marine Work and Coal Fired Steam Power Plant

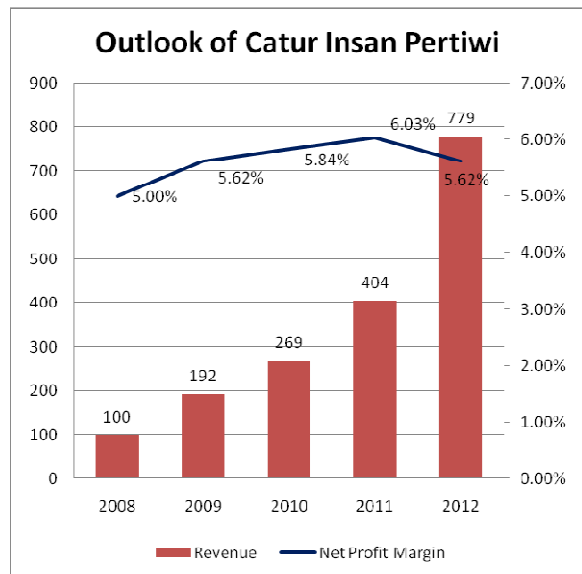
In Banten, Labuan, WIKA is entrusted to work on 2 projects, each worth approximately Rp 400 billion. One is a coal fired steam power plant (PLTU) 2 Banten-Labuan, a 2x300 MW power plant with the total value of Rp 398.2 billion. The other is the jetty and marine work, a designed and built project worth of Rp 403.77 billion.

PLTU 2 Banten-Labuan is located at Sukamaju Village, Labuan district, Bante province. It is approximately 200 km from Jakarta. WIKA is working as the civil contractor, while the EPC contractor is a consortium with 3 members: CECC-TJE, Chengda, and Truba. Up to July 2008, WIKA has completed 51.48% of PLTU 2 Banten Labuan. The project is expected to be completed in September 2009. The expected margin from the project is 7.75%.

WIKA’s part in jetty & marine Work PLTU 2 Banten Labuan is the EPC Contractor under Chengda as the main contractor. The milestone of WIKA includes the first coal shipment unloading in February 2009, and the completion of marine work in November 2009. WIKA has reported 37.28% of progress in this work. The expected margin from the project is 19.06%.

- Acquisition of PT Catur Insan Pertiwi (CIP)

WIKA’s acquisition in CIP works both ways. It means that with CIP as its subsidiary, WIKA is able to secure more EPC contracts in power plant projects. CIP is also growing faster with



Source : Business Plan CIP

WIKA supporting its financing. By the synergical acquisition, CIP would be able to secure much larger contracts and therefore, contributing more to WIKA’s consolidated revenue and income.

Later on, when CIP’s asset is larger, CIP will be merged with WIKA’s Division of Mechanical Engineering (DME), and will be pinned off to create even larger value for the shareholders.

CIP is a mechanical electrical company and engineering consultant specializing in power plants that has 24 years of experience. The company’s works include installation, erection, fabrication, pipe, duct, and electrical works. The current sales of CIP is Rp 100 billion, and the acquisition would bring together competencies needed by WIKA to be an EPC contractor for power plants.

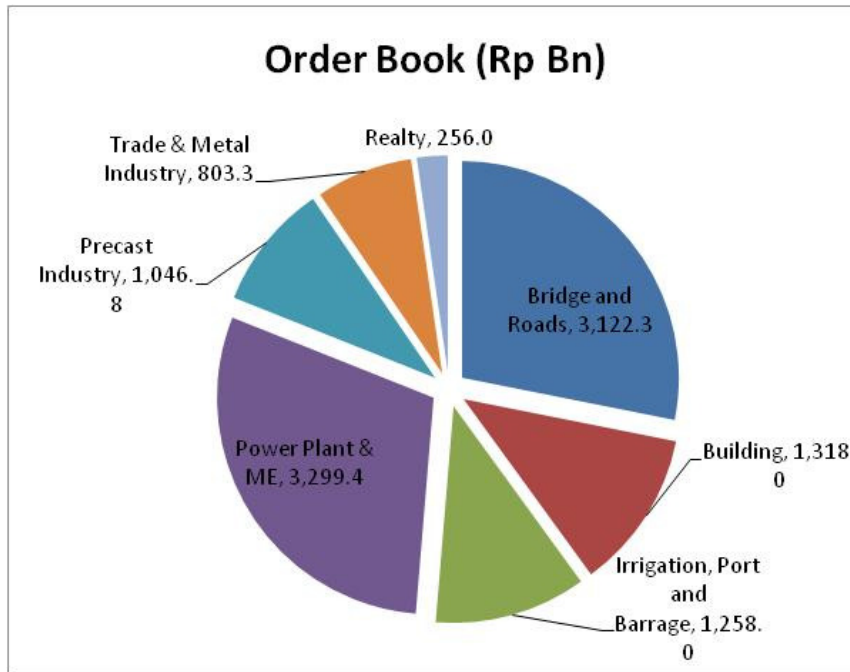
CIP has had various works for PT PLN for diesel engines, steam turbines, steel tank and piping work. CIP also had experience working for huge plants such as PT Chandra Asri, PT Bogasari, PT Riau Andalan Pulp & Paper, Daihatsu, and many others. With WIKA participation in the company, CIP is expected to be able to work on larger projects, generating much more revenue

WIKA is acquiring 70% of CIP with a approximate value of Rp 23 billion. The remaining 30% of ownership is distributed among 3 founders. After the acquisition, CIP will change its name into PT Wijaya Karya Insan Pertiwi.

- Mega Projects of WIKA
WIKA has other various mega projects, including power plants, building, and roads. The projects that would contribute significantly in WIKA’s financial statements are:

Project Name	Location	Contract Value (In Rp Bn)	Completion Year
The Adhiwangsa	Jakarta	525.00	2009
East-West Motor Project Algeria	Algeria	453.42	2009
PLTU Banten 2 - Labuan (2 x 300 MW)	Banten	802.97	2009
PLTU Kalsel (2 x 65 MW)	Kalsel	600.00	2010
PLTU Sulut (2 x 25 MW)	Sulut	647.00	2010

Up to June, WIKA’s order book is as follows:



Up to August, WIKA has already added more contracts worth more Rp 6.97 trillion.

Outlook

In the second semester, Indonesia is expecting a better economic growth, as the oil price and commodity price is decreasing, the inflation rate would have been increasing at a much slower rate and thus, the government budget is getting less pressure from the subsidy. Therefore, the financings of infrastructure projects would have been easier, especially for government projects. As for the private projects, a stable interest rate always has been a stimulator for industry growth and for infrastructure projects, too.

In a longer term, WIKA is moving toward the upstream by acquiring various EPC projects supported by solid competencies in the construction. WIKA targets to be one of the significant players in the EPC market. Several EPC projects that have been delivered successfully by WIKA are Tuban Aromatic Project (a fertilizer plant) and several CPO plants.

The EPC market would support an accelerated growth due to the massive revenue and much higher margin. The payment terms in EPC projects are simpler and bundled. EPC project manager, in this matter is WIKA, would have flexibility in designing the most efficient design, thereof optimizing procurement and procurement margin.

Together with PT Catur Insan Pertiwi, the power plant mechanical engineering, WIKA is settling for the largest market share in power plant projects. Currently, WIKA is participating in 9 power plant projects with a total capacity of 4,806 MW. Two of the projects are obtained as EPC. The two projects are PLTU 2 Sulut (2 x 25 MW) and PLTU Kalsel (2 x 65 MW). The total contract value of these two projects is Rp 1,18 trillion, approximately 50% of the total power plant projects value. The immense contribution of EPC projects in the portfolio shows clearly at how EPC projects would have substantial impact on revenue. Therefore in the future, WIKA would acquire more power plant projects in EPC terms.

Any question is welcomed and to be sent to:

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