

PT BISI International Tbk and subsidiaries

Consolidated financial statements
with independent auditors' report
years ended December 31, 2009 and 2008

These consolidated financial statements are originally issued in Indonesian language.

**PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2009 AND 2008**

Table of Contents

	Page
Independent Auditors' Report	
Consolidated Balance Sheets.....	1-2
Consolidated Statements of Income.....	3
Consolidated Statements of Changes in Equity.....	4
Consolidated Statements of Cash Flows.....	5-6
Notes to the Consolidated Financial Statements.....	7-40

This report is originally issued in Indonesian language.

Independent Auditors' Report

Report No. RPC-11160

The Shareholders, Boards of Commissioners and Directors PT BISI International Tbk

We have audited the consolidated balance sheets of PT BISI International Tbk (the "Company") and Subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT BISI International Tbk and Subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles in Indonesia.

Purwantono, Sarwoko & Sandjaja



Peter Surja
Public Accountant License No. 05.1.0976

March 23, 2010

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

These consolidated financial statements are originally issued in Indonesian language.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2009 and 2008
(Expressed in Million Rupiah, Except Par Value per Share)

	Notes	2009	2008
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	2n,4,24	7,748	16,192
Accounts receivable	2c,5,8,12,24		
Trade	2n		
Third parties - net of allowance for doubtful accounts of Rp6,126 in 2009 and Rp12,736 in 2008		471,112	849,127
Related parties	2d,23a	12,412	28,514
Others - third parties - net of allowance for doubtful accounts of Rp860 in 2009		1,653	858
Inventories - net of allowance for decline in value of inventories of Rp7,666 in 2009 and Rp3,070 in 2008	2f,6,8,12	535,996	444,052
Advances		6,229	14,401
Prepaid tax and expenses	2g	7,471	14,851
Total Current Assets		1,042,621	1,367,995
NON-CURRENT ASSETS			
Deferred tax assets - net	2o,11	6,431	7,446
Property, plant and equipment - net of accumulated depreciation of Rp81,830 in 2009 and Rp61,639 in 2008	2h,2i,2j,7,8,12,13	272,579	271,025
Claims for tax refund	2o,11	82,881	9,458
Deferred charges - net	2h	3,125	2,571
Other assets - net		4,438	4,482
Total Non-Current Assets		369,454	294,982
TOTAL ASSETS		1,412,075	1,662,977

The accompanying notes form an integral part of these consolidated financial statements.

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PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2009 and 2008
(Expressed in Million Rupiah, Except Par Value per Share)

	Notes	2009	2008
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	8,12	151,080	320,137
Accounts payable	2n,24		
Trade	9		
Third parties		76,887	94,692
Related party	2d,23b	24,719	13,442
Others - third parties	10,24,25c	32,568	87,940
Taxes payable	2o,11	15,226	113,227
Accrued expenses		15,660	25,303
Current portion of long-term liabilities			
Finance lease payables	2d,2i,13,23c	2,276	2,224
Bank loan	8,12	-	2,500
Total Current Liabilities		318,416	659,465
NON-CURRENT LIABILITIES			
Due to related parties	2d,23c,25d	33	388
Finance lease payables - net of current portion	2d,2i,13,23c	2,687	4,902
Estimated liability for employees' benefits	2l,14	26,075	22,294
Total Non-Current Liabilities		28,795	27,584
Total Liabilities		347,211	687,049
MINORITY INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES	2b	48,071	34,915
EQUITY			
Share capital - Rp100 par value per share			
Authorized - 4,000,000,000 shares			
Issued and fully paid - 3,000,000,000 shares	15	300,000	300,000
Additional paid-in capital	16	86,395	86,395
Difference in value of restructuring transaction of entities under common control	2e	5,863	5,863
Other equity	2e,3	(1,410)	(1,410)
Retained earnings	17		
Appropriated		2,000	1,000
Unappropriated		623,945	549,165
Total Equity		1,016,793	941,013
TOTAL LIABILITIES AND EQUITY		1,412,075	1,662,977

The accompanying notes form an integral part of these consolidated financial statements.

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PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah, Except Basic Earnings per Share)

	Notes	2009	2008
NET SALES	2d,2k, 18,23a,25a, 25b,26	782,125	1,627,821
COST OF GOODS SOLD	2d,2k,2m,7, 19,23b,25a	440,540	798,676
GROSS PROFIT	26	341,585	829,145
OPERATING EXPENSES	2k,7,20,26		
Selling		112,146	123,709
General and administrative	2c,2d,14, 25c,25d	54,889	131,158
Total Operating Expenses		167,035	254,867
INCOME FROM OPERATIONS		174,550	574,278
OTHER INCOME (CHARGES)	26,2k		
Financing cost	2d,21,23c	(49,511)	(25,947)
Tax penalties	11	(6,290)	(1,989)
Loss on sale of salvage seeds - net		(5,522)	(16,403)
Interest income		937	885
Gain (loss) on foreign exchange - net	2n,24	4,512	(2,439)
Others - net	7b	9,169	4,942
Other Charges - net		(46,705)	(40,951)
INCOME BEFORE INCOME TAX		127,845	533,327
INCOME TAX	2o,11		
Current		37,894	151,921
Deferred		1,015	(3,367)
Income Tax Expense - net		38,909	148,554
INCOME BEFORE MINORITY INTERESTS IN NET LOSS (INCOME) OF CONSOLIDATED SUBSIDIARIES		88,936	384,773
MINORITY INTERESTS IN NET LOSS (INCOME) OF CONSOLIDATED SUBSIDIARIES	2b	(13,156)	13,628
NET INCOME		75,780	398,401
BASIC EARNINGS PER SHARE	2p,22	25	133

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PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah)

	Notes	Share Capital - Issued and Fully Paid	Additional Paid-in Capital	Revaluation Increment in Property, Plant and Equipment	Difference in value of Restructuring Transactions of Entities Under Common Control	Other Equity	Retained Earnings		Total Equity
							Appropriated	Unappropriated	
Balance, January 1, 2008		300,000	86,395	1	5,863	-	-	151,763	544,022
Adjustment to implementation of PSAK No.16 (Revised 2007)	2h,7f	-	-	(1)	-	-	-	1	-
Effect of change in the equity of subsidiaries arising from restructuring transaction of entities under common control	2e,3	-	-	-	-	(1,410)	-	-	(1,410)
Appropriation for general reserve	17	-	-	-	-	-	1,000	(1,000)	-
Net income during the year		-	-	-	-	-	-	398,401	398,401
Balance, December 31, 2008		300,000	86,395	-	5,863	(1,410)	1,000	549,165	941,013
Appropriation for general reserve	17	-	-	-	-	-	1,000	(1,000)	-
Net income during the year		-	-	-	-	-	-	75,780	75,780
Balance, December 31, 2009		300,000	86,395	-	5,863	(1,410)	2,000	623,945	1,016,793

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PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah)

	Notes	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		1,176,937	1,030,669
Cash payments to suppliers and employees		(740,250)	(997,575)
Cash provided by operating activities		436,687	33,094
Cash receipts from (payments for):			
Corporate income tax	11	(201,802)	(109,003)
Financing cost	21	(49,511)	(27,274)
Claims for tax refund		8,920	-
Interest income		937	885
Other operating activities		(8,170)	(17,556)
Net Cash Provided by (Used in) Operating Activities		187,061	(119,854)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	7	(22,048)	(124,482)
Proceeds from sale of property, plant and equipment	7	263	270
Proceeds from sale of investment in shares of stock	1d	-	10
Net Cash Used in Investing Activities		(21,785)	(124,202)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from (payments for):			
Short-term bank loans - net	8	(169,057)	232,111
Long-term bank loan	12	(2,500)	(4,000)
Finance lease payables	13,23c	(2,163)	(2,032)
Due from related parties	23c	-	24,836
Due to related parties	23c	-	12
Proceeds from issuance of subsidiary's share capital from minority shareholder	3	-	10
Net Cash Provided by (Used in) Financing Activities		(173,720)	250,937

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PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah)

	Notes	2009	2008
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS		(8,444)	6,881
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4	16,192	9,311
CASH ON HAND AND IN BANKS AT END OF YEAR	4	7,748	16,192
ACTIVITIES NOT AFFECTING CASH FLOWS:			
Capitalization of interest into property, plant and equipment	2h,7d	-	1,327

The accompanying notes form an integral part of these consolidated financial statements.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless 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 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 related 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 have been amended several times, the latest amendment of which was based on Notarial Deed No. 97 dated June 30, 2008 of SP Henry Singgih, S.H., notary in Jakarta, regarding compliance with stipulation Law No. 40 year 2007 on "Corporate Law" and with rule No. IX.J.1, Supplement from BAPEPAM-LK Decree No. Kep-179/BL/2008 dated May 14, 2008 on "Articles of Association of Companies Conducting Public Offerings and Public Companies". The latest amendments of the Articles of Association were approved by the Ministry of Justice and Human Rights in its Decision Letter No. AHU-66444.AH.01.02.TH.2008 dated September 19, 2008.

The Company obtained the 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 a Foreign Capital Investment Company in relation to 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 focusing on seeding and trading of corn, vegetable and paddy seeds. The Company and Subsidiary launched high-yielding varieties of seeds such as corn seeds consisting of *BISI-2*, *BISI-12* and *BISI-16*; vegetable seeds of *Timun Hercules* and *Melon Action*; and paddy seeds of *Intani-2*. In 2009, the Company launched *BISI-816* corn-seed. The Company's head office is located at Jl. Surabaya Mojokerto Km. 19, Sidoarjo, and its warehouse is located in Pare, Kediri. The Company has cooperation agreements with various farmers whereby the farmers supply the Company's needs for commercial seeds. In return, the Company provides foundation seeds to be planted by the farmers to become commercial seeds (Note 25a).

The Company belongs to the Charoen Pokphand group of companies.

b. Company's Public Offering

On May 11, 2007, the Company received the effective statement from the Chairman of the Capital Market and Financial Institution Supervisory Agency (BAPEPAM-LK) in its Decision Letter No. S-2238/BL/2007 to offer 900,000,000 shares to the public with a par value of Rp100 (full amount) per share through the Indonesia Stock Exchange (IDX) at an initial public offering price of Rp200 (full amount) per share. All the Company's issued and paid share capital of 3,000,000,000 shares are listed in IDX.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

1. GENERAL (continued)

c. Employees, Directors and Commissioners

As of December 31 2009, the composition of the Company's boards of commissioners and directors as appointed in the Annual Shareholders' General Meeting held on June 2, 2009, the minutes of which were notarized under Deed No. 4 on the same date of SP. Henny Singgih, S.H., notary in Jakarta, is as follows:

Board of Commissioners		Board of Directors	
President Commissioner	- Jialipto Jiaravanon	President Director	- Jemmy Eka Putra
Commissioner	- Tjiu Thomas Effendy	Director	- Sunardi Mukadas Sastrodimoyo
Independent Commissioner	- Burhan Hidayat	Director	- Setiadi Setiokusumo
		Director	- Menas Tjionger's
		Director	- Putu Darsana

As of December 31 2008, the composition of the Company's boards of commissioners and directors as appointed in the Annual Shareholders' General Meeting held on June 30, 2008, the minutes of which were notarized under Deed No. 95 on the same date of SP. Henny Singgih, S.H., and in the Extraordinary Shareholders' General Meeting held on December 28, 2006, the minutes of which were notarized under Deed No. 5 dated December 29, 2006 of Rachmad Umar, S.H., is as follows:

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

As of December 31, 2009 and 2008, the composition of the Company's audit committee as appointed in the board of commissioners' meeting held on February 15, 2007 is as follows:

Chairman	- Burhan Hidayat
Member	- Robert Soemenap
Member	- Haryjanto Sutrisno

Salaries and other compensation benefits incurred for the Company and Subsidiaries' commissioners and directors amounted to Rp7,758 in 2009 and Rp10,893 in 2008.

The Company and Subsidiaries had 567 and 550 permanent employees on December 31, 2009 and 2008, respectively (unaudited).

d. Group Structure

The consolidated financial statements include the accounts of the Company and Subsidiaries, which are more than 50% owned, as follows:

Subsidiaries	Principal Activity	Domicile	Start of Operations	Percentage of Ownership	Total Assets (In million rupiah)	
					2009	2008
PT Tanindo Subur Prima (TSP)	Fertilizer, pesticide and seeds trading	Sidoarjo	1987	54.20%	191,166	448,775
PT Multi Sarana Indotani (MSI)	Manufacturing pesticide	Mojokerto	2005	99.91%	109,678	97,747
PT Tanindo Intertraco (TINCO)	Fertilizer, pesticide and seeds trading	Sidoarjo	2008	99.96%	748,545	868,214

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

1. GENERAL (continued)

d. Group Structure (continued)

The Company established TINCO (Note 3) in April 2008 with 99.96% equity ownership and fully paid-up capital amounting to Rp25,000.

On January 14, 2008, the Company sold 9,999 shares representing 0.09% ownership in MSI to PT Agrindo Pratama, a shareholder, at Rp1,000 (full amount) per share or totalling Rp10. This transaction was conducted to comply with the requirement of the Capital Investment Coordinating Board that a local shareholder should own shares of stock of at least Rp10 in a company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation of the Financial Statements

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Indonesia, which are the Statements of Financial Accounting Standards ("SFAS") and BAPEPAM-LK regulations.

The consolidated financial statements are prepared on an accrual basis using the historical cost method, except for inventories which are carried at the lower of cost or net realizable values.

The consolidated statements of cash flows classify receipts and payments of cash on hand and in banks into operating, investing and financing activities using the direct method.

The reporting currency used in the preparation of the consolidated financial statements is the Indonesian rupiah.

b. Principle 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 reflected in "Minority Interests in Net Assets of Consolidated Subsidiaries" in the consolidated balance sheets.

c. Allowance for Doubtful Accounts

Allowance for doubtful accounts receivable is determined through a review of the possibility of uncollectible from the individual receivable at the end of the year.

d. Transactions with Related Parties

The Company and Subsidiaries have transactions with certain parties, which constitute related party relationships as defined under SFAS 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 THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Restructuring Transactions of Entities under Common Control

Restructuring transactions of entities under common control are accounted for in accordance with SFAS No. 38 (Revised 2004), "Accounting for Restructuring of Entities under Common Control". Under this standard, the transaction between entities under common control carried out within the framework of reorganizing the entities under the same group does not constitute a change of ownership based on the economic substance of such transactions and do not result in gain or loss to the group or to the individual entity within the same group. Further, such transactions must be recorded at book value similar to a business combination using the pooling-of-interest method. Under the pooling-of-interest method, the financial statements of the restructured company are presented as if they had been combined from the beginning of the year in which the financial statements are presented.

The difference between the transfer price and the net book value from the acquisition of subsidiaries arising from a restructuring transaction between entities under common control is presented as "Difference in Value of Restructuring Transaction of Entities under Common Control" in the equity section.

The change in the equity of subsidiaries arising from transactions under common control is debited in the "Other Equity" account as part of equity in the consolidated balance sheets.

f. Inventories

Effective January 1, 2009, the Company and Subsidiaries applied SFAS No. 14 (Revised 2008), "Inventories", which supersedes SFAS No. 14 (Revised 1994), "Inventories". The adoption of this revised SFAS did not have a significant effect on these consolidated financial statements.

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the moving-average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale. Allowance for inventory obsolescence and losses is provided on the basis of 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 the "Non Current Assets - Other Assets - net" account in the consolidated balance sheets.

h. Property, Plant and Equipment

Direct Ownership

Effective January 1, 2008, the Company and Subsidiaries have applied SFAS No. 16 (Revised 2007), "Fixed Assets", which supersedes SFAS No. 16 (1994), "Fixed Assets and Other Assets", and SFAS No. 17 (1994), "Accounting for Depreciation", whereby the Company and Subsidiaries have chosen the cost model. Accordingly, the Company's previous revalued amount of property, plant and equipment before the application of SFAS No. 16 (Revised 2007), was considered a deemed cost and the related revaluation increment in property, plant and equipment as presented in the equity section of the 2007 consolidated balance sheet was prospectively reclassified to consolidated retained earnings in 2008.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Property, Plant and Equipment (continued)

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred.

Borrowing costs that are directly attributable to the acquisition of the qualifying asset are capitalized as part of the acquisition cost of the qualifying asset until the qualifying asset is ready to use as long as the related net book value of such asset does not exceed the recoverable amount or the net realizable value.

Depreciation is calculated on a straight-line basis, after taking into account salvage values at 10% of carrying values (except for building and land improvements, which have no salvage value), over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings and electrical installation	20
Machinery and equipment	5 and 12
Building and land improvements, transportation equipment, and furniture, fixtures and office equipment	5

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted prospectively if appropriate, at each financial year end.

Specific costs associated with the acquisition or renewal of legal titles of the land are deferred and amortized over the legal terms of the related landrights or the economic life of the land, whichever period is shorter. The deferred charge is presented as part of "Deferred Charges - net" in the consolidated balance sheets.

Constructions in Progress

Constructions in progress are 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 asset is ready for its intended use.

i. Lease

Leases that transfer substantially to the lessee all the risks and rewards incidental to ownership of the leased item are classified as finance leases; in contrast, leases which do not transfer substantially all the risks and rewards incidental to ownership of the leased item are classified as operating leases.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Lease (continued)

Under a finance lease, the Company and Subsidiaries recognize assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. Finance charges are reflected in profit and loss. Leased assets (presented under the account of property, plant and equipment) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Company and Subsidiaries will obtain ownership by the end of the lease term.

Under an operating lease, the Company and Subsidiaries recognize lease payments as an expense on a straight-line basis over the lease term.

j. Impairment of Asset Value

The Company and Subsidiaries conduct an evaluation to determine whether there is an indication for events or changes in circumstance that may indicate that its carrying amounts may not be fully recovered at each reporting date. 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 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, pesticides and fertilizers are recognized upon delivery of the goods to the customers while revenue from export sales is recognized upon shipment of the goods to the customers (f.o.b. shipping point). Income from sales of salvage seeds and other products are recorded net of the related expenses incurred, and presented in the "Other Income (Charges)" account. Expenses are recognized when incurred.

l. Estimated Liability for Employees' Benefits

The Company and Subsidiaries recognize estimated liability for employees' benefits in accordance with Labor Law No. 13/2003 dated March 25, 2003 ("Labor Law No. 13/2003") under SFAS 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 Labor Law No. 13/2003 are met.

Under SFAS No. 24 (Revised 2004), 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 exceed 10% of the current defined benefit obligation at that 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.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Research and Development Cost

Research and development cost are charged as expense 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 reliably measure the expenditure attributable to the intangible asset during its development.

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 balance sheet date, monetary assets and liabilities denominated in foreign currency are adjusted to Rupiah at rates of exchange at such date. The resulting gains or losses are credited or charged to operations of the current year.

As of December 31, 2009 and 2008, the exchange rates used were Rp9,400 (full amount) and Rp10,950 (full amount) per US\$1, respectively.

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 is calculated at the tax rates that have been enacted or substantively enacted at consolidated balance sheet date. Changes in the carrying amount of deferred tax assets and liabilities owing to a change in tax rates is charged to current year operations, except to the extent that it relates to items previously charged or credited to equity.

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.

p. Basic Earnings per Share

Basic earnings per share is computed by dividing the consolidated net income for the year with the weighted-average number of shares outstanding during the year.

q. Segment Information

The Company and Subsidiaries classify their segment reporting as follows:

- (i) Business segment (primary), which is classified on the basis of products produced consisting of corn seeds, vegetables seeds, paddy seeds, pesticides, and other products (fertilizer and production tools);
- (ii) Geographical segment (secondary), which is classified on the basis of customer locations, which are in Java, Sumatera, Sulawesi, Kalimantan and overseas.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in Indonesia requires the management of the Company and Subsidiaries to make estimations and assumptions that affect amounts reported therein. Owing to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts that differ from those estimates.

3. BUSINESS REORGANIZATION

In May 2008, the Company announced to the public the plan of PT Tanindo Intertraco (TINCO), a subsidiary, to purchase certain assets owned by PT Tanindo Subur Prima (TSP), another subsidiary, in relation to the plan of the Company to restructure the distribution business of the Company and PT Multi Sarana Indotani, another subsidiary, from TSP to TINCO. Subsequently, TSP will only focus on the distribution of imported products from Chia Tai Seeds Co. Ltd., Thailand, a related party.

In the Second Extraordinary Shareholders' General Meeting of the Company held on July 21, 2008, the minutes of which were notarized under Deed No. 57 on the same date of SP Henny Singgih, S.H., the shareholders approved TINCO's plan to purchase certain assets from TSP.

On September 1, 2008, TSP and TINCO entered into a Transfer Agreement, whereby TSP agreed to transfer certain property and equipment and employees to TINCO under the following terms and conditions:

- (a) The effective date of the transfer of certain property and equipment and employees was September 1, 2008.
- (b) The transfer price of the property and equipment was to be based on the market value as of December 31, 2007 as appraised by PT Actual Kencana Appraisal, an independent appraiser, in its report dated May 22, 2008.
- (c) The related estimated liability for employees' benefits of the transferred employees was to be based on an independent actuarial calculation.

The values of transferred assets and liability from TSP to TINCO as of September 1, 2008 are as follows:

	<u>Transfer Price</u>	<u>Net Book Value</u>
Assets		
Property and equipment	18,534	9,862
Deferred tax assets	1,959	1,959
Liability		
Estimated liability for employee service entitlements	(6,531)	(6,531)
Net value of transferred assets	<u>13,962</u>	<u>5,290</u>

The estimated liability for employees' benefits of the transferred employees was based on an actuarial calculation performed by PT Eldrige Gunaprima Solution, an independent actuary, in its report dated February 25, 2009.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

3. BUSINESS REORGANIZATION (continued)

The above transactions were accounted for in accordance with SFAS No. 38 (Revised 2004), "Accounting for Restructuring of Entities Under Common Control" by TSP and TINCO since the above entities were considered common control entities. The related current and deferred taxes on these restructuring transactions of entities under common control were directly charged to equity of Subsidiary at Rp2,293 and Rp308, respectively. The effect of the change in equity of Subsidiaries arising from the restructuring transaction of entities under common control in the Company amounting to Rp1,410 was directly debited to the "Other Equity" account as part of equity.

4. CASH ON HAND AND IN BANKS

This account consists of:

	2009	2008
Cash on hand	170	375
Cash in banks - third parties		
Rupiah		
PT Bank Central Asia Tbk	4,233	11,236
PT Bank Danamon Indonesia Tbk	911	1,390
PT Bank CIMB Niaga Tbk	286	393
Citibank N.A., Jakarta	273	534
Others	162	118
US Dollar (Note 24)		
Citibank N.A., Jakarta (US\$182,193 in 2009 and US\$179,899 in 2008)	1,713	1,970
PT Bank Central Asia Tbk (US\$16,130 in 2008)	-	176
Total	7,748	16,192

5. ACCOUNTS RECEIVABLE - TRADE

This account consists of:

	2009	2008
Third Parties:		
Contract grower receivables	2,086	2,251
Non-contract grower receivables		
PT Sang Hyang Seri (Persero)	60,873	78,246
PT Pertani (Persero)	36,368	183,298
Toko Tani Takalar	30,280	36,547
Toko Santoso	26,591	34,190
Toko Lestari Tani	21,021	18,780
Toko Taruna Jaya	18,615	14,569
PT Karisma Indoargo Universal	17,988	10,003
Toko Dharma Tani	15,326	11,792
Toko Tunggal Sarasa	10,293	21,084
Toko Tololo Mulia Pinrang	1,824	29,407
Toko Tani Jaya Unggul	536	19,742
Others (below Rp15,000 each)	235,437	401,954
Total	477,238	861,863
Allowance for doubtful accounts	(6,126)	(12,736)

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

5. ACCOUNTS RECEIVABLE - TRADE (continued)

	2009	2008
Third parties - net	471,112	849,127
Related Parties (Note 23a)	12,412	28,514

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

	2009	2008
Receivables - third parties:		
Less than 31 days	115,805	245,802
31 - 60 days	72,851	121,036
61 - 90 days	51,818	57,797
91 - 180 days	77,038	402,614
More than 180 days	159,726	34,614
Total	477,238	861,863
Allowance for doubtful accounts	(6,126)	(12,736)
Net	471,112	849,127
Related parties:		
Less than 31 days	723	10,941
31 - 60 days	1,270	1,104
61 - 90 days	111	583
91 - 180 days	3,942	7,628
More than 180 days	6,366	8,258
Total	12,412	28,514

The movement of allowance for doubtful accounts is as follows:

	2009	2008
Beginning balance	12,736	217
Provision during the year	-	12,730
Write-off of receivables	(42)	(211)
Reversals of allowance	(6,568)	-
Ending balance	6,126	12,736

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

The above receivables include receivables in foreign currency amounting to US\$427,146 (equivalent to Rp4,015) as of December 31, 2009 and US\$820,085 (equivalent to Rp8,980) as of December 31, 2008 (Note 24).

As of December 31, 2009 and 2008, certain receivables amounting to Rp155,000 and Rp124,000, respectively, are used as collateral for bank loans obtained from PT Bank Rakyat Indonesia (Persero) Tbk (Notes 8 and 12).

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

6. INVENTORIES - NET

Inventories consist of:

	2009	2008
<u>Finished goods:</u>		
Corn seeds	135,972	17,619
Vegetable seeds	33,129	29,835
Paddy seeds	12,798	6,753
Pesticides	60,538	76,134
Others	9,942	18,822
Total finished goods	<u>252,379</u>	<u>149,163</u>
<u>Work-in-process:</u>		
Corn seeds	173,211	190,537
Vegetable seeds	58,697	40,857
Paddy seeds	31,239	1,708
Pesticides	283	1,562
Others	79	31
Total work-in-process	<u>263,509</u>	<u>234,695</u>
Raw materials	2,914	28,064
Inventories in transit	22	249
Packaging	12,268	13,828
Others	12,570	21,123
Total	543,662	447,122
Allowance for decline in value of inventories	(7,666)	(3,070)
Net	<u>535,996</u>	<u>444,052</u>

The movement of allowance for decline in value is as follows:

	2009	2008
Beginning balance	3,070	872
Provision during the year	5,600	3,070
Write-off	(1,004)	(872)
Ending balance	<u>7,666</u>	<u>3,070</u>

Based on the review of the condition of the inventories at the end of the year, the Company and Subsidiaries' management believes that the allowance for decline in value of inventories is sufficient to cover possible decline in the value of inventories.

As of December 31, 2009 and 2008, inventories (except for inventories in transit) are covered by insurance against losses from damage, natural disaster, fire and other risks under blanket policies amounting to Rp296,402 and Rp308,982, respectively. The management believes that the insurance coverage is sufficient to cover possible losses arising from such risks.

As of December 31, 2009 and 2008, inventories of Rp145,000 and Rp134,000, respectively, are used as collateral for bank loans obtained from PT Bank Rakyat Indonesia (Persero) Tbk (Notes 8 and 12).

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

7. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment consist of:

	2009				
	Beginning Balance	Additions	Reclassifications	Deductions	Ending Balance
Cost					
Direct Cost					
Land	57,673	160	2,638	-	60,471
Buildings	64,709	89	29,566	-	94,364
Building and land improvements	11,949	119	5,441	-	17,509
Machinery and equipment	83,937	2,969	22,011	1	108,916
Transportation equipment	18,838	265	944	284	19,763
Furniture, fixtures and office equipment	16,067	900	-	18	16,949
Electrical installation	7,669	2,290	4,476	-	14,435
Total	260,842	6,792	65,076	303	332,407
Leased Assets					
Transportation equipment	11,258	-	(944)	-	10,314
Construction in Progress					
Building and land improvements	37,947	10,404	(37,645)	-	10,706
Machinery and equipment	22,617	4,852	(26,487)	-	982
Total	60,564	15,256	(64,132)	-	11,688
Total Cost	332,664	22,048	-	303	354,409
Accumulated Depreciation					
Direct Ownership					
Buildings	10,392	3,666	-	-	14,058
Building and land improvements	7,752	2,082	-	-	9,834
Machinery and equipment	16,507	8,975	-	1	25,481
Transportation equipment	11,814	1,558	850	256	13,966
Furniture, fixtures and office equipment	9,485	1,565	-	11	11,039
Electrical installation	807	649	-	-	1,456
Total	56,757	18,495	850	268	75,834
Leased Assets					
Transportation equipment	4,882	1,964	(850)	-	5,996
Total Accumulated Depreciation	61,639	20,459	-	268	81,830
Net Book Value	271,025				272,579
2008					
	Beginning Balance	Additions	Reclassifications	Deductions	Ending Balance
Cost					
Direct Cost					
Land	35,011	850	21,812	-	57,673
Buildings	43,421	2,873	18,456	41	64,709
Building and land improvements	10,317	1,092	540	-	11,949
Machinery and equipment	40,197	2,304	41,474	38	83,937
Transportation equipment	11,258	5,021	2,812	253	18,838
Furniture, fixtures and office equipment	13,622	2,454	-	9	16,067
Electrical installation	3,473	4,196	-	-	7,669
Total	157,299	18,790	85,094	341	260,842

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

The details of property, plant and equipment consist of: (continued)

	2008 (continued)				Ending Balance
	Beginning Balance	Additions	Reclassifications	Deductions	
Leased Assets					
Transportation equipment	14,070	-	(2,812)	-	11,258
Construction in Progress					
Land	11,194	10,618	(21,812)	-	-
Building and land improvements	14,455	42,488	(18,996)	-	37,947
Machinery and equipment	10,178	53,913	(41,474)	-	22,617
Total	35,827	107,019	(82,282)	-	60,564
Total Cost	207,196	125,809	-	341	332,664
Accumulated Depreciation					
Direct Ownership					
Buildings	8,613	1,795	-	16	10,392
Building and land improvements	5,946	1,806	-	-	7,752
Machinery and equipment	11,469	5,072	-	34	16,507
Transportation equipment	8,844	514	2,682	226	11,814
Furniture, fixtures and office equipment	7,853	1,640	-	8	9,485
Electrical installation	470	337	-	-	807
Total	43,195	11,164	2,682	284	56,757
Leased Assets					
Transportation equipment	4,722	2,842	(2,682)	-	4,882
Total Accumulated Depreciation	47,917	14,006	-	284	61,639
Net Book Value	159,279				271,025

(a) Depreciation was charged as follows:

	2009	2008
Cost of goods sold (Note 19)	15,719	9,256
Selling expenses (Note 20)	3,779	4,083
General and administrative expenses (Note 20)	961	667
Total	20,459	14,006

(b) The computation of gain on sale of property, plant and equipment - net is as follows:

	2009	2008
Proceeds from sale	263	270
Net book value	35	57
Gain on sale of property and equipment - net	228	213

Gain on sale of property and equipment is presented as part of the "Other Income (Charges) - Others - net" account.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

- (c) In 2009, additions in construction in progress mainly represent additions related to cold room, research and development (laboratory) facilities and office building. From the financial point of view, the percentage of completion of the construction in progress as of December 31, 2009 ranges from 90% to 95%.
- (d) Total borrowing costs capitalized to land, buildings and machinery and equipment amounted to Rp252, Rp588 and Rp487, respectively, in 2008.
- (e) The management believes that there is no impairment of asset value of the Company and Subsidiaries' property, plant and equipment as of December 31, 2009.
- (f) In 1997, the Company revalued its property, plant and equipment and obtained the approval for this revaluation from the Directorate General of Taxation. The resulting revaluation increment amounting to Rp1 (net of Rp2.1 billion representing distribution of shares through capitalization of revaluation increment in property, plant and equipment in 2000) was presented in the "Revaluation Increment in Property, Plant and Equipment" account in the equity section. As disclosed in Note 2h to the consolidated financial statements, the Company and Subsidiaries have chosen the cost model as the accounting policy for the measurement of its property, plant and equipment in accordance with SFAS No. 16 (Revised 2007), "Fixed Assets", and prospectively reclassified the balance of revaluation increment in property, plant and equipment amounting to Rp1 as presented in the equity section to the 2008 retained earnings.
- (g) As of December 31, 2009 and 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 amounting to US\$17,064,423 (equivalent to Rp160,406) and US\$11,619,255 (equivalent to Rp127,231), respectively, from the consortium of insurance companies led by PT Asuransi AIU Indonesia. The management believes that the insurance coverage is sufficient to cover possible losses arising from such risks.
- (h) Land owned by the Company and Subsidiaries is located in certain cities in Indonesia under Rights of Building (HGB) and Used Rights of Building with total area of 1,685,619 square meters. The related landrights will expire on various dates between 2016 and 2036. The management believes that these rights can be renewed upon their expiry.
- (i) As of December 31, 2009 and 2008, property, plant and equipment with net book value of Rp87,892 and Rp114,083, respectively, are used to secure the bank loans obtained from PT Bank Rakyat Indonesia (Persero) Tbk with a collateral value of Rp158,366 (Notes 8 and 12).
- (j) Leased assets are pledged as collateral to finance lease liabilities (Note 13).

8. SHORT-TERM BANK LOANS

This account represents working capital loans obtained from PT Bank Rakyat Indonesia (Persero) Tbk (BRI) with details as follows:

	2009	2008
Company	120,527	244,623
Subsidiaries		
PT Multi Sarana Indotani	29,038	39,775
PT Tanindo Intertraco	1,464	-
PT Tanindo Subur Prima	51	35,739
Total	151,080	320,137

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

8. SHORT-TERM BANK LOANS (continued)

The Company and MSI had credit facilities with maximum credit limits amounting to Rp250,000 and Rp40,000 in 2009 and 2008, respectively. TSP had a credit facility with a maximum credit limit of Rp60,000 in 2008. In connection with the transfer of BISI and MSI's products distribution from TSP to TINCO (Note 3), TSP has sent a letter dated March 10, 2009 to BRI requesting that the credit facility granted to TSP be also utilizable by TINCO without encumbrance of TINCO on TSP's collateral ("*roya-pasang*"). Based on an Addendum Loan Agreement with "Delegatie" scheme dated October 8, 2009, BRI agreed to split the credit facility between TSP and TINCO at Rp10,000 and Rp50,000, respectively.

The credit facilities are available and the related loans are payable at the same time within one year. These loans bear annual interest ranging from 14.0% to 15.0% in 2009 and from 11.0% to 14.0% in 2008. The loans of the Company, TINCO and TSP matured on December 17, 2009, and MSI's loan matured on December 20, 2009. On March 9, 2010, the Company and MSI obtained the renewal of their loan facilities until December 17, 2010 and December 20, 2010, respectively. As of March 23, 2010, TINCO and TSP are still requesting renewal of their respective loan facilities.

As of December 31, 2009 and 2008, the above loans and the investment loan (Note 12) obtained from the same bank are secured by trade receivables (Note 5), inventories (Note 6) and certain plant, property and equipment (Note 7) owned by the Company and Subsidiaries.

The related loan agreements impose several restrictions on the Company and Subsidiaries in terms of not entering into transactions, such as the following without prior written consent from BRI:

- give loans other than balances arising from the Company's main line of business with third parties
- give loans to other companies in the Charoen Pokphand group exceeding 20% of share capital
- changing the shareholder structure so that the Charoen Pokphand group is no longer the majority shareholder
- merging or declaring dissolution
- investing in other companies with total investment exceeding 20% of share capital
- giving any guarantees or assets to other parties outside the Charoen Pokphand group in excess of 20% of share capital
- giving loans to shareholders in excess 20% of share capital
- making payment of shareholder's loans totalling (as accumulated during one accounting period) more than 20% of shareholders' equity
- declaring dividends in excess of current net income or paying dividends that may result in the Debt to Equity Ratio exceeding 2.33 : 1.

In addition, MSI should obtain written consent from BRI for sales of assets exceeding Rp5,000 and should maintain a current assets to current liabilities ratio of at least 125%.

As of December 31, 2009, the Company and Subsidiaries have complied with all the requirements and restrictions in accordance with the bank loan covenants.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

9. ACCOUNTS PAYABLE - TRADE

The details of accounts payable - trade are as follows:

	<u>2009</u>	<u>2008</u>
Third Parties:		
Farmers	61,402	89,842
Agronature Co. Ltd., China	8,319	2,146
Hubei Sanonda Co. Ltd., China	5,502	345
Others (below Rp2,000 each)	1,664	2,359
Total	<u>76,887</u>	<u>94,692</u>
Related Party (Note 23b)	<u>24,719</u>	<u>13,442</u>

The above payables include payables in foreign currencies amounting to US\$4,264,908 (equivalent to Rp40,090) as of December 31, 2009 and US\$1,617,493 (equivalent to Rp17,711) as of December 31, 2008 (Note 24).

10. OTHER PAYABLES - THIRD PARTIES

As of December 31, 2009 and 2008, this account mainly represents royalty payable (net-of with income tax under Article 26) to Monsanto Singapore Company (Pte) Ltd., Singapore, and Monsanto Company, United States, respectively, with outstanding balances of Rp15,598 and Rp62,269 (equivalent to US\$5,686,639), respectively (Note 25c).

11. TAXATION

a. The claims for tax refund consist of:

	<u>2009</u>	<u>2008</u>
Income tax		
Company		
Current	65,318	-
Subsidiaries		
Current	12,957	-
Prior years	-	9,142
Total	<u>78,275</u>	<u>9,142</u>
Value Added Tax		
Subsidiary		
Current	4,606	316
Total	<u>82,881</u>	<u>9,458</u>

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

11. TAXATION (continued)

b. Taxes payable consists of:

	2009	2008
Income taxes - Company		
Article 4 (2)	41	31
Article 21	579	1,621
Article 23	21	62
Article 25	3,357	26,023
Article 26	2,495	6,919
Article 29	-	41,379
Value Added Tax	2,406	6,933
Total - Company	8,899	82,968
Income taxes - Subsidiaries		
Article 4 (2)	6	9
Article 21	881	3,484
Article 23	27	53
Article 25	632	134
Article 29	2,221	24,307
Value Added Tax	561	2,272
Tax penalties	1,999	-
Total - Subsidiaries	6,327	30,259
Total	15,226	113,227

c. The income tax expense (benefit) consists of:

	2009	2008
Company		
Current	26,261	119,773
Deferred	(284)	364
Total - Company	25,977	120,137
Subsidiaries		
Current	11,633	32,148
Deferred	1,299	(3,731)
Total - Subsidiaries	12,932	28,417
Net	38,909	148,554

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

11. TAXATION (continued)

- d. The reconciliation between income before corporate income tax, as shown in the consolidated statements of income, and the taxable income for the years ended December 31, 2009 and 2008 is as follows:

	2009	2008
Income before income tax as shown in the consolidated statements of income	127,845	533,327
Addition (deduction):		
Income of Subsidiaries before income tax	(41,152)	(92,951)
Unrealized gain on sales of finished goods	22,645	39,672
Income before income tax of the Company	109,338	480,048
<u>Temporary differences:</u>		
Depreciation	(11,403)	(4,010)
Accrued expenses	6,429	-
Provision for decline in value of inventories	5,306	411
Provision for employees' benefits	1,799	1,592
Amortization of prepaid expenses	143	(193)
Finance leases	17	97
Gain on sales of property and equipment	15	12
<u>Permanent differences:</u>		
Tax penalties	2,554	1,220
Interest income already subject to final tax	(20)	(36)
Donation	-	1
Taxable Income of the Company	114,178	479,142

- e. The computation of income tax payable and claims for tax refund are as follows:

	2009	2008
Income tax - current		
Company	26,261	119,773
Subsidiaries	11,633	32,148
Total	37,894	151,921
Prepayment of income taxes		
Company	91,579	78,394
Subsidiaries	22,369	10,134
Total	113,948	88,528
Income tax payable (claims for tax refund)		
Company	(65,318)	41,379
Subsidiaries (including tax directly charged to equity amounting to Rp2,293 in 2008)	(12,957)	24,307

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

11. TAXATION (continued)

	2009	2008
Claims for tax refund (Note 11a)	(78,275)	-
Income tax payable (Note 11b)	2,221	65,686

In accordance with Ministry of Finance Rule No. 238/PMK.03/2008 (PMK No. 238/2008) dated December 30, 2008 regarding the "Guidelines on the Implementation and Supervision of Tariff Reduction for Domestic Tax Payers in the Form of Public Companies", domestic taxpayers in the form of public companies can enjoy a tax reduction of 5% below the highest income tax rate in the same manner as stated in subsection 1b of Article 17 of Law No. 7 Year 1983 regarding "Income Tax". The tariff reduction will be granted if the following criteria are met:

1. The total publicly-owned shares make up 40% or more of the total paid-up shares and such shares are owned by at least 300 (three hundred) parties,
2. Each of the above-mentioned parties owns less than 5% of the shares from the total paid-up shares,
3. The above-mentioned criteria should be fulfilled by the taxpayer within 6 (six) months in 1 (one) fiscal year.

In addition, the taxpayer should attach the Declaration Letter from the Securities Administration Agency on the Annual Income Tax Return of the Taxpayer using Form X.H.1-6 as provided in Bapepam-LK Regulation No. X.H.1 for relevant fiscal year. PMK No. 238/2008 is retroactively applicable to January 1, 2008.

On January 15, 2010 and February 25, 2009, the Company obtained the Declaration Letter from the Securities Administration Agency to comply with the above criteria; accordingly, the Company has applied the reduced tax rate in the 2009 and 2008 corporate income tax calculations.

The taxable income and income tax payable for the year ended December 31, 2008 agreed with the Annual Income Tax Return (SPT) submitted to the Tax Office. The taxable income and tax payable for the year ended December 31, 2009 will be reported in the 2009 SPT.

- f. The computation of deferred income tax is as follows:

	2009	2008
Income tax expense (benefit) - deferred (effect of temporary differences at maximum tax rate)		
Company		
Depreciation	3,193	1,203
Accrued expenses	(1,801)	-
Provision for decline in value of inventories	(1,485)	(123)
Provision for employees' benefits	(504)	(478)
Amortization of prepaid expenses	(40)	58
Finance leases	(5)	(29)
Gain on sales of property and equipment	(4)	(4)
Effect of changes in tax rates under Law No. 36/2008	362	(263)
Total	(284)	364
Subsidiaries	1,299	(3,731)
Income Tax Expense (Benefit) - Deferred - net	1,015	(3,367)

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

11. TAXATION (continued)

- g. The reconciliation between corporate income tax expense (benefit) as calculated using the tax rate applicable to the Company and Subsidiaries' income before corporate income tax and the corporate income tax expense (benefit), as shown in the consolidated statements of income for the years ended December 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Income before corporate income tax - Company	109,338	480,048
Income tax expense (at applicable fixed tax rate)	30,614	143,996
Income tax effect of permanent differences:		
Tax penalties	715	366
Interest income subject to final tax	(6)	(11)
Donation	-	1
Effect of changes in tax rates under Law No. 36/2008	362	(263)
Effect of reduction in tax rates under PMK No. 238/2008	(5,708)	(23,952)
Income tax expense per consolidated statements of income		
Company	25,977	120,137
Subsidiaries	12,932	28,417
Total	38,909	148,554

In September 2008, Law No. 7 Year 1983 regarding "Income Tax" was revised for the fourth time with Law No. 36 Year 2008 (Law No. 36/2008). The revised Law stipulates changes in the corporate tax rate from a marginal tax rate to a single rate of 28% for fiscal year 2009 and 25% for fiscal year 2010 onwards. In 2009 and 2008, the Company and Subsidiaries recorded the impact of the changes in tax rate which amounted to Rp860 and (Rp199), as part of the "Deferred Tax Expense (Benefit)" account in the consolidated statements of income.

- h. The deferred tax assets and liabilities as of December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Deferred tax assets (liabilities) - net		
Company		
Inventories	1,618	326
Prepaid expenses	(30)	(98)
Property, plant and equipment	(4,796)	(1,752)
Accrued expense	1,607	-
Finance lease payables	(44)	(10)
Estimated liability for employees' benefits	2,124	2,021
Deferred tax assets Company - net	479	487
Subsidiaries		
Deferred tax assets - net	5,952	6,959
Deferred tax assets - net	6,431	7,446

The management believes that the deferred tax assets can be fully recovered through future taxable income.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

11. TAXATION (continued)

i. Tax Assessments

Company

In 2009 and 2008, the Company received Tax Collection Letters (Surat Tagihan Pajak/STP) for income tax under Article 25 amounting to Rp2,554 and Rp1,220, respectively.

Subsidiaries

PT Tanindo Intertraco (TINCO)

In December 2009, TINCO received Assessment of Tax Underpayment (Surat Ketetapan Pajak Kurang Bayar/SKPKB) for 2008 corporate income tax. Based on this SKPKB, TINCO should pay additional 2008 corporate income tax amounting to Rp1,976 (including interest penalty of Rp1,929). TINCO also received an SKPKB and an STP for 2008 Value Added Tax (VAT) amounting to Rp23. As of December 31, 2009, TINCO recognized these tax liabilities totaling Rp1,999 in the "Taxes Payable" account in the 2009 consolidated balance sheets.

PT Tanindo Subur Prima (TSP)

In 2009, TSP received Assessment of Tax Overpayment (Surat Ketetapan Pajak Lebih Bayar/SKPLB) for 2007 corporate income tax. Based on this SKPLB, the 2007 estimated claim for tax refund of Rp6,713 was corrected to Rp6,576. TSP also received STPs and SKPKBs for 2007 and 2008 income taxes and VAT totalling Rp207.

In 2008, TSP received STPs for 2008 and 2006 VAT amounting to Rp726.

PT Multi Sarana Indotani (MSI)

In 2009, MSI received an SKPLB for 2007 corporate income tax. Based on this SKPLB, the 2007 estimated claim for tax refund of Rp2,429 was corrected to Rp2,344. MSI also received STPs for 2007 and 2008 income tax and VAT totalling Rp992. In April 2009, MSI received a 2007 corporate income tax refund amounting to Rp250 after deducting SKPKB VAT for 2005 and 2006 totalling Rp2,052 and STP for VAT of Rp42. In April 2009, MSI paid the outstanding STP on income tax and VAT for 2007 and 2008 totalling Rp950.

In 2008, MSI received SKPKBs for 2005 and 2006 VAT amounting to Rp242 and Rp3,918, respectively. As of December 31, 2008, MSI paid these SKPKBs totalling Rp316. On February 9, 2009, MSI sent objection letters to the Tax Court on these SKPKB. In 2009, MSI paid these SKPKB totalling Rp4,159 (including compensation of the 2007 corporate income tax refund). Based on Decision of Tax Court dated December 14, 2009, the VAT payables for 2005 and 2006 were corrected at Rp316 and the VAT claim for tax refund was adjusted to Rp4,606 (including interest income of Rp763). In February 2010, MSI received the cash refund of these VAT claims from the Tax Office.

In 2008, MSI received SKPKB VAT for 2004 and STP VAT for 2006 totalling Rp43.

The Company and Subsidiaries charged the differences of the 2007 corporate income tax refund and all STP and SKPKB totalling Rp6,290 (including SKPKB for 2005 and 2006 VAT charged by MSI amounting to Rp316) in 2009 and Rp1,989 in 2008 to an "Other Income (Charges) - Tax Penalties" account in the consolidated statements of income.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

12. LONG-TERM BANK LOAN

As of December 31, 2008, the outstanding loan of Rp2,500 represents an investment loan obtained by MSI from BRI with a maximum facility of Rp6,500 and available from December 20, 2005 until December 20, 2009 including a grace period of one year. This loan is payable in six semi-annual installments amounting to Rp1,000 each for the 1st to 5th installments and Rp1,500 for the 6th installment and bearing annual interest at 14.0% in 2009 and from 11.0% to 14.0% in 2008. The loan has the same limitations and collateral as the working capital loans obtained from the same bank (Note 8). This loan was settled in December 2009.

13. FINANCE 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 terms ranging from three to five years and expiring on various dates (Note 23c). Finance lease payables are secured by the fiduciary security of the related transportation (Note 7). Based on lease agreements, the Company and Subsidiaries are prohibited from selling, renting or guaranteeing this transportation and office equipment.

As of December 31, 2009 and 2008, the future minimum lease payments under these finance lease agreements are as follows:

	2009	2008
Within one year	2,767	3,066
After one year but not more than five years	2,887	5,598
Total minimum lease payments	5,654	8,664
Less interest portion	(691)	(1,538)
Present value of minimum lease payments	4,963	7,126
Current portion	(2,276)	(2,224)
Long-term liabilities	2,687	4,902

14. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS

The Company and Subsidiaries provide liabilities on the benefits of employees that reach the pensionable age of 55 in accordance with Labor Law Regulation No. 13/2003 dated March 25, 2003 ("UU No. 13/2003"). These benefits are not funded.

As of December 31, 2009 and 2008, the Company and Subsidiaries determined the estimated liability for employees' benefits based on the actuarial computations performed by PT Eldrige Gunaprima Solution, an independent actuary, based on their reports dated February 17, 2010, and February 25, 2009, respectively, using the "Projected Unit Credit" method.

Below are the basic assumptions used by the independent actuary:

	2009	2008
Discount rate	10.5% p.a.	12% p.a.
Salary (wage) increase rate	10% p.a.	10% p.a.
Pension age	55 years old	55 years old
Mortality rate	TMI table-II	CSO table-1980

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

14. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS (continued)

The employees' benefits expenses recognized in the consolidated statements of income are as follows:

	2009	2008
Current service cost	2,241	1,200
Interest expense	2,703	2,758
Amortization of non - vested past service cost	121	121
Amortization of actuarial losses (gains) - net	(181)	231
Employees' benefits expenses	4,884	4,310

The estimated liability for employees' benefits as of December 31, 2009 and 2008 are as follows:

	2009	2008
Present value of obligation	30,146	20,981
Unrecognized actuarial losses (gains)	(3,091)	2,414
Unrecognized non - vested past service cost	(980)	(1,101)
Estimated liability for employees' benefits	26,075	22,294

The movements of estimated liability for employees' benefits are as follows:

	2009	2008
Beginning balance	22,294	19,791
Provision during the year	4,884	4,310
Sub total	27,178	24,101
Payments during the year	(1,103)	(1,807)
Ending balance	26,075	22,294

15. SHARE CAPITAL

The details of share ownership as of December 31, 2009 and 2008 with a par value of Rp100 (full amount) per share are as follows:

	December 31, 2009		
	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Agrindo Pratama	930,000,000	31.00	93,000
Midsummer Limited, Seychelles	692,344,000	23.08	69,234
Public (less than 5% ownership each)	1,377,656,000	45.92	137,766
Total	3,000,000,000	100.00	300,000

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

15. SHARE CAPITAL (continued)

Shareholders	December 31, 2008		
	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Agrindo Pratama	930,000,000	31.00	93,000
Midsummer Limited, Seychelles	704,519,500	23.48	70,452
Public (less than 5% ownership each)	1,365,480,500	45.52	136,548
Total	3,000,000,000	100.00	300,000

16. ADDITIONAL PAID-IN CAPITAL

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

	2009	2008
Difference between the proceeds and the par value of share:		
Initial public offering	90,000	90,000
Issuance of new shares	78	78
Share issuance costs	(3,683)	(3,683)
Net	86,395	86,395

17. RETAINED EARNINGS

In the Annual Shareholders' General Meeting held on June 2, 2009, the minutes of which were notarized under Deed No. 4 on the same date of SP Henny Singgih, S.H., notary in Jakarta, the shareholders approved, among other things, the appropriation of the 2008 net income for general reserves of Rp1,000 and the remaining balance being declared as unappropriated retained earnings.

In the Annual Shareholders' General Meeting held on June 30, 2008, the minutes of which were notarized under Deed No. 95 on the same date of SP Henny Singgih, S.H., notary in Jakarta, the shareholders approved, among other things, the appropriation of the 2008 net income for general reserves of Rp1,000 and the remaining balance being declared as unappropriated retained earnings.

18. NET SALES

The details of net sales are as follows:

	2009	2008
<u>Commercial seeds</u>		
Corn seeds	230,956	999,930
Vegetable seeds	195,742	150,113
Paddy seeds	72,807	94,489
Total commercial seeds	499,505	1,244,532

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

18. NET SALES (continued)

	2009	2008
<u>Foundation seeds</u>		
Corn seeds	3,757	7,832
Vegetable seeds	1,018	1,158
Paddy seeds	1,994	3,238
Others	6	-
Total foundation seeds	<u>6,775</u>	<u>12,228</u>
Pesticides	245,732	349,011
Fertilizers	28,950	18,251
Others	1,163	3,799
Total	<u>782,125</u>	<u>1,627,821</u>

Customers with annual cumulative amount exceeding 10% of consolidated net sales are sales to PT Sang Hyang Seri (Persero) amounting to Rp254,539 or 33% of the 2009 consolidated net sales and sales to PT Pertani (Persero) and PT Sang Hyang Seri (Persero) amounting to Rp257,269 or 16% and Rp171,637 or 11%, respectively, of the 2008 consolidated net sales.

19. COST OF GOODS SOLD

Cost of goods sold consists of:

	2009	2008
Raw materials used	334,312	625,516
Direct labor	5,907	7,711
Factory overhead	172,734	195,298
Total manufacturing cost	<u>512,953</u>	<u>828,525</u>
Work-in-process		
Beginning balance	234,695	156,541
Ending balance	(263,509)	(234,695)
Cost of goods manufactured	<u>484,139</u>	<u>750,371</u>
Finished goods		
Beginning balance	149,163	126,392
Purchases - net	68,111	97,298
Ending balance	(252,379)	(149,163)
Cost of salvage seeds sold	<u>449,034</u>	<u>824,898</u>
	(8,494)	(26,222)
Cost of goods sold	<u>440,540</u>	<u>798,676</u>

In 2009 and 2008, there were no purchases from any suppliers with annual cumulative amounts exceeding 10% of consolidated net sales.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

20. OPERATING EXPENSES

Operating expenses consist of:

	2009	2008
<u>Selling Expenses</u>		
Selling promotion	43,672	46,045
Salaries, wages and employees' benefits	19,565	25,287
Freight out	18,771	22,633
Transportation and travelling on duty	9,403	10,507
Depreciation (Note 7)	3,779	4,083
Tax, legal, and permission	2,238	865
Insurance	2,025	955
Telecommunications	2,000	2,143
Packaging	1,790	1,772
Rent	1,327	1,234
Repair and maintenance	1,257	1,158
Office supplies	1,023	1,211
Others (below Rp1,000 each)	5,296	5,816
Total selling expenses	<u>112,146</u>	<u>123,709</u>
<u>General and Administrative Expenses</u>		
Royalty (Note 25c)	18,183	76,106
Salaries, wages and fringe benefits (Note 14)	17,498	22,075
Provision for decline in value of inventories (Note 6)	5,600	3,070
Professional fees	2,924	2,661
Bank charges	2,842	3,577
Transportation and travelling on duty	2,399	5,022
Provision for doubtful accounts (Note 5)	-	12,730
Others (below Rp1,000 each)	5,443	5,917
Total general and administrative expenses	<u>54,889</u>	<u>131,158</u>
Total operating expenses	<u>167,035</u>	<u>254,867</u>

21. FINANCING COST

This account represents financing cost in relation to:

	2009	2008
Bank loans	48,625	24,211
Finance lease payables (Note 23c)	886	1,067
Due to related party (Note 23c)	-	669
Total	<u>49,511</u>	<u>25,947</u>

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

22. BASIC EARNINGS PER SHARE

The computation of basic earnings per share in 2009 and 2008 is as follows:

	2009	2008
Consolidated net income	75,780	398,401
Weighted average outstanding shares	3,000,000,000	3,000,000,000
Basic earnings per share (full amount)	25	133

23. RELATED PARTY TRANSACTIONS

In the regular conduct of business, the Company and Subsidiaries have transactions with related parties principally comprising of sales of seeds, pesticides and fertilizers and purchases of raw materials and finished goods, which are conducted using the same prices as those with third parties as well as financial transactions. The details of the transactions are as follows:

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

	Total		Percentage to Consolidated Net Sales	
	2009	2008	2009	2008
PT Central Proteinaprima Tbk	21,051	12,335	2.69	0.76
PT Centralpertiwi Bahari	17,595	24,790	2.25	1.52
PT Java Mitra Sejahtera	2,652	17,611	0.34	1.08
Chia Tai Co. Ltd., Thailand	2,476	-	0.32	-
Others	937	2,232	0.12	0.14
Total	44,711	56,968	5.72	3.50

The balance of trade receivables from related parties as presented in the "Accounts Receivable - Trade - Related Parties" account (Note 5) is as follows:

	Total		Percentage to Consolidated Assets	
	2009	2008	2009	2008
PT Java Mitra Sejahtera	4,497	18,919	0.32	1.14
PT Central Proteinaprima Tbk	4,230	4,483	0.30	0.27
Chia Tai Co. Ltd., Thailand	1,423	-	0.10	-
PT Centralpertiwi Bahari	1,190	4,965	0.08	0.30
Others	1,072	147	0.08	0.01
Total	12,412	28,514	0.88	1.72

(b) Purchases of goods from a related party in 2009 and 2008 are as follows:

	Total		Percentage to Consolidated Net Sales	
	2009	2008	2008	2007
Chia Tai Seeds Co. Ltd., Thailand	27,532	25,847	3.52	1.59

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

24. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCY

As of December 31, 2009 and 2008, the Company and Subsidiaries have monetary assets and liabilities denominated in US Dollars, as follows:

2009	Rupiah Equivalent
Assets	
Cash on hand and in bank (US\$182,193)	1,713
Accounts receivable (US\$427,146)	4,015
Total	5,728
Liabilities	
Accounts payable (US\$4,264,908)	40,090
Monetary Liabilities - net	34,362
<hr/>	
2008	Rupiah Equivalent
Assets	
Cash on hand and in banks (US\$196,029)	2,146
Accounts receivable (US\$820,085)	8,980
Total	11,126
Liabilities	
Accounts payable (US\$1,617,493)	17,711
Other payables (US\$5,686,639)	62,269
Total	79,980
Monetary Liabilities - net	68,854

If the Company's and Subsidiaries' net monetary liabilities in US Dollars as of December 31, 2009 are reflected into Rupiah using the Bank Indonesia middle rate as of March 23, 2010, the net monetary liabilities will decrease by Rp1,027.

25. SIGNIFICANT AGREEMENTS

a. Cooperation Agreements for Production Seeds

The Company entered into cooperation agreements with various farmers on production seeds whereby the Company will sell foundation seeds and will give technical advice and supervision during the cultivation process. The farmers will bear all the production costs. The Company will buy the harvested seeds from the farmers based on the terms of the agreements. The cooperation agreements are for one period of cultivation only and are subject to renewal on a regular basis.

b. Cooperation Agreements for Production and Distribution of Commercial Seeds

In 2009 and 2008, certain Subsidiaries entered into cooperation agreements for production and distribution of commercial seeds with PT Sang Hyang Seri (Persero) (SHS) and PT Pertani (Persero) (Pertani). Based on these agreements, these Subsidiaries agreed to provide a specific variety of seeds to fulfill the volume requirements of SHS and Pertani for certain periods at agreed prices.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

25. SIGNIFICANT AGREEMENTS (continued)

c. License Agreements

The Company has a license agreement with Monsanto Company, United States of America. Based on this agreement, the Company was granted the license to produce and sell certain hybrid corn seeds in Indonesia. As compensation, the Company agreed to pay a royalty fee at a certain rate in Rupiah, which was calculated on the basis of the quantity of hybrid corn seeds sold.

Based on a Strategic License and Marketing Alliance Agreement dated September 9, 2009, Monsanto Company has assigned Monsanto Singapore Company (Pte) Ltd., Singapore, to continue the license agreement with the Company. Based on this agreement, the royalty payments are due on the 15th of February, May, August and November of each calendar year. Royalty expense (including VAT) charged to operations amounted to Rp18,183 and Rp76,106 in 2009 and 2008, respectively. On March 12, 2010, the Company fully paid the royalty payable.

d. Rental Agreements

The Company, TSP and TINCO rent their office buildings and warehouses located in Sidoarjo to PT Charoen Pokphand Indonesia Tbk (CPI), a related party, and the rental is renewable on a yearly basis. Rent expense amounted to Rp200 and Rp185, in 2009 and 2008, respectively. In January 2010, the Company and TSP agreed to extend the rental until December 31, 2010 and with TINCO until February 28, 2011 with a total rental of Rp200.

26. SEGMENT INFORMATION

Primary Segment

The Company and Subsidiaries classify their business segment reporting based on the types of products sold consisting of sales of corn, vegetable, paddy, pesticide and others (fertilizer and farming production facilities) as follows:

	2009						Consolidated
	Corns	Vegetables	Paddy	Pesticides	Others	Elimination	
Segment Sales							
External sales	234,713	196,760	74,801	245,732	30,119	-	782,125
Inter-segment sales	-	-	-	16,791	477	(17,268)	-
Total segment sales	234,713	196,760	74,801	262,523	30,596	(17,268)	782,125
Segment result	120,229	82,922	34,012	104,163	17,527	(17,268)	341,585
Operating expenses	(79,491)	(43,238)	(9,964)	(32,371)	(1,971)	-	(167,035)
Operating income	40,738	39,684	24,048	71,792	15,556	(17,268)	174,550
Other Income (charges)							
Financing cost							(49,511)
Tax penalties							(6,290)
Loss on sales of salvage seeds - net							(5,522)
Interest income							937
Gain on foreign exchange - net							4,512
Others - net							9,169
Income before corporate income tax							127,845
Income tax expense							(38,909)
Income before minority interests							88,936

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

26. SEGMENT INFORMATION (continued)

Secondary Segment

The Company and Subsidiaries classify geographical (secondary) segments based on customer locations, which are in Java, Sumatera, Sulawesi and Kalimantan and overseas.

		2009						
		Corns	Vegetables	Paddy	Pesticides	Others	Elimination	Consolidated
Sales								
Java		42,427	117,209	39,387	84,616	11,213	(17,268)	277,584
Sumatera		113,327	41,223	23,618	107,945	3,025	-	289,138
Sulawesi		73,030	15,992	11,142	60,669	911	-	161,744
Kalimantan		5,929	3,156	654	9,293	15,447	-	34,479
Overseas		-	19,180	-	-	-	-	19,180
Total		234,713	196,760	74,801	262,523	30,596	(17,268)	782,125

		2008						
		Corns	Vegetables	Paddy	Pesticides	Others	Elimination	Consolidated
Sales								
Java		644,501	72,342	79,809	133,828	18,944	(41,156)	908,268
Sumatera		143,640	39,841	12,034	157,860	4,060	-	357,435
Sulawesi		206,069	11,594	5,804	76,749	550	-	300,766
Kalimantan		4,296	12,843	80	19,805	421	-	37,445
Overseas		9,256	14,651	-	-	-	-	23,907
Total		1,007,762	151,271	97,727	388,242	23,975	(41,156)	1,627,821

In accordance with SFAS No. 5, "Segment Reporting" and BAPEPAM-LK rules on Financial Statement Presentation and Disclosures, the Company and Subsidiaries' segments were not able to disclose segment cash flow information, geographical segments or capital expenditure as the information was not completely available.

27. ECONOMIC CONDITIONS

Economic conditions in Indonesia are affected by global economic conditions as characterized by volatility in currency values and interest rates, as well as decline in share prices. Economic improvements and recovery of the economy depend on the fiscal, monetary and other measures that are being undertaken or will be taken by the Indonesian government, actions which are naturally beyond the control of the Company and Subsidiaries.

28. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following summarizes have been issued by the Board of Indonesian Accountant Standards but are not yet effective:

Effective as of or after January 1, 2010:

SFAS 26 (Revised 2008) "Borrowing Costs", prescribes that the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset.

SFAS 50 (Revised 2006) "Financial Instruments: Presentation and Disclosures", contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

28. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Effective as of or after January 1, 2010: (continued)

SFAS 55 (Revised 2006) "Financial Instruments: Recognition and Measurement", establishes the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items.

SFAS 5 "Revocation of IFAS 6: Interpretation of Paragraphs 12 and 16 of SFAS 55 (1999) on Embedded Derivative Instruments in Foreign Currency".

Effective as of or after January 1, 2011:

SFAS 1 (Revised 2009) "Presentation of Financial Statements", prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.

SFAS 2 (Revised 2009) "Statement of Cash Flows", requires the provision of information about the historical changes in cash and cash equivalents by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.

SFAS 4 (Revised 2009) "Consolidated and Separate Financial Statements", is to be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent and in accounting for investments in subsidiaries, jointly controlled entities and associates when separate financial statements are presented as additional information.

SFAS 5 (Revised 2009) "Operating Segments", segment information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environment in which it operates.

SFAS 15 (Revised 2009) "Investments in Associates", is to be applied in accounting for investments in associates, superseding SFAS 15 (1994) "Accounting for Investments in Associates" and SFAS 40 (1997) "Accounting for Changes in Equity of Subsidiaries/Associates".

SFAS 25 (Revised 2009) "Accounting Policies, Changes in Accounting Estimates and Errors", prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.

SFAS 48 (Revised 2009) "Impairment of Assets", prescribes the procedures applied to ensure that assets are carried at no more than their recoverable amount and if the assets are impaired, an impairment loss should be recognized.

SFAS 57 (Revised 2009) "Provisions, Contingent Liabilities and Contingent Assets", aims to provide that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and to ensure that sufficient information is disclosed in the notes to enable users to understand the nature, timing and amount related to the information.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Million Rupiah Unless Otherwise Stated)

28. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Effective on or after January 1, 2011: (continued)

SFAS 58 (Revised 2009) "Non-Current Assets, Held for Sale and Discontinued Operations", aims to specify the accounting for assets held for sale, as well as the presentation and disclosure of discontinued operations.

IFAS 10 "Customer Loyalty Programmes", applies to customer loyalty award credits granted to customers as part of a sales transaction, and subject to meeting any further qualifying conditions, the customers can redeem in the future for free or discounted goods or services.

The Company and Subsidiaries are presently evaluating and have not determined the effects of these revised and new standards, interpretations and standard revocations on their consolidated financial statements.

29. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company and Subsidiaries are responsible for the preparation of these consolidated financial statements that were completed on March 23, 2010.