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*THE INDONESIA  
FUND, INC.*

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ANNUAL REPORT  
DECEMBER 31, 2008



IF-AR-1208



February 9, 2009

*Dear Shareholder:*

For the twelve-month period ended December 31, 2008, The Indonesia Fund, Inc. (the “Fund”) had a decrease in its net asset value of -55.32%, vs. a decrease of -57.57% for the Morgan Stanley Capital International Indonesia Index (net dividends) (the “Index”).\* Based on market price, the Fund’s shares decreased by -56.94% during the period.

*Market Review: A volatile period*

The year ending December 31, 2008, was a tough one by any standards. While Indonesia weathered regional volatility well in the first half of the year, the market succumbed to the pressure in the second half as commodity prices, led by crude oil, began to deteriorate at a fast pace.

Amid concerns that Welfare Minister and wealthy entrepreneur Aburizal Bakrie may not be able to pay his creditors, financing arrangements based on shares of Bakrie-related companies came under scrutiny and suffered severe price declines across the board. Selling pressure intensified with rumors of brokers running into financial difficulties due to loans collateralized by the plummeting Bakrie-related stocks.

The rupiah came under pressure, reaching a 10-year low of Rp13,000 to US\$1, due to capital outflows from liquidation of short-term government paper held by foreigners. This exacerbated existing concerns brought about by commodity weakness and deleveraging from hedge funds.

Inflation remained high after the Moslem New Year on January 10—a fact that delayed the central bank’s response to slowing economic activities (rate increases were made in October).

The General Elections Commission kicked off the campaign season by creating 18 new parties for the 2009 legislative election. This and the presidential election, also being held in 2009, have added to market uncertainty particularly at a time when coherent economic policies must be enacted and executed to help weather the economic slowdown.

*Strategic Review and Outlook: Remaining defensive going forward*

For the year ended December 31, 2008, the Fund outperformed its benchmark. This outperformance was mainly due to our significant underweight in Bumi Resources (3.3% of the Fund as of December 31, 2008). This security had an 85% drop in share price for the year. Additionally, positive contributions came from stock selection in consumer staples and underweights in the cyclical materials and real estate sectors. Conversely, underweights to banks and telecommunications dragged down performance.

Despite favorable signs, such as the fact that sales of big-ticket items like cars and motorcycles held up until late 2008, we believe expectations calling for a sharp slowdown in the months ahead are more realistic. Similarly, bank loan growth, which tracked above 35% growth for the first 10 months of the year, despite the global crisis, should be more subdued for 2009 (expectations are for loan growth to halve). And, stories of recent losses of wealth that was created by formerly strong prices in the soft commodity chain does not bode well for near term.

External events arising from the credit crisis, risk aversion, demand destruction and the fall in commodity prices all point to a period of slowdown for Indonesia. Policy responses have been somewhat slower than expected due to inflation, lobby groups, and internal disagreements. In an overwhelmingly pessimistic prognosis for Indonesia, positive indicators are

lower fuel prices in line with falling world crude oil prices, slowly falling interest rates, and a financially strong banking system. However, due to less policy certainty in the 2009 election year, the extent of the slowdown in major economies, and the direction of commodity prices, the outlook is for muted GDP growth of .4% (substantially below 2008's 6%). We expect inflation to ease, on account of falling fuel prices.

In view of the global economic and domestic political uncertainty, we will remain defensive going forward. We are positive on consumer staples (namely food and beverages), materials (specifically cement, which should benefit from plays on the increased infrastructure spending and has attractive valuations), and mildly positive on energy and coal mining (given the drop in share prices). We are less positive on financials (namely banks due to muted loan growth, the potential rise in non-performing loans, and margin compression), and slightly negative on real estate (amid declining demand). We will keep the portfolio inclined toward companies with more resilient outlooks, such as consumer staples, telecommunications, and selected industrials benefiting from increased government fiscal spending.



Boon Hong Yeo  
Chief Investment Officer\*\*



George Hornig  
Chief Executive Officer and President\*\*\*

International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods. There are also risks associated with investing in Indonesia, including the risk of investing in a single-country fund.

In addition to historical information, this report contains forward-looking statements, which may concern, among other things, domestic and foreign market, industry and economic trends and developments and government regulation and their potential impact on the Fund's investments. These statements are subject to risks and uncertainties and actual trends, developments and regulations in the future and their impact on the Fund could be materially different from those projected, anticipated or implied. The Fund has no obligation to update or revise forward-looking statements.

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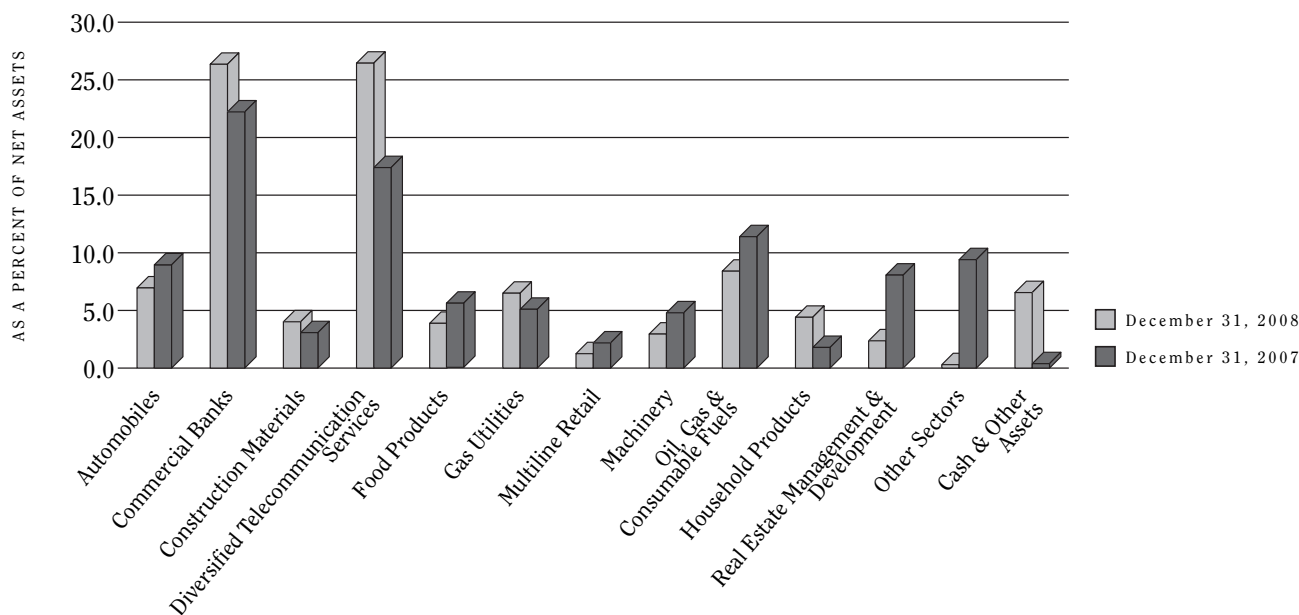
\* The Morgan Stanley Capital International Indonesia Index (net dividends) is an unmanaged index (with no defined investment objective) of Indonesian equities that includes reinvestment of net dividends, and is the exclusive property of Morgan Stanley Capital International Inc. Investors cannot invest directly in an index.

\*\* Boon Hong Yeo, who is a Director of Credit Suisse Asset Management Limited ("Credit Suisse Ltd."), the Fund's sub-adviser, is primarily responsible for management of the Fund's assets. He has served the Fund in such capacity since January 17, 2003. Mr. Yeo joined Credit Suisse Ltd. in 2002 from AIB Govett (Asia) Limited in Singapore, where he was Director of Private Equity and managed Asian equity portfolios. Previously, he was founder and Managing Director of Zenith Asset Management Singapore; and held various positions in Asian equity portfolio management, investment banking and corporate banking in Singapore.

\*\*\* George Hornig is a Managing Director of Credit Suisse. He is the Co-Chief Operating Officer of Asset Management and Head of Asset Management Americas. Mr. Hornig has been associated with Credit Suisse since 1999.

**THE INDONESIA FUND, INC.**  
**PORTFOLIO SUMMARY**  
**DECEMBER 31, 2008 (UNAUDITED)**

**SECTOR ALLOCATION**



**TOP TEN HOLDINGS, BY ISSUER**

Rank	Holding	Sector	Percent of Net Assets
1.	PT Telekomunikasi Indonesia	Diversified Telecommunication Services	22.1
2.	PT Bank Central Asia Tbk	Commercial Banks	13.7
3.	PT Astra International Tbk	Automobiles	6.9
4.	PT Perusahaan Gas Negara	Gas Utilities	6.5
5.	PT Bank Mandiri	Commercial Banks	5.6
6.	PT Bank Rakyat Indonesia	Commercial Banks	5.5
7.	PT Indosat Tbk	Diversified Telecommunication Services	4.4
8.	PT Unilever Indonesia Tbk	Household Products	4.4
9.	PT Bumi Resources Tbk	Oil, Gas & Consumable Fuels	3.3
10.	PT United Tractors Tbk	Machinery	2.9

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**THE INDONESIA FUND, INC.**  
**AVERAGE ANNUAL RETURNS**  
**DECEMBER 31, 2008 (UNAUDITED)**

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	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Net Asset Value (NAV)	(55.32)%	(1.11)%	8.58%	8.24%
Market Value	(56.94)%	(3.29)%	1.87%	4.56%

*Credit Suisse may waive fees and/or reimburse expenses, without which performance would be lower. Waivers and/or reimbursements are subject to change and may be discontinued at any time. Returns represent past performance. Total investment return at net asset value is based on changes in the net asset value of fund shares and assumes reinvestment of dividends and distributions, if any. Total investment return at market value is based on changes in the market price at which the fund's shares traded on the stock exchange during the period and assumes reinvestment of dividends and distributions, if any, at actual prices pursuant to the fund's dividend reinvestment program. Because the fund's shares trade in the stock market based on investor demand, the fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on share price and NAV. **Past performance is no guarantee of future results.** The current performance of the fund may be lower or higher than the figures shown. The fund's yield, return and market price and NAV will fluctuate. Performance information current to the most recent month-end is available by calling 800-293-1232.*

*The annualized gross and net expense ratios are 1.62%.*

**THE INDONESIA FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2008**

Description	No. of Shares	Value
<b>EQUITY OR EQUITY-LINKED SECURITIES-93.52%</b>		
<b>INDONESIA-90.37%</b>		
<b>AUTOMOBILES-6.93%</b>		
PT Astra International Tbk . . . .	3,312,461	\$ 3,255,501
<b>COMMERCIAL BANKS-26.21%</b>		
PT Bank Central Asia Tbk . . . . .	21,357,000	6,458,206
PT Bank Danamon Indonesia Tbk . . . . .	2,183,000	633,182
PT Bank Mandiri . . . . .	13,884,500	2,635,577
PT Bank Rakyat Indonesia . . . . .	6,100,000	2,594,033
		<u>12,320,998</u>
<b>CONSTRUCTION &amp; ENGINEERING-0.24%</b>		
PT Adhi Karya Tbk . . . . .	4,525,000	<u>113,741</u>
<b>CONSTRUCTION MATERIALS-3.96%</b>		
PT Holcim Indonesia Tbk† . . . . .	1,419,000	83,802
PT Indocement Tungal Prakarsa Tbk . . . . .	1,711,000	738,928
PT Semen Gresik (Persero) Tbk . . . . .	2,692,000	1,038,112
		<u>1,860,842</u>
<b>DIVERSIFIED TELECOMMUNICATION SERVICES-26.50%</b>		
PT Indosat Tbk . . . . .	3,859,000	2,052,142
PT Telekomunikasi Indonesia . .	16,275,560	10,402,072
		<u>12,454,214</u>
<b>FOOD PRODUCTS-3.83%</b>		
PT Astra Agro Lestari Tbk . . . . .	762,500	698,072
PT Indofood Sukses Makmur Tbk . . . . .	12,703,500	1,102,494
		<u>1,800,566</u>
<b>GAS UTILITIES-6.46%</b>		
PT Perusahaan Gas Negara . . . .	17,356,000	<u>3,034,249</u>
<b>HOUSEHOLD PRODUCTS-4.36%</b>		
PT Unilever Indonesia Tbk . . . .	2,832,000	<u>2,051,366</u>
<b>MACHINERY-2.89%</b>		
PT United Tractors Tbk . . . . .	3,244,700	<u>1,356,765</u>

Description	No. of Shares	Value
<b>MULTILINE RETAIL-1.21%</b>		
PT Matahari Putra Prima Tbk . .	6,335,000	\$ 371,439
PT Matahari Putra Prima Tbk Warrants (Strike Price: 900 IDR; expiring 07/12/10)† . . . . .	3,104,125	4,272
PT Ramayana Lestari Sentosa Tbk . . . . .	4,218,000	194,975
		<u>570,686</u>
<b>OIL, GAS &amp; CONSUMABLE FUELS-6.21%</b>		
PT Bumi Resources Tbk . . . . .	18,392,000	1,551,456
PT Indika Energy Tbk† . . . . .	2,715,000	276,570
PT Tambang Batubara Bukit Asam Tbk . . . . .	1,693,000	1,091,022
		<u>2,919,048</u>
<b>REAL ESTATE MANAGEMENT &amp; DEVELOPMENT-1.57%</b>		
PT Bakrieland Development Tbk† . . . . .	37,776,500	253,406
PT Bakrieland Development Tbk Warrants (Strike Price: 250 IDR; expiring 04/30/10)† . . . . .	2,264,560	6,025
PT Ciputra Development Tbk† . .	8,284,000	143,774
PT Kawasan Industri Jababeka Tbk† . . . . .	56,601,000	265,280
PT Summarecon Agung Tbk Warrants (Strike Price: 550 IDR; expiring 06/21/10)† . . . . .	2,523,932	4,631
PT Sentul City Tbk† . . . . .	10,418,000	64,635
		<u>737,751</u>
<b>TOTAL INDONESIA</b> (Cost \$35,152,209) . . . . .		
		<u>42,475,727</u>
<b>SINGAPORE-2.15%</b>		
<b>OIL, GAS &amp; CONSUMABLE FUELS-2.15%</b>		
Straits Asia Resources Ltd. (Cost \$4,208,879) . . . . .	1,845,000	<u>1,009,901</u>

See accompanying notes to financial statements.

**THE INDONESIA FUND, INC.**  
**SCHEDULE OF INVESTMENTS (CONTINUED)**  
**DECEMBER 31, 2008**

Description	No. of Shares	Value
<b>THAILAND-1.00%</b>		
<b>COMMERCIAL BANK-0.28%</b>		
Kasikornbank Public Company Ltd. ....	100,200	\$ 131,415
<b>REAL ESTATE MANAGEMENT &amp; DEVELOPMENT-0.72%</b>		
Land and Houses Public Company Ltd., NVDR .....	3,084,700	337,759
<b>TOTAL THAILAND</b> (Cost \$539,228) .....		<u>469,174</u>
<b>TOTAL EQUITY OR EQUITY-LINKED SECURITIES-93.52%</b>		
(Cost \$39,900,316) .....		<u>43,954,802</u>
	Principal Amount (000's)	
<b>SHORT-TERM INVESTMENT-7.91%</b>		
<b>CANADA-7.91%</b>		
Bank of America, overnight deposit, 0.06%, 01/02/09 (Cost \$3,721,000) .....	\$3,721	<u>3,721,000</u>
<b>TOTAL INVESTMENTS-101.43%</b> (Cost \$43,621,316) (Notes B,E,G) .....		<u>47,675,802</u>
<b>LIABILITIES IN EXCESS OF CASH AND OTHER ASSETS-(1.43)%</b> .....		<u>(673,568)</u>
<b>NET ASSETS-100.00%</b> .....		<u>\$47,002,234</u>

† Non-income producing security.  
 NVDR Non-Voting Depository Receipt.

**THE INDONESIA FUND, INC.**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2008**

<b>ASSETS</b>	
Investments, at value (Cost \$43,621,316) (Notes B, E, G) .....	\$47,675,802
Foreign currencies (Cost \$168,619) .....	169,632
Prepaid expenses .....	2,244
Total Assets .....	<u>47,847,678</u>
<b>LIABILITIES</b>	
Due to custodian .....	4,877
Payables:	
Dividends (Note B) .....	578,738
Investment advisory fees (Note C) .....	115,976
Administration fees (Note C) .....	6,603
Directors' fees .....	2,802
Other accrued expenses .....	136,448
Total Liabilities .....	<u>845,444</u>
NET ASSETS (applicable to 8,270,371 shares of common stock outstanding) (Note D) .....	<u>\$47,002,234</u>
<b>NET ASSETS CONSIST OF</b>	
Capital stock, \$0.001 par value; 8,270,371 shares issued and outstanding (100,000,000 shares authorized) .....	\$ 8,270
Paid-in capital .....	48,202,128
Accumulated net investment loss .....	(58,496)
Accumulated net realized loss on investments and foreign currency related transactions .....	(5,205,167)
Net unrealized depreciation in value of investments and translation of other assets and liabilities denominated in foreign currencies .....	<u>4,055,499</u>
Net assets applicable to shares outstanding .....	<u>\$47,002,234</u>
NET ASSET VALUE PER SHARE ( $\$47,002,234 \div 8,270,371$ ) .....	<u>\$5.68</u>
MARKET PRICE PER SHARE .....	<u>\$5.10</u>

**THE INDONESIA FUND, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**INVESTMENT INCOME**

Income (Note B):	
Dividends .....	\$ 2,424,239
Interest .....	16,052
Securities lending .....	1,704
Less: Foreign taxes withheld .....	(341,527)
Total Investment Income .....	<u>2,100,468</u>
Expenses:	
Investment advisory fees (Note C) .....	817,484
Custodian fees .....	186,859
Directors' fees .....	77,275
Legal fees .....	52,799
Audit and tax fees .....	46,076
Administration fees (Note C) .....	42,266
Accounting fees (Note C) .....	33,785
Printing (Note C) .....	29,806
Shareholder servicing fees .....	18,300
Insurance fees .....	2,423
Stock exchange listing fees .....	1,742
Miscellaneous .....	13,625
Total Expenses .....	<u>1,322,440</u>
Net Investment Income .....	<u>778,028</u>

**NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCY RELATED TRANSACTIONS**

Net realized loss from:	
Investments .....	(1,786,035)
Foreign currency related transactions .....	(248,159)
Net change in unrealized depreciation in value of investments and translation of other assets and liabilities denominated in foreign currencies .....	<u>(57,760,705)</u>
Net realized and unrealized loss on investments and foreign currency related transactions .....	<u>(59,794,899)</u>
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS .....	<u><u>\$(59,016,871)</u></u>

**THE INDONESIA FUND, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	For the Years Ended December 31,	
	<u>2008</u>	<u>2007</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>		
Operations:		
Net investment income . . . . .	\$ 778,028	\$ 263,505
Net realized gain/(loss) on investments and foreign currency related transactions . . . . .	(2,034,194)	7,186,682
Net change in unrealized appreciation/(depreciation) in value of investments and translation of other assets and liabilities denominated in foreign currencies . . . . .	<u>(57,760,705)</u>	<u>19,471,302</u>
Net increase/(decrease) in net assets resulting from operations . . . . .	<u>(59,016,871)</u>	<u>26,921,489</u>
Dividends to shareholders:		
Net investment income . . . . .	<u>(587,006)</u>	<u>(190,124)</u>
Capital share transactions:		
Issuance of 0 and 94 shares respectively from reinvestments of dividends . .	—	986
Issuance of 4,075 and 0 shares through the directors compensation plan (Note C) . . . . .	<u>29,485</u>	<u>—</u>
Total capital share transactions . . . . .	<u>29,485</u>	<u>986</u>
Total increase/(decrease) in net assets . . . . .	<u>(59,574,392)</u>	<u>26,732,351</u>
<b>NET ASSETS</b>		
Beginning of year . . . . .	<u>106,576,626</u>	<u>79,844,275</u>
End of year* . . . . .	<u>\$ 47,002,234</u>	<u>\$106,576,626</u>

\* Includes accumulated net investment loss of \$(58,496) and undistributed net investment income of \$5,453, respectively.

**THE INDONESIA FUND, INC.**  
**FINANCIAL HIGHLIGHTS**

Contained below is per share operating performance data for a share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data for each year indicated. This information has been derived from information provided in the financial statements and market price data for the Fund's shares.

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>PER SHARE OPERATING PERFORMANCE</b>				
Net asset value, beginning of year . . . . .	\$12.89	\$9.66	\$6.00	\$5.08
Net investment income/(loss) . . . . .	0.09	0.03#	0.05	0.02
Net realized and unrealized gain/(loss) on investments and foreign currency related transactions . . . . .	<u>(7.23)</u>	<u>3.22</u>	<u>3.66</u>	<u>0.90</u>
Net increase/(decrease) in net assets resulting from operations . . .	<u>(7.14)</u>	<u>3.25</u>	<u>3.71</u>	<u>0.92</u>
Dividends and distributions to shareholders:				
Net investment income . . . . .	(0.07)	(0.02)	(0.05)	0.00†
Net realized gain on investments and foreign currency related transactions . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total dividends and distributions to shareholders . . . . .	<u>(0.07)</u>	<u>(0.02)</u>	<u>(0.05)</u>	<u>0.00†</u>
Net asset value, end of year . . . . .	<u>\$5.68</u>	<u>\$12.89</u>	<u>\$9.66</u>	<u>\$6.00</u>
Market value, end of year . . . . .	<u>\$5.10</u>	<u>\$12.01</u>	<u>\$11.70</u>	<u>\$5.76</u>
Total investment return (a) . . . . .	<u>(56.94)%</u>	<u>2.89%</u>	<u>104.14%</u>	<u>13.69%</u>
<b>RATIOS/SUPPLEMENTAL DATA</b>				
Net assets, end of year (000 omitted) . . . . .	\$47,002	\$106,577	\$79,844	\$49,576
Ratio of expenses to average net assets . . . . .	1.62%	1.55%	1.65%	1.81%
Ratio of net investment income/(loss) to average net assets . . . . .	0.95%	0.29%	0.67%	0.42%
Portfolio turnover rate . . . . .	33.05%	20.25%	23.93%	67.87%

\* Based on actual shares outstanding on June 8, 2001 (prior to the Agreement and Plan of Reorganization effective June 11, 2001 between the Fund and Jakarta Growth Fund) and December 31, 2001.  
# Based on average shares outstanding.  
† Amount is less than a \$0.01.  
(a) Total investment return at market value is based on the changes in market price of a share during the year and assumes reinvestment of dividends and distributions, if any, at actual prices pursuant to the Fund's dividend reinvestment program.  
(b) Excluding merger-related fees, the ratio of expenses to average net assets would have been 4.31%.  
(c) Excluding merger-related fees, the ratio of expenses to average net assets would have been 4.13%.

**THE INDONESIA FUND, INC.**  
**FINANCIAL HIGHLIGHTS**

For the Years Ended December 31,

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
<u>\$3.91</u>	<u>\$2.09</u>	<u>\$1.52</u>	<u>\$1.72</u>	<u>\$4.48</u>	<u>\$2.71</u>
0.09	0.03	0.01	(0.13)*	(0.13)	(0.05)
<u>1.17</u>	<u>1.81</u>	<u>0.56</u>	<u>(0.07)</u>	<u>(2.63)</u>	<u>1.87</u>
<u>1.26</u>	<u>1.84</u>	<u>0.57</u>	<u>(0.20)</u>	<u>(2.76)</u>	<u>1.82</u>
(0.09)	(0.02)	—	—	—	—
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(0.05)</u>
(0.09)	(0.02)	—	—	—	(0.05)
<u>\$5.08</u>	<u>\$3.91</u>	<u>\$2.09</u>	<u>\$1.52</u>	<u>\$1.72</u>	<u>\$4.48</u>
<u>\$5.07</u>	<u>\$4.83</u>	<u>\$1.65</u>	<u>\$1.32</u>	<u>\$1.563</u>	<u>\$5.438</u>
<u>6.72%</u>	<u>194.19%</u>	<u>25.00%</u>	<u>(15.52)%</u>	<u>(71.26)%</u>	<u>59.58%</u>
\$42,020	\$32,304	\$17,317	\$12,545	\$7,935	\$20,669
2.03%	2.65%	2.69%	8.89%(b)	7.23%(c)	3.18%
2.24%	1.23%	0.36%	(5.63)%	(4.85)%	(1.43)%
43.59%	95.66%	29.15%	10.23%	16.48%	47.38%

**NOTE A. ORGANIZATION**

The Indonesia Fund, Inc. (the “Fund”) was incorporated in Maryland on January 8, 1990 and commenced investment operations on March 9, 1990. The Fund is registered under the Investment Company Act of 1940, as amended, as a closed-end, non-diversified management investment company.

**NOTE B. SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Security Valuation:** The net asset value of the Fund is determined daily as of the close of regular trading on the New York Stock Exchange, Inc. (the “Exchange”) on each day the Exchange is open for business. Equity investments are valued at market value, which is generally determined using the closing price on the exchange or market on which the security is primarily traded at the time of valuation (the “Valuation Time”). If no sales are reported, equity investments are generally valued at the most recent bid quotation as of the Valuation Time or at the lowest ask quotation in the case of a short sale of securities. Debt securities with a remaining maturity greater than 60 days are valued in accordance with the price supplied by a pricing service, which may use a matrix, formula or other objective method that takes into consideration market indices, yield curves and other specific adjustments. Debt obligations that will mature in 60 days or less are valued on the basis of amortized cost, which approximates market value, unless it is

determined that using this method would not represent fair value. Investments in mutual funds are valued at the mutual fund’s closing net asset value per share on the day of valuation.

Securities and other assets for which market quotations are not readily available, or whose values have been materially affected by events occurring before the Fund’s Valuation Time, but after the close of the securities’ primary market, are valued at fair value as determined in good faith by, or under the direction of, the Board of Directors under procedures established by the Board of Directors. The Fund may utilize a service provided by an independent third party which has been approved by the Board of Directors to fair value certain securities. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. The Fund’s estimate of fair value assumes a willing buyer and a willing seller neither acting under the compulsion to buy or sell.

The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (“FAS 157”), effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. FAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs

**THE INDONESIA FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2008**

that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- Level 1—quoted prices in active markets for identical investments
- Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of December 31, 2008 in valuing the Fund's investments carried at value:

<b>Valuation Inputs</b>	<b>Investments in Securities</b>	<b>Other Financial Instruments*</b>
Level 1—Quoted Prices	\$ 14,928	\$ —
Level 2—Other Significant Observable Inputs	47,660,874	—
Level 3—Significant Unobservable Inputs	—	—
<b>Total</b>	<b>\$ 47,675,802</b>	<b>\$ —</b>

\* Other financial instruments include futures, forwards and swap contracts.

**Short-Term Investment:** The Fund sweeps available cash into a short-term time deposit available through Brown Brothers Harriman & Co., the Fund's custodian. The short-term time deposit is a variable rate account classified as a short-term investment.

**Investment Transactions and Investment Income:** Investment transactions are accounted for on a trade date basis. The cost of investments sold is determined by use of the specific identification method for both financial reporting and U.S. income tax purposes. Interest income is accrued as earned; dividend income is recorded on the ex-dividend date.

**Taxes:** No provision is made for federal taxes as it is the Fund's intention to continue to qualify for and elect the tax treatment applicable to regulated investment companies under the Internal Revenue Code of 1986, as amended, and to make the requisite distributions to its shareholders, which will be sufficient to relieve it from federal income and excise taxes.

Income received by the Fund from sources within Indonesia and other foreign countries may be subject to withholding and other taxes imposed by such countries.

During June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation 48 ("FIN 48 or the "Interpretation"), *Accounting for Uncertainty in Income Taxes—an interpretation of FASB statement 109*. The Fund has reviewed its current tax positions and has determined that no provision for income tax is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

**Foreign Currency Translations:** The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars on the following basis:

- (I) market value of investment securities, assets and liabilities at the valuation date rate of exchange; and
- (II) purchases and sales of investment securities, income and expenses at the relevant rates of exchange prevailing on the respective dates of such transactions.

The Fund does not isolate that portion of gains and losses on investments in equity securities which is due to changes in the foreign exchange rates from that which is due to changes in market prices of equity securities. Accordingly, realized and unrealized foreign currency gains and losses with respect to such securities are included in the reported net realized and unrealized gains and losses on investment transactions balances.

The Fund reports certain foreign currency related transactions and foreign taxes withheld on security transactions as components of realized gains for financial reporting purposes, whereas such foreign currency related transactions are treated as ordinary income for U.S. income tax purposes.

Net unrealized currency gains or losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation/depreciation in value of investments, and translation of other assets and liabilities denominated in foreign currencies.

Net realized foreign exchange gains or losses represent foreign exchange gains and losses from transactions in foreign currencies and forward foreign currency contracts, exchange gains or losses realized between

the trade date and settlement date on security transactions, and the difference between the amounts of interest and dividends recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received.

**Securities Lending:** In connection with its security lending activities, the Fund received cash as collateral for any securities out on loan to brokers. Such cash collateral was reinvested into either an overnight repurchase agreement or a securities lending fund available through Brown Brothers Harriman & Co. Security loans are required at all times to have collateral at least equal to 100% of the market value of the securities on loan; however, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to legal proceedings. During the year ended December 31, 2008, total earnings from the investment of cash collateral received by the Fund in a securities lending arrangement was \$1,704.

**Distributions of Income and Gains:** The Fund distributes at least annually to shareholders substantially all of its net investment income and net realized short-term capital gains, if any. The Fund determines annually whether to distribute any net realized long-term capital gains in excess of net realized short-term capital losses, including capital loss carryovers, if any. An additional distribution may be made to the extent necessary to avoid the payment of a 4% U.S. federal excise tax. Dividends and distributions to shareholders are recorded by the Fund on the ex-dividend date.

The character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for U.S. income tax purposes due to U.S. generally accepted accounting principles/tax differences in the character of income and expense recognition.

**Other:** The Fund invests in securities of foreign countries and governments which involve certain risks in addition to those inherent in domestic investments. Such risks generally include, among others, currency risks (fluctuations in currency exchange rates), information risk (key information may be inaccurate or unavailable) and political risk (expropriation, nationalization or the imposition of capital or currency controls or punitive taxes). Other risks of investing in foreign securities include liquidity and valuation risks.

Securities denominated in currencies other than U.S. dollars are subject to changes in value due to fluctuations in exchange rates.

Investment in Indonesian and other foreign securities requires consideration of certain factors that are not normally involved in investments in U.S. securities. The Indonesian securities market is an emerging market characterized by a small number of company listings, high price volatility and a relatively illiquid secondary trading environment. These factors, coupled with restrictions on investment by foreigners and other factors, limit the supply of securities available for investment by the Fund. This will affect the rate at which the Fund is able to invest in Indonesian and other foreign securities, the purchase and sale prices for such securities and the timing of purchases and sales.

The limited liquidity of the Indonesian and other foreign securities markets may also affect the Fund's ability to acquire or dispose of securities at a price and time that it wishes to do so. Accordingly, in periods of rising market prices, the Fund may be unable to participate in such price increases fully to the extent that it is unable to acquire desired portfolio positions quickly; conversely the Fund's inability to dispose fully and promptly of positions in declining markets will cause its net asset value to decline as the value of unsold positions is marked to lower prices.

#### NOTE C. AGREEMENTS

Credit Suisse Asset Management, LLC ("Credit Suisse"), serves as the Fund's investment adviser with respect to all investments. Credit Suisse receives as compensation for its advisory services from the Fund, an annual fee, calculated weekly and paid quarterly, equal to 1.00% of the Fund's average weekly net assets. For the year ended December 31, 2008, Credit Suisse earned \$817,484 for advisory services. Credit Suisse also provides certain administrative services to the Fund and is reimbursed by the Fund for costs incurred on behalf of the Fund (up to \$20,000 per annum). For the year ended December 31, 2008, Credit Suisse was reimbursed \$2,707 for administrative services rendered to the Fund.

Credit Suisse Asset Management Limited ("Sub- Adviser") serves as the Fund's sub-investment adviser. Credit Suisse currently pays the Sub-Adviser on a quarterly basis a fee of 90% of the net quarterly amount received by Credit Suisse as the Fund's investment adviser. The Fund does not pay the Sub-Adviser.

Bear Stearns Funds Management Inc. ("BSFM") served as the Fund's administrator until July 31, 2008. The Fund paid BSFM a monthly fee that was calculated weekly based on the Fund's average weekly net assets. For the period ended July 31, 2008, BSFM earned \$39,528 for administrative services.

Brown Brothers Harriman & Co. ("BBH & Co.") serves as the Fund's administrator. For the period August 1, 2008 to December 31, 2008, BBH & Co. earned \$12,601 for administrative and fund accounting services.

Merrill Corporation ("Merrill"), an affiliate of Credit Suisse, has been engaged by the Fund to provide certain financial printing services. For the year ended December 31, 2008, Merrill was paid \$25,952 for its services to the Fund.

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**THE INDONESIA FUND, INC.****NOTES TO FINANCIAL STATEMENTS (CONTINUED)****DECEMBER 31, 2008**

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The Independent Directors receive fifty percent (50%) of their annual retainer in the form of shares. Beginning in 2008, the Independent Directors can elect to receive up to 100% of their annual retainer in shares of the Fund. During the fiscal year end December 31, 2008, 4,075 shares were issued through the directors compensation plan. Directors as a group own less than 1% of the Fund's outstanding shares.

**NOTE D. CAPITAL STOCK**

The authorized capital stock of the Fund is 100,000,000 shares of common stock, \$0.001 par value. Of the 8,270,371 shares outstanding at December 31, 2008, Credit Suisse owned 7,169 shares.

**NOTE E. INVESTMENT IN SECURITIES**

For the year ended December 31, 2008, purchases and sales of securities, other than short-term investments, were \$26,772,983 and \$30,696,566, respectively.

**NOTE F. CREDIT FACILITY**

The Fund, together with other funds/portfolios advised by Credit Suisse (collectively, the "Participating Funds"), participates in a \$50 million committed, unsecured, line of credit facility ("Credit Facility") with State Street Bank and Trust Company for temporary or emergency purposes. Under the terms of the Credit Facility, the Participating Funds pay an aggregate commitment fee at a rate of 0.10% per annum on the average unused amount of the Credit Facility, which is allocated among the Participating Funds in such manner as is determined by the governing Boards of the Participating Funds. In addition, the Participating Funds pay interest on borrowings at the Federal Funds rate plus 0.50%. At December 31, 2008, and during the fiscal year ended December 31, 2008, the Fund had no borrowings under the Credit Facility.

**NOTE G. FEDERAL INCOME TAXES**

Income and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from GAAP.

The tax character of dividends and distributions paid during the years ended December 31, 2008 and 2007, respectively, by the Fund were as follows:

Ordinary Income	
2008	2007
\$587,006	\$190,124

The tax basis of components of distributable earnings differ from the amounts reflected in the Statement of Assets and Liabilities by temporary book/tax differences. These differences are primarily due to losses deferred on wash sales and deferral of post-October losses.

At December 31, 2008, the components of distributable earnings on a tax basis, for the Fund were as follows:

Undistributed ordinary income	\$ 61,244
Accumulated net realized loss	(1,323,579)
Unrealized appreciation	3,403,070
Deferral of post-October capital losses	(3,229,159)
Deferral of post-October currency losses	(119,740)
Total distributable earnings	<u>\$(1,208,164)</u>

At December 31, 2008, the Fund had a capital loss carry forward for U.S. federal income tax purposes of \$1,323,579. Capital loss carry forwards of \$637,573 and \$686,006 expire in 2009 and 2010, respectively. It is uncertain whether the Fund will be able to realize the benefits before they expire. During the year ended December 31, 2008, the Fund utilized capital loss carry forwards of \$1,526,448.

At December 31, 2008, the identified cost for federal income tax purposes, as well as the gross unrealized appreciation from investments for those securities

having an excess of value over cost, gross unrealized depreciation from investments for those securities having an excess of cost over value and the net unrealized appreciation from investments were \$44,273,745, \$16,705,828, \$(13,303,771) and \$3,402,057, respectively.

At December 31, 2008, the Fund reclassified \$254,971 from undistributed net investment income and \$2 from paid-in capital to accumulated net realized loss on investments and foreign currency related transactions. These permanent differences are primarily due to differing book/tax treatments of foreign currency transactions. Net assets were not affected by this reclassification.

**NOTE H. CONTINGENCIES**

In the normal course of business, the Fund may provide general indemnifications pursuant to certain contracts and organizational documents. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

**NOTE I. RECENT ACCOUNTING PRONOUNCEMENTS**

In March 2008, FASB issued Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ("FAS 161"), an amendment of FASB Statement No. 133. FAS 161 requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and hedging activities are accounted for, and (c) how derivative instruments and related hedging activities affect a fund's financial position, financial performance, and cash flows. Management of the Funds does not believe the adoption of FAS 161 will materially impact the financial statement amounts, but will require additional disclosures. This will include qualitative and quantitative disclosures on derivative positions existing at period end and the effect of using derivatives during

the reporting period. FAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

**NOTE J. OTHER MATTERS**

On December 31, 2008, Credit Suisse, the corporate parent of the Funds' investment adviser, announced it had signed an agreement to sell part of its Global Investors traditional asset management business to Aberdeen Asset Management ("Aberdeen"), an international investment management group, managing assets for both institutions and private individuals from offices around the world. Credit Suisse has stated that the transaction is subject to customary closing conditions, including regulatory approvals in various jurisdictions and approval by Aberdeen shareholders, and is expected to close in the second quarter of 2009.

Pending the closing of the transaction, Credit Suisse Asset Management, LLC ("CSAM"), Credit Suisse Asset Management Limited (U.K.) ("CSAM UK") and Credit Suisse Asset Management Limited (Australia) ("CSAM Australia") are expected to continue to operate in the ordinary course of business as the investment adviser or sub-adviser of the Funds.

If completed, acquisition of the Credit Suisse business by Aberdeen would constitute an "assignment" of the Funds' Advisory and Sub-Advisory Agreements with CSAM, CSAM UK and CSAM Australia and, by law, would automatically terminate those agreements. Accordingly, each Fund's Board of Directors is considering various options in connection with the transaction, including possibly entering into new investment advisory and sub-advisory agreements with Aberdeen. If approved by a Fund's Board of Directors, including the Directors who are not "interested persons" of the investment manager and its affiliates or the Fund, any new investment advisory and sub-advisory agreements will require the approval of the Fund's shareholders.

To the Board of Directors and Shareholders  
of The Indonesia Fund, Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Indonesia Fund, Inc. (the "Fund") at December 31, 2008, the results of its operations for the year then ended and the changes in its net assets and financial highlights for the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit, which included confirmation of securities at December 31, 2008 by correspondence with the custodian and brokers, provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Baltimore, Maryland  
February 26, 2009

**RESULTS OF ANNUAL MEETING OF SHAREHOLDERS (UNAUDITED)**

On April 10, 2008, the Annual Meeting of Shareholders of the Fund (the “Meeting”) was held and the following matter was voted upon:

- (1) To re-elect two directors to the Board of Directors of the Fund:

<u>Name of Director</u>	<u>For</u>	<u>Withheld</u>
Lawrence J. Fox (Class II)	5,391,350	413,173
Lawrence D. Haber (Class II)	5,395,169	409,354

In addition to the directors elected at the Meeting, Enrique R. Arzac, James J. Cattano and Steven N. Rappaport continued as directors of the Fund. Subsequent to the Meeting, Lawrence D. Haber resigned as a director of the Fund.

**TAX INFORMATION (UNAUDITED)**

For the fiscal year ended December 31, 2008, the Fund designates approximately \$928,533, or up to the maximum amount of such dividends allowable pursuant to the Internal Revenue Code, as qualified dividend income eligible for reduced tax rates. These lower rates range from 5% to 15% depending on an individual’s tax bracket. If the Fund pays a distribution during calendar year 2008, complete information will be reported in conjunction with Form 1099-DIV.

The Fund has made an election under Section 853 to pass through foreign taxes paid by the Fund to its shareholders. The amount of foreign taxes that were passed through to shareholders for the year ended December 31, 2008, was \$341,527. The amount of foreign source income was \$2,325,546. Shareholders should refer to their Form 1099-DIV to determine the amount includable on their respective tax returns for 2008.

Shareholders are advised to consult their own tax advisers with respect to the tax consequences of their investment in the Fund.

**INFORMATION CONCERNING DIRECTORS AND OFFICERS (UNAUDITED)**

<u>Name, Address (Year of Birth)</u>	<u>Position(s) Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by Director</u>
<b>Independent Directors</b>					
Enrique R. Arzac c/o Credit Suisse Asset Management, LLC Attn: General Counsel Eleven Madison Avenue New York, New York 10010-3629  (1941)	Chairman of the Board of Directors; Nominating and Audit Committee Member	Director since 2000; Chairman since 2005; current term ends at the 2009 annual meeting	Professor of Finance and Economics, Graduate School of Business, Columbia University since 1971	33	Director of Epoch Holding Corporation (an Investment management and investment advisory services company); Director of The Adams Express Company (a closed-end investment company); Director of Petroleum and Resources Corporation (a closed-end investment company)
James J. Cattano c/o Primary Resources, Inc. 5100 Tamiami Trail N. Naples, FL 34103  (1943)	Director; Nominating Committee Member and Audit Committee Chairman	Since 2007; current term ends at the 2010 annual meeting	President, Primary Resources Inc. (an international trading and manufacturing company specializing in the sale of agricultural commodities throughout Latin American markets) since October 1996	7	None
Lawrence J. Fox One Logan Square 18th & Cherry Streets Philadelphia, Pennsylvania 19103  (1943)	Director; Nominating Committee Chairman and Audit Committee Member	Since 2000; Current term ends at the 2011 annual meeting	Partner, Drinker Biddle & Reath (law firm) since 1972	6	None
Steven N. Rappaport Lehigh Court, LLC 555 Madison Ave., 29th Floor New York, New York 10022  (1948)	Director; Nominating and Audit Committee Member	Since 2005; current term ends at the 2009 annual meeting	Partner of Lehigh Court, LLC and RZ Capital (private investment firms) since July 2002	33	Director of iCAD, Inc. (Surgical & Medical Instruments & Apparatus); Director of Presstek, Inc. (digital imaging technologies company); Director of Wood Resources, LLC (a plywood manufacturing company)

**INFORMATION CONCERNING DIRECTORS AND OFFICERS (UNAUDITED) (CONTINUED)**

Name, Address (Year of Birth)	Position(s) Held with Fund	Length of Time Served	Principal Occupation(s) During Past Five Years
<b>Officers</b>			
George R. Hornig Credit Suisse Asset Management, LLC Eleven Madison Avenue New York, New York 10010	Chief Executive Officer and President	Since 2008	Managing Director of Credit Suisse; Co-Chief Operating Officer of Asset Management and Head of Asset Management Americas; Associated with Credit Suisse since 1999; Officer of other Credit Suisse Funds.
(1954)			
Boon Hong Yeo c/o Credit Suisse Asset Management, LLC Eleven Madison Avenue New York, New York 10010	Chief Investment Officer	Since 2003	Director of Credit Suisse Asset Management Limited (“Credit Suisse Ltd.”); Associated with Credit Suisse Ltd. since 2002.
(1960)			
Michael A. Pignataro Credit Suisse Asset Management, LLC Eleven Madison Avenue New York, New York 10010	Chief Financial Officer	Since 1993	Director and Director of Fund Administration of Credit Suisse; Associated with Credit Suisse or its predecessor since 1984; Officer of other Credit Suisse Funds.
(1959)			
Emidio Morizio Credit Suisse Asset Management, LLC Eleven Madison Avenue New York, New York 10010	Chief Compliance Officer	Since 2004	Director and Global Head of Compliance of Credit Suisse; Associated with Credit Suisse since July 2000; Officer of other Credit Suisse Funds.
(1966)			
J. Kevin Gao Credit Suisse Asset Management, LLC Eleven Madison Avenue New York, New York 10010	Chief Legal Officer since 2006; Senior Vice President And Secretary since 2004	Since 2004	Director and Legal Counsel of Credit Suisse; Associated with Credit Suisse since July 2003; Associated with the law firm of Willkie Farr & Gallagher LLP from 1998 to 2003; Officer of other Credit Suisse Funds.
(1967)			
Cecilia Chau Credit Suisse Asset Management, LLC Eleven Madison Avenue New York, New York 10010	Treasurer	Since 2008	Assistant Vice President of Credit Suisse since June 2007; Associated with Alliance Bernstein LP. From January 2007 to May 2007; Associated with Credit Suisse from August 2000 to December 2006; Officer of other Credit Suisse Funds.
(1973)			

## Board Consideration and Re-Approval of Investment Advisory and Sub-Advisory Agreements

The Board of Directors (the “Board”) of The Indonesia Fund, Inc. (the “Fund”), including a majority of the Directors who have no direct or indirect interest in the investment advisory and sub-advisory agreements and are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Directors”), is required annually to review and re-approve the terms of the Fund’s investment advisory and sub-advisory agreements. During the most recent six months covered by this report, the Board reviewed and re-approved: (i) an investment advisory agreement with Credit Suisse Asset Management, LLC (“Credit Suisse”), and (ii) a sub-advisory agreement with Credit Suisse Asset Management Limited (“Credit Suisse Australia” or the “Sub-Adviser”). These agreements are collectively referred to as the “Advisory Agreements.”

More specifically, at a meeting held on November 19-20, 2008, the Board, including the Independent Directors advised by their independent legal counsel, considered the factors and reached the conclusions described below relating to the selection of Credit Suisse and Credit Suisse Australia and the re-approval of the Advisory Agreements.

### *Nature, Extent and Quality of Services*

The Board received and considered various data and information regarding the nature, extent and quality of services provided to the Fund by Credit Suisse and Credit Suisse Australia under the Advisory Agreements. The most recent investment adviser registration forms for Credit Suisse and Credit Suisse Australia were provided to the Board, as were responses of Credit Suisse and Credit Suisse Australia to a detailed series of requests submitted by the Independent Directors’ independent legal counsel on their behalf. The Board reviewed and analyzed these materials, which included, among other things, information about the background and experience of senior management and investment personnel of Credit Suisse and Credit Suisse Australia. In this regard, the Board specifically reviewed the qualifications, background and responsibilities of the individual primarily responsible for day-to-day portfolio management services for the Fund.

In addition, the Board considered the investment and legal compliance programs of Credit Suisse and Credit Suisse Australia including their compliance policies and procedures and reports of the Fund’s Chief Compliance Officer.

The Board also evaluated the ability of Credit Suisse and Credit Suisse Australia, including their respective resources, reputations and other attributes, to attract and retain qualified investment professionals, including research, advisory, and supervisory personnel.

Finally, the Board considered preliminary information from Credit Suisse’s corporate parent about its search for a strategic partner for part of its asset management business. In reaching its determination to continue the agreements and arrangements, the Board relied upon Credit Suisse’s undertaking and assurances to continue providing quality management, personnel and other resources necessary to continue providing advisory services of a nature, extent and quality at least comparable to those currently provided to the Funds.

Based on the above factors, together with those referenced below, the Board concluded that it was satisfied with the nature, extent and quality of the investment advisory services provided to the Fund by Credit Suisse and Credit Suisse Australia.

#### *Fund Performance and Expenses*

The Board considered the performance results of the Fund in comparison to the Fund's benchmark index, the MSCI Indonesia Index. The Board noted that, although the Fund has underperformed its benchmark in recent periods, the Fund outperformed its benchmark index in other periods.

The Board also considered information regarding the Fund's total expense ratio and its various components in comparison to expense information for a group of funds that was determined to be most similar to the Fund (the "Peer Group") and a broader universe of relevant funds (the "Expense Universe"). Lipper Inc. ("Lipper"), an independent provider of investment company data, determined the Peer Group and Expense Universe for the Fund and provided the comparative data. The Board noted that the overall expense ratio of the Fund was slightly above the median overall expense ratio of the Fund's Peer Group, but comparable to the median of the Fund's Expense Universe, both including and excluding investment-related expenses and taxes.

Based on the above-referenced considerations and other factors, the Board concluded that the overall performance results and expense comparisons supported the re-approval of the Advisory Agreements.

#### *Investment Advisory and Sub-Advisory Fee Rates*

The Board reviewed the contractual investment advisory fee rate (the "Advisory Agreement Rate") payable by the Fund to Credit Suisse for investment advisory services. The Board also reviewed the contractual investment sub-advisory fee rate (the "Sub-Advisory Agreement Rate") payable by Credit Suisse to Credit Suisse Australia for investment sub-advisory services.

Additionally, the Board considered information comparing the Advisory Agreement Rate (both on a stand-alone basis and on a combined basis with the Fund's administration fee rate) with that of the other funds in its Peer Group. The Board observed that the combined rates of investment advisory and administration fees for the Fund were lower than the median combined rate of its Peer Group, but comparable to that of its Expense Universe. The Board also noted that the Fund's administrator is not affiliated with Credit Suisse and that the Fund's administration agreement and corresponding fees were negotiated at arm's length. The Board concluded that these and other factors supported the Advisory Agreement Rate.

The Board also reviewed the Sub-Advisory Agreement Rate charged by Credit Suisse Australia, which is payable by Credit Suisse and not by the Fund, and concluded that it was not excessive.

### Profitability

The Board received and considered an estimated profitability analysis of Credit Suisse based on the Advisory Agreement Rate and on revenues earned from other relationships between the Fund and Credit Suisse and its affiliates, including Credit Suisse Australia. The Board concluded that, in light of the costs of providing investment management and other services to the Fund, the profits and other ancillary benefits that Credit Suisse and its affiliates derived from providing these services to the Fund were not excessive.

### Economies of Scale

The Board considered information regarding whether there have been economies of scale with respect to the management of the Fund, whether the Fund has appropriately benefited from any economies of scale, and whether there is potential for realization of any further economies of scale.

The Board observed that the Advisory Agreements do not offer breakpoints, but considered the diminished opportunity to achieve economies of scale in the context of closed-end funds.

### Information about Services to Other Clients

The Board considered information about the nature and extent of services and fee rates offered by Credit Suisse to other clients, including other registered investment companies, separate accounts and institutional investors and investment companies to which Credit Suisse serves as an unaffiliated sub-adviser. The Board also considered information about the nature and extent of services offered, and general information about the fees charged, by Credit Suisse Australia to other clients. The Board concluded that the Advisory Agreement Rate and Sub-Advisory Agreement Rate were not excessive, given the nature and extent of services offered and comparison with rates charged to other clients.

### Other Benefits to Credit Suisse and the Sub-Adviser

The Board also considered information regarding potential “fall-out” or ancillary benefits received by Credit Suisse and its affiliates, including Credit Suisse Australia, as a result of their relationship with the Fund. In particular, the Board considered that Credit Suisse may gain certain reputational benefits from managing the Fund.

### Other Factors and Broader Review

As discussed above, the Board reviews detailed materials received from Credit Suisse and Credit Suisse Australia as part of the annual re-approval process. The Board also reviews and assesses the quality of the services that the Fund receives throughout the year. In this regard, the Board reviews reports of Credit Suisse at least quarterly, which include, among other things, detailed portfolio and market reviews and detailed fund performance reports.

After considering the above-described factors and based on its deliberations and its evaluation of the information provided to it, the Board concluded that re-approval of the Advisory Agreements for the Fund was in the best interest of the Fund and its shareholders. Accordingly, the Board members unanimously re-approved the Advisory Agreements.

Information regarding how the Fund voted proxies related to its portfolio securities during the 12-month period ended June 30, of each year, as well as the policies and procedures that the Fund uses to determine how to vote proxies relating to its portfolio securities are available:

- by calling 1-800-293-1232;
- on the Fund's website, [www.credit-suisse.com/us](http://www.credit-suisse.com/us)
- on the website of the Securities and Exchange Commission, [www.sec.gov](http://www.sec.gov).

The Fund files a complete schedule of its portfolio holdings for the first and third quarters of its fiscal year with the SEC on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-202-551-8090.

The Indonesia Fund, Inc. (the “Fund”) offers a Dividend Reinvestment and Cash Purchase Plan (the “Plan”) to its common stockholders. The Plan offers common stockholders a prompt and simple way to reinvest net investment income dividends and capital gains and other periodic distributions in shares of the Fund’s common stock. Computershare Trust Company, N.A. (“Computershare”) acts as Plan Agent for stockholders in administering the Plan.

Participation in the Plan is voluntary. In order to participate in the Plan, you must be a registered holder of at least one share of stock of the Fund. If you are a beneficial owner of the Fund having your shares registered in the name of a bank, broker or other nominee, you must first make arrangements with the organization in whose name your shares are registered to have the shares transferred into your own name. Registered shareholders can join the Plan via the Internet by going to [www.computershare.com](http://www.computershare.com), authenticating your online account, agreeing to the Terms and Conditions of online “Account Access” and completing an online Plan Enrollment Form. Alternatively, you can complete the Plan Enrollment Form and return it to Computershare at the address below.

By participating in the Plan, your dividends and distributions will be promptly paid to you in additional shares of common stock of the Fund. The number of shares to be issued to you will be determined by dividing the total amount of the distribution payable to you by the greater of (i) the net asset value per share (“NAV”) of the Fund’s common stock on the payment date, or (ii) 95% of the market price per share of the Fund’s common stock on the payment date. If the NAV of the Fund’s common stock is greater than the market price (plus estimated brokerage commissions) on the payment date, then Computershare (or a broker-dealer selected by Computershare) shall endeavor to apply the amount of such distribution on your shares to purchase shares of Fund common stock in the open market.

You should be aware that all net investment income dividends and capital gain distributions are taxable to you as ordinary income and capital gain, respectively, whether received in cash or reinvested in additional shares of the Fund’s common stock.

The Plan also permits participants to purchase shares of the Fund through Computershare. You may invest \$100 or more monthly, with a maximum of \$100,000 in any annual period. Computershare will purchase shares for you on the open market on the 25th of each month or the next trading day if the 25th is not a trading day.

There is no service fee payable by Plan participants for dividend reinvestment. For voluntary cash payments, Plan participants must pay a service fee of \$5.00 per transaction. Plan participants will also be charged a pro rata share of the brokerage commissions for all open market purchases (\$0.03 per share as of October 2006). Participants will also be charged a service fee of \$5.00 for each sale and brokerage commissions of \$0.03 per share (as of October 2006).

You may terminate your participation in the Plan at any time by requesting a certificate or a sale of your shares held in the Plan. Your withdrawal will be effective immediately if your notice is received by Computershare prior to any dividend or distribution record date; otherwise, such termination will be effective only with respect to any subsequent dividend or distribution. Your dividend participation option will remain the same unless you withdraw all of your whole and fractional Plan shares, in which case your participation in the Plan will be terminated and you will receive subsequent dividends and capital gains distributions in cash instead of shares.

If you want further information about the Plan, including a brochure describing the Plan in greater detail, please contact Computershare as follows:

By Internet: [www.computershare.com](http://www.computershare.com)

By phone: (800) 730-6001 (U.S. and Canada)  
(781) 575-3100 (Outside U.S. and Canada)  
Customer service associates are available from 9:00 a.m. to 5:00 p.m. Eastern time, Monday through Friday

By mail: The Indonesia Fund, Inc.  
c/o Computershare  
P.O. Box 43078  
Providence, Rhode Island 02940-3078  
All notices, correspondence, questions or other communications sent by mail should be sent by registered or certified mail, return receipt requested.

The Plan may be terminated by the Fund or Computershare upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend or distribution.

**CLOSED-END FUNDS**

**Single Country**

The Chile Fund, Inc. (AMEX: CH)  
The First Israel Fund, Inc. (AMEX: ISL)  
The Indonesia Fund, Inc. (AMEX: IF)

**Multiple Country**

The Emerging Markets Telecommunications Fund, Inc. (AMEX: ETF)  
The Latin America Equity Fund, Inc. (AMEX: LAQ)

**Fixed Income**

Credit Suisse Asset Management Income Fund, Inc. (AMEX: CIK)  
Credit Suisse High Yield Bond Fund (AMEX: DHY)

**Literature Request**—Call today for free descriptive information on the closed-end funds listed above at 800-293-1232 or visit our website at [www.credit-suisse.com/us](http://www.credit-suisse.com/us).

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**OPEN-END FUNDS**

Credit Suisse Commodity Return Strategy Fund	Credit Suisse Large Cap Blend Fund
Credit Suisse Global Fixed Income Fund	Credit Suisse Large Cap Growth Fund
Credit Suisse Global Small Cap Fund	Credit Suisse Large Cap Value Fund
Credit Suisse High Income Fund	Credit Suisse Mid-Cap Core Fund
Credit Suisse International Focus Fund	Credit Suisse Small Cap Core Fund

Fund shares are not deposits or other obligations of Credit Suisse Asset Management, LLC or any affiliate, are not FDIC-insured and are not guaranteed by Credit Suisse Asset Management, LLC or any affiliate. Fund investments are subject to investment risks, including loss of your investment. There are special risk considerations associated with international, global, emerging-market, small-company, private equity, high-yield debt, single-industry, single-country and other special, aggressive or concentrated investment strategies. Past performance cannot guarantee future results.

More complete information about a fund, including charges and expenses, is provided in the Prospectus, which should be read carefully before investing. You may obtain copies by calling Credit Suisse Funds at 800-927-2874. Performance information current to the most recent month-end is available at [www.credit-suisse.com/us](http://www.credit-suisse.com/us).

Credit Suisse Asset Management Securities, Inc., Distributor.

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**DIRECTORS AND CORPORATE OFFICERS**

Enrique R. Arzac	Chairman of the Board of Directors
James J. Cattano	Director
Lawrence J. Fox	Director
Steven N. Rappaport	Director
George R. Hornig	Chief Executive Officer and President
Boon Hong Yeo	Chief Investment Officer
J. Kevin Gao	Chief Legal Officer, Senior Vice President and Secretary
Emidio Morizio	Chief Compliance Officer
Michael A. Pignataro	Chief Financial Officer
Cecilia Chau	Treasurer

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New York, NY 10010

**INVESTMENT SUB-ADVISER**

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Level 32, Gateway Building  
1 Macquarie Place  
Sydney NSW 2000

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Brown Brothers Harriman & Co.  
40 Water Street  
Boston, MA 02109

**SHAREHOLDER SERVICING AGENT**

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P.O. Box 43078  
Providence, RI 02940

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

PricewaterhouseCoopers LLP  
100 East Pratt Street  
Baltimore, MD 21202

**LEGAL COUNSEL**

Willkie Farr & Gallagher LLP  
787 Seventh Avenue  
New York, NY 10019

This report, including the financial statements herein, is sent to the shareholders of the Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.



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