



Annual
Report **08**



MESSAGE FROM THE CHAIRMAN



The coming 2009 elections have contributed quite a force in this year's activities at The Habibie Center. It is the moment for leadership change and acceleration of the consolidation of democracy. A general election is a democratic instrument to select leaders that will serve in both the legislative and executive bodies. It also becomes an important medium for the development of a democratic political culture in society. The 2009 General elections are expected to present a national leader that can guide the nation to solve various problems, overcome crises and usher in a new and better era.

Through 2008, in the midst of the extremely dynamic political and economic environment in Indonesia as well as in the world, The Habibie Center has succeeded in implementing fruitful programs and producing useful research and publications. The consolidation of various institutions under the Center was proven useful for the Center's 2008 activities and undoubtedly will provide a stronger foundation for future programs and activities.

As our commitment for the process of democratization must be held, The Habibie Center has made sure that the routine programs that focused on issues of democracy and human rights continued. Issues ranging from politics, legal reform, media, justice and human rights to information technology and education became the focus of the numerous discussions, seminars and workshops held by the Center. These discussions were held not only within the national scope but also internationally with the cooperation of our international partners from Asia, Europe and all over the world.

In nine years, The Habibie Center has succeeded in accomplishing a number of important activities and it will continue to conduct activities on efforts to uphold the values and principles of human rights, democracy and good governance in Indonesia. With the support of the public, the media, and through fruitful cooperation with organizations, both national and international, we hope to accomplish this and much more. Hopefully, by working together we can set up positive and productive programs that will be beneficial to the Indonesian people and to the nation as a whole.

Finally, I personally would like to express my gratitude to the various parties that have participated in The Habibie Center activities over the past year, and hope that with the support from various sectors we can improve our efforts in the future.

Jakarta, December 2008

A handwritten signature in black ink, which appears to read 'Bacharuddin Jusuf Habibie'. The signature is written in a cursive style and is positioned above a horizontal line.

Bacharuddin Jusuf Habibie

DEMOCRATIC CONSOLIDATION AND AMENDMENT OF THE CONSTITUTION



Indonesia shall begin to move from a transitional situation to the next phase of democratic process, which is the consolidation of democracy. Substances and institutions to build a democratic regime have been established, yet problems still arises since these institutions have very little sense of consolidation.

The amendments of Indonesian Constitution, the UUD 1945, in one way have created great progress in building democracy in Indonesia, however, they are still poor and awkwardness in performances that need to be corrected. The newly established institutions have been tending to compete with each other rather than cooperating to make democratization work. For this reason, a minority of people has seen democratic transition as a source of national deterioration and chaotic situation. There is also a small but vibrant force wanting to return the constitution to the original UUD 1945.

On the other hand, witnessing the development of democracy in Indonesia over the past two years, we realized that the main problem is that we must begin to consolidate all the democratic powers that we have built. One way to accomplish that aim is through the fifth amendment of the UUD 1945. The four previous amendments have not yet come to create an efficient and integrated democratic system within our constitution; there are shortages and loopholes that need to be filled. Consolidating democracy requires an immaculate guidance. The Constitution as the highest law in a democratic country is the most suitable guidance to begin the process of national consolidation. Once the rules and mechanisms have been set, the consolidation process can begin.

For these reasons, a common goal and willpower to move towards democratic consolidation through the Fifth Amendment of the Constitution is a prerequisite. National consolidation for democracy is not only consolidating the powers in the state but also consolidating different ideas and interests for one goal that is to make democratization works.

The Habibie Center has carried out a variety of programs and activities over the past two years in form of seminars, studies, research and publication as part of the efforts to participate in building national consolidation for democracy. This report of 2006 shows that variety of topics of The Habibie Center activities as part of the aims of the Center to make democratization work towards a new Indonesia.

Jakarta, December 2008

A handwritten signature in black ink, appearing to be 'Muladi', written over a white background.

Prof. Dr. Muladi

Board of Director

FOREWORD

REFORMING THE BUREAUCRACY WITHIN THE CONTEXT OF REFORMASI



The role of the bureaucracy in Indonesia in the transition era is crucial. This role is currently attracting great interest in Indonesian politics because political change since 1998 has given greater strength to societal forces vis-à-vis the state. During this transition period many Indonesians demand the implementation of good governance, the elimination of corruption, collusion and nepotism, and call for greater accountability of the authorities to the people. These issues are intertwined with the issue of social justice, discussion of which flourishes in society. Since the Reformasi movement in 1998 a broad spectrum of Indonesian societal forces and NGOs have been established, ranging from philanthropic and charitable organizations to the radical protest movement. The societal forces have promoted participation and pluralism in ways that affect state-society relations and weaken the government apparatus as an agent of social control.

Moreover, the role of civil society (political parties, students, intellectuals, the press, NGOs) in supporting the reform of the bureaucracy and decentralizing power to regional government has been very important. These groups were influential because the creation of good governance and clean government, as well as the empowerment of civil society, could not be expected simply from government initiative.

The politicization of the bureaucracy through the weakening of political parties and maintaining bureaucratic authoritarianism under the New Order government (1966-1998) was an important stimulus for reforming the bureaucracy. With the downfall of Soeharto's New Order regime, the authoritarian nature of the bureaucratic system was exposed. The implementation of new political laws in 1999 gave rise to an invigorated role for political parties, and the implementation of a government regulation for a neutral bureaucracy resulted in its declining involvement in politics. A strong parliament and the increasing political awareness of bureaucrats have become a reality today. The bureaucracy can no longer exist as it was in the New Order, and, in fact, has responded to societal needs by adjusting to the new political climate.

Arguably, the development of democracy in Indonesia could not take place without the reform of the bureaucracy. The issues of democratization and reform of bureaucracy are central to current political debates in Indonesia. Bureaucracy and democracy have, in fact, influenced each other. Present evidence on the neutrality of the civil service during the 2004 elections, demonstrates the form of Indonesian bureaucracy and the nature of the links between state and society in the transition period, especially after regional governments were granted greater regional autonomy in January 2001. Thus, since this period of policy-making was no longer so heavily dominated by the state elite. This represented an important change in Indonesian political life.

Ahmad W. Pratiknya

Executive Director

1 Democracy and Human Rights



18 JANUARY 2008

Prospects of Enhancing the Quality of Democracy: Reflections on 2007 and Expectations from 2008-2009

The Habibie Center conducted the program, 'Prospects of Enhancing the Quality of Democracy: Reflections on 2007 and Expectations from 2008-2009', at The Habibie Center on 18 January 2008. The speakers were Professor Dr Indria Samego, Andrinof Chaniago, Msi, and Professor Dr Dewi Fortuna Anwar with moderator Andi Makmur Makka. The discussion focused on the reformation process that has been going on in Indonesia for nearly ten years. However, the reformation was considered to be mainly structural and procedural. Substantive democracy and a democratic

culture are still far from reality. Indonesian democracy was still elitist and a result of chaotic relations between state institutions because of the amendments to the Constitution, which were used as a pretext by some parties to return to the original 1945 Constitution. The Indonesian nation should strive to reassess and learn from the reform process in order to use the 2009 elections as a step towards consolidating democracy. 'Empirically, democracy and the democratization process remain more biased toward the elite or the famous rather than the masses', explained Indria Samego.



1 Democracy and Human Rights



28 FEBRUARY 2008

Discussion of the Bill on Public Information Transparency and Eradication of Corruption

The Habibie Center, in collaboration with Yayasan Sains Estetika dan Teknologi (SET), conducted a discussion with the theme 'Law on Public Information Transparency and Realization of a Corruption Free Indonesia' at The Habibie Center on Thursday, 28 February 2008. Speakers included Andrianof Chaniago (THC senior researcher), Masduki Baidlowi (Commission I DPR RI), Professor Dr CFG Sunaryati Hartono, SH (vice-chairman of

the Ombudsman Commission) and Danang Widoyoko (ICW deputy coordinator).

According to Baidlowi, one reason for current widespread corruption was the unequal access to information. Information can be concealed or altered by a public official and eventually used to extort an individual or group in need of it. 'Here lies the door to corruption', Baidlowi asserted.

19 MARCH 2008

Discussion Series: Historic Figures Speak, Uncovering the Ideas of Sutan Takdir Alisjahbana

The Habibie Center, on Wednesday, 19 March 2008, organized a talk, titled 'Rediscovering the Road to National Awakening: Uncovering the Ideas of Sutan Takdir Alisjahbana', as part of the series, Historic Figures Speak. The discussion was between Tamalia Alisjahbana (daughter of Sutan Takdir Alisjahbana), Franky Budi Hardiman (lecturer at the Driyarkara School of Philosophy) and Professor Drs Malik Fadjar, MSc (Secretary, Advisory Council, THC).

According to Tamalia, her father (also known as STA) envisioned Indonesia as a nation that was not only independent but also prosperous, in which citizens could acquire higher forms of education and enjoy freedom of expression and opinion. To realize this, Indonesia should not merely absorb Western knowledge and technology but also Western culture and mentality. This is what prompted the rise of cultural polemics in the 1930s, to be precise, during the 1933 Education Congress in Solo.

According to Malik Fadjar, STA's polemic of 'Western Education and Pesantren Education' illustrated efforts to search for a synthesis of east and west. 'STA stated that a feeling of dislike toward Western education should not induce an anti-intellectual, anti-egoistic, anti-materialist attitude. In fact, intellect should be sharpened even more. In order to develop the nation, Indonesia requires young people with high initiative, with sharp minds and broad knowledge', explained Malik.

30 APRIL 2008

Knowledge of Local Political Culture Characteristics Important to Advance the Democratization Process

The Habibie Center (THC), in collaboration with Yayasan TIFA, held a Focus Group Discussion on 30 April 2008. The topic was a THC study titled 'Democracy and Local Political Culture: Identifying Change and Continuity of Local Political Culture Values in West Sumatra, East Java, Bali and South Sulawesi'. The study, the outcome of a joint effort of THC and the Hanns Seidel Foundation, was conducted in 2007. It was

significant because a decentralization policy had promoted the growth of local political movements. Therefore, a comprehensive picture illustrating change and continuity of local democratic values was required, as was a study of values pertaining to local political culture. The study has helped those attending the discussion perceive and understand the challenges, opportunities and prospects of the democratization currently underway.



1 Democracy and Human Rights

15 MAY 2008

100 Years of National Awakening: Chairil Anwar's National Spirit Unhindered by Time

On 15 May 2008, The Habibie Center organized another session of the Historic Figures Speak series with the theme 'Awakening the National Spirit through the Poetry of Chairil Anwar'. The speakers were Evawani Elisa (Chairil Anwar's daughter), Maman S Mahayana (literary critic) and Taufik Ismail (poet). According to Taufik Ismail, Chairil Anwar was a famous literary figure whose poetry is an important element in Indonesia's literary history. Values of nationalism and patriotism reflected in his poetry not only inspired the spirit of struggle in the independence era but also succeeded in permanently influencing Indonesian education by causing school children to become aware of, and to appreciate poetry, literature, and their country.



29 MAY 2008

B.J Habibie Presents 'Reflections on 100 Years of National Awakening and 10 Years of Reform'

Former president, Bacharuddin Jusuf Habibie, on Thursday, 29 May 2008, gave a speech at DPR RI within the framework of commemorating '100 Years of National Awakening and 10 Years of Reform'. The former president stated that national awakening was inspired by the founding of Budi Utomo,

which signalled the awakening of intellectual awareness as well as the awareness of the importance of education and IPTEK for the creation of a free and prosperous nation. With culture and IPTEK the Indonesian nation will, it is hoped, acquire higher standards and ultimately advance civilization as a whole.



11 APRIL 2008

THC Index Team Meets President Susilo Bambang Yudhoyono

As part of a general program to commemorate ten years of reform and to address Pemilu 2009, The Habibie Center developed an index program with the goal of evaluating the performance of the government, institutions and individuals. The index program was also intended to assess the nation's journey from 1945 to 2008. Its initial design was presented to President Susilo Bambang Yudhoyono on Friday, 11 April 2008.

The National Performance Index considers eight social institutions and seven groups of major actors that are considered fundamental for improving living standards. The institutions comprise the economy, politics, law enforcement, science and technology, defence and security, international relations, gender equality and human rights as well as social, cultural and religious matters. The groups of actors include political parties, executive institutions (government bureaucracy), legislative institutions (People's Representative Council), law enforcement agencies, judicial institutions, civil society and business.

The index is to provide material for national assessment to help improve governance, and to act as an instrument for the people to evaluate the performance of government and also of political parties and candidates for leadership in the general elections. Observing the nation's overall performance (not only the government's) will allow an objective and balanced benchmark that would serve as a standard for future indexes.



1 Democracy and Human Rights



9 JULY 2008

Focus Group Discussion on Harmonization of Civilization: Indonesia's Role in the World

As a democratic state with the largest Muslim population in the world, Indonesia is expected to play a positive role in the inter-civilization dialogue. The Habibie Center, an institution championing democracy and human rights, wishes to make a positive contribution to this exchange of ideas and principles. This was the background of the Focus Group Discussion on 'Harmonization of Civilizations: Indonesia's Role in the World', which was on Wednesday, 9 July 2008, at The Habibie Center.

That 'Indonesia has a unique destiny, in which hopes are placed upon it to become a venue of inter-civilization dialogue', was an assertion by A Malik Fadjar (former Minister of Education) who led the discussion. In view of the history of Western imperialism, inter-civilization dialogue should occur in a country with a Muslim majority, that is, outside the centres of economic and military power. The Middle East was closed to this task, possibly for several more generations, but in Indonesia, Malik explained, the door to this dialogue is still open.

31 JULY 2008

Seminar on 'Reflections on the Nation's Journey and Consolidation of Democracy in Preparation for Pemilu 2009'

As part of the celebration of ten years of democratic reform, The Habibie Center conducted a seminar in Jakarta with the theme 'Reflections on the Nation's Journey and Consolidation of Democracy in Preparation for Pemilu 2009', on 31 July 2008. The key speaker was Widodo Adi Sutjipto, Coordinating Minister of Politics, Law and Security. During the seminar, Ahmad Watik Pratiknya, executive director of The Habibie Center, gave a presentation on the National Performance Index and its parameters. The index will be used to help evaluate Indonesia's progress in preparation for '100 years of National Awakening and 10 years of Reform'. The index measures Indonesia's democratic success' from various viewpoints: politics, the economy, law, science and technology, the dynamics of international relations and other socio-cultural factors.

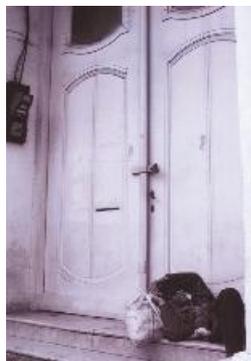
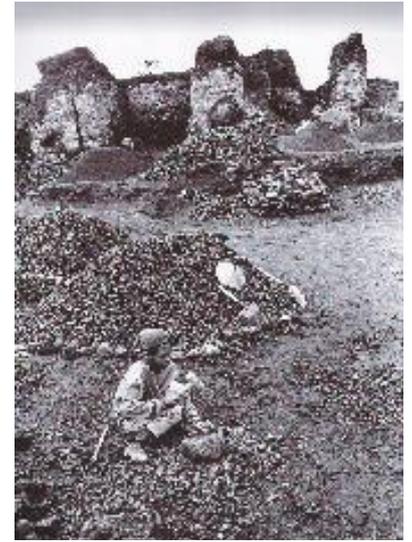
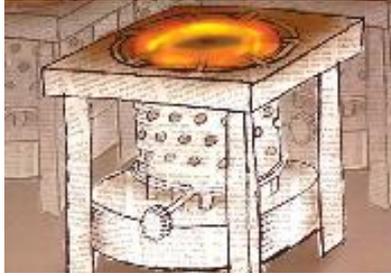
The seminar had two sessions: the first discussed the topic 'Consolidation of Democracy Prior to Pemilu 2009'. Speakers were Dr R

Siti Zuhro (Research Manager, THC), Dr Saiful Mujani (Lembaga Survei Indonesia) and Ferry Mursyidan Baldan (DPR RI). The second session focused on 'People's Welfare and Dynamics of Leadership Change' and featured Andrinof Chaniago (THC researcher), Dr Ahmad Erani (Indef economist), Dr Suahasil Nazara (University of Indonesia) and the moderator, Dr Fuadi Rasyid (Director of Administration, THC).

Dr R Siti Zuhro expressed the view that DPR had sufficient strategic authority in electing public officials. For instance, the Council conducted 'fit and proper' testing of public officials in the executive branch of the government. However, this authority was often exercised without seriously considering the views of the general public: the appointments of the respective heads of KPK, the Supreme Court and Bawaslu had caused controversy in the community. In practice, according to Zuhro, Council members tended put the interests of their parties ahead of the interests of the public.



1 Democracy and Human Rights



13-15 AUGUST 2008

Human Rights Photos and Critical Media Caricatures Exhibition

The Habie Center held a 'Human Rights Photos and Critical Media Caricatures' exhibition from 13 to 15 August, 2008. The exhibition displayed approximately 50 photographs and 130 caricatures. The photographic exhibition was one of several activities of the human rights photography competition for students held by The Habie Center during June and July. The Critical Media Caricatures were also products of a caricature competition held in 2007.



15 AUGUST 2008

Discussion Series: Historic Figures Speak

The Habibie Center appreciates the history of the nation's development and works to promote human rights and democracy. It therefore held a discussion, titled 'Tales of Struggle for Independence', which was part of the series Historic Figures Speak. Speakers included Himawan Sutanto (former chief of KOSTRAD), Sayidiman Suryohadiprojo (former governor of Lemhannas and Wakasad) and Rais Abin (Veterans' Legion). The event was part of the general program to commemorate the 63rd anniversary of Indonesia's independence.

According to Sayidiman, when national independence was proclaimed on 17 August 1945, Indonesian youth was no longer willing to live under colonization and wanted the nation to adopt a course to progress and prosperity. They spontaneously and spiritedly volunteered to defend their newly won independence. Many had no interest in becoming soldiers but they reasoned that the colonizers would not allow Indonesia to be free and would do anything to regain their authority. For this reason, the first stage of the struggle to defend independence would mainly be a physical one accompanied by the use of force to oppose and defeat the colonizers.

15 AUGUST 2008

Reflecting on Independence Evening

In commemoration of the 63rd anniversary of Indonesia's independence, The Habibie Center held an event, titled 'Reflecting on Independence', that took place in the evening of 15 August 2008. The event featured S Wiryo who read the reflection speech.

According to S Wiryo, democratization in Indonesia was on the right track, although all national elements should work together for democracy to grow and develop further. 'It is true that time is needed for improvements here and there, it cannot be perfect overnight, however it must be maintained so as not to regress again', he said.

The 'Reflection on Independence' program was also attended by Muladi (head of the Executive Board Council, THC) and the program was enlivened by a reading of the independence poem by Helvitiana Rosa and Andi Biru Laut.



30 OCTOBER 2008

Expert Discussion on Media and Pluralism Study

The Habibie Center, on 30 October, in cooperation with Yayasan TIFA, conducted an expert discussion on Indonesian media and pluralism as part of the study, 'Media and the Promotion of Pluralism'. The discussion included Professor Dr Ibnu Hamad (University of Indonesia), Eriyanto, MSi (PT LSI research director), Professor Dr Indria Samego (LIPI senior researcher), A Makmur Makka (Communication Director, THC) and Tri Nugroho (Executive Director, Yayasan TIFA).



The discussion concluded that the media play an important role in bringing ideas of pluralism, tolerance, and respect for pluralism to the general public.

18 NOVEMBER 2008

Discussion on Indonesian Leadership Post 2009: Learning from the Obama Phenomenon

The Habibie Center held a discussion on 'Indonesian Leadership Post 2009: Learning from the Obama Phenomenon' on Tuesday, 18 November 2008, in Jakarta. Speakers included Anas Urbaningrum of the Democrat Party, Rama Pratama of PKS, Ahmad Watik Pratiknya (Executive Director, THC) and Budiman Sudjatmiko (PDI-Perjuangan politician).

According to Anas, the American people made history in terms of overcoming racialism and

that Obama's election was a milestone in US politics. 'In Indonesia it is not unlikely that a president will emerge from outside Java. Will voters in Java, the most populous island in Indonesia, be willing to accept the candidate?' asked Anas. One should not forget that Obama built his political career over a sufficiently long period, consistently, with intelligence, commitment, and a solid team. It's to be hoped that there will be a leader in Indonesia who is able to emulate Obama's strategy and success.



1 Democracy and Human Rights



25 NOVEMBER 2008

Seminar: Pemilu 2009: Consolidation of Democracy and National Leadership Transformation

In a celebration of its 9th anniversary, The Habibie Center conducted a national seminar, 'Pemilu 2009: Consolidation of Democracy and National Leadership Transformation'. The speakers included Ahmad Watik Pratikya (Executive Director, The Habibie Center), Anies Baswedan (Rector, Paramadina University), Komarudin Hidayat (Rector, UIN Syarif Hidayatullah), Dewi Fortuna Anwar and R Siti Zuhro of THC and former UGM rector, Sofian Effendi.

According to Ahmad Watik Pratiknya, Indonesia possessed many qualified, potential leaders. Unfortunately, their emergence in the 2009 general elections still faced obstacles: 'In Indonesia there is actually much potential, either from political parties or other leadership sources. But those who do emerge are only a handful of people. Why? Because there are obstacles in the recruitment process and actualization of candidates' potential', commented Watik.

Obstacles in the cadre-forming process, according to Watik, were also because the rules of the game do not enable the development of future leaders, especially through independent channels. This was aggravated by the continued presence of a feudal culture, even within political parties. According to Watik, in Indonesia a quasi-leadership syndrome has surfaced, in which emerging leaders behave more like politicians than leaders. Such leaders made decisions that were based only on benefit-loss evaluation.



25 NOVEMBER 2008

Ahmad Syafii Ma'arif: Beware of Near-Sighted Politicians

The Habibie Center's 9th anniversary celebration was at Hotel Gran Melia, Jakarta, and featured Ahmad Syafie Ma'arif as the keynote speaker. He gave a speech titled 'Democracy and National Leadership'.

According to Ma'arif, the dangers threatening Indonesian democracy are widespread; a 'near-sighted' political culture, marked by the short-term vision and pragmatism of democratic players. Ma'arif added that the Indonesian nation is currently being shaken by the global financial crisis. However, this condition does not mean that leaders with integrity and who are high-minded are difficult to find. Ma'arif reminded everyone that in the Pemilu 2009 the number of voters who do not use their voting rights (abstainers) should not be allowed to increase. If the figure reached 50 per cent, it would be a danger signal in the practice of Indonesian democracy.

Meanwhile Professor Dr Muladi, SH (THC Executive Board Council chairman), stated in his report that in its 9th year THC continued to fight for democracy and advocate human rights protection in Indonesia, in addition to advancing science and technology.

The anniversary event was also attended by Professor Dr Ing BJ Habibie (THC Guidance Council chairman), Ny Hasrie Ainun Habibie (THC Guidance Council vice-chairman), Professor Dr Ing Wardiman Djojonegoro (Yayasan SDM-IPTEK Executive Board Council chairman), and several other THC colleagues and members of the Executive Board.

1 Democracy and Human Rights



28 NOVEMBER 2008

BJ Habibie Presents a Public Lecture at Paramadina University

BJ Habibie gave a public lecture before the Paramadina University's academic community on Friday, 28 November 2008, which was attended by hundreds of students, activists, academics and many others. The theme of the discussion was 'What Is Still Wrong with Our Nation?'.

In his lecture, Habibie asserted that the nation required a leader who was able to work quickly and efficiently to lead the nation out of crises. 'Leaders need not attend to polemic discourse surfacing in the community. A leader must display leadership by doing the work to be done. Particularly as the nation is facing much work that requires to be handled quickly', said Habibie.

Regarding leadership in the future, he added, the leadership dynasty model no longer applied. Leadership should not consider issues of ethnicity, religion, and race because what truly mattered was competence. 'Most significant for the future are leaders with ideas, accuracy, and political consistency. That is why this nation must be able to build a system that will enable the best people to emerge as leaders', he affirmed.

2 Information Technology and Development of Democracy



6 FEBRUARY 2008

The Habibie Center and Depkominfo Sign MOU on Broadband Penetration

The Habibie Center and the Department of Communication and Informatics (Depkominfo) agreed to work together in addressing the 'digital divide' in Indonesia. The agreement was formalised in a memorandum of understanding (MOU), which was signed by the Minister of Communication and Informatics, Professor Dr Ir Mohammad Nuh, DEA and the director of the Institute for Democratization and Socialization of Technology, The Habibie Center, Dr Ing

Ilham Akbar Habibie, on 6 February 2008 at the Depkominfo Building.

Points of cooperation between THC and Depkominfo concern the penetration of broadband Internet access across Indonesia with the intention of achieving a 20 per cent increase by the year 2012. Efforts made so far were also related to tariffs that could make broadband Internet more accessible in rural areas.



2 Information Technology and Development of Democracy



7 APRIL 2008

BJ Habibie Presents a Speech at the Launching of Website www.bangakbar.com

On 7 April 2008, former president Habibie gave a speech at the launch of the website of Akbar Tandjung (www.bangakbar.com). Tandjung used to be a Golkar general chairman and DPR RI Speaker from 1999 to 2004. Habibie stated that failure to give opportunity to party cadres with potential to be nominated in the presidential elections was among the faulty notions of political parties and should be removed. Besides, obstructing development of party cadres also threatened the unity of the political party itself.

‘Currently there are many cadres who are reliable and capable of leading the nation, working in several political parties. However, the fact that they cannot be nominated as presidential candidates is a cultural issue’, said Habibie. The cultural issue he referred to is seniority. The law stipulates that, based on criteria in effect, the nomination of a presidential candidate can only go to one person and usually this person is the party chairman.

18 APRIL 2008

Discussion on Opening SLJJ Access Code and Reducing the Digital Divide in Indonesia

On Friday, 18 April 2008, The Habibie Center held a discussion with the theme 'Impact of Opening the SLJJ Access Code and Reducing the Digital Divide in Indonesia'. The discussion featured several speakers including Gatot Dewabroto (Division Head, PR and General Affairs Directorate, General Postel), Ir Wartono Purwanto, MEng (General Chairman, Sekar PT Telkom), Danrivanto Budhijanto (Unpad telecommunications law expert) and Ali Mochtar Ngabalin (Commission I, DPR RI).

Gatot S Dewabroto stated that after applying early termination and duopoly, his side would remain consistent with the existing rules and legislation. 'No more regulations are required [for SLJJ], we do not wish for overregulation. We have tied the new operator to modern licensing', he explained.

Meanwhile, Danrivanto Budhijanto believed that opening the access code needed to be followed by infrastructure and regulations to supervise its use.



3 DECEMBER 2008

iMulai 2.0: Business Solution Innovations Competition

Dr Ilham Akbar Habibie, head of the Institute for Democratization of Science and Technology at The Habibie Center, was appointed jury member of the competition for website program design, 'Business Solution Innovation' (abbreviated to 'iMulai 2.0'). The iMulai 2.0 was a competition, sponsored by Microsoft, for young Indonesian entrepreneurs and required participants to take three easy steps, that is, register for the program, download the proposal guide, and finally to upload their proposal. Participants could also select the software category for the

iMULAI 2.0 competition. The categories covered education, health, environment, and the creative industries among others.

Ilham believed that utilization of technology by local developers should be directed at marketing innovations and creations. 'Local technology developers in Indonesia are still disorganized and not well managed in viewing the existing business opportunities. This is what needs to be guided, how innovation and creations can be better directed to develop realistically', he said.



2 Information Technology and Development of Democracy

3 DECEMBER 2008

Discussion on Developing the Local Software Industry

Dr Ilham Habibie, head of the Institute for Democratization of Science and Technology at The Habibie Center, was the speaker at the discussion, titled 'Developing the Local Software Industry', that took place on 3 December 2008 in Jakarta. In his presentation, Ilham emphasized the importance of overcoming the problem of the digital divide and providing broadband connections to support the local software industry.

Ilham explained that The Habibie Center has collaborated with ITB, and the Digital Divide Institute from the USA, to form the Investor Group Against Digital Divide (IGADD). Furthermore, IGADD has also entered a memorandum of understanding with Depkominfo, in which IGADD will make a policy recommendation report to promote broadband in Indonesia. The recommendation was presented to Depkominfo as a contribution to help formulate relevant government policies.



3 International Cooperation



15 JANUARY 2008

Challenge of Democracy in Southeast Asia

Democratization in Southeast Asian countries is progressing well. Nonetheless, in each ASEAN country, democratization faces various challenges. This view was expressed by Muthiah Alagappa, PhD, senior researcher at the East–West Center, Washington DC, in the discussion ‘Development of Democratization in Southeast Asia: Looking Back, Looking Ahead’, which was held on Tuesday, 15 January 2008, at The Habibie Center.

According to Alagappa, an indicator of democracy was not merely the implementation of Pemilu. ‘The essence of democracy is how power is obtained, how the state conducts power, and the relationship between individuals and minorities toward the state’. He added that democracy in Indonesia was irreversible. This becomes evident when looking at elections being conducted relatively peacefully, locally and nationally, and considering the successful settlement processes of the Aceh and Papua problems.



28 JANUARY 2008

Pew Global Attitudes Discussion with THC Researchers: Public Opinion Plays Important Role in Implementation of Democracy

Polling plays a significant role in a country's democratic process. Such was the statement of Dr Richard Wike of the Pew Global Attitudes project, United States, in his presentation 'Public Opinion and Democracy' that he gave at The Habibie Center on Monday, 28 January 2008.

According to Dr Wike, polling was one form of citizens' political participation. It was very useful to obtain findings that differed from what the political elite imagined. Besides, polling could also test unfounded arguments and was a facility to complement other data. 'Polling may also contribute to

political debate, such issues as Iraq war, racism, and so forth', said Dr Wike.

In his presentation, Dr Wike was joined by several US Embassy personnel: Michael H Anderson (Public Affairs), Robyn Remeika, Chodidah Budi Rahardjo and Pira Vindiartha. Also present were Admiral (Ret.) Abu Hartono (Deputy Chairman, Maritime Affairs, The Habibie Center), Professor Dr Ing Wardiman Djojonegoro (chairman of Yayasan SDM-IPTEK Executive Board), Dr Fuadi Rasyid (Director of Administration, The Habibie Center) and several THC researchers.



14 APRIL 2008

Perspective toward US Election 2008

The Habibie Center, in collaboration with USINDO, staged an open forum on 'Perspective toward US Election 2008', on 14 April 2008, with keynote speaker John Towriss, former CNN Deputy Director of News and currently Executive Vice-President of TMG Strategies. Moderator of the event was Professor Dewi Fortuna Anwar (Research and Program Director, The Habibie Center). According to Towriss, the US election in 2008 will become the 'turning point' in the history of American democracy, because each candidate has an interest in issues pertaining to race (Obama), gender (Clinton) or age (McCain).



17 APRIL 2008

International Executive Forum Indonesia-Brazil Agree to Enhance Bilateral Ties

The Habibie Center conducted the International Executive Forum with the theme 'Enhancing Ties Between Indonesia-Brazil at Regional and Global Scope'. The Discussion was held on 17 April 2008 at The Habibie Center and was attended by HE Mr Edmundo S Fujita (Brazilian ambassador), HE Mr Pieter Taruyu Vau (former Indonesian ambassador to Brazil and Bolivia) and Professor Dr Dewi Fortuna Anwar (Research and Program Director, The Habibie Center) was moderator.



'As prominent countries in their respective regional groups, Indonesia and Brazil hold important roles in the world order. Cooperation between the two countries will enhance the bargaining position of developing countries in addressing global economic challenges', posited Tarayu.

Ambassador Fujita explained that Brazil and Indonesia had several similarities as developing countries in tropical climates with abundant natural resources. According to Fujita, ties between ASEAN and MERCOSUR would not yet give benefits because the relations were still in the promotional phase through dialogues to be conducted this year. However, strategic cooperation can start by strengthening bilateral ties between countries in the respective regions.





29 APRIL 2008

THC and ICRC Conduct a Public Lecture on Humanitarian Law

The Habibie Center, in cooperation with the International Committee of the Red Cross, on Tuesday, 29 April 2008, held a public lecture on international humanitarian law (HHI) and its relevance to a number of problems in Indonesia. Speakers included George Paclisanu (head of ICRC delegation to Indonesia) and Rina Rusman (ICRC Indonesia's legal advisor).

According to Paclisanu, the ICRC is an independent international organization established under the mandate of the Geneva Convention in 1864 and supported the realization of HHI. He added that 'ICRC is free of political content and we do not place significance on questions such as how did armed conflict happen? Who is to blame? Who started it? No. The focus of ICRC attention is how to protect victims and minimize losses caused by armed conflict'.



23 JUNE 2008

International Executive Forum Democracy and HAM: Learning from South Africa

The Habibie Center conducted an International Executive Forum on Monday, 23 June 2008. The theme of the forum was 'Democracy and Human Rights, the South African Experience'. The discussion featured HE Essop Goolam Pahad (Minister in the Presidency of the Republic of South Africa), Dr Abdul Hakim Garuda Nusantara (former Komnas HAM chairman), and with Professor Dr Hafid Abbas (head of Law and Human Rights Research and Development Body) as moderator.

According to Pahad, the absence of democracy would benefit some people only but disadvantage many others because democracy was a precondition for all human rights. Closely related to the South African experience, he continued, was the struggle against apartheid in order to achieve democracy. This has generated the motivation to create stable democratic politics. The tradition of South African democracy encompassing the needs, wishes and aspirations of the majority of the population that was oppressed was an official sign of progressive politics.





17 JULY 2008

The Expert Roundtable Discussion on 'The Road to Ratification and Implementation of the ASEAN Charter'

The Habibie Center, in collaboration with the ASEAN Studies Centre (ISEAS), Singapore, held an expert discussion on 'The Road to ratification and Implementation of the ASEAN Charter' on 17 July 2008, in Jakarta. The discussion was attended by several experts including Rudolfo C Severino (ISEAS chairman and former ASEAN secretary general), Ali Alatas (former RI Foreign Affairs Minister), Dewi Fortuna Anwar (Research and Program Director, THC), Anak Agung Banyu Perwita (Universitas Parahyangan lecturer) and Djoko Susilo (DPR RI member).

Rodolfo C Severino said that the ASEAN charter was a milestone in the long journey of ASEAN, although there were some who were sceptical about the use and function of the charter. Dewi Fortuna Anwar and Ali Alatas stated their conviction that the ratification process would eventually be completed. This ratification would be beneficial to ASEAN and make the organization of Southeast Asian countries more competitive.

28 JULY 2008

Public Lecture: 'Drug-trafficking and Organized Crime in the International Context'



The Habibie Center in cooperation with the Embassy of Mexico arranged a public lecture, titled 'Drug-trafficking and Organized Crime in the International Context', which was delivered by Dr Arturo Alvarado (Colegio de Mexico) on Monday, 28 July 2008, in Jakarta.

According to Dr Alvarado, organized crime was felt to be a threat to the world order that

would reduce the integrity of a nation and, in turn, the global community. Illicit drug trading was a continuing problem in several countries. This trade has grown increasingly sophisticated in terms of methods used and quantities traded. Combating the effects of the narcotics trade on the global community required effective international cooperation to protect the countries and their communities.

16 OCTOBER 2008

Signing of a Cooperation Agreement between the Romanian Institute for Europe-Asia Studies (IRSEA) and The Habibie Center



The Habibie Center and the Romanian Institute for European-Asian Studies (IRSEA) agreed to cooperate with research programs, the exchange of researchers and educational activities in Europe and Asia. The MOU was signed by the two parties on 16 October 2008, in Jakarta.

The areas of cooperation approved by the two institutions encompasses current

programs at the respective institutions, including the exchange of publications and research materials, exchange of delegates and teaching staff, joint research projects and participation in conferences or seminars conducted by each institution. The MOU was signed on behalf of The Habibie Center by A Makmur Makka, (Director of Communication) and Wenny Pahlemy (Senior Program Officer).

30 OCTOBER 2008

BJ Habibie Presents a Paper at the World Leader Forum 2008 in Seoul, South Korea

On 30 October 2008, BJ Habibie, third president of the Republic of Indonesia, along with 14 other former national leaders attended the World Leader Forum at the commemoration of the 60th anniversary of the Republic of Korea in Seoul. The former leaders had responded to the invitation of the South Korean prime minister, Han Seung-soo. On this occasion, Habibie presented a paper titled 'Promoting Peace and Unification on the Korean Peninsula: an ASEAN Perspective'.

Other guests invited to this event included former Japanese prime minister, Yoshiro Mori; former Russian prime minister, Yevgeny Primakov; former deputy prime minister of China, Qian Qichen; former British prime minister, John Major; former Singapore prime minister, Goh Chok Tong; former Malaysian prime minister, Mahatir Mohamad; former president of Georgia, Eduard Shevardnadze and former UN secretary general, Boutros Boutros Ghali.

At the prestigious forum, several issues were discussed relating to conditions for economic development and stability in the 21st century, stability in the Korean peninsula, the global financial crisis, and the reunification of South and North Korea.





15 DECEMBER 2008

The Evolving Role of Taiwan in Asia-Pacific and beyond

The Habibie Center, in collaboration with the Taipei Economic and Trade Office (TETO), held a Second Track Dialogue on the topic 'The Evolving Role of Taiwan in Asia-Pacific and Beyond' on 15 December 2008, in Jakarta. The speakers who took part included Dr Joyce Juo-Yu Lin (Graduate Institute of Southeast Asian Studies, Tamkang University), and Jack Yu-tai Cheng (National Security Advisor on Home Assignment).

In his presentation, Mr Cheng emphasized that, with respect to improved relations between Taiwan and the People's Republic of China, Indonesia and Taiwan needed to review their bilateral relations. 'The ties can be expanded in various fields of cooperation', he asserted.



4 Human Resources



10 MARCH 2008

BJ Habibie Library at Ujung Pandang State Polytechnic Officially Opened

The BJ Habibie Library at Politeknik Negeri Ujung Pandang (PNUP) was officially opened on Monday, 10 March 2008. The program opened with the speech by PNUP Director, Dr Firman, MSi, who explained that naming the library after Habibie was a sign of respect and appreciation for the former president who was a man from South Sulawesi recognized internationally. A speech by BJ Habibie was read by Ir Suyatim Abdurachman Habibie, a member of The Habibie Center's Supervisory Council. Through the speech, BJ Habibie emphasized the importance of libraries in the educational world. 'Libraries are facilities to educate renewable human resources.' Therefore, Habibie entrusted the library to students and the entire academic community of the institute, to be properly used for them to become more 'innovative and creative'.





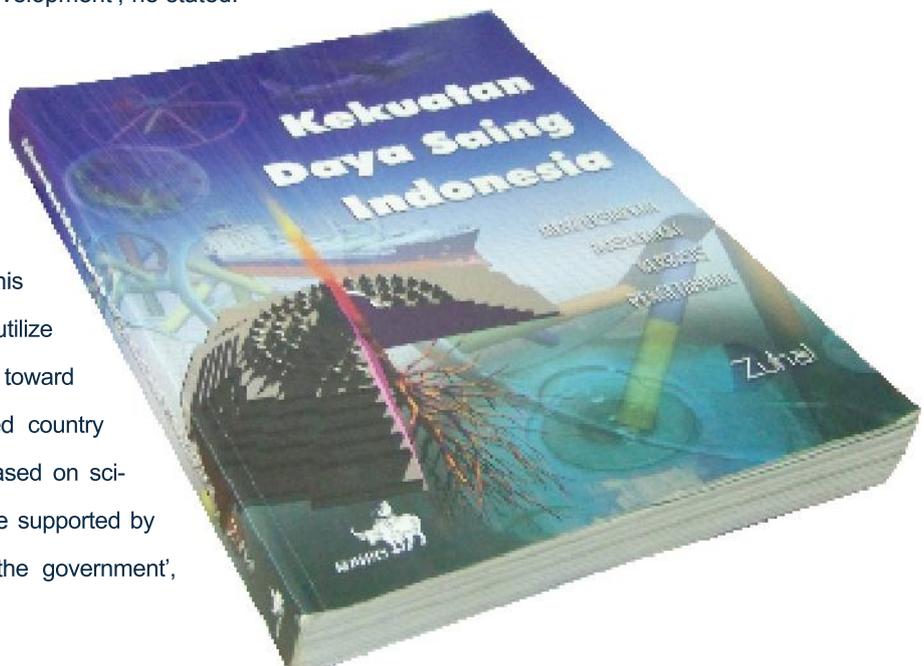
16 JUNE 2008

Book Review: *Kekuatan daya saing Indonesia: mempersiapkan masyarakat berbasis pengetahuan* [Indonesian Competitiveness: Preparing a Knowledge-Based Community]

The Habibie Center convened a book review and discussion of *Kekuatan daya saing Indonesia: mempersiapkan masyarakat berbasis pengetahuan* [Indonesian Competitiveness: Preparing a Knowledge-Based Community] by Professor Dr Zuhail, on 16 June 2008, at The Habibie Center. Discussants included the author, Professor Dr Zuhail, MSc, EE, Dr Ir Bambang Setiadi, MS (chairman of BSN), Professor Dr Andre Hardjana (FISIP UI lecturer), Dr Suahasil Nazara (Vision 2030 Team), Dr Suryani Motik (former IWAPI chairperson) and Umar Juoro, MA, MAPE (THC) was moderator.

According to Zuhail, a knowledge-based community positions knowledge and information as important factors for creating values in the community. 'The problem is that Indonesia still has minimum science and technology development', he stated.

According to Bambang Setiadi, citing a UNESCO 2006 report, the tendency of science and technology development in the future was leaning towards Asia. 'Observing this fact, our country should be able to utilize the momentum and start to move toward the vision of becoming an advanced country by management of natural wealth based on science and technology. Thus it must be supported by business, the scientific sector and the government', Bambang pointed out.

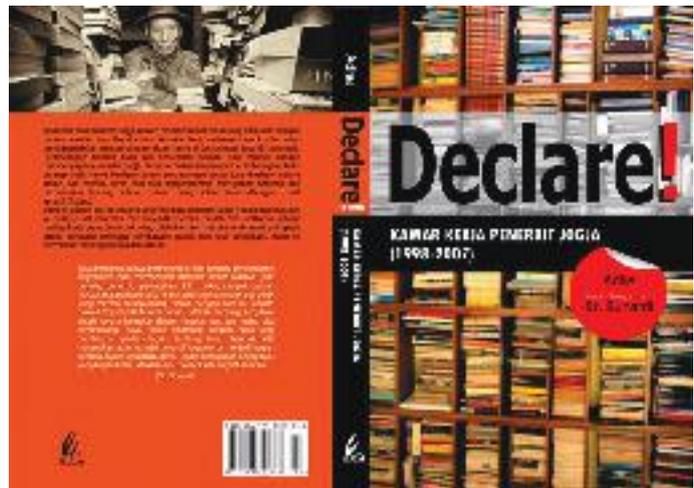


24 JULY 2008

Book Review:
*Declare! Kamar kerja penerbit
Jogja* [Reflecting
on the Work
Space of Jogja
Publishers]

The Habibie Center conducted a book review discussion of *Declare! Kamar kerja penerbit Jogja* [Declare! Reflecting on the Work Space of Jogja Publishers] by Adhe. The discussion was on Thursday, 24 July 2008, at The Habibie Center. Adhe himself attended along with Awod Said (IKAPI DKI) and Frans Parera (literary figure) as discussants and A Makmur Makka (THC) was moderator.

According to Adhe, the genesis of Jogja Publishers in 1998 was quite extraordinary: employing unique and simple methods, Jogja Publisher may be considered to have revolutionized the publishing and book industry in Indonesia. Jogja Publisher has inspired the birth of new 'home' publishers, demonstrating the simplicity of the book industry, which before had been widely thought to be complex.





28 OCTOBER 2008

Expert Discussion: Examining the Criteria for a National Leader

With the 2009 general elections approaching, The Habibie Center organized the Expert Discussion, 'Examining the Criteria for a National Leader', on 28 October 2008, at The Habibie Center. The discussants formulated criteria necessary for an individual who is to lead the Indonesian nation and to achieve the objectives and ideals of independence.

The experts included Budiman Sudjatmiko, (PDI-Perjuangan politician), Ignas Kleden (sociologist) and Syamsiah Achmad (former member of the Truth and Friendship Commission). The program was also attended by Ahmad Watik Pratiknya (THC executive director), A Malik Fadjar (THC supervisory council) and several THC researchers.

Ignas Kleden discussed several leadership typologies, and also reflected on the relationship of a leader with a political system, and finally on leadership morality. Syamsiah Achmad added that it is to be hoped that gender disparities would disappear and that the young generation of Indonesia would reawaken to better understand and learn from national history. The importance of the leader's role in reawakening the scientific community and professional organizations that could contribute to the nation was also mentioned.



25 NOVEMBER 2008

Habibie Award 2008 DNA Forensic Innovation to Hypodermic Needle Destroyer

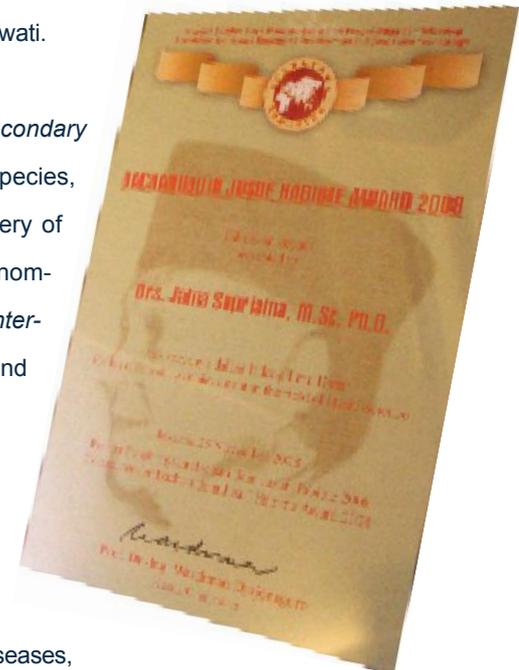
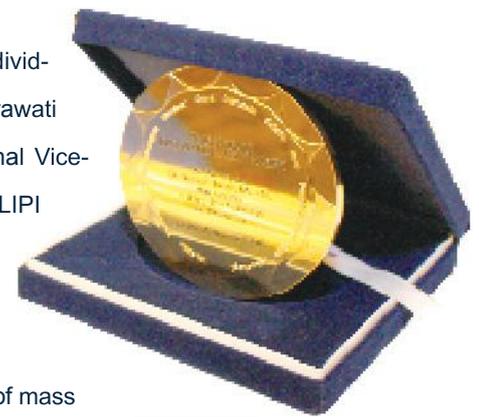
The Habibie Center and Yayasan SDM–IPTEK presented Habibie Awards to four individuals from the fields of science, technology and the arts. The recipients were Dr Herawati Soedoyo, MS, PhD (Lembaga Eijkman), Drs Jatna Supriatna, MSc, PhD (Regional Vice-President, Konservasi International Indonesia), Dr Bambang Widiyatmoko, MEng, (LIPI researcher) and Professor Sardono W Kusumo (dance artist and IKJ rector).

Herawati Sudoyo introduced *Disaster Perpetrator Identification* (DPI), a new term in forensics. DPI complemented *Disaster Victim Identification* (DVI) to identify fatalities of mass disaster, which is already in use. 'The DPI method was used to identify victims of the suicide bomb in front of the Australian Embassy in Jakarta a few years ago', explained Herawati.

Jatna Supriatna was selected by the jury because he succeeded in discovering *secondary intergradation* (morphology, behaviour and genetic change) of two hybrid monkey species, *Macaca maura* and *Macaca tonkeana*, which inhabit South Sulawesi. The discovery of intergradations in hybrid primates has attracted world attention because such phenomena had been known to occur only in baboons commonly found in Ethiopia. This *intergradation* has attracted many foreign researchers because it is likely that genetic and behavioural changes and other biological characteristics are also possible.

Bambang Widiyatmoko succeeded in devising a hypodermic needle destroyer that uses simple technology and has been patented in Indonesia. The device is able to melt a hypodermic needle's metallic parts in less than ten seconds at high temperature so that germs carried were sure to be killed. The device was inspired by the spread of various diseases, mainly HIV, through the use of hypodermic needles. Besides creating the used hypodermic needle destroyer, Bambang also succeeded in developing an optical instrument, the Optical Spectrum Analyzer. The device is intended particularly for disasters and optic fibre communications.

The Habibie Award 2008 recipient in the field of cultural science, Sardono W Kusumo, has been active for over 30 years as one of Indonesia's most creative choreographers. He is also known as cross-cultural innovator.





25 NOVEMBER 2008

Yayasan SDM-IPTEK Awards S3 Scholarships to five Students

Yayasan SDM-IPTEK awarded S3 scholarships to five students: Kanthi Arum Widayati, SSi, MSi (animal bioscience, Bogor Agricultural Institute), Norman Arie Prayogo, SPi, MSi (biotechnology, Gadjah Mada University), Widyastuti, SSi, MSi (metallurgy, UI), Ani Cahyadi, SAg, MPd (education technology, Jakarta State University), and Miftahul Munir, MHum (humanity sciences, UGM). The scholarships were awarded on 25 November 2008 at the celebration of the ninth anniversary of The Habibie Center, at which the Habibie Awards were also presented.

Wardiman Djojonegoro (chairman of the Yayasan SDM-IPTEK Executive Board Council) said in his speech that Yayasan SDM-IPTEK would continue to award S3 scholarships to the finest students in Indonesia, and therefore contribute to improving the quality of Indonesian human resources in science and technology.

FINANCIAL REPORT

This basic Financial Report consists of the following :

1. Statement of Financial Position as of December 31, 2008, 2007 and 2006
2. Statement of Activities for the year ended December 31, 2008, 2007 and 2006
3. Statement of Cash Flow for the year ended December 31, 2008, 2007 and 2006

This Financial Report has been arranged according to the Financial Accounting Standards established by the Indonesian Institute of Accountants

Dr. Ir. Didit Hidayat Agripinanto Ratam

Director for Finance and Funding

THE HABIBIE CENTER
Consolidated Statement Of Financial Position
For The Year Ended December 31, 2008, 2007 and 2006

(In Rupiah)

Description	2008	2007	2006
Assets			
Current Assets			
Cash & Cash Equivalent	2,752,486,643	3,712,164,470	2,079,097,152
Account Receivable	200,200,000	200,000,000	238,442,829
Advance Payment	553,194,285	1,323,275,307	2,461,034,323
Total Current Assets	3,505,880,928	5,235,439,777	4,778,574,304
Investment	36,981,492,276	35,323,699,934	35,480,588,605
Fixed Assets			
Cost Of Acquisition	12,118,707,610	12,051,014,235	11,555,581,445
Accumulated Depreciation	4,463,422,488	3,828,891,556	3,149,780,269
Book Value	7,655,285,122	8,222,122,679	8,405,801,176
Other Assets	2,548,106,910	2,613,106,910	2,678,106,910
Construction in Progress	2,548,275,899	2,548,275,899	2,322,098,909
Total Assets	53,239,041,137	53,942,645,199	53,665,169,904
Liabilities & Net Assets			
Liabilities			
Account Payables	2,619,620	134,361	110,029,019
Total Liabilities	2,619,620	134,361	110,029,019
Net Assets			
Free Commitments	6,048,949,764	4,273,963,426	4,952,564,647
Permanent Commitments	47,187,471,753	49,668,547,412	48,602,576,238
Total Net Assets	53,236,421,517	53,942,510,838	53,555,140,885
Total Liabilities & Net Assets	53,239,041,137	53,942,645,199	53,665,169,904

*) For detail see description of Fixed Assets

**THE HABIBIE CENTER
CONSOLIDATED FIXED ASSETS**

(In Rupiah)

As of December 31,	2008
Cost of Acquisition	
Land	3,165,400,000
Building	6,066,212,461
Vehicles	
Toyota Kijang	143,470,000
Camry	361,750,000
Altis	271,750,000
Vios	152,850,000
Vios	152,850,000
Vios	152,850,000
Kijang Inova	157,500,000
Motorcycle	12,150,000
Office Equipment	1,113,022,525
Library	368,902,624
Total	12,118,707,610
Accumulated of Depreciation	
Building	2,310,047,232
Vehicles	
Toyota Kijang	143,470,000
Camry	259,254,167
Altis	194,754,167
Vios	109,542,500
Vios	109,542,500
Vios	109,542,500
Kijang Inova	102,375,000
Motorcycle	9,315,000
Office Equipment	929,340,021
Library	186,239,401
Total	4,463,422,488
Book Value	7,655,285,122

THE HABIBIE CENTER
Consolidated Cash Flow Statement
For The Year Ended December 31, 2008, 2007 and 2006

(In Rupiah)

Description	2008	2007	2006
Cash Flow From Operating Activities			
Receipt from Donation	3,995,260,396	6,767,444,385	4,210,714,248
Interest in Deposit	-	10,096,666	34,589,348
Other Incomes	19,803,423	801,105,701	1,412,054,779
Scholarship & Habibie Award Program Expenses	(1,791,333,347)	(1,306,696,627)	(1,127,909,695)
(Increase) / Decrease in Accounts Receivable	-	38,442,829	1,500,000
Increase / (Decrease) in Accounts Payable	3,609,274	(109,894,658)	71,703,450
(Increase) / Decrease Advance Payments	-	1,137,759,016	(994,395,438)
Management, General Expenses and Other Program E	(5,058,683,783)	(6,659,149,919)	(7,173,905,028)
Net Cash Flow From Receipt from/(Used for) Operating Activities	(2,831,344,037)	679,107,393	(3,565,648,336)
Cash Flow from Investing Activities			
Deposit Placement	(4,062,154,173)	156,888,671	2,908,617,395
Fixed Asset Purchase	(4,912,700)	(495,432,790)	837,890,044
Other Asset Placement	65,000,000	65,000,000	65,000,000
Investment	-	-	-
Construction in Progress	-	(226,176,990)	(891,078,889)
Net Cash Flow From Receipt from (Used for) Investing Activities	(4,002,066,873)	(499,721,109)	2,920,428,550
Cash Flow from Financing Activities			
Interest on Deposit	822,580,238	1,128,456,818	1,198,560,426
Exchange Rate (Losses)/Gains	5,051,152,845	325,224,216	(2,628,814,885)
Net Cash Flow From Receipt from/(Used for) Financing Activities	5,873,733,083	1,453,681,034	(1,430,254,459)
Increase/(Decrease) In Cash & Cash Equivalents	(959,677,827)	1,633,067,318	(2,075,474,245)
Beginning Balance of Cash & Cash Equivalents	3,712,164,470	2,079,097,152	4,154,571,397
Ending Balance of Cash & Cash Equivalents	2,752,486,643	3,712,164,470	2,079,097,152

db&d

Doli, Bambang, Sudarmadji & Dadang

Registered Public Accountants

License No. : KEP - 007/KM.5/2006

Branch Office :

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Phone : (62-21) 8611 845, 8611 847, 866 10331, 866 10334

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E-mail : basco@dnet.net.id

auditor_shs@yahoo.com

No. R.2.2/154/05/11

Independent Auditor's Report

To :

**Board of Executives and Board of Trustees
The Habibie Center Foundation**

We have audited the the statements of financial position of The Habibie Center Foundation as of December 31, 2008 and 2007 and statements of activities and net assets balance and cash flow for the years ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Public 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of The Habibie Center Foundation as of December 31, 2008 and 2007, and the results of it's activities, changes of net assets and cash flows for the years ended in conformity with generally accepted accounting principles in Indonesia.

DOLI, BAMBANG, SUDARMADJI & DADANG



Drs. Sudarmadji Herry Sutrisno, Ak., MM., CPA.

License No. 98.1.0162

April 29, 2011

Notice To Readers

The accompanying financial statements are not intended to present the financial position and the results of activities, changes in net assets, 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.

THE HABIBIE CENTER
Statement Of Financial Position
For The Year Ended December 31, 2008, 2007 and 2006

(In Rupiah)

Description	2008	2007	2006
Assets			
Current Assets			
Cash & Cash Equivalent	2,538,671,432	3,357,449,900	1,874,346,393
Account Receivable	200,200,000	200,000,000	238,442,829
Advance Payment	553,194,285	1,323,275,307	2,461,034,323
Total Current Assets	3,292,065,717	4,880,725,207	4,573,823,545
Investment	-	3,173,000,000	3,173,000,000
Fixed Assets			
Cost Of Acquisition	11,984,558,585	11,924,471,285	11,429,038,495
Accumulated Depreciation	4,385,975,503	3,711,325,289	3,041,321,529
Book Value	7,598,583,082	8,213,145,996	8,387,716,966
Other Assets	2,548,106,910	2,613,106,910	2,678,106,910
Construction in Progress	2,548,275,899	2,548,275,899	2,322,098,909
Total Assets	15,987,031,610	21,428,254,012	21,134,746,330
Liabilities & Net Assets			
Liabilities			
Account Payables	2,619,620	134,361	110,029,019
Total Liabilities	2,619,620	134,361	110,029,019
Net Assets			
Free Commitments	13,436,305,084	15,642,012,745	15,173,610,405
Permanent Commitments	2,548,106,906	5,786,106,906	5,851,106,906
Total Net Assets	15,984,411,990	21,428,119,651	21,024,717,311
Total Liabilities & Net Assets	15,987,031,610	21,428,254,012	21,134,746,330

THE HABIBIE CENTER
Statement Of Activities
For The Year Ended December 31, 2008, 2007 and 2006
(In Rupiah)

Description	2008		2007		2006	
	Free Commitment	Permanent Commitment	Free Commitment	Permanent Commitment	Free Commitment	Permanent Commitment
Revenue						
Donations	3,229,637,000	-	6,767,444,385	-	4,210,714,248	-
Deposit Interest	10,451,861	-	10,096,666	-	34,589,348	-
Other Incomes	784,489,601	-	798,591,345	-	1,405,126,735	-
Total Revenue	4,024,578,462	-	7,576,132,396	-	5,650,430,331	-
Expenses & Losses						
Management, General Expenses and Other Program Expenses	6,230,286,123	65,000,000	7,107,730,056	65,000,000	6,694,736,186	65,000,000
Losses of Investment	-	3,173,000,000	-	-	-	-
Total Expenses & Losses	6,230,286,123	3,238,000,000	7,107,730,056	65,000,000	6,694,736,186	65,000,000
Changing in Net Assets	(2,205,707,661)	(3,238,000,000)	468,402,340	(65,000,000)	(1,044,305,855)	(65,000,000)
Beginning Balance Of Net Assets	15,642,012,745	5,786,106,906	15,173,610,405	5,851,106,906	16,217,916,260	5,916,106,906
Ending Balance Of Net Assets	13,436,305,084	2,548,106,906	15,642,012,745	5,786,106,906	15,173,610,405	5,851,106,906

Total **6,767,444,385** **10,096,666** **7,576,132,396** **65,000,000** **6,694,736,186** **65,000,000**

Total **7,172,730,056** **403,402,340** **21,024,717,311** **21,428,119,651** **15,173,610,405** **21,024,717,311**



Kantor Akuntan Publik

Drs. MOCH. ZAINUDDIN

SK. Menteri Keuangan No. 185/KM.6/2004 Tgl. 12 Mei 2004

Laporan Auditor Independen

Independent Auditors' Report

Nomor : GA - 0127/KAP-MOZA/VII/2010

Ref.GA-0127/KAP-MOZA/VII/2010

**Dewan Pembina, Pengurus dan Pengawas
YAYASAN SDM - IPTEK**

**Board of Builder, Administrator and Supervisor
YAYASAN SDM - IPTEK**

Kami telah mengaudit laporan posisi keuangan YAYASAN SDM - IPTEK tanggal 31 Desember 2009 dan 2008 serta laporan aktivitas dan laporan arus kas untuk tahun yang berakhir pada tanggal-tanggal tersebut. Laporan keuangan adalah tanggung jawab manajemen perusahaan. Tanggung jawab kami terletak pada pernyataan pendapat atas laporan keuangan berdasarkan audit kami.

We have audited the accompanying balance sheets of YAYASAN SDM - IPTEK as of December 31, 2009 and 2008 and statements of activity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Kami melaksanakan audit berdasarkan standar auditing yang ditetapkan Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami merencanakan dan melaksanakan audit agar kami memperoleh keyakinan memadai bahwa laporan keuangan bebas dari salah saji yang material. Suatu audit meliputi pemeriksaan atas dasar pengujian, bukti-bukti yang mendukung jumlah-jumlah dan pengungkapan dalam laporan keuangan. Audit juga meliputi penilaian atas prinsip akuntansi yang digunakan dan estimasi signifikan yang dibuat oleh manajemen, serta penilaian terhadap penyajian laporan keuangan secara keseluruhan. Kami yakin bahwa audit kami memberikan dasar memadai untuk menyatakan pendapat.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public 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.

Menurut pendapat kami, laporan keuangan yang kami sebut di atas menyajikan secara wajar, dalam semua hal yang material, posisi keuangan YAYASAN SDM - IPTEK tanggal 31 Desember 2009 dan 2008 serta laporan aktivitas, dan arus kas untuk tahun yang berakhir pada tanggal-tanggal tersebut sesuai dengan prinsip akuntansi yang berlaku umum di Indonesia.

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of YAYASAN SDM - IPTEK as of December 31, 2009 and 2008 and statements of activity and their cash flows for the years then ended in conformity with generally accepted accounting principles in Indonesia.



Drs. Moch Zainuddin, CPA

NIAP : 99.1.0668/Public Accountant License No. 99.1.0668

29 Juli 2010/ July 29, 2010

The accompanying financial statements are not intended to present the financial position, results of operations, changes in stockholders equity and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdiction other than Indonesia. Accordingly, the accompanying consolidated financial statements and their utilization are not designed for those who are not informed about Indonesian accounting principles, procedures, and practices.

The standards, procedures, and practices utilised in Indonesia to audit such consolidated financial statements may differ from those generally accepted in countries and jurisdiction other than Indonesia.

THE HABIBIE CENTER
Cash Flow Statement
For The Year Ended December 31, 2008, 2007 and 2006

(In Rupiah)

Description	2008	2007	2006
Cash Flow From Operating Activities			
Receipt from Donation	3,995,260,396	6,767,444,385	4,210,714,248
Interest in Deposit		10,096,666	34,589,348
Other Incomes		798,591,345	1,405,126,735
(Increase) / Decrease in Accounts Receivable		38,442,829	-
Increase / (Decrease) in Accounts Payable	3,609,274	(109,894,658)	71,703,450
(Increase) / Decrease Advance Payments		1,137,759,016	(994,395,438)
Management, General Expenses and Other Program Ex	(4,877,735,437)	(6,502,726,296)	(6,999,890,210)
Net Cash Flow From Receipt from/(Used for) Operating Activities	(878,865,767)	2,139,713,287	(2,272,151,867)
Cash Flow from Investing Activities			
Fixed Asset Purchase	(4,912,700)	(495,432,790)	837,890,044
Other Asset Placement	65,000,000	65,000,000	65,000,000
Investment	-	-	-
Construction in Progress	-	(226,176,990)	(891,078,889)
Net Cash Flow From Receipt from (Used for) Investing Activities	60,087,300	(656,609,780)	11,811,155
Cash Flow from Financing Activities			
Interest on Deposit	-	-	-
Exchange Rate (Losses)/Gains	-	-	-
Net Cash Flow From Receipt from/(Used for) Financing Activities	-	-	-
Increase/(Decrease) In Cash & Cash Equivalents	(818,778,467)	1,483,103,507	(2,260,340,712)
Beginning Balance of Cash & Cash Equivalents	3,357,449,900	1,874,346,393	4,134,687,105
Ending Balance of Cash & Cash Equivalents	2,538,671,433	3,357,449,900	1,874,346,393

SDM-IPTEK FOUNDATION
Statement Of Financial Position
For The Year Ended December 31, 2008, 2007 and 2006

(In Rupiah)

Description	2008	2007	2006
Assets			
Current Assets			
Cash & Cash Equivalent	213,815,211	354,714,570	204,750,759
Account Receivable	-	-	-
Advance Payment	-	-	-
Total Current Assets	213,815,211	354,714,570	204,750,759
Investment	36,981,492,276	32,150,699,934	32,307,588,605
Fixed Assets			
Cost Of Acquisition	134,149,025	126,542,950	126,542,950
Accumulated Depreciation	77,446,985	117,566,267	108,458,740
Book Value	56,702,040	8,976,683	18,084,210
Other Assets	0	0	0
Total Assets	37,252,009,527	32,514,391,188	32,530,423,574
Liabilities & Net Assets			
Liabilities			
Account Payables	-	-	-
Total Liabilities	-	-	-
Net Assets			
Free Commitments	(7,387,355,320)	(11,368,049,319)	(10,221,045,758)
Permanent Commitments	44,639,364,847	43,882,440,506	42,751,469,332
Total Net Assets	37,252,009,527	32,514,391,188	32,530,423,574
Total Liabilities & Net Assets	37,252,009,527	32,514,391,188	32,530,423,574

SDM-IPTEK FOUNDATION
Statement Of Activities
For The Year Ended December 31, 2008, 2007 and 2006
(In Rupiah)

Description	2008		2007		2006	
	Free Commitment	Permanent Commitment	Free Commitment	Permanent Commitment	Free Commitment	Permanent Commitment
Revenue						
Donations	-	-	-	-	-	-
Deposit Interest	-	822,580,238	-	1,128,456,818	-	1,198,560,426
Other Incomes	-	19,803,423	-	2,514,356	-	6,928,044
Total Revenue	-	842,383,661	-	1,130,971,174	-	1,205,488,470
Expenses & Losses						
Scholarship & Habibie Award Program Expenses	1,791,333,347	-	1,306,696,627	-	1,127,909,695	-
Exchange Rate Loss/(Gains)	(5,051,152,845)	-	(325,224,216)	-	4,176,495,090	(1,547,680,205)
Management, General Expenses and Other Program Expen	207,153,005	-	165,531,150	-	183,122,346	-
Total Expenses & Losses	(3,052,666,493)	-	1,147,003,561	-	5,487,527,131	(1,547,680,205)
Changing in Net Assets	3,052,666,493	842,383,661	(1,147,003,561)	1,130,971,174	(5,487,527,131)	2,753,168,675
Beginning Balance Of Net Assets	(10,440,021,813)	43,796,981,186	(10,221,045,758)	42,751,469,332	(4,733,518,627)	39,998,300,657
Ending Balance Of Net Assets	(7,387,355,320)	44,639,364,847	(11,368,049,319)	43,882,440,506	(10,221,045,758)	42,751,469,332
						32,530,423,574

SDM-IPTEK FOUNDATION
Cash Flow Statement
For The Year Ended December 31, 2008, 2007 and 2006

(In Rupiah)

Description	2008	2007	2006
Cash Flow From Operating Activities			
Other Incomes	19,803,423	2,514,356	6,928,044
Scholarship & Habibie Award Program Expenses	(1,791,333,347)	(1,306,696,627)	(1,127,909,695)
(Increase) / Decrease in Accounts Receivable	-	-	1,500,000
Increase / (Decrease) in Accounts Payable	-	-	-
(Increase) / Decrease Advance Payments	-	-	-
Management, General Expenses and Other Program Expen	(187,929,274)	(156,423,623)	(174,014,818)
Net Cash Flow From Receipt from/(Used for) Operating Activities	(1,959,459,198)	(1,460,605,894)	(1,293,496,469)
Cash Flow from Investing Activities			
Deposit Placement	(4,062,154,173)	156,888,671	2,908,617,395
Fixed Asset Purchase	-	-	-
Other Asset Placement	-	-	-
Net Cash Flow From Receipt from (Used for) Investing Activities	(4,062,154,173)	156,888,671	2,908,617,395
Cash Flow from Financing Activities			
Interest on Deposit	822,580,238	1,128,456,818	1,198,560,426
Exchange Rate (Losses)/Gains	5,051,152,845	325,224,216	(2,628,814,885)
Net Cash Flow From Receipt from/(Used for) Financing Activities	5,873,733,083	1,453,681,034	(1,430,254,459)
Increase/(Decrease) In Cash & Cash Equivalents	(147,880,288)	149,963,811	184,866,467
Beginning Balance of Cash & Cash Equivalents	361,695,499	204,750,759	19,884,292
Ending Balance of Cash & Cash Equivalents	213,815,211	354,714,570	204,750,759



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