

**PT BISI INTERNATIONAL Tbk
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007**

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

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PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007
(Expressed in Millions of Rupiah, Except for Par Value Per Share)

	<u>Notes</u>	<u>2 0 0 8</u> <u>(Unaudited)</u>	<u>2 0 0 7</u> <u>(Unaudited)</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	22,923	99,773
Accounts Receivable			
Trade	5, 23		
Third Party - net of allowance for doubtful accounts of Rp 217 in 2008 and Rp 168 in 2007		767,417	254,441
Related Parties		36,844	22,400
Others - Third Parties		14,244	6,104
Inventories	6	434,596	275,279
Advances and Prepayments		<u>79,670</u>	<u>32,995</u>
Total Current Assets		<u>1,355,694</u>	<u>690,992</u>
NON-CURRENT ASSETS			
Due from Related Party		-	103
Deferred Tax Assets - Net		7,426	4,039
Property, Plant and Equipment - net of accumulated depreciation of Rp 54,281 in 2008 and Rp 45,028 in 2007	7	249,351	138,399
Others - Net		<u>8,652</u>	<u>9,553</u>
Total Non-Current Assets		<u>265,429</u>	<u>152,094</u>
TOTAL ASSETS	26	<u>1,621,123</u>	<u>843,086</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, 2008 AND 2007
(Expressed in Millions of Rupiah, Except for Par Value Per Share)

	<u>Notes</u>	<u>2 0 0 8</u> (Unaudited)	<u>2 0 0 7</u> (Unaudited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term Bank Loans	8	329,822	143,197
Accounts Payable			
Trade	9, 23		
Third Parties		82,122	44,242
Related Parties		8,803	8,688
Others - Third Parties	10	60,032	29,306
Taxes Payable	11	127,877	27,663
Accrued Expenses		12,711	12,082
Current Portion of Long-term Debt			
Bank Loan	12	3,000	3,000
Obligations under Capital Lease	13	715	895
Total Current Liabilities	26	625,082	269,073
NON-CURRENT LIABILITIES			
Due to Related Parties	23	28,711	10,126
Deferred Tax Liabilities - Net		-	-
Long-term Debts - Net of Current Portion :			
Bank Loan	12	1,500	3,500
Obligations under Capital Lease	13	7,019	10,464
Estimated Liability for Employee Benefits	14	23,488	16,975
Total Non-Current Liabilities	26	60,718	41,065
Total Liabilities		685,800	310,138
MINORITY INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES			
		56,277	53,651
SHAREHOLDERS' EQUITY			
Share Capital - Rp 100 par value in 2008 and 2007			
Authorized - 4,000,000,000 shares in 2008 and 2007			
Subscribed and Fully Paid - 3,000,000,000 shares in 2008 and 2007	15	300,000	300,000
Additional Paid-in Capital	17	86,395	86,395
Revaluation Increment in Property, Plant and Equipment		1	1
Difference in Value of Restructuring Transactions of Entities under Common Control	3	5,863	5,863
Retained Earnings :			
Appropriated	16	1,000	-
Unappropriated		485,787	87,038
Total Shareholders' Equity		879,046	479,297
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,621,123	843,086

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, 2008 AND 2007
(Expressed in Millions of Rupiah, Except for Earnings Per Share)

	<u>Notes</u>	<u>2 0 0 8</u> <u>(Unaudited)</u>	<u>2 0 0 7</u> <u>(Unaudited)</u>
NET SALES	19, 26	1,232,907	604,077
COST OF GOODS SOLD	20	<u>574,173</u>	<u>353,270</u>
GROSS PROFIT		<u>658,734</u>	<u>250,807</u>
OPERATING EXPENSES	21		
Selling		81,869	55,167
General and Administrative		<u>77,564</u>	<u>50,108</u>
Total Operating Expenses		<u>159,433</u>	<u>105,275</u>
INCOME FROM OPERATIONS	26	<u>499,301</u>	<u>145,532</u>
OTHER INCOME (CHARGES)			
Finance Expense	22	(12,858)	(14,439)
Gain (Loss) on Foreign Exchange - Net		(597)	1,533
Interest Income	22	813	1,738
Others - Net		<u>6,403</u>	<u>(2,894)</u>
Total Other Charges - Net		<u>(6,239)</u>	<u>(14,062)</u>
INCOME BEFORE INCOME TAX		<u>493,062</u>	<u>131,470</u>
INCOME TAX			
Current		(156,301)	(40,836)
Deferred		<u>3,037</u>	<u>610</u>
Income Tax Expense - Net		<u>(153,264)</u>	<u>(40,226)</u>
INCOME BEFORE MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES		<u>339,798</u>	<u>91,244</u>
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES		<u>(4,774)</u>	<u>(5,776)</u>
NET INCOME		<u>335,024</u>	<u>85,468</u>
EARNINGS PER SHARE		<u>112</u>	<u>32</u>

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

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE 9-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Millions of Rupiah)

(UNAUDITED)

	Issued and Fully Paid Capital	Additional Paid-in Capital	Revaluation Increment in Property, Plant and Equipment	Difference in Value of Restructuring Transactions of Entities under Common Control	Retained Earnings		Total Shareholders Equity
					Appropriated	Unappropriated	
Balance as of January 1, 2008	300.000	86.395	1	5.863	-	151.763	544.022
Net Income for the Period	-	-	-	-	-	335.024	335.024
Establishment of General Reserves	-	-	-	-	1.000	(1.000)	-
Balance as of September 30, 2008	300.000	86.395	1	5.863	1.000	485.787	879.046
Balance as of January 1, 2007	195.000	78	1	5.863	-	16.570	217.512
Issuance of New Shares through Public Offering - Net of Share Issuance Costs	90.000	86.317	-	-	-	-	176.317
Share Dividends	15.000	-	-	-	-	(15.000)	-
Net Income for the period	-	-	-	-	-	85.468	85.468
Balance as of September 30, 2007	300.000	86.395	1	5.863	-	87.038	479.297

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, 2008 AND 2007
(Expressed in Millions of Rupiah)

	<u>Notes</u>	<u>2 0 0 8</u> <u>(Unaudited)</u>	<u>2 0 0 7</u> <u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		1,215,866	792,153
Cash Payments to Suppliers and Employees		<u>(1,282,461)</u>	<u>(716,769)</u>
Cash Provided by (Used in) Operating Activities		(66,595)	75,384
Receipts from (Payments for) :			
Interest Income		81	58
Interest Expense		(8,038)	(6,365)
Income Taxes		<u>(74,597)</u>	<u>(34,948)</u>
Net Cash Provided by (Used In) Operating Activities		<u>(149,149)</u>	<u>34,129</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property and Equipment	7	71	58
Acquisitions of Property, Plant and Equipment		<u>(76,631)</u>	<u>(14,930)</u>
Net Cash Used in Investing Activities		<u>(76,560)</u>	<u>(14,872)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Short-term Bank Loans		239,795	4,513
Proceeds from share Issuance		-	176,317
Payments for :			
Obligation under Capital Lease		(590)	(1,982)
Short-term Bank Loans		<u>-</u>	<u>(104,400)</u>
Net Cash Provided by Financing Activities		<u>239,205</u>	<u>74,448</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		13,496	93,705
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>9,427</u>	<u>6,068</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>22,923</u>	<u>99,773</u>
Cash and Cash Equivalents Consist of :			
Cash on Hand and in Banks		22,923	8,403
Time Deposits		<u>-</u>	<u>91,370</u>
Total		<u>22,923</u>	<u>99,773</u>
NON CASH ACTIVITIES			
Acquisition of Assets under Capital Lease through Obligations under Capital Lease	7	-	5,331

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, 2008 and 2007

(Expressed in Million of Rupiah, Except Otherwise Stated)

1. GENERAL

a. Establishment of the Company and General Information

PT BISI International Tbk. (the "Company") 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 Minister of Justice of the Republic of Indonesia in 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. As stated in 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 name from PT Benihinti Suburintani to PT BISI International. The amendment of the Articles of Association was approved by the Minister of Law and Human Rights of the Republic of Indonesia in 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 amendment to the Articles of Association to conform to Law No. 8 year 1995 on "Capital Market" and BAPEPAM regulation 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". Consequently, the Company's name becomes PT BISI International Tbk. The latest amendment was approved by the Minister of Law and Human Rights in 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 in 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 seeds of *Intani-2*. In 2007, the Company released high-yielding varieties, corn seeds of *BISI-12* and *BISI-16*. 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.

b. The Company's Public Offering

On May 11, 2007, the Company obtained an Effective Statement Letter No. S-2238/BL/2007 from the Chairman of the Capital Market Supervisory Board (BAPEPAM – LK) to execute its public offering of 900,000,000 shares with nominal value of Rp 100 (full amount) per share to the public through the Indonesian Stock Exchange at the offering price of Rp 200 (full amount) per share. All of the Company's subscribed and fully paid shares of 3,000,000,000 have been listed in the Indonesian Stock Exchange.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2008 and 2007
(Expressed in Million of Rupiah, Except Otherwise Stated)

c. Employees, Directors and Commissioners

As of September 30, 2008, the Company's Commissioners and Directors based on the Annual Shareholders' General Meeting, the minutes of which were notarized by Deed No. 95 dated June 30, 2008 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, 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

In the board of commissioners' meeting dated February 15, 2007, it has been approved the appointments of Mr. Burhan Hidayat as the chairman of the Audit Committee and Mr. Robert Soemenap and Mr. Haryjanto Sutrisno as members of the Audit Committee.

In the Extraordinary Shareholders' General Meeting, the minutes of which were notarized by Deed No. 3 dated March 1, 2007 of Siti Pertiwi Henny Singgih, S.H., notary in Jakarta, the shareholders agreed to, among others, the appointments of Mr. Burhan Hidayat as an Independent Commissioner and Mr. Putu Darsana as an Independent Director of the Company.

Salaries and other compensation benefits incurred for the Company and Subsidiaries' Commissioners and Directors totaling Rp 3.3 billion and Rp 3.1 billion for the 9-month periods ended September 30, 2008 and 2007, respectively.

The Company and Subsidiaries had 555 and 504 permanent employees as of September 30, 2008 and 2007, respectively.

d. Structure of the Company and Subsidiaries

On August 25, 2008, the Company made an investment in a new company, PT Tanindo Intertraco amounting to Rp 24.99 billion or 99.96 %, of its ownership. The Subsidiary will involve in the trading of fertilizer, pesticide and seeds.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2008 and 2007

(Expressed in Million of Rupiah, Except Otherwise Stated)

The Consolidated Financial Statements include the accounts of the Company and Subsidiaries, in which the Company has more than 50 % ownership, as follows :

Subsidiaries	Principal Activity	Domicile	Start of Operations	Percentage of Ownership	Total Assets (in Million Rupiah)	
					2008	2007
PT Tanindo Subur Prima (TSP)	Fertilizer, pesticide and seeds trading	Sidoarjo	1987	54.20%	767,117	445,980
PT Multi Sarana Indotani (MSI)	Pesticide Manufacturing	Mojokerto	2005	99.99%	106,374	60,775
PT Tanindo Intertraco (TINCO)	Fertilizer, pesticide and seeds trading	Sidoarjo	2008	99.96%	549,356	-

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-LK) 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 the 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 the "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 account at the end of the period.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2008 and 2007

(Expressed in Million of Rupiah, Except Otherwise Stated)

d. Transactions with Related Parties

The Company and Subsidiaries have transactions with certain parties, classified as related parties as defined in 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.

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 transactions 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 the restructured company are presented as if such company has been part of the Group since the beginning of the Financial Statements period.

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 each period.

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.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2008 and 2007

(Expressed in Million of Rupiah, Except Otherwise Stated)

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 is 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

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 with the acquisition or renewal of legal titles over landrights are deferred and presented in the "Non-Current Assets – Other Assets – Net" account in the Consolidated Balance Sheets and amortized over the legal terms of the related landrights or the economic lives of the land, whichever 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 of property, plant and equipment of direct acquisition.

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.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2008 and 2007

(Expressed in Million of Rupiah, Except Otherwise Stated)

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 Asset 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 asset value as loss in the Consolidated Statements of Income for the year.

k. Revenue and Expense Recognition

Revenues 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)". Expenses are recognized as incurred.

l. Estimated Liability for Employee Benefits

The Company and Subsidiaries recognized estimated liability for employee benefits in accordance with Law No. 13/2003 dated March 25, 2003 ("Law No. 13/2003") under PSAK No. 24 (Revised 2004) "Employee Benefits". In accordance with this Law, the Company and Subsidiaries are required to pay the severance, gratuity and compensation if certain conditions in the Law No. 13/2003 are met. Under PSAK No.24 (Revised 2004), the cost of providing employee benefits under 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 current 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. Research and Development

Research and development costs are recognized 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 assets during its development reliably.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2008 and 2007

(Expressed in Million of Rupiah, Except Otherwise Stated)

n. 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 Sheet dates, monetary assets and liabilities denominated in foreign currencies are adjusted to Rupiah to reflect Bank Indonesia's middle rates of exchange at such dates. The resulting gains or losses are credited or charged to operations of the current year.

o. 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 the tax rates that have been enacted or substantively enacted at the Consolidated Balance Sheet dates. For each of the Consolidated Subsidiary, the tax effects 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 recognized when Tax Assessment Letter is received or, if appealed by the Company and Subsidiaries, when the result of the appeal is determined.

p. Earnings per Share

Earnings per share is computed by dividing the net consolidated income for the year with the Weighted-Average number of shares outstanding during the year after considering the retroactive effect of the change in par value of share from Rp 1,000 (full amount) per share to Rp 100 (full amount) per share and the retroactive effect of distribution of stock dividends in 2007.

q. 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) which are based on the location of customers, consisting of Java, Sumatera, Sulawesi, Kalimantan and overseas.

r. 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

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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, 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.

- 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.

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

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

	Purchase 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 for in accordance with PSAK No. 38 (Revised 2004), "Accounting for Restructuring of Entities under Common Control". Accordingly, the total difference between the purchase prices and the Subsidiaries' book values amounting to Rp 5,863 million is presented as "Difference in Value of Restructuring Transactions of Entities under Common Control" account in the equity.

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4. CASH AND CASH EQUIVALENTS

This account consists of :

	<u>2008</u>	<u>2007</u>
Cash on Hand	2,595	2,557
Cash in Banks - Third Parties		
R u p i a h		
- PT Bank Central Asia Tbk.	13,353	3,090
- PT Bank Rakyat Indonesia (Persero) Tbk.	2,598	7
- PT Bank Danamon Indonesia Tbk.	1,732	180
- Citibank N.A., Jakarta	856	318
- PT Bank Negara Indonesia (Persero) Tbk.	319	545
- PT Bank Lippo Tbk.	204	905
- PT Bank Permata Tbk.	40	4
US Dollar Accounts		
- Citibank N.A., Jakarta (US\$ 128,128 in 2008 and US\$ 84,592 in 2007)	1,202	773
- PT Bank Central Asia Tbk. (US\$ 2,582 in 2008 and US\$ 2,627 in 2007)	24	24
Cash Equivalents		
Time Deposits		
US Dollar Account		
Amwell Finance Limited (US\$ 10,000,000 in 2007)		91,370
Total	<u>22,923</u>	<u>99,773</u>

5. ACCOUNTS RECEIVABLE - TRADE

This account consists of :

	<u>2008</u>	<u>2007</u>
Third Parties :		
PT Sang Hyang Seri (Persero)	86,957	-
PT Pertani (Persero)	61,963	-
Santoso, Purwodadi	41,599	17,111
Tani Takalar, Makassar	36,393	2,743
PT. Tololo Mulia, Makassar	30,422	3,609
Tunggal Sarasa, Jember	28,701	5,881
Tani Jaya Unggul, Jogjakarta	24,223	6,795
Manna Utara, Makassar	21,473	3,508
Catur Agrotama, Pare	17,090	6,506
UD. Sumber Makmur, Surabaya	16,884	2,070

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	<u>2008</u>	<u>2007</u>
Berlian Tani, Makassar	16,369	5,097
Tani Makmur, Wonogiri	15,232	2,228
Lestari Tani, Lampung	13,793	2,557
Sumber Tani, Medan	13,371	8,937
Toko Dua Dua, Purwodadi	12,245	2,719
Subur Makmur, Surabaya	11,029	1,316
PT. Mitra Mandiri Agrimakmur, Makassar	10,994	4,008
PT. Harapan Agro, Nganjuk	10,090	2,293
Sarana Tani, Bantul	9,888	162
UD. Putra Ulung, Surabaya	9,710	-
Dharma Tani, Surabaya	9,142	2,036
Karisma Indoargo Universal, Surabaya	8,901	30
Taruna Jaya, Lampung	7,456	-
Duta Tani I, Lampung	7,055	-
Panen Lestari, Salatiga	6,662	183
Sahabat Tani, Wonogiri	6,257	4,991
CV. Fajar Indo Jaya, Lampung	6,225	4,135
Ferdian Jaya, Surabaya	5,075	-
Budi Tani, Jatibarang	5,070	3,332
Makmur Baru, Medan	4,377	3,417
PT. Panua Lestari Pohuwato, Makassar	4,135	-
UD. Adi Karya Mandiri, Surabaya	3,895	-
Saifudin, Surabaya	3,865	-
Tani Murni, Surabaya	3,840	-
Tani Subur, Ponorogo	3,610	-
CV. Adi Candra Sumekar, Sumenep	3,500	4,353
Subur Makmur, Tulung Agung	3,325	-
Prima Tani, Makassar	3,264	1,505
Others (Accounts with balance bellow Rp 3 billion , each)	183,554	153,087
Total Third Parties	767,634	254,609
Allowance for Doubtful Accounts	(217)	(168)
Net	767,417	254,441
Related Parties (Note 23)	36,844	22,400

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

	<u>2008</u>	<u>2007</u>
Third Parties :		
Less than 31 days	348,749	78,164
31 - 60 days	172,618	80,068
61 - 90 days	181,412	31,766
91 - 180 days	58,937	52,902
Over 180 days	5,918	11,709
Total	<u>767,634</u>	<u>254,609</u>
Less Allowance for Doubtful Accounts	<u>(217)</u>	<u>(168)</u>
Net	<u>767,417</u>	<u>254,441</u>
Related Parties :		
Less than 31 days	5,120	6,714
31 - 60 days	6,928	4,496
61 - 90 days	5,856	967
91 - 180 days	4,636	1,231
Over 180 days	14,304	8,992
Total	<u>36,844</u>	<u>22,400</u>

Based on the review of the status of the individual receivables at the end of the period, the Company and Subsidiaries' management believe that the allowance for doubtful accounts is adequate to cover possible losses from the uncollectible accounts receivable.

The above receivables include receivables in foreign currency amounting to US\$ 18,699 (equivalent to Rp 175.4 million) as of September 30, 2008 and US\$ 869,150 (equivalent to Rp 7.9 billion) as of September 30, 2007.

As of September 30, 2008, trade receivables amounting to Rp 124 billion is used as collateral for the bank loan obtained from PT Bank Rakyat Indonesia (Persero) Tbk.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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6. INVENTORIES

This account consists of :

	<u>2008</u>	<u>2007</u>
<u>Finished Goods</u>		
Corn	306	9,122
Vegetable	42,974	26,023
Pesticides	164,563	67,492
Fertilizers	15,482	3,943
Others	2,742	704
Total Finished Goods	<u>226,067</u>	<u>107,284</u>
<u>Work-in Process</u>		
Corn	61,041	76,529
Vegetable	58,010	37,761
Pesticides	8,920	816
Paddy	2,189	948
Total Work-in Process	<u>130,160</u>	<u>116,054</u>
Raw Materials	28,854	33,621
Inventories In-Transit	9,983	5,131
Packaging	13,427	8,971
Others	26,860	4,898
Total	435,351	275,959
Less Allowance for Decline in Value of Inventory	<u>(755)</u>	<u>(680)</u>
Net	<u>434,596</u>	<u>275,279</u>

As of September 30, 2008, 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 308.98 billion, which in management opinion is adequate to cover possible losses arising from such risks.

As of September 30, 2008, inventories of Rp 178 billion are used as collateral for the bank loan obtained from PT Bank Rakyat Indonesia (Persero) Tbk.

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7. PROPERTY, PLANT AND EQUIPMENT

This account consists of :

	2 0 0 8			
	Beginning Balance	Additions/ Reclassifications	Deductions/ Reclassifications	Ending Balance
<u>Carrying Value</u>				
Direct Ownership				
Land	35,011	23,426	1,442	56,995
Land and Building Improvements	10,317	809	1,327	9,799
Buildings	43,421	17,038	10,498	49,961
Machinery and Equipment	40,197	19,991	631	59,557
Transportation Equipment	11,258	4,546	342	15,462
Furniture, Fixtures and Office Equipment	13,622	2,104	26	15,700
Electrical Installations	3,473	279	25	3,727
Total	157,299	68,193	14,291	211,201
Capital Lease				
Transportation Equipment	14,070	-	110	13,960
Office Equipment	-	-	-	-
Total	14,070	-	110	13,960
Construction in Progress				
Land	11,194	-	11,194	-
Building Improvements	14,455	46,907	11,808	49,554
Machinery and Equipment	9,960	37,299	18,364	28,895
Office Equipment	218	84	280	22
Total	35,827	84,290	41,646	78,471
Total Carrying Value	207,196	152,483	56,047	303,632
<u>Accumulated Depreciation</u>				
Direct Ownership				
Land and Building Improvements	5,946	994	131	6,809
Buildings	8,613	1,640	2,909	7,344
Machinery and Equipment	11,469	3,510	277	14,702
Transportation Equipment	8,844	613	307	9,150
Furniture, Fixtures and Office Equipment	7,853	1,211	23	9,041
Electrical Installations	470	189	21	638
Total	43,195	8,157	3,668	47,684
Capital Lease				
Transportation Equipment	4,722	1,875	-	6,597
Office Equipment	-	-	-	-
Total	4,722	1,875	-	6,597
Total Accumulated Depreciation	47,917	10,032	3,668	54,281
Net Book Value	159,279			249,351

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	2 0 0 7			
	<u>Beginning</u>	<u>Additions/</u>	<u>Deductions/</u>	<u>Ending</u>
	<u>Balance</u>	<u>Reclassifications</u>	<u>Reclassifications</u>	<u>Balance</u>
<u>Carrying Value</u>				
Direct Ownership				
Land	35,011	-	-	35,011
Land and Building 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	<u>118,657</u>	<u>22,538</u>	<u>59</u>	<u>141,136</u>
Capital Lease				
Transportation Equipment	12,520	5,331	-	17,851
Office Equipment	11	-	-	11
Total	<u>12,531</u>	<u>5,331</u>	<u>-</u>	<u>17,862</u>
Construction in Progress				
Building 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	<u>30,343</u>	<u>12,920</u>	<u>18,833</u>	<u>24,430</u>
Total Carrying Value	<u>161,531</u>	<u>40,789</u>	<u>18,892</u>	<u>183,428</u>
<u>Accumulated Depreciation</u>				
Direct Ownership				
Land and Building Improvements	4,487	1,118	-	5,605
Buildings	6,767	1,354	-	8,121
Machinery and Equipment	8,154	2,439	-	10,593
Transportation Equipment	5,639	362	-	6,001
Furniture, Fixtures and Office Equipment	6,321	1,120	3	7,438
Electrical Installations	302	121	-	423
Total	<u>31,670</u>	<u>6,514</u>	<u>3</u>	<u>38,181</u>
Capital Lease				
Transportation Equipment	4,968	1,871	-	6,839
Office Equipment	8	1	-	9
Total	<u>4,976</u>	<u>1,872</u>	<u>-</u>	<u>6,848</u>
Total Accumulated Depreciation	<u>36,646</u>	<u>8,386</u>	<u>3</u>	<u>45,029</u>
Net Book Value	<u>124,885</u>			<u>138,399</u>

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- (a) Depreciation expenses were charged to the following :

	<u>2008</u>	<u>2007</u>
Cost of Goods Sold	6,524	5,083
Selling Expenses	3,013	2,820
General and Administrative Expenses	495	483
Total	<u>10,032</u>	<u>8,386</u>

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

	<u>2008</u>	<u>2007</u>
Net Proceeds	18,692	58
Net Book Value	10,624	56
Gain	<u>8,068</u>	<u>2</u>

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 2008 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) and establishing corn and paddy processing factory.

From the financial point of view, the average percentage of completion of the construction in progress as of September 30, 2008 is 80.01%.

- (d) PT Actual Kencana Appraisal, an independent appraiser, appraised the property, plant and equipment of the Company and Subsidiaries and issued its appraisal reports all dated February 2008. 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, 2007 amounted to Rp 159.6 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, 2008.
- (e) In 1997, the Company revalued its property, plant and equipment and obtained the approval on this revaluation from Directorate General of Taxation. The resulting revaluation increment amounting to Rp 1 million (net of Rp 2.1 billion representing distribution of shares through capitalization of revaluation increment in property, plant and equipment in 2000) is presented in "Revaluation Increment In Property, Plant and Equipment" account in the Equity section.
- (f) As of September 30, 2008, 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 policies with total coverage of US\$ 11,619,255 (equivalent to Rp109.4 billion) from a consortium insurance led by PT Asuransi AIU Indonesia. The management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

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- (g) The plots of 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.
- (h) As of September 30, 2008, property, plant and equipment with net book value of Rp 32.3 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 amounting to Rp 250 billion and Rp 75 billion in 2008 and 2007, respectively. The maximum credit limit obtained by TSP amounted to Rp 60 billion in 2008 and 2007. The maximum credit limit obtained by MSI amounted to Rp 40 billion and Rp 15 billion in 2008 and 2007, respectively. These facilities have maturity period of 1 year. The credit facilities for the Company and TSP will expire on December 17, 2008 while for MSI will expire on December 20, 2008. The loans bear an annual interest at 11% in 2008 and at rates ranging from 13% to 14.5% in 2007. As of September 30, 2008, these loans are secured by accounts receivable – trade of Rp 124 billion, inventories of Rp 178 billion and certain property, plant and equipment of Rp 152.4 billion owned by the Company and Subsidiaries.

As of September 30, 2008 and 2007, the outstanding balance of working capital loans is as follows :

	<u>2008</u>	<u>2007</u>
Company	241,205	74,787
Subsidiaries		
PT Tanindo Subur Prima	50,117	53,476
PT Multi Sarana Indotani	38,500	14,934
Total	<u>329,822</u>	<u>143,197</u>

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;
- give loans to other companies in Charoen Pokphand Group exceeding 20 % of share capital
- change of shareholder structure so that Charoen Pokphand Group not becoming majority shareholder;
- merger and declare dissolution;
- Invest to other companies with total investment exceeding 20 % of share capital
- 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
- sale of assets exceeding Rp 5 billion
- declare or pay any dividends that will result the Debt to Equity Ratio to exceed 2.33 :1.

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In 2007, MSI paid a loan from PT Central Pertiwi, shareholder, amounting to Rp 5 billion, that exceeded 20% of MSI's share capital. On March 3, 2008, MSI sent a formal letter to BRI explaining the payment and requesting for waiver from BRI on the payment of the shareholder loan. BRI has approved the waiver request according to Letter no R.II.147-ADK/DKR/04/2008 dated April 28, 2008.

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 the share capital. BRI issued written waivers regarding the above transactions 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.

9. ACCOUNTS PAYABLE – TRADE

The details of accounts payable – trade are as follows :

	<u>2008</u>	<u>2007</u>
Third Parties :		
Farmers	60,603	24,324
Agronature Co. Ltd., China	11,092	-
Hubei Sanonda Co. Ltd., China	9,900	7,139
Biesterfeld International, Germany	211	-
Shanghai Joysun Co. Ltd., China	-	12,631
Others	316	148
Total Third Parties	<u>82,122</u>	<u>44,242</u>
Related Parties (Note 23)	<u>8,803</u>	<u>8,688</u>

The above payables include payables in foreign currencies amounting to US\$ 2,260,915 (equivalent to Rp 21.2 billion) as of September 30, 2008 and US\$ 2,167,900 (equivalent to Rp 19.8 billion) as of September 30, 2007.

10. ACCOUNTS PAYABLE – OTHERS – THIRD PARTIES

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

	<u>2008</u>	<u>2007</u>
Monsanto Company, United States	50,752	24,464
Founding Cash	729	855
Others	8,551	3,987
Total	<u>60,032</u>	<u>29,306</u>

As of September 30, 2008 and 2007, this account mainly represents accrued royalty to Monsanto Company, with outstanding balance of Rp 50.8 billion (US\$ 5,411,806) and Rp 24.5 billion (US\$ 2,677,465), respectively.

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11. TAXES PAYABLE

Taxes payable consist of :

	<u>2008</u>	<u>2007</u>
Corporate Income Tax	104,254	20,989
Withholding Income Taxes :		
Income Tax Article 4 (2)	37	22
Income Tax Article 21	1,016	775
Income Tax Article 23	100	18
Income Tax Article 26	-	17
Value Added Tax	22,470	5,842
Total	<u>127,877</u>	<u>27,663</u>

In 2007, the Company received various Under Payment Tax Assessment Letters (*Surat Ketetapan Pajak Kurang Bayar/SKPKB*) and Tax Collection Letters (*Surat Tagihan Pajak/STP*) for Corporate Income Taxes, Income Tax Article 4(2) and Value Added Tax for 2005 with total amount of Rp 153.8 million. The Company recorded the payments of these SKPKB and STP in "Other Income (Charges) – Others – Net" in the 2007 Consolidated Statements of Income.

12. LONG-TERM BANK LOAN

This account consists of :

	<u>2008</u>	<u>2007</u>
Investment Loan	4,500	6,500
Current Portion	3,000	3,000
Long-term Portion	<u>1,500</u>	<u>3,500</u>

On December 20, 2005, MSI obtained an investment credit facility from BRI with maximum credit of Rp 10 billion that can be withdrawn 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 at rates ranging from 13% to 14.5% per annum in 2007 and at 15 % per annum in 2006. This loan has the same covenant and collateral with the short-term bank loan obtained from the same bank (Note 8). As of September 30, 2008, MSI has not yet drawn the Phase II credit facility.

Based on Letter from BRI No 412-AGR/AGR-II/03/08 dated March 10, 2008, BRI extended the installment payments due in 2007 until February 2008 since MSI has not drawn the Phase II credit facility. MSI paid the 1st and 2nd installments of Rp 2 billion on February 15, 2008.

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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. Obligations under capital lease are secured by fiduciary security of the related transportation equipment 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, 2008 and 2007, the future minimum lease payments required under these lease agreements are as follows :

	<u>2008</u>	<u>2007</u>
<u>Years</u>		
2007	-	2,151
2008	1,459	5,327
2009	2,756	3,618
2010	2,433	2,109
2011	1,715	1,250
2012	471	36
2013	160	-
Total	8,994	14,491
Total Amount Applicable to Interest	(1,260)	(3,132)
Present Value of Minimum Lease Payments	7,734	11,359
Current Portion of Obligations under Capital Lease	(715)	(895)
Long-term Portion	<u>7,019</u>	<u>10,464</u>

14. ESTIMATED LIABILITY FOR EMPLOYEE BENEFITS

The Company and Subsidiaries provided employee 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, 2008 and 2007, the Company and Subsidiaries recorded the estimated liability for employee benefits based on the actuarial valuations performed by PT Eldridge Gunaprima Solution, an independent actuary, in its report dated February 12, 2008 and February 19, 2007. The independent actuary used the "Projected Unit Credit" method.

The Company and Subsidiaries recorded the estimated liability for severance pay, gratuity and compensation to employees amounting to Rp 23.5 billion and Rp 17 billion as of September 30, 2008 and 2007, respectively. The expenses amounted to Rp 3.7 billion and Rp 2.7 billion for the 9-month periods ended September 30, 2008 and 2007, respectively and are presented as part of "Operating Expenses – Salary, Wages and Employee Benefits" in the Consolidated Statement of Income.

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15. SHARE CAPITAL

The details of share ownership as of September 30, 2008 with par value of Rp 100 (full amount) per share are as follows :

Shareholders	2 0 0 8		
	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Agrindo Pratama	1,020,000,000	34.00	102,000
Midsummer Limited , Seychelles	704,519,500	23.48	70,452
Public (below 5 % each)	1,275,480,500	42.52	127,548
Total	3,000,000,000	100.00	300,000

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, Seychelles	819,000,000	27.30	81,900
CP Agriculture Limited, Seychelles	441,000,000	14.70	44,100
Public (below 5% each)	900,000,000	30.00	90,000
Total	3,000,000,000	100.00	300,000

In the Circular Decision of Shareholders as covered in Notarial Deed No. 21 dated September 11, 2006 of Rachmad Umar, SH, notary in Jakarta, the Shareholders approved the sale of 1 (one) share owned by PT Centralwindu Sejati to PT Central Pertiwi (CP).

In accordance with the Shareholders' Extraordinary 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 approved the following :

- Change the Company's name to PT BISI International;
- Distribute 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 capital from Rp 10 billion consisting of 10,000,000 shares to Rp 400 billion consisting of 400,000,000 shares;
- Increase the subscribed and fully paid capital from Rp 7.1 billion to Rp 132 billion, which will come from :
 - a. issuance of share capital amounting to Rp 124.5 billion consisting of 124,500,000 shares, to be issued and fully paid by SHS amounting to 124,499,982 shares or equivalent to Rp 124.5 billion and by CP amounting to 18 shares or Rp 18 thousand; and
 - b. bonus shares of 400,000 shares or equivalent to Rp 400 million to SHS.

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

In accordance with the Shareholders' Extraordinary 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 approved 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.
- Sell the 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 to the Articles of Association were approved by the Minister of Law and Human Right of the Republic of Indonesia in Decision Letter No. W7-03519.HT.01.04-TH.2006 dated December 11, 2006.

In accordance with the Shareholders' Extraordinary 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 approved to increase the subscribed and fully paid capital from Rp 132 billion to Rp 195 billion through the issuance of 63,000,000 of shares or equivalent to Rp 63 billion. The increase in the subscribed and fully paid capital was made by 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 share amounting to Rp 54 million is presented in "Additional Paid-in Capital" account. The related amendments to the Articles of Association were registered to the Ministry of Law and Human Rights of the Republic of Indonesia as stated in Letter No. W7-HT.01.04-5209 dated December 19, 2006.

In the Shareholders' Extraordinary General Meeting, the minutes of which were notarized by Deeds No. 3 and 4 dated March 1, 2007, of Siti Pertiwi Henny Ningsih, S.H., notary in Jakarta, the Shareholders approved to, among others, the following :

- Conduct Initial Public Offering of its shares of a maximum of 900,000,000 shares to the public through the stock exchange
- increase the subscribed and fully paid capital from Rp 195 billion to Rp 210 billion in relation to the share dividends amounting to Rp 15 billion which was decided in Deed of Shareholders' Extraordinary General Meeting No 2 dated March 1, 2007
- Change the share par value from Rp 1,000 (full amount) per share to Rp 100 (full amount) per share causing the authorized share capital to become Rp 400 billion consisting of 4,000,000,000 shares.
- Increase the subscribed and fully paid capital to become Rp 300 billion after the Initial Public Offering of 900,000,000 shares or Rp 90 billion
- Amend the Articles of Association to conform to Law No.8 year 1995 on "Capital Market" and BAPEPAM regulations No.IX.J.1, Supplement from BAPEPAM is Decree No. KEP-13/PM/1997 on "Articles of Association of Companies Conducting Public Offerings and Public Companies". In relation to these amendments, the Company's name becomes PT BISI International Tbk.

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Such amendments were approved by the Minister of Law and Human Rights of the Republic of Indonesia in Decision Letter No. W7-02165.HT.01.04-TH.2007 dated March 5, 2007.

In accordance with the Shareholders' Extraordinary 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 approved the sale of all shares owned by PT Central Pertiwi amounting to 840,000,000 shares or equivalent to Rp 84 billion to PT Agrindo Pratama.

The change of the Company's Shareholders was registered in database of the Department of Law and Human Rights of the Republic of Indonesia as stated in Letter No. W7-HT.01.10-3023 dated March 12, 2007.

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

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

1. Payment of working capital loan to PT Bank Rakyat Indonesia amounting to Rp 70.00 billion
2. Establishment of corn and paddy processing factory amounting to Rp 52.54 billion.
3. Working capital amounting to Rp 53.78 billion.

16. RETAINED EARNINGS

In the Shareholders' Annual General Meeting, the minutes of which were notarized by Deed No. 95 dated June 30, 2008 of SP. Henny Singgih, S.H., notary in Jakarta, the shareholders approved the General reserves establishment amounting to Rp 1 billion from the 2007 net income in accordance with Company Act no 40 year 2007 regarding limited liability company.

17. ADDITIONAL PAID - IN CAPITAL

This account represents the difference between the net proceeds on the issuance and par value of share, net of issuance cost, as follows :

	<u>2008</u>	<u>2007</u>
Difference between the proceeds with the par value of share :		
Initial Public Offering	90,000	90,000
Issuance of new shares	78	78
Share issuance costs	<u>(3,683)</u>	<u>(3,683)</u>
Net	<u>86,395</u>	<u>86,395</u>

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18. DIVIDENDS

In the Shareholders' Annual General Meeting, the minutes of which were notarized by Deed No. 16 dated October 3, 2006 of Dr. Fulgensius Jimmy H.L.T., S.H., M.H., M.M., notary in Jakarta, the Shareholders approved the declaration of cash dividends of Rp 95 billion, consisting of (a) Rp 60 billion arising from the 2004 retained earnings and (b) Rp 35 billion arising from the 2005 net income.

In the Shareholders' Extraordinary 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 approved the declaration of the 2006 interim cash dividends of Rp 29.5 billion and bonus shares of 400,000 shares or Rp 400 million from the additional paid-in capital.

In the Shareholders' Extraordinary General Meeting, the minutes of which were notarized by Deed No. 2 dated March 1, 2007 of Siti Pertiwi Henny Singgih, S.H., notary in Jakarta, the Shareholders approved, among others, the declaration of the 2006 dividends of Rp 44.5 billion consisting of the interim cash dividends of Rp 29.5 billion as decided in the Shareholders' Extraordinary General Meeting as stated above and share dividends of Rp 15 billion.

19. NET SALES

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

	<u>2008</u>	<u>2007</u>
Commercial Seeds	951,039	403,487
Foundation Seeds	10,237	3,674
Pesticides	252,282	168,205
Fertilizers	15,907	14,832
Others	3,442	13,879
Total	<u>1,232,907</u>	<u>604,077</u>

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

The sales to affiliated companies amounted to Rp 54.3 billion and Rp 37.7 billion or amounted to 4.40% and 6.24 %, respectively from consolidated net sales for the periods ended September 30, 2008 and 2007.

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20. COST OF GOODS SOLD

The details of cost of goods sold are as follows :

	<u>2008</u>	<u>2007</u>
Raw Materials Used	439,973	169,543
Direct Labor	3,067	1,815
Factory Overhead	132,104	87,509
Total Manufacturing Costs	<u>575,144</u>	<u>258,867</u>
Work-in Process		
Beginning Balance	156,566	150,848
Ending Balance	<u>(130,160)</u>	<u>(116,054)</u>
Cost of Goods Manufactured	601,550	293,661
Finished Goods		
Beginning Balance	130,682	85,939
Purchases	99,782	93,741
Ending Balance	<u>(247,546)</u>	<u>(112,989)</u>
Cost of Salvage Seeds Sold	<u>(10,295)</u>	<u>(7,082)</u>
Cost of Goods Sold	<u>574,173</u>	<u>353,270</u>

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

21. OPERATING EXPENSES

The details of operating expenses are as follows :

	<u>2008</u>	<u>2007</u>
Selling		
Sales Promotion	27,514	15,590
Salaries, Wages and Employee Welfare	18,980	13,660
Freigh-out	15,014	9,544
Transportation and Travelling	6,939	4,551
Depreciation	3,013	2,820
Telecommunication	1,536	1,522
Packing	1,391	1,143
Tax and Lisence	938	941
Rent	893	1,076
Office Equipment	830	721
Others (Accounts with balance below Rp 800 million, each)	4,821	3,599
Total	<u>81,869</u>	<u>55,167</u>

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	<u>2008</u>	<u>2007</u>
General and Administrative		
Royalty	50,722	29,248
Salaries, Wages and Employees' Welfare	13,480	11,420
Transportation and Travelling	3,995	3,232
Administrations Bank	3,488	125
Professional Fee	1,113	1,250
Tax and Lisence	805	259
Others (below Rp 800 million)	3,961	4,574
Total	<u>77,564</u>	<u>50,108</u>
Total Operating Expenses	<u>159,433</u>	<u>105,275</u>

22. INTEREST EXPENSES - NET

The details of this account are as follows :

	<u>2008</u>	<u>2007</u>
Interest Expense		
Bank Loan	12,061	13,225
Obligations under Capital Lease	797	1,112
Related Parties	-	102
T o t a l	<u>12,858</u>	<u>14,439</u>
Interest Income	<u>(813)</u>	<u>(1,738)</u>
Interest Expenses - Net	<u>12,025</u>	<u>12,701</u>

23. RELATED PARTY TRANSACTIONS

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

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

	<u>Total</u>		<u>Percentage to Total Consolidated Net Sales</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
PT Centralpertiwi Bahari	23,672	12,761	1.92	2.11
PT Java Mitra Sejahtera	16,985	11,430	1.38	1.89
PT Charoen Pokphand Indonesia Tbk	-	6,775	-	1.12
PT Central Proteinaprima Tbk	11,615	2,908	0.94	0.48
Chia Tai Seeds Co. Ltd., Thailand	651	1,080	0.05	0.18
Others	1,322	2,755	0.11	0.46
Total	<u>54,245</u>	<u>37,709</u>	<u>4.40</u>	<u>6.24</u>

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

	Total		Percentage to Total Consolidated Assets	
	2008	2007	2008	2007
PT Java Mitra Sejahtera	19,637	16,180	1.21	1.92
PT Centralpertiwi Bahari	11,183	3,067	0.69	0.36
PT Central Proteinaprima Tbk	5,912	2,614	0.36	0.31
Others	112	539	0.01	0.06
Total	36,844	22,400	2.27	2.65

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

	Total		Percentage to Total Consolidated Net Sales	
	2008	2007	2008	2007
Chia Tai Seeds Co. Ltd., Thailand	22,155	20,968	1.80	3.47
Total	22,155	20,968	1.80	3.47

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

	Total		Percentage to Total Consolidated Liabilities	
	2008	2007	2008	2007
Chia Tai Seeds Co. Ltd., Thailand	8,803	8,688	1.28	2.80
Total	8,803	8,688	1.28	2.80

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- (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	
	2008	2007	2008	2007
<u>Sales of Salvage Seeds</u>				
PT Charoen Pokphand Indonesia Tbk	192	535	0.02	0.09
PT Central Proteinaprima Tbk	-	104	-	0.02
Total	192	639	0.02	0.11
<u>Royalty Expenses</u>				
Charoen Pokphand International Group of Companies Ltd.	-	5,115	-	0.85
Total	-	5,115	-	0.85
<u>Interest Expenses</u>				
PT Reksa Finance	797	1,112	0.06	0.18
PT Surya Hidup Satwa	-	102	-	0.02
Total	797	1,214	0.06	0.20

The balances 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	
	2008	2007	2008	2007
<u>Due to Related Parties</u>				
PT Cipta Pertiwi	28,321	-	4.13	-
Charoen Pokphand International Group of Companies Ltd.	374	5,115	0.05	1.65
PT Central Pertiwi	-	5,000	-	1.61
Others	16	11	0.00	0.00
Total	28,711	10,126	4.18	3.26
<u>Obligation under capital lease</u>				
PT Reksa Finance	7,734	11,359	1.13	3.66
Total	7,734	11,359	1.13	3.66

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25. 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 advice 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 December 29, 2006, the Company and MSI entered into a license agreement with CPIGCL, 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 CPIGCL at 3 % of the net sales of vegetables, paddy and pesticides. The royalty expense charged to the General and Administrative Expenses amounted to Rp 5.1 billion as of September 30, 2007.

On April 1, 2008, the Company, MSI and CPIGCL agreed to terminate this license agreement effective January 1, 2008.

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 US\$ 206.52 (equivalent to Rp 1.90 million) and US\$ 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 is a Rupiah fluctuation against US Dollar. Royalty payment on new hybrid release in 2007 shall be 13 % from the net sales of its new hybrid release. Royalty expense charged to operations amounted to Rp 50.8 billion and Rp 24.5 billion for the periods ended September 30, 2008 and 2007, respectively.

c. Sales and Purchase Agreements

On January 2, 1996, the Company entered into a sales and purchase agreement with TSP, whereby the Company appointed TSP as a sole distributor in Indonesia for all of 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 to this agreement dated August 1, 2006, TSP is no longer a sole distributor for the Company.

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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 a cancellation agreed by both parties. In return, the Company agreed to pay research and development expenses of US\$ 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), Hongkong. 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 was valid until December 31, 2006 and would automatically renewable for one year. In return, the Company agreed to pay Prosperous a consultancy fee (before tax) of US\$ 320,000 for 2007 and US\$ 384,000 for 2006. These consultancy fees were charged to the Cost of Goods Sold amounting to Rp 2.9 billion as of September 30, 2007.

On August 31, 2007, the Company and Prosperous agreed to terminate this agreement.

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 rental agreements which were extended yearly, the rent expense in 2007 amounted to Rp 320 million. On January 2, 2008, CPI agreed to extend the rental period to December 31, 2008 with annual expense of Rp 185 million. The rental expense charged to operations amounted to Rp 138.75 million and Rp 240 million for the periods ended September 30, 2008 and 2007, respectively

26. SEGMENT INFORMATION

Primary Segment

The Company and Subsidiaries classify their business segment reporting into business segment consisting of sales of corn, vegetable and pesticide.

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Detail of the Company's and Subsidiaries' business segments are as follows :

	2008					
	<u>Corn</u>	<u>Vegetables</u>	<u>Pesticide</u>	<u>Others</u>	<u>Elimination</u>	<u>Consolidation</u>
Segment Sales						
External Sales	780,803	119,245	254,411	78,448	-	1,232,907
Inter-segment Sales	-	-	38,366	3,326	(41,692)	-
Total Segment Sales	780,803	119,245	292,777	81,774	(41,692)	1,232,907
Segment Result	442,710	63,734	150,449	43,533	(41,692)	658,734
Operating Expenses	(91,259)	(16,821)	(41,299)	(10,054)	-	(159,433)
Operating Income	351,451	46,913	109,150	33,479	(41,692)	499,301
Other Income (Charges)						
Financing Cost						(12,858)
Loss on Foreign Exchange						(597)
Interest Income						813
Others						6,403
Income before Tax						493,062
Income Tax Expense						(153,264)
Income After Tax						339,798
Segment assets	203,359	134,192	239,178	27,144	-	603,873
Unallocated Assets						1,017,250
Total Assets						1,621,123
Segment Liabilities	-	-	67,260	-	-	67,260
Unallocated Liabilities						618,540
Total Liabilities						685,800
Allocated Capital Expenditures	66,357	3,175	3,650	-	-	73,182
Unallocated Capital Expenditures						3,449
Total						76,631
Depreciation and Amortization	6,743	1,119	1,935	235	-	10,032
Non-cash Expenses Other than Depreciation and Amortization	2,928	652	788	84	-	4,452

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	2 0 0 7					
	Corn	Vegetables	Pesticide	Others	Elimination	Consolidation
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
Others						(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

Secondary Segment

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

	2 0 0 8					
	Corn	Vegetables	Pesticide	Others	Elimination	Consolidation
External Sales						
Java	479,913	67,087	90,689	71,384	(41,692)	667,381
Sumatera	111,360	26,815	135,405	7,090	-	280,670
Sulawesi	180,206	10,761	53,088	2,886	-	246,941
Kalimantan	3,374	8,007	13,595	414	-	25,390
Overseas	5,950	6,575	-	-	-	12,525
Total	780,803	119,245	292,777	81,774	(41,692)	1,232,907

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	2 0 0 7					
	Corn	Vegetables	Pesticide	Others	Elimination	Consolidation
External Sales						
Java	195,129	54,419	53,343	33,169	(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	1,534	9,901	-	-	-	11,435
Total	298,265	98,605	179,894	41,999	(14,686)	604,077

In accordance with PSAK No. 5 "Segment Reporting" and BAPEPAM Regulation on Financial Statement Presentation and Disclosures, the Company and Subsidiaries are not able to present their cash flow information based on business segment, and geographical segment. The asset segment and capital expenditure can not be presented because the information on such geographical segment is not completely available.

27. NEW GOVERNMENT REGULATION

On December 28, 2007, the President of the Republic of Indonesia and the Minister of Law and Human Rights signed Government Regulation No. 81/2007 ("Gov.Reg.81/2007") (PP No. 81/2007) regarding "Reduction of the Rate of Income Tax on Resident Corporate Taxpayers for Publicly-listed Companies". This Gov.Reg. 81/2007 provides that resident publicly-listed company in Indonesia can obtain the reduced income tax rate, i.e., 5 % lower than the highest income tax rate under Article 17 paragraph 1(b) of the Income Tax Law, provided they meet the prescribed criteria, i.e., companies whose shares or other equity instruments are listed in the Indonesian Stock Exchanges, whose shares owned by the public by 40% or more of the total paid shares and such shares are owned by at least 300 parties, and each party owns less than 5% of the total paid up shares. These requirements should be fulfilled by the publicly-listed companies for a period of 6 months in one tax year.

This Gov.Reg. 81/2007 becomes effective on January 1, 2008. As of September 30, 2008, further implementation guidelines on this government regulation have not been issued. Therefore, the effect of the reduced tax rate has not been included in the calculation of the Company's income tax amounts as of balance sheet date.

28. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

The following summarizes the revised Statements of Financial Accounting Standards (PSAK) which were recently issued by the Indonesian Institute of Accountants:

- PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosure" contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividend, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. This standard requires the disclosure, among others, of information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments. PSAK No. 50 (Revised 2006) supersedes PSAK No. 50, "Accounting for Certain Investments in Securities", and is applied prospectively for the periods beginning on or after January 1, 2009. Earlier application is permitted and should be disclosed.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 9-Month Periods ended September 30, 2008 and 2007

(Expressed in Million of Rupiah, Except Otherwise Stated)

- PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement established the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. This standard provides for the definitions and characteristics of derivative, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others. PSAK No. 55 (Revised 2006) supersedes PSAK No. 55, "Accounting for Derivative Instruments and Hedging Activities" and is applied prospectively for financial statements covering the periods beginning on or after January 1, 2009. Earlier application is permitted and should be disclosed.
- PSAK No. 16 (Revised 2007), "Fixed Assets" prescribes the accounting treatment for property, plant and equipment to enable the financial statements users to discern information about an entity's investment in its property, plant and equipment and the changes in such investment. This standard provides, among others, for the recognition of the assets, determination of their carrying amounts and related depreciation and impairment losses. Under this standard, an entity shall choose between the cost model or revaluation model as the accounting policy for its property, plant and equipment. This revised standard supersedes PSAK No. 16 (1994), "Fixed Assets and Other Assets" and PSAK No. 17 (1994), "Accounting for Depreciation" and is effective for the preparation and presentation of financial statements beginning on or after January 1, 2008.
- PSAK No. 30 (Revised 2007) "Leases" prescribes for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases. This standard provides for the classification of leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee, and the substance of the transaction rather than the form of the contract. This revised standard supersedes PSAK No. 30 (1990), "Accounting for Leases" and is effective for financial statements beginning on or after January 1, 2008.

The Company and Subsidiaries are presently evaluating and have not determined the effects of these revised PSAK on their Consolidated Financial Statements.