

**PT BISI INTERNATIONAL Tbk
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006**

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006

Table of Contents

	P a g e
CONSOLIDATED BALANCE SHEETS	1 - 2
CONSOLIDATED STATEMENTS OF INCOME	3
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	4
CONSOLIDATED STATEMENTS OF CASH FLOWS	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	6 - 36

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006
(Expressed in Million of Rupiah, Except Par Value Per Share)

	<u>Notes</u>	<u>2 0 0 7</u> <u>(Unaudited)</u>	<u>2 0 0 6</u> <u>(As Restated)</u> <u>(Unaudited)</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	99,773	9,404
Accounts Receivable			
Trade	5, 21		
Third Party - net of allowance for doubtful accounts of Rp 168 in 2007 and Rp 151 in 2006		254,441	85,079
Related Parties		22,400	1,807
Others - Third Parties		6,104	3,538
Inventories	6	275,279	198,990
Advances and Prepayments		32,995	21,072
Total Current Assets		<u>690,992</u>	<u>319,890</u>
NON-CURRENT ASSETS			
Due from Related Parties		103	-
Deferred Tax Assets - Net		4,039	1,949
Property, Plant and Equipment - net of accumulated depreciation of Rp 45,028 in 2007 and Rp 34,652 in 2006	7	138,399	121,103
Others - Net		9,553	4,650
Total Non-Current Assets		<u>152,094</u>	<u>127,702</u>
TOTAL ASSETS	24	<u>843,086</u>	<u>447,592</u>

The accompanying Notes form an integral part of these Consolidated Financial Statements

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
SEPTEMBER 30, 2007 AND 2006
(Expressed in Million of Rupiah, Except Par Value Per Share)

	<u>Notes</u>	<u>2 0 0 7</u> <u>(Unaudited)</u>	<u>2 0 0 6</u> <u>(As Restated)</u> <u>(Unaudited)</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term Bank Loans	8	143,197	67,422
Accounts Payable			
Trade	9, 21		
Third Parties		44,242	31,478
Related Parties		8,688	3,880
Others - Third Parties	10	29,306	16,753
Taxes Payable	11	27,663	22,805
Accrued Expenses		12,082	8,111
Current Portion of Long-term Debt			
Bank Loan	12	3,000	1,000
Obligations under Capital Lease	13	895	563
Total Current Liabilities	24	269,073	152,012
NON-CURRENT LIABILITIES			
Due to Related Parties	21	10,126	21,460
Deferred Tax Liabilities - Net		-	150
Long-term Debts - Net of Current Portion :			
Bank Loan	12	3,500	5,500
Obligations under Capital Lease	13	10,464	6,978
Estimated Liability for Employees' Benefits	14	16,975	14,674
Total Non-Current Liabilities	24	41,065	48,762
Total Liabilities		310,138	200,774
MINORITY INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES			
		53,651	42,903
EQUITY			
Share Capital - Rp 100 par value in 2007			
Authorized - 4,000,000,000 shares in 2007			
Issued and Fully Paid - 3,000,000,000 shares in 2007	15	300,000	7,100
Additional Paid-in Capital		86,395	424
Revaluation Increment in Property, Plant and Equipment		1	1
Difference in Value of Restructuring Transactions of			
Entities under Common Control	3	5,863	-
Proforma Capital Arising from Restructuring Transactions			
of Entities under Common Control		-	48,722
Retained Earnings		87,038	147,668
Total Equity		479,297	203,915
TOTAL LIABILITIES AND EQUITY		843,086	447,592

The accompanying Notes form an integral part of these Consolidated Financial Statements

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE 9-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006
(Expressed in Million of Rupiah, Except for Earnings Per Share)

	<u>Notes</u>	<u>2 0 0 7</u> <u>(Unaudited)</u>	<u>2 0 0 6</u> <u>(As Restated)</u> <u>(Unaudited)</u>
NET SALES	17, 24	604,077	403,418
COST OF GOODS SOLD	18	<u>353,270</u>	<u>229,363</u>
GROSS PROFIT		<u>250,807</u>	<u>174,055</u>
OPERATING EXPENSES	19		
Selling		55,167	47,460
General and Administrative		<u>50,108</u>	<u>29,956</u>
Total Operating Expenses		<u>105,275</u>	<u>77,416</u>
INCOME FROM OPERATIONS	24	<u>145,532</u>	<u>96,639</u>
OTHER INCOME (CHARGES)			
Interest Expense		(14,439)	(8,562)
Gain on Foreign Exchange - Net		1,533	1,555
Interest Income		1,738	58
Others - Net		<u>(2,894)</u>	<u>(7,997)</u>
Total Other Charges - Net		<u>(14,062)</u>	<u>(14,946)</u>
INCOME BEFORE INCOME TAX		<u>131,470</u>	<u>81,693</u>
INCOME TAX			
Current		(40,836)	(29,007)
Deferred		610	(178)
Income Tax Expense - Net		<u>(40,226)</u>	<u>(29,185)</u>
INCOME BEFORE MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES		<u>91,244</u>	<u>52,508</u>
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES		<u>(5,776)</u>	<u>(4,604)</u>
NET INCOME AFTER EFFECT OF PROFORMA ADJUSTMENTS		<u>85,468</u>	<u>47,904</u>
EFFECT OF PROFORMA ADJUSTMENTS		<u>-</u>	<u>4,624</u>
NET INCOME BEFORE EFFECT OF PROFORMA ADJUSTMENTS		<u>85,468</u>	<u>52,528</u>
EARNINGS PER SHARE			
After Effect of Proforma Adjustments		<u><u>32</u></u>	<u><u>41</u></u>
Before Effect of Proforma Adjustments		<u><u>32</u></u>	<u><u>93</u></u>

The accompanying Notes form an integral part of these Consolidated Financial Statements

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 9-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006
(Expressed in Million of Rupiah)

(UNAUDITED)

	Issued and Fully Paid Share Capital	Additional Paid-in Capital	Revaluation Increment in Property, Plant and Equipment	Difference in Value of Restructuring Transactions of Entities under Common Control	Proforma Capital Arising from Restructuring Transactions of Entities under Common Control	Retained Earnings	Total Equity
Balance, January 1, 2007	195.000	78	1	5.863	-	16.570	217.512
Additional Paid-in Capital	90.000	86.317	-	-	-	-	176.317
Stock Dividend	15.000	-	-	-	-	(15.000)	-
Net Income for the period	-	-	-	-	-	85.468	85.468
Balance, September 30, 2007	300.000	86.395	1	5.863	-	87.038	479.297
Balance, January 1, 2006	7.100	424	1	-	53.346	95.140	156.011
Proforma Capital Arising from Restructuring Transactions of Entities under Common Control	-	-	-	-	(4.624)	-	(4.624)
Net Income After Effect of Proforma Adjustments	-	-	-	-	-	47.904	47.904
Effect of Proforma Adjustments	-	-	-	-	-	4.624	4.624
Balance, September 30, 2006	7.100	424	1	-	48.722	147.668	203.915

The accompanying Notes form an integral part of these Consolidated Financial Statements

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 9-MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006
(Expressed in Million of Rupiah)

	<u>Notes</u>	<u>2 0 0 7</u> <u>(Unaudited)</u>	<u>2 0 0 6</u> <u>(As Restated)</u> <u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		792,153	598,112
Cash Payments to Suppliers and Employees		<u>(716,769)</u>	<u>(546,761)</u>
Cash Provided by Operating Activities		75,384	51,351
Receipts from (Payments for) :			
Interest Income		58	86
Interest Expense		(6,365)	(5,258)
Income Taxes		<u>(34,948)</u>	<u>(27,722)</u>
Net Cash Provided by Operating Activities		<u>34,129</u>	<u>18,457</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property and Equipment	7	58	307
Acquisitions of Property, Plant and Equipment		<u>(14,930)</u>	<u>(15,149)</u>
Net Cash Used in Investing Activities		<u>(14,872)</u>	<u>(14,842)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Short-term Bank Loans		4,513	6,173
Issuance of Share Capital		176,317	-
Payments for :			
Obligation under Capital Lease		(1,982)	(1,156)
Short-term Bank Loans		<u>(104,400)</u>	<u>(1,700)</u>
Net Cash Provided by Financing Activities		<u>74,448</u>	<u>3,317</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>93,705</u>	<u>6,932</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>6,068</u>	<u>2,472</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>99,773</u>	<u>9,404</u>
Cash and Cash Equivalents Consist of			
Cash on Hand and in Banks		8,403	9,404
Time Deposits		<u>91,370</u>	<u>-</u>
Total		<u>99,773</u>	<u>9,404</u>
ACTIVITIES NOT AFFECTING CASH FLOWS			
Acquisitions of Assets under Capital Lease through the Obligations under Capital Lease	7	5,331	2,179

The accompanying Notes form an integral part of these Consolidated Financial Statements

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

1. GENERAL

a. Establishment of the Company and General Information

PT BISI International Tbk. (the "Company") (formerly PT Benihinti Suburintani) was established in Indonesia on June 22, 1983 within the framework of the Foreign Investment Law No. 1 Year 1967 based on Notarial Deed No. 35 of Drs. Gde Ngurah Rai, S.H. The Deed of Establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-5415-HT.01.01.TH.84 dated September 27, 1984, and was published in Supplement No. 4731 of State Gazette No. 94 dated November 23, 1990. In accordance with notarial Deed No. 17 dated October 3, 2006 of Dr. Fulgensius Jimmy H.L.T., S.H., M.H., M.M., notary in Jakarta, the shareholders agreed to change the Company's legal name from PT Benihinti Suburintani to PT BISI International. The amendment of the Articles of Association was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in its Decision Letter No. W7-02215.HT.01.04-TH.2006 dated November 6, 2006. The Articles of Association has been amended several times, most recently by Notarial Deed No. 3 dated March 1, 2007 of SP. Henny Singgih, S.H., notary in Jakarta, concerning the change in par value of share capital and amend the Articles of Association to conform with stipulation Laws No. 8 year 1995 on "Capital Market" and BAPEPAM regulations No. IX.J.1, Supplement from BAPEPAM decree No. KEP-13/PM/1997 on "Articles of Association of Companies Conducting Public Offering and Public Companies". Regarding with these matters, the Company's name becomes PT BISI International Tbk. The latest amendment was approved by the Department of Justice and Human Rights in its Decision Letter No. W7-02165.HT.01.04-TH.2007 dated March 5, 2007.

The Company obtained an approval from the Capital Investment Coordinating Board through its Approval Letter No. 219/V/PMA/2006 dated December 7, 2006, regarding the change in the status of the Company into Foreign Capital Investment in relation with the change in the shareholders based on Notarial Deed No. 89 dated November 21, 2006 of Dr. Fulgensius Jimmy H.L.T., S.H., M.H., M.M., notary in Jakarta.

The Company started its commercial operations since 1983. The scope of activities of the Company comprises of seeding and trading of corn, vegetable and paddy seeds. The Company and Subsidiary have released high-yielding varieties, among others, corn seeds of *BISI-2* and *BISI-9*, vegetable seeds of *Timun Hercules* and *Melon Action* and paddy seed of *Intani-2*. The Company's head office is located at Jl. Surabaya Mojokerto Km. 19, Sidoarjo, with its warehouse located in Pare, Kediri. The Company has cooperation agreements with various farmers whereby the farmers will supply the Company's needs of commercial seeds. In return, the Company will provide foundation seeds to be planted by the farmers to become commercial seeds.

The Company belongs to the Charoen Pokphand group of companies.

On May 11, 2007, the Company has obtain an Effective Statement No. S-2238/BL/2007 from the Chairman of the Capital Market Supervisory Board and Department of Finance (BAPEPAM – LK) to execute its public offering of 900,000,000 shares with nominal value of Rp 100 (full amount) per share. Thus, the Company's total subscribed and fully paid capital amounted to 3,000,000,000 share has already recorded at the Jakarta Stock Exchange.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
 (Expressed in Million of Rupiah, Except Otherwise Stated)

b. Employees, Directors and Commissioners

As of September 30, 2007, the member of Company's Commissioners and Directors based on the Extraordinary Shareholders' General Meeting, the minutes of which were notarized by Deed No. 3 dated March 1, 2007 of SP. Henny Singgih, S.H., are as follows :

Commissioners		Directors	
Jialipto Jiaravanon	- President Commissioner	Junaidi Sungkono	- President Director
Eddy Susanto Zaoputra	- Vice President Commissioner	Tjiu Thomas Effendy	- Vice President Director
Burhan Hidayat	- Commissioner	Jemmy Eka Putra	- Vice President Director
		Sunardi Mukadas Sastrodimoyo	- Director
		Setiadi Setiokusumo	- Director
		Putu Darsana	- Director

As of September 30, 2006, the member of Company's Commissioners and Directors based on the Extraordinary Shareholders' General Meeting, the minutes of which were notarized by Deed no. 9 dated December 23, 2005 of Rachmad Umar, S.H., are as follows :

Commissioners		Directors	
Eddy Susanto Zaoputra	- President Commissioner	Junaidi Sungkono	- President Director
Franciscus Affandy	- Commissioner	Sunardi Mukadas Sastrodimoyo	- Director
		Setiadi Setiokusumo	- Director

On September 30, 2007, the member of Company's audit committee, are as follows :

- Chairman : - Burhan Hidayat
 Members : - Robert Soemenap
 - Haryjanto Sutrisno

Salaries and other compensation benefits incurred for the Company and Subsidiaries' Commissioners and Directors totaling to Rp 3.1 billion and Rp 2.2 billion for the 9-month periods ended September 30, 2007 and 2006, respectively.

The Company and Subsidiaries had 504 and 482 permanent employees as of September 30, 2007 and 2006, respectively.

c. Structure of the Company and Subsidiaries

The Consolidated Financial Statements include the accounts of the Company and Subsidiaries, wherein the Company has more than 50 % owned, are as follows :

Subsidiaries	Principal Activity	Domicile	Start of Operations	Percentage of Ownership	Total Assets (in Million Rupiah)	
					2007	2006
PT Tanindo Subur Prima (TSP)	Fertilizer, pesticide and seeds trading	Sidoarjo	1987	54.20%	445,980	243,509
PT Multi Sarana Indotani (MSI)	Manufacturing pestiside	Mojokerto	2005	99.99%	60,775	50,180

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Measurement and Preparation of the Consolidated Financial Statements

The Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles and practices in Indonesia, which are the Statements of Financial Accounting Standards and the Capital Market Supervisory Agency (BAPEPAM) regulations.

The Consolidated Financial Statements are prepared on the historical cost basis; except for inventories, which are valued at the lower of cost or net realizable values; derivative instruments, which are valued at fair value; and certain property, plant and equipment, which are stated at revalued amounts.

These Consolidated Financial Statements are prepared using accrual basis, except for the Consolidated Statements of Cash Flows.

The Consolidated Statements of Cash Flows are presented using the Direct method and classified into operating, investing and financing activities.

The reporting currency used in the Consolidated Financial Statements is the Indonesian Rupiah.

b. Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its Subsidiaries.

All significant accounts and transactions between consolidated companies are eliminated.

The proportionate share of the minority shareholders in the equity of the Subsidiaries is presented in "Minority Interests in Net Assets of Consolidated Subsidiaries" in the Consolidated Balance Sheets.

c. Allowance for Doubtful Accounts

The Company and Subsidiaries provide allowance for doubtful accounts based on a review of the status of the individual receivable at the end of the year.

d. Transactions with Related Parties

The Company and Subsidiaries have transactions with certain parties, which have related party relationship as defined in the Statement of Financial Accounting Standards (PSAK) No. 7, "Related Party Disclosures".

All significant transactions with related parties are disclosed in the Notes to the Consolidated Financial Statements.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
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e. Restructuring of Entities under Common Control

Restructuring transactions of entities under common control are recorded in accordance with PSAK No. 38 (Revised 2004), "Accounting for Restructuring of Entities under Common Control". Under this standard, the restructuring transaction between entities under common control carried out within the framework of reorganizing the entities under the same group do not constitute a change of ownership in the meaning of economic substance, so that such transactions would not result in a gain or loss to the group or to the individual entity within the same group and must be recorded at book values as business combination using the pooling of interests method. Under the pooling of interest method, the Financial Statements from restructured company is presented as of the Company have been joined since the beginning of the presentation of Financial Statements.

The difference between the transfer price and net book value from the acquisition of Subsidiaries arising from restructuring transactions between entities under common control is presented as "Difference in Value of Restructuring Transactions of Entities under Common Control" in the Equity section.

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to complete the sale. Cost is determined by the Weighted-Average method. Allowance for decline in value of inventories, if any, is provided based on a review of the condition of the inventories at the end of the year.

g. Prepaid Expenses

Prepaid expenses are charged to operations over the periods benefited. The long-term portion of prepaid expenses is presented as part of "Non-Current Assets – Other Assets – Net" account.

h. Property, Plant and Equipment

Direct Ownership

Property, plant and equipment are stated at cost, except for certain assets revalued in accordance with government regulation, less accumulated depreciation. Depreciation, except for land which are not depreciated, is computed using the Straight-line method, after taking into account their salvage values at 10 % of carrying values (except for land and buildings improvements which have no salvage value), over the estimated useful lives of the assets as follows :

	<u>Years</u>
Building and Electrical Installations	20
Machinery and Equipment	5 and 12
Land and Building Improvements, Transportation Equipment and Furniture, Fixtures and Office Equipment	5

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
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The cost of minor repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Consolidated Statement of Income for the year.

Costs associated to the acquisition or renewal of legal titles over landrights are deferred and presented in "Non-Current Assets – Others Assets – Net in the Consolidated Balance Sheets and amortized over the legal terms of the related landrights or the economic lives of the land, whichever period is shorter.

Capital Lease

Lease transactions are accounted for under the capital lease method when the required capitalization criteria under PSAK No. 30, "Accounting for Lease Transactions", are met. Leases that do not meet any of the required capitalization criteria are accounted for under the Operating Lease method. Assets under capital lease are presented in the Balance Sheets as part of property, plant and equipment based on the present value of the lease payments at the beginning of the lease term plus residual value (option price) to be paid at the end of the lease period. Depreciation is computed using the Straight-line method based on the estimated useful lives of the leased assets which are similar to those property, plant and equipment that acquired under direct ownership.

Obligations under capital lease are presented at the present value of the lease payments.

Construction in Progress

Construction in progress is stated at cost and presented as part of the property, plant and equipment. The accumulated costs will be reclassified to the appropriate property, plant and equipment account when the construction is substantially completed and the property, plant and equipment are ready for their intended use.

i. Assets Not Used in Operations

Assets not used in operations are stated at carrying value and not depreciated, and presented as a part of "Non-Current Assets – Other Assets – Net" account in the Consolidated Balance Sheets".

j. Impairment of Assets Value

The Company and Subsidiaries conduct a review to determine whenever there is any indication of assets impairment, including assets not used in operation at the end of year. If any such indication exists, the Company and Subsidiaries are required to determine the recoverable value of the assets and recognize the impairment in assets value as a loss in the Consolidated Statements of Income for the current year.

k. Revenue and Expense Recognition

Revenue from sales of foundation seeds, commercial seeds, pesticide, fertilizer and others are recognized upon delivery of the goods to the customers, while revenue from export sales are recognized upon shipment of the goods to the customers (f.o.b. shipping point). Income from sales of salvage seeds and other product are recorded net of the related expenses incurred and presented as "Other Income (Charges)".

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

i. Estimated Liability for Employees' Benefits

The Company and Subsidiaries recognized estimated liability for employees' benefits in accordance with Labor Law No. 13/2003 dated March 25, 2003 ("Labor Law no. 13/2003"). In accordance with Labor Law No. 13/2003, the Company and Subsidiaries are required to pay the severance, gratuity and compensation if certain conditions in the Labor Law No. 13/2003 are met.

On January 1, 2005, the Company and Subsidiaries adopted PSAK No. 24 (Revised 2004), "Employee Benefits", on a retrospective basis and changed its previous accounting method for employee benefits to the method required. Under this standard, the cost of providing employee benefits under Labor Law No. 13/2003 is determined using the Projected Unit Credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10 % of the defined benefit obligation at the date. These gains or losses are recognized on a Straight-line basis over the expected average remaining working lives of the employees. Further, past-service costs arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

m. Derivative Instruments

The Company adopts PSAK No. 55, "Accounting for Derivatives and Hedging Activities". PSAK No. 55 establishes the accounting and reporting standards requiring that every derivative instrument be recorded in the Consolidated Balance Sheets as either asset or liability as measured at fair value of each contract. PSAK No. 55 requires that changes in derivative's fair value be recognized in current operation unless specific hedges allow a derivative's gain and losses to offset related results on the hedged item in the Consolidated Statements of Income, and requires that an entity must formally document, designate and assess the effectiveness of transactions that met hedge accounting. All of the Company's derivative instruments are not designated as hedging instruments for accounting purposes.

n. Research and Development

Research and development cost are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognized only when the Company can demonstrate all of the following : the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete the intangible asset and use or sell it; its ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and its ability to measure the expenditure attributable to the intangible asset during its development reliably. As of September 30, 2007 and 2006, the Company and Subsidiaries did not recognize the intangible asset during the development since did not meet all criteria above.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

o. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah amounts at the rates of exchange prevailing at the time the transactions are made. At the Consolidated Balance Sheets date, monetary assets and liabilities denominated in foreign currencies are adjusted to Rupiah to reflect the Bank Indonesia's middle rates of exchange at such date. The resulting gains or losses are credited or charged to operations of the current year.

p. Income Tax

Current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the Consolidated Balance Sheets date. For each of the Consolidated Subsidiary, the tax affects of temporary differences and fiscal loss carry-forward which individually could represent either assets or liabilities, are shown at the applicable net amounts.

Amendments to tax obligations are recorded when an assessment is received or, if appealed against by the Company and Subsidiaries, when the result of the appeal is determined.

q. Earnings per Share

Earnings per share is computed by dividing net income for the year with the Weighted-Average number of shares outstanding during the year after considering the retroactive effect of the bonus shares, shares issued in connection with the restructuring transactions of under common control and change in par value of share from Rp 1,000 (full amount) per share to Rp 100 (full amount) per share.

r. Segment Information

The Company and Subsidiaries classify their segment reporting as follows :

- i) Business segment (primary), which consists of corn seeds, vegetables seeds and pesticides.
- ii) Geographical segments (secondary) are based on the location of customers which consists of Jawa, Sumatera, Sulawesi, Kalimantan and outside country.

s. Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with generally accepted accounting principles requires management to make estimations and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual results reported in future periods might be based on amounts, which differ from those estimates.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

3. RESTRUCTURING OF ENTITIES UNDER COMMON CONTROL

In 2006, the Central Pertiwi (CP) and PT Surya Hidup Satwa (SHS), the controlling shareholders of the Company, have restructured their holdings in the Charoen Pokphand Group whereby the Company became the parent company in the seeds business of the group.

The restructuring transactions were conducted through the following :

- Acquisition of PT Tanindo Subur Prima (TSP)

In December 2006, the Company purchased the 54.20% share ownership or representing 49,864,000 shares in TSP from CP and SHS at Rp 1,009 (full amount) per share or totaling Rp 50.3 billion. On December 19, 2006, the Company fully paid these purchases.

- Acquisition of PT Multi Sarana Indotani (MSI)

In December 2006, the Company purchased the 99.99% share ownership or representing 11,499,999 shares in MSI from CP and Jialipto Jiaravanon at Rp 1,042 (full amount) per share or totaling Rp 12 billion. On December 15, 2006, the Company fully paid these purchases.

The above acquisitions were financed from the proceeds of the issuance of the 63,000,000 shares capital or Rp 63 billion in December 2006.

The purchase prices and the related carrying values of the net assets of the acquired Subsidiaries are as follows :

	Transfer Price	Book Value of Net Assets	Difference
PT Tanindo Subur Prima	50,313	55,693	5,380
PT Multi Sarana Indotani	11,983	12,466	483
Total	62,296	68,159	5,863

The above transactions were accounted in accordance with PSAK No. 38 (Revised 2004), "Accounting for Restructuring of Entities under Common Control", therefore, the restructuring of entities under common control was treated as if it has been occurred since the beginning of the presentation of Financial Statements.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

4. CASH AND CASH EQUIVALENTS

Cash on hand and in banks consist of :

	2007	2006
Cash on Hand	2,557	236
Cash in Banks		
R u p i a h		
- PT Bank Central Asia Tbk.	3,090	1,870
- PT Bank Lippo Tbk.	905	688
- PT Bank Negara Indonesia (Persero) Tbk.	545	48
- Citibank N.A., Jakarta	318	5,416
- PT Bank Danamon Indonesia Tbk.	180	169
- PT Bank Rakyat Indonesia (Persero) Tbk.	7	72
- PT Bank Permata Tbk.	4	15
US Dollar Accounts		
- Citibank N.A., Jakarta	773	890
- PT Bank Central Asia Tbk.	24	-
Cash Equivalents		
Time Deposits		
US Dollar Account		
Amwell Finance Limited	91,370	-
Total	99,773	9,404

The annual interest rate of time deposits was 6.50 % per annum for the period ended September 30, 2007.

5. ACCOUNTS RECEIVABLE - TRADE

This account consists of :

	2007	2006
Third Parties :		
Santoso, Semarang	17,111	-
Sumber Tani, Medan	8,937	6,067
Tani Jaya, Lampung	8,882	194
Tani Jaya Unggul, Jogjakarta	6,795	280
Catur Agrotama, Pare	6,506	1,061
Usaha Tani, Lampung	6,256	2,982
Tani Jaya, Rogojampi	5,993	1,125
Tunggal Sarasa, Jember	5,881	3,783
Berlian Tani, Makassar	5,097	967
Geo Tech Co. Ltd., China	4,998	-

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

	<u>2007</u>	<u>2006</u>
Sahabat Tani, Wonogiri	4,991	1,472
Tani Beru, Makassar	4,653	1,067
CV Adi Candra Sumekar, Sumenep	4,353	-
CV Fajar Indo Jaya, Lampung	4,135	57
Rata Sinuhaji, Brastagi	3,667	2,642
PT Tololo Mulia, Makassar	3,609	438
Manna Utara, Makassar	3,508	43
M. Baru, Medan	3,417	2,766
Budi Tani, Semarang	3,332	413
Indo Kimia, Semarang	3,104	194
Harapan Agro, Nganjuk	2,293	3,281
Others (below Rp 3.0 billion each)	137,091	56,398
	<u>254,609</u>	<u>85,230</u>
Total Third Parties	254,609	85,230
Allowance for Doubtful Accounts	(168)	(151)
	<u>254,441</u>	<u>85,079</u>
Third Parties - Net	254,441	85,079
Related Parties (Note 21)	22,400	1,807

The aging analysis of accounts receivable - trade based on invoice date are as follows :

	<u>2007</u>	<u>2006</u>
Accounts Receivable - Third Parties :		
Less than 31 days	78,164	41,499
31 - 60 days	80,068	27,078
61 - 90 days	31,766	8,735
91 - 180 days	52,902	6,586
Over 180 days	11,709	1,332
	<u>254,609</u>	<u>85,230</u>
Total	254,609	85,230
Allowance for Doubtful Accounts	(168)	(151)
	<u>254,441</u>	<u>85,079</u>
Net	254,441	85,079
Related Parties :		
Less than 31 days	6,714	1,364
31 - 60 days	4,496	443
61 - 90 days	967	-
91 - 180 days	1,231	-
Over 180 days	8,992	-
	<u>22,400</u>	<u>1,807</u>
Total	22,400	1,807

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

All accounts receivable are presented in Rupiah.

Based on the review of the status of the individual receivables at the end of the year, the Company and Subsidiaries' management believes that the allowance for doubtful accounts is adequate to cover possible losses from non-collection of the accounts receivable.

As of September 30, 2007, trade receivables amounted to Rp 32 billion are used as collateral for the bank loan obtained from PT Bank Rakyat Indonesia (Persero) Tbk.

6. INVENTORIES

This account represents inventory based on business segment as follows :

	<u>2007</u>	<u>2006</u>
<u>Finished Goods</u>		
Commercial Seeds		
Corn	8,988	13,180
Vegetable	26,009	19,019
Paddy	324	87
Foundation Seeds		
Corn	134	72
Vegetable	14	2
Paddy	78	110
Pesticides	67,492	48,490
Fertilizers	3,943	3,530
Others	302	557
Total Finished Goods	<u>107,284</u>	<u>85,047</u>
<u>Work-in Process</u>		
Commercial Seeds		
Corn	73,980	54,422
Vegetable	36,955	28,052
Paddy	771	478
Foundation Seeds		
Corn	2,549	875
Vegetable	806	746
Paddy	177	87
Pesticides	816	241
Total Work-in Process	<u>116,054</u>	<u>84,901</u>
Raw Materials	33,621	8,747
Inventories In-Transit	5,131	9,039
Packaging	8,971	5,971
Others	4,898	5,285
Total	275,959	198,990
Less Allowance for Decline in Value of Inventory	(680)	-
Net	<u>275,279</u>	<u>198,990</u>

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
 (Expressed in Million of Rupiah, Except Otherwise Stated)

As of September 30, 2007, inventories (except for inventories in-transit) are covered by insurance against losses from damage, natural disaster, fire and other risks under blanket of policies with total coverage of Rp 334.1 billion, which in management opinion is adequate to cover possible losses arising from such risks.

As of September 30, 2007, inventories of Rp 89.5 billion are used as collateral for bank loan obtained from PT Bank Rakyat Indonesia (Persero) Tbk.

7. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment consist of :

	2 0 0 7			
	<u>Beginning</u> <u>Balance</u>	<u>Additions/</u> <u>Reclassifications</u>	<u>Deductions/</u> <u>Reclassifications</u>	<u>Ending</u> <u>Balance</u>
<u>Carrying Value</u>				
<u>Direct Ownership</u>				
Land	35,011	-	-	35,011
Land and Buildings Improvements	9,385	850	-	10,235
Buildings	31,526	10,186	-	41,712
Machinery and Equipment	23,618	8,270	-	31,888
Transportation Equipment	6,685	45	-	6,730
Furniture, Fixtures and Office Equipment	10,919	2,438	59	13,298
Electrical Installations	1,513	749	-	2,262
Total	118,657	22,538	59	141,136
<u>Capital Lease</u>				
Transportation Equipment	12,520	5,331	-	17,851
Furniture, Fixtures and Office Equipment	11	-	-	11
Total	12,531	5,331	-	17,862
<u>Construction in Progress</u>				
Buildings Improvements	17,189	6,303	10,541	12,951
Machinery and Equipment	13,028	6,480	8,249	11,259
Office Equipment	-	137	-	137
Electrical Installations	126	-	43	83
Total	30,343	12,920	18,833	24,430
Total Carrying Value	161,531	40,789	18,892	183,428

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

	2 0 0 6			
	Beginning Balance	Additions/ Reclassifications	Deductions/ Reclassifications	Ending Balance
<u>Accumulated Depreciation</u>				
<u>Direct Ownership</u>				
Land and Buildings Improvements	2,998	1,108	-	4,106
B u i l d i n g s	5,382	1,009	-	6,391
Machinery and Equipment	6,382	1,338	-	7,720
Transportation Equipment	4,665	694	345	5,014
Furniture, Fixtures and Office Equipment	5,126	1,034	13	6,147
Electrical Installations	170	104	-	274
Total	24,723	5,287	358	29,652
<u>Capital Lease</u>				
Transportation Equipment	3,795	1,409	212	4,992
Furniture, Fixtures and Office Equipment	6	1	-	7
Total	3,801	1,410	212	4,999
Total Accumulated Depreciation	28,524	6,697	570	34,651
Net Book Value	105,330			121,103

(a) Depreciation expenses were charged as follows :

	2 0 0 7	2 0 0 6
Cost of Goods Sold	5,083	3,228
Selling Expenses	2,820	2,836
General and Administrative Expenses	483	426
Total	8,386	6,490

(b) Gain on sale of property and equipment is as follows :

	2 0 0 7	2 0 0 6
Proceeds	58	307
Net Book Value	56	40
Gain	2	267

Gain on sale of property and equipment is presented in "Other Income (Charges) – Others – Net" account.

(c) The additions in property, plant and equipment and construction in progress in 2007 mainly represents acquisitions related to the increase in production capacity, cold storage and warehouse for corn and vegetables and for the Company's research and development facilities (laboratory).

From the financial point of view, the average percentage of completion of the construction in progress as of September 30, 2007 is 28.02%.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
 (Expressed in Million of Rupiah, Except Otherwise Stated)

- (d) PT Actual Kencana Appraisal, an independent appraiser, apprised the property, plant and equipment of the Company and Subsidiaries and issued its appraisal reports all dated February 19, 2007. Based on its report, the fair values of property, plant and equipment (excluding construction in progress) of the Company and Subsidiaries as of December 31, 2006 amounted to Rp 137.9 billion. The appraisers used the Depreciated Replacement Cost Method, except for land that used the Market Data Approach. Based on the condition of the property, plant and equipment and the result of the above appraisals, the management believes that there is no indication on impairment of assets value in the Company and Subsidiaries' property, plant and equipment as of September 30, 2007.
- (e) As of September 30, 2007, property, plant and equipment (excluding land and transportation equipment), are covered by insurance against losses from damage, natural disaster, fire and other risks under blanket of policies with total coverage AS\$ 11,807,836 from consortium insurance as led by PT Asuransi AIU Indonesia. The management believes that the insurance coverage is adequate to cover possible losses arising from such risks.
- (f) Land owned by the Company are located in certain cities in Indonesia under Rights of Building (HGB) status and Used Rights of Building with total area of 1,685,619 square meters. The related landrights will expire in various dates between 2016 and 2036. The management believes that these rights can be renewed upon their expiry.
- (g) As of September 30, 2007, property, plant and equipment with net book value of Rp 88.7 billion are used as collateral for the bank loans obtained from PT Bank Rakyat Indonesia (Persero) Tbk.

8. SHORT-TERM BANK LOANS

This account represents working capital loans obtained by the Company and Subsidiaries from PT Bank Rakyat Indonesia (Persero) Tbk (BRI) with maximum credit limit obtained by the Company and TSP of Rp 75 billion and Rp 60 billion in 2006, respectively. The maximum credit limit obtained by MSI amounted to Rp 15 billion in 2006. These facilities have maturity period of 1 year. On December 8, 2006, BRI agreed to extend the credit facility to the Company and TSP until December 17, 2007. On March 21, 2007, BRI agreed to extend the credit facility to MSI until December 20, 2007. The loans bear annual interest rate of 15.0% in 2006. As of September 30, 2007, these loans are secured by accounts receivable – trade of Rp 32 billion, inventories of Rp 89.5 billion and certain property, plant and equipment of Rp 88.7 billion owned by the Company and Subsidiaries.

As of September 30, 2007 and 2006, the outstanding balance of working capital loans is as follows :

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Company	74,787	34,219
Subsidiaries		
PT Tanindo Subur Prima	53,476	22,448
PT Multi Sarana Indotani	14,934	10,755
Total	<u>143,197</u>	<u>67,422</u>

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
 (Expressed in Million of Rupiah, Except Otherwise Stated)

Based on loan agreements, the Company and Subsidiaries should obtain a written approval from BRI before conducting certain transactions, among others :

- give loans other than balances arising from the Company's main line of business with third parties;
- change of shareholder structure so that Charoen Pokphand Group not becoming majority shareholder;
- merger and declare dissolution;
- give any guarantee or assets to other parties outside Charoen Pokphand Group exceeding 20% of share capital;
- give loans to shareholders exceeding 20 % of share capital;
- make payment of the shareholder's loan totaling (accumulated during one accounting period) more than 20 % of share capital; and
- declare or pay any dividends exceeding current net income.

In addition to the above requirements, BRI also requests MSI to obtain approval from BRI if MSI will conduct Initial Public Offering (IPO). This requirement is also present in the investment credit agreement between MSI and BRI.

In 2006, the Company and TSP declared cash dividends that exceeded their current net income. The Company also made payment on the shareholder's loan totaling Rp 75 billion that exceeded 20% of share capital. Based on the approval letters from BRI No. B.448AGR/AGR-II/02/07 and No. B.449AGR/AGR-II/02/07 dated February 26, 2007 to the Company and TSP, respectively, BRI has given the written waiver regarding the above transactions.

The Company and Subsidiaries have obtained the approval Letter No. B.448AGR/AGR-II/02/07 dated February 26, 2007 from BRI in relation with the Company's plan to conduct Initial Public Offering.

In accordance with the Addendum Extension of Credit Agreements and Suplesion dated December 8, 2006 and Extension of Working Capital Credit Facilities and Confession Obligation dated March 21, 2007, BRI agreed to change the covenants so the Company and Subsidiaries could pay dividend as long as the dividend payment will not result on the Debt to Equity Ratio to exceed at 2.33 : 1.

9. ACCOUNTS PAYABLE – TRADE

The details of accounts payable – trade are as follows :

	<u>2007</u>	<u>2006</u>
Third Parties :		
Farmers	24,324	8,916
Shanghai Joysun Co. Ltd., China	12,631	16,155
Hubei Sanonda Co. Ltd., China	7,139	5,954
Others	148	453
Total Third Parties	<u>44,242</u>	<u>31,478</u>
Related Parties (Note 21)	<u>8,688</u>	<u>3,880</u>

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

10. ACCOUNTS PAYABLE – OTHERS – THIRD PARTIES

The details of accounts payable – others – third parties are as follows :

	<u>2007</u>	<u>2006</u>
Monsanto Company, United Stated	24,464	13,054
Founding Cash	855	668
Others	3,987	3,031
Total	<u>29,306</u>	<u>16,753</u>

As of September 30, 2007 and 2006, this account mainly represents accrued royalty to Monsanto Company, with outstanding balance of Rp 24.5 billion (AS\$ 2,677,465) and Rp 13.1 billion (AS\$ 1,413,477), respectively.

11. TAXES PAYABLE

Taxes payable consist of :

	<u>2007</u>	<u>2006</u>
Corporate Income Tax	20,989	14,988
Withholding Income Taxes :		
Income Tax Article 4 (2)	22	21
Income Tax Article 21	775	744
Income Tax Article 23	18	5
Income Tax Article 26	17	73
Value Added Tax	5,842	6,974
Total	<u>27,663</u>	<u>22,805</u>

In 2006, the Company and TSP received several Under Payment Tax Assessment Letters (*Surat Ketetapan Pajak Kurang Bayar/SKPKB*) and Tax Collection Letters (*Surat Tagihan Pajak/STP*) for Income Taxes and Value Added Tax with total amount of Rp 110.4 million for 2006, Rp 635.7 million for 2005 and Rp 476.5 million for 2004. The Company and TSP recorded the payments of these SKPKB and STP in "Other Income (Charges) – Others – Net" in the 2006 Consolidated Statements of Income.

12. LONG-TERM BANK LOAN

This account consists of :

	<u>2007</u>	<u>2006</u>
Investment Loan	6,500	6,500
Current Portion	3,000	1,000
Long-term Portion	<u>3,500</u>	<u>5,500</u>

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
 (Expressed in Million of Rupiah, Except Otherwise Stated)

On December 20, 2005, MSI obtained an investment credit facility from BRI with maximum credit of Rp 10 billion that can be drawdown at Rp 6.5 billion under Phase I and at Rp 3.5 billion under Phase II. The drawdown of the loan can be made by MSI after fulfilling certain requirements. This loan will mature in 5 years or in December 20, 2010 with a grace period of 1 year. The loan is payable in 8 semi-annual installments amounting to Rp 1 billion for the 1st to 4th installments and Rp 1.5 billion for 5th to 8th installments. This loan bears annual interest 15 % per annum in 2006. This loan has the same limitation and collateral with short-term bank loan obtained from the same bank.

13. OBLIGATIONS UNDER CAPITAL LEASE

The Company and Subsidiaries entered into several lease agreements with PT Reksa Finance, a related party, to purchase certain transportation and office equipment with lease term ranging from three to five years and expiring on various dates. Obligation under capital lease are secured by fiduciary security of the related transportation equipments and office equipment. Based on the lease agreements, the Company and Subsidiaries are prohibited to sell, rent and guarantee its transportation and office equipment.

As of September 30, 2007 and 2006, the future minimum rental payments required under these lease agreements are as follows :

	<u>2007</u>	<u>2006</u>
<u>Years</u>		
2006	-	2,306
2007	2,151	2,785
2008	5,327	2,352
2009	3,618	1,812
2010	2,109	1,147
2011	1,250	443
2012	36	-
Total	14,491	10,845
Total Amount Applicable to Interest	(3,132)	(3,304)
Present Value of Minimum Rental Payments	11,359	7,541
Current Portion of Obligations under Capital Lease	(895)	(563)
Long-term Portion	10,464	6,978

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

14. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS

The Company and Subsidiaries provided employees' benefit in accordance with Labor Law No. 13/2003, dated March 25, 2003 (UU No. 13/2003) for employees with retirement age of 55 years old. This benefit pension is not funded.

As of September 30, 2007, the Company and Subsidiaries recorded the estimated liability for employees' benefits based on the actuarial valuations performed by PT Eldridge Gunaprima Solution an independent actuary, on its report dated February 19, 2007. As of September 30, 2006, the Company and TSP recorded the estimated liability for employee's benefits based on actuarial valuations performed by PT Dayamandiri Dharmakonsilindo, an independent actuary, on its reports dated February 1, 2006. The independent actuaries use the "Projected Unit Credit" method. The Company and Subsidiaries recorded the estimated liability for severance pay, gratuity and compensation to employees amounted to Rp 17.00 billion and Rp 14.70 billion as of September 30, 2007 and 2006. The expense to be expenses amounted to Rp 2.7 billion and Rp 2.2 billion for the 9-month periods ended September 30, 2007 and 2006 presented as a part of "Operating Expenses – Salary, Wages and Employee Benefits" in Consolidated Statement of Income.

15. SHARE CAPITAL

The details of share ownership as of September 30, 2007 with par value of Rp 100 (full amount) per share and as of September 30, 2006 with par value of Rp 1,000 (full amount) per share are as follows :

Shareholders	2 0 0 7		
	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Agrindo Pratama	840,000,000	28.00	84,000
Midsummer Limited (formerly Midsummer Corporation), Seychelles	819,000,000	27.30	81,900
CP Agriculture Limited (formerly Aspen Vista Holdng Ltd.), Seychelles	441,000,000	14.70	44,100
Others (below 5 % each)	900,000,000	30.00	90,000
Total	3,000,000,000	100.00	300,000
	2 0 0 6		
Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Surya Hidup Satwa	7,099,999	99.99	7,100
PT Centralwindu Sejati	1	0.01	-
Total	7,100,000	100.00	7,100

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

In the Circular Shareholders' General Meeting as registered through Notarial Deed No. 21 dated September 11, 2006 of Rachmad Umar, S.H., notary in Jakarta, the shareholders agreed on the sale of 1 (one) share owned by PT Centralwindu Sejati to PT Central Pertiwi (CP).

In accordance with the Extraordinary Shareholders' General Meeting, the minutes of which were notarized by Deed No. 17 dated October 3, 2006 of Dr. Fulgensius Jimmy H.L.T., S.H., M.H., M.M., notary in Jakarta, the shareholders agreed on the following :

- Change the Company's name becomes PT BISI International;
- Distribution of bonus shares of 400,000 shares or Rp 400 million from the additional paid-in capital to PT Surya Hidup Satwa (SHS)
- Increase the authorized share capital from Rp 10 billion consisting of 10,000,000 shares to Rp 400 billion consisting of 400,000,000 shares;
- Increase in issued and fully paid of share from Rp 7.1 billion to Rp 132 billion, which will come from :
 - a. issuance of share capital amounted to Rp 124.5 billion, to be issued and fully paid by SHS of 124,499,982 shares or equivalent to Rp 124,5 billion and by CP of 18 shares or Rp 18 thousand; and
 - b. bonus shares of 400,000 shares or equivalent to Rp 400 million to SHS.

The related amendment on the Articles of Association was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in its Decision Letter No. W7-02215.HT.01.04-TH.2006 dated November 6, 2006.

In accordance with the Extraordinary Shareholders' General Meeting, the minutes of which were notarized by Deed No. 89 dated November 21, 2006 of Dr. Fulgensius Jimmy H.L.T., S.H., M.H., M.M., notary in Jakarta, the shareholders agreed on the following :

- Change the status of the Company from the domestic Capital Investment to Foreign Capital Investment Company in relation to the change in shareholders.
- Sale of 131,999,981 shares owned by SHS to CP representing 52,799,981 shares; to Midsummer Corporation (MS), Seychelles, representing 51,480,000 shares; and to CP Agriculture Limited (CPA), Seychelles, representing 27,720,000 shares.

The related amendments on the Articles of Association were approved by the Minister of Justice and Human Right of the Republic of Indonesia in its Decision Letter No. W7-03519.HT.01.04-TH.2006 dated December 11, 2006.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

In accordance with the Extraordinary Shareholders' General Meeting, the minutes of which were notarized by Deed No. 18 dated December 12, 2006 of Siti Pertiwi Henny Ningsih, S.H., notary in Jakarta, the shareholders agreed to increase the issued and fully paid share capital from Rp 132 billion to Rp 195 billion through the issuance 63,000,000 of share capital or equivalent to Rp 63 billion. The increase in issued and fully paid share capital were issued to CP, MS and CPA at 25,200,000 shares or Rp 25.2 billion, 24,570,000 shares or Rp 24,6 billion and 13,230,000 shares or Rp 13,2 billion, respectively. The difference between the cash proceeds from issuance of shares and the par value of the share amounting to Rp 54 million is presented in "Additional Paid-in Capital" account. The related amendments on the Articles of Association were registered to the Ministry of Justice and Human Rights of the Republic of Indonesia in its Letter No. W7-HT.01.04-5209 dated December 19, 2006.

In accordance with the Extraordinary Shareholders' General Meeting, the minutes of which were notarized by Deed No. 3 dated March 1, 2007, of Siti Pertiwi Henny Ningsih, S.H., notary in Jakarta, the shareholders agreed to increase the Company's subscribed and fully paid capital by made a public offering of a new shares and recorded at the stock exchange in Indonesia amounted to 900,000,000 shares capital or equivalent to Rp 90 billion.

Such amended have been recorded by the Minister of Justice and Human Rights of the Republic of Indonesia in Letter No. W7-02165.HT.01.04-TH.2007 dated March 5, 2007.

In accordance with the Extraordinary Shareholders' General Meeting, the minutes of which were notarized by Deed No. 5 dated March 2, 2007, of Siti Pertiwi Henny Ningsih, S.H., notary in Jakarta, the shareholders agreed on the sale of all shares amounted to 840,000,000 shares capital or equivalent to Rp 84 billion owned by PT Central Pertiwi (CP) to PT Agrindo Pratama (formerly PT Charoen Pokphand Intertrade).

The change of shareholders' have been recorded by the Minister of Justice and Human Right of the Republic of Indonesia in the Letter No. W7-HT.01.10-3023 dated March 12, 2007.

On May 11, 2007, the Company obtained an Effective Statement No. S-2238/BL/2007 from the Chairman of the Capital Market Supervisory Board and Department of Finance (BAPEPAM-LK) to execute its public offering of 900,000,000 shares with nominal value of Rp 100 (full amount) per share. Thus, the Company's total subscribed and fully paid capital amounted to 3,000,000,000 shares has already recorded at the Jakarta stock exchange.

As presented in public offering of shares prospectus, the result of such offering will be used for :

1. Forty percent (40 %) will be used for payment of working capital loan to PT Bank Rakyat Indonesia Tbk.
2. Thirty percent (30 %) will be used for establishing corn and paddy processing factory.
3. Thirty percent (30 %) will be used for capital working.

All fund resulted from the issuance of shares have been used by the Company according to the above purposes and have been reported to BAPEPAM with the details as follows :

1. Establishment of corn and paddy processing factory amounted to Rp 70.00 billion.
2. Working capital amounted to Rp 14.95 billion.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

16. DIVIDENDS

Based on Minutes of Extraordinary Shareholders' General Meeting, which were notarized by Deed No. 2 dated March 1, 2007 of Siti Pertiwi Henny Singgih, S.H., notary in Jakarta, the shareholders agreed to distribute the 2006 dividend of Rp 44.5 billion that consist of :

- a. Interim cash dividend amounted to Rp 29.5 billion which already paid to each shareholders.
- b. Stock dividend amounted to Rp 15 billion which will be distributed to Company's Shareholders as follows :
 - PT Central Pertiwi, amounting to 6,000,000 shares or Rp 6 billion.
 - CP Agriculture Limited (formerly Aspen Vista Holding Ltd.), amounting to 3,150,000 or Rp 3.15 billion.
 - Midsummer Limited (formerly Midsummer Corporation), amounting to 5,850,000 or Rp 5.85 billion

17. NET SALES

The details of net sales based on business segment are as follows :

	<u>2007</u>	<u>2006</u>
Commercial Seeds	403,487	232,391
Foundation Seeds	3,674	2,507
Pesticides	168,205	129,869
Fertilizers	14,832	16,753
Others	13,879	21,898
Total	<u>604,077</u>	<u>403,418</u>

There were no sales made to any single customer with annual cumulative amount exceeding 10 % of the consolidated net sales.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

18. COST OF GOODS SOLD

The details of cost of goods sold are as follows :

	<u>2007</u>	<u>2006</u>
Raw Materials Used	169,543	104,187
Direct Labor	1,815	1,093
Factory Overhead	87,509	62,343
Total Manufacturing Cost	<u>258,867</u>	<u>167,623</u>
Work In Process		
Beginning Balance	150,848	101,330
Ending Balance	<u>(116,054)</u>	<u>(84,901)</u>
Cost of Goods Manufactured	293,661	184,052
Finished Goods		
Beginning Balance	85,939	72,362
Purchases	93,741	82,892
Ending Balance	<u>(112,989)</u>	<u>(99,481)</u>
Cost of Salvage Seeds Sold	<u>(7,082)</u>	<u>(10,462)</u>
Cost of Goods Sold	<u>353,270</u>	<u>229,363</u>

There were no purchases made from any single supplier with annual cumulative amount exceeding 10 % of the consolidated net sales.

19. OPERATING EXPENSES

The details of operating expenses are as follows :

	<u>2007</u>	<u>2006</u>
Selling		
Sales Promotion	15,590	14,196
Salaries, Wages and Employees' Welfare	13,660	12,779
Freigh-out	9,544	5,998
Transportation and Travelling	4,551	3,464
Depreciation	2,820	2,836
Telecommunication	1,522	1,215
Packaging	1,143	1,194
Rent	1,076	563
Taxes, Penalty and Permit	941	691
Inventory Handling Expense	394	861
Others (below Rp 800 million)	3,926	3,663
Total	<u>55,167</u>	<u>47,460</u>

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

	2007	2006
General and Administrative		
Royalty	29,248	14,746
Salaries, Wages and Employees' Welfare	11,420	8,993
Transportation and Travelling	3,232	2,124
Professional Fees	1,250	812
Others (below Rp 800 million)	4,958	3,281
	50,108	29,956
Total Operating Expenses	105,275	77,416

20. INTEREST EXPENSES - NET

The details of this account are as follows :

	2007	2006
Interest Expense		
Bank Loan	13,225	7,422
Obligations under Capital Lease	1,112	1,046
Related Parties	102	94
	14,439	8,562
T o t a l	14,439	8,562
Interest Income	(1,738)	(58)
Interest Expenses - Net	12,701	8,504

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
 (Expressed in Million of Rupiah, Except Otherwise Stated)

21. RELATED PARTIES TRANSACTIONS

In the regular conduct of business, the Company and Subsidiaries have engaged in transactions with related parties principally comprises of sales of seeds, pesticides, fertilizers; purchases of raw materials and finished goods which are made with normal price same as third parties, and financial transactions. The details of the transactions are as follows :

(a) Sales of finished goods to related parties are as follows :

	Total		Percentage to Total Consolidated Net Sales	
	2007	2006	2007	2006
PT Centralpertiwi Bahari	12,761	9,219	2.11	2.29
PT Java Mitra Sejahtera	11,430	-	1.89	-
PT Charoen Pokphand Indonesia Tbk	6,775	13,201	1.12	3.27
PT Central Proteinaprima Tbk	2,908	1,031	0.48	0.26
Chia Tai Seeds Co. Ltd., Thailand	1,080	174	0.18	0.04
Others	2,755	359	0.46	0.09
Total	37,709	23,984	6.24	5.95

The balances from these transactions are presented as "Receivable Trade – Related Parties" account (Note 5) as follows :

	Total		Percentage to Total Consolidated Assets	
	2007	2006	2007	2006
PT Java Mitra Sejahtera	16,180	-	1.92	-
PT Centralpertiwi Bahari	3,067	1,182	0.36	0.26
PT Central Proteinaprima Tbk	2,614	-	0.31	-
Others	539	625	0.06	0.14
Total	22,400	1,807	2.65	0.40

(b) The purchases from related party are as follows :

	Total		Percentage to Total Consolidated Net Sales	
	2007	2006	2007	2006
Chia Tai Seeds Co. Ltd., Thailand	20,968	15,570	3.47	3.86
Total	20,968	15,570	3.47	3.86

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
 (Expressed in Million of Rupiah, Except Otherwise Stated)

The balances from these transactions are presented as “Payable - Trade – Related Parties” account (Note 9) as follows :

	Total		Percentage to Total Consolidated Liabilities	
	2007	2006	2007	2006
Chia Tai Seeds Co. Ltd., Thailand	8,688	3,880	2.80	1.93
Total	8,688	3,880	2.80	1.93

(c) The details of accounts with related parties arising from transactions other than the Company and Subsidiaries main lines of business are as follows :

	Total		Percentage to Total Consolidated Sales	
	2007	2006	2007	2006
<u>Sales of Salvage Seeds</u>				
PT Charoen Pokphand Indonesia Tbk	535	377	0.09	0.09
PT Central Proteinaprima Tbk	104	-	0.02	-
Total	639	377	0.11	0.09
<u>Royalty Expenses</u>				
Charoen Pokphand International Group of Companies Ltd.	5,115	1,355	0.85	0.34
<u>Interest Expenses</u>				
PT Reksa Finance	1,112	1,046	0.18	0.26
PT Surya Hidup Satwa	102	94	0.02	0.02
Total	1,214	1,140	0.20	0.28

The balance of accounts with related parties arising from transactions other than the Company and Subsidiaries main lines of business are as follows :

	Total		Percentage to Total Consolidated Liabilities	
	2007	2006	2007	2006
<u>Due to Related Parties</u>				
Charoen Pokphand International Group of Companies Ltd.	5,115	1,355	1.65	0.67
PT Central Pertiwi	5,000	5,000	1.61	2.49
PT Surya Hidup Satwa	-	15,094	-	7.52
Others	11	11	-	0.01
Total	10,126	21,460	3.26	10.69
<u>Consumer Financing Loan</u>				
PT Reksa Finance	11,359	7,541	3.66	3.76

Due to CP represents loan obtained by MSI.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

22. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of September 30, 2007, the Company and Subsidiaries have monetary assets and liabilities denominated in foreign currencies as follows :

	Rupiah Equivalents
Assets	
Cash on Hand and in Banks (AS\$ 10,087,219)	92,167
Account Receivable - Trade (AS\$ 876,590)	8,009
Total	100,176
Liabilities	
Accounts Payable - Trade (AS\$ 1,883,709)	17,211
Accounts Payable Others - Third Parties (AS\$ 2,677,465)	24,464
Total	41,675
Net Monetary Assets	58,501

23. SIGNIFICANT AGREEMENTS

a. Cooperation Agreements of Production Seeds

The Company entered into cooperation agreements with various farmers on production of corn or vegetable seeds where by the Company will sell foundation and gives technical advises and supervision during the cultivation process of the seeds. The farmers will shoulder all the production costs. The Company will buy the harvested seeds from the farmers based on the agreement. The cooperation agreements are for one period of cultivation only.

b. License Agreements

1. On January 2, 1995, TSP entered into a license agreement with Charoen Pokphand International Group of Companies Ltd., British Virgin Islands (CPIGCL). Based on the agreement, TSP was granted the license to sell seeds, fertilizers and pesticides, and to obtain information related to, among others, strategy and marketing techniques, results of recent research and development and other information. This agreement is valid for a period of five years, and renewable for another five years automatically, except if cancelled by either party. As compensation, TSP agreed to pay CPIGCL royalty fee amounting to 0.25 % of net sales. The rate of royalty will be evaluated from time to time, with a maximum increase of 1 % above the existing rate. Royalty expense that expenses in general and administrative expense amounted to Rp 1.4 billion as of September 30, 2006.

On December 29, 2006, TSP and CPIGCL agreed to terminate this license agreement.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

On December 29, 2006, the Company and MSI entered into separate license agreement with CFIGCL, a related party. Under these agreements, the Company and MSI were granted license to use the Intellectual Proprietary Rights (IPR) and to produce, market, distribute and sell the products which are developed by using of the IPR. This agreement is valid for a period of five years and renewable for another five years automatically. Based on these agreements, the Company and MSI agreed to pay royalty to CFIGCL at 3 % of the net sales of vegetables, paddy and pesticides. Royalty expense that expenses in general and administrative expense amounted to Rp 5.1 billion as of September 30, 2007.

2. The Company has a license agreement with Monsanto company, United States of America. Based on the agreements, the company was granted the license to produce and sell certain corn seeds in Indonesia. As compensation, the Company agreed to pay royalty to Monsanto company, which was calculated based on the quantity (per metric ton) of corn seeds sold amounting to AS\$ 206.52 (equivalent to Rp 1.90 million) and AS\$ 200 (equivalent to Rp 1.85 million) for 2007 and 2006, respectively. The amount of royalty per metric ton will be adjusted proportionally if there will be Rupiah fluctuation against US Dollar occurred. Royalty expense changed to operations amounting to Rp 24.5 billion and Rp 13.1 billion as of September 30, 2007 and 2006.

c. Sales and Purchases Agreements

On January 2, 1996, the Company entered into a sales and purchases agreement with TSP, whereby the Company appointed TSP as a sole distributor in Indonesia for all the Company's products, such as corn, vegetable and paddy seeds. This agreement is valid for an indefinite period of time and can be terminated at any time after six months' prior written notification.

Based on the amendment of this agreement dated August 1, 2006, TSP is no longer a sole distribution for the Company.

d. Research and Development Agreement

In 2001, the Company entered into a research and development agreement with Bangkok Seed Industry Co. Ltd. (BSI), Thailand. Based on the agreement, the Company was entitled for the information on research and development as well as production techniques of new hybrid seeds. The agreement is valid for two years and is automatically renewable for another two years, unless there is cancellation agreed by both parties. In return, the Company agreed to pay research and development expense of AS\$ 300,000 for 2006.

On December 29, 2006, the Company and BSI agreed to terminate this agreement.

e. Consultation Agreement

In April 2005, the Company entered into a consultancy agreement with Prosperous Investments Limited (Prosperous), Hong Kong. Based on the agreement, the Company is entitled for advisory services including development of new potential market, conducting market research and identifying business alliances with potential strategic partners in Asia. The agreement is valid until December 31, 2006 and will automatically renewable for one year. In return, the Company agreed to pay Prosperous a consultancy fee (before tax) of AS\$ 384,000 for 2007 and 2006. These consultancy fees charged to cost of goods sold amounted to Rp 2.9 billion and Rp 3.3 billion as of September 30, 2007 and 2006.

On September 1, 2007, the Company and PI agreed to terminate this agreement.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

f. Rent Agreement

The Company and TSP rent the office building and warehouse with PT Charoen Pokphand Indonesia Tbk. (CPI), a related party. Based on the rent agreements which were extended yearly, rent expense in 2006, Rp 220 million. On January 2, 2007, CPI agreed to extend the maturity date until December 31, 2007 with annual expense Rp 320 million.

24. SEGMENT INFORMATION

Primary Segment

The Company and Subsidiaries classify their business segment reporting into business segment based on type of sales, which consist of sales of corn, vegetable and pesticide as follows :

Information that contain Company and Subsidiaries business segment are as follows :

	<u>Corn</u>	<u>Vegetables</u>	<u>Pesticide</u>	<u>Others</u>	<u>Elimination</u>	<u>Consolidated</u>
2 0 0 7						
Segment Sales						
External Sales	298,265	98,605	168,205	39,002	-	604,077
Inter-segment Sales	-	-	11,689	2,997	(14,686)	-
Total Segment Sales	298,265	98,605	179,894	41,999	(14,686)	604,077
Segment Result	149,869	40,559	65,639	9,426	(14,686)	250,807
Operating Expenses	(61,889)	(14,576)	(25,481)	(3,329)	-	(105,275)
Operating Income	87,980	25,983	40,158	6,097	(14,686)	145,532
Other Income (Charges)						
Financing Cost						(14,439)
Gain on Foreign Exchange						1,533
Interest Income						1,738
O t h e r s						(2,894)
Income before Tax						131,470
Income Tax Expense						(40,226)
Income After Tax						91,244
Segment assets	135,853	94,702	60,775	5,595	-	296,925
Unallocated Assets						546,161
Total Assets						843,086
Segment Liabilities	-	-	45,456	-	-	45,456
Unallocated Liabilities						264,682
Total Liabilities						310,138
Allocated Capital Expenditures	4,633	7,345	1,288	-	-	13,266
Unallocated Capital Expenditures						1,664
Total						14,930
Depreciation and amortization	5,083	1,344	1,694	265	-	8,386
Non-cash Expenses Other than Depreciation and Amortization	2,017	560	682	123	-	3,382

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the 9-Month Periods ended September 30, 2007 and 2006 (Restated)
(Expressed in Million of Rupiah, Except Otherwise Stated)

	<u>Corn</u>	<u>Vegetables</u>	<u>Pesticide</u>	<u>Others</u>	<u>Elimination</u>	<u>Consolidated</u>
2 0 0 6						
Segment Sales						
External Sales	143,211	91,387	129,869	38,951	-	403,418
Inter-segment Sales	-	-	13,513	947	(14,460)	-
Total Segment Sales	143,211	91,387	143,382	39,898	(14,460)	403,418
Segment Sales						
Segment Result	78,375	44,163	58,171	7,806	(14,460)	174,055
Operating Expenses	(36,450)	(13,840)	(23,558)	(3,568)	-	(77,416)
Operating Income	41,925	30,323	34,613	4,238	(14,460)	96,639
Other Income (Charges)						
Financing Cost						(8,562)
Gain on Foreign Exchange						1,555
Interest Income						58
Others						(7,997)
Income before Tax						81,693
Income Tax Expense						(29,185)
Income After Tax						52,508
Segment assets	114,016	69,203	50,180	4,850	-	238,249
Unallocated Assets						209,343
Total Assets						447,592
Segment Liabilities	-	-	37,631	-	-	37,631
Unallocated Liabilities						163,143
Total Liabilities						200,774
Allocated Capital Expenditures	3,762	8,794	1,894	-	-	14,450
Unallocated Capital Expenditures						699
Total						15,149
Depreciation and amortization	3,061	1,456	1,773	200	-	6,490
Non-cash Expenses Other than Depreciation and Amortization	1,036	546	590	102	-	2,274

Secondary Segment

The Company and Subsidiaries classified geography (secondary) segment based on assets location or operation, which are in Java, Sumatera, Sulawesi and Kalimantan and outside country.

2 0 0 7						
	<u>Corn</u>	<u>Vegetables</u>	<u>Pesticide</u>	<u>Others</u>	<u>Elimination</u>	<u>Consolidated</u>
External Sales						
Java	195,129	54,419	53,344	33,168	(14,686)	321,374
Sumatera	59,988	20,960	74,720	6,613	-	162,281
Sulawesi	38,676	6,973	42,695	1,906	-	90,250
Kalimantan	2,938	6,352	9,136	311	-	18,737
Overseas Country	1,534	9,901	-	-	-	11,435
Total	298,265	98,605	179,895	41,998	(14,686)	604,077
2 0 0 6						
	<u>Corn</u>	<u>Vegetables</u>	<u>Pesticide</u>	<u>Others</u>	<u>Elimination</u>	<u>Consolidated</u>
External Sales						
Java	88,694	49,439	48,904	33,854	(14,460)	206,431
Sumatera	32,633	20,050	53,967	4,713	-	111,363
Sulawesi	20,705	9,188	34,946	1,021	-	65,860
Kalimantan	1,179	6,261	5,565	310	-	13,315
Overseas Country	-	6,449	-	-	-	6,449
Total	143,211	91,387	143,382	39,898	(14,460)	403,418