

**PT BISI INTERNATIONAL Tbk
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 3-MONTH PERIODS ENDED MARCH 31, 2010 AND 2009**

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 3-MONTH PERIODS ENDED MARCH 31, 2010 AND 2009

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PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2010 AND 2009
(Expressed in Millions of Rupiah, Except for Par Value Per Share)

	<u>Notes</u>	<u>2 0 1 0</u> <u>(Unaudited)</u>	<u>2 0 0 9</u> <u>(Unaudited)</u>
ASSETS			
CURRENT ASSETS			
Cash on Hand and in Banks	3	12,084	10,599
Accounts Receivable			
Trade	4, 25		
Third Party - net of allowance for doubtful accounts of Rp 6,126 in 2010 and Rp 12,736 in 2009		447,942	831,181
Related Parties		11,059	28,874
Others - Third Parties- net of allowance for doubtful accounts of Rp 860 in 2010		6,178	12,680
I n v e n t o r i e s - net of allowance for decline in value of inventories of Rp 7,666 in 2010 and Rp 3,070 in 2009	5	508,295	422,580
A d v a n c e s	6	9,906	28,002
Prepaid Taxes and Prepayments	7	21,006	19,502
Total Current Assets		<u>1,016,470</u>	<u>1,353,418</u>
NON-CURRENT ASSETS			
Due from Related Party			93
Deferred Tax Assets - Net		4,342	8,450
Property, Plant and Equipment - net of accumulated depreciation of Rp 86,684 in 2010 and Rp 66,157 in 2009	8	271,943	277,975
Income Tax Collection		83,556	2,429
Others - Net	9	7,060	8,415
Total Non-Current Assets		<u>366,901</u>	<u>297,362</u>
TOTAL ASSETS	28	<u><u>1,383,371</u></u>	<u><u>1,650,780</u></u>

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

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
MARCH 31, 2010 AND 2009
(Expressed in Millions of Rupiah, Except for Par Value Per Share)

	<u>Notes</u>	<u>2 0 1 0</u> (Unaudited)	<u>2 0 0 9</u> (Unaudited)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term Bank Loans	10	100,110	327,487
Accounts Payable			
Trade	11, 25		
Third Parties		69,926	71,826
Related Parties		25,958	18,604
Others - Third Parties	12	8,234	76,933
Taxes Payable	13	23,821	89,309
Accrued Expenses	14	13,762	7,099
Current Portion of Long-term Debts			
Obligations under Capital Lease	16	1,695	1,622
Bank Loan	15	-	2,500
Total Current Liabilities	28	243,506	595,380
NON-CURRENT LIABILITIES			
Due to Related Parties	25	15	14
Deferred Tax Liabilities - Net		-	545
Long-term Debts - Net of Current Portion :			
Obligations under Capital Lease	16	2,700	5,034
Estimated Liability for Employee Benefits	17	25,995	22,426
Total Non-Current Liabilities	28	28,710	28,019
Total Liabilities		272,216	623,399
MINORITY INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES			
		50,284	37,555
E Q U I T Y			
Share Capital - Rp 100 par value			
Authorized - 4,000,000,000 shares			
Subscribed and Fully Paid - 3,000,000,000 shares	18	300,000	300,000
Additional Paid-in Capital	19	86,395	86,395
Difference in Value of Restructuring Transactions of			
Entities under Common Control		5,863	5,863
Other Equity		(1,410)	(1,410)
Retained Earnings :			
Appropriated	20	2,000	1,000
Unappropriated		668,023	597,978
Total Equity		1,060,871	989,826
TOTAL LIABILITIES AND EQUITY		1,383,371	1,650,780

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

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE 3-MONTH PERIODS ENDED MARCH 31, 2010 AND 2009
(Expressed in Millions of Rupiah, Except for Earnings Per Share)

	<u>Notes</u>	<u>2 0 1 0</u> <u>(Unaudited)</u>	<u>2 0 0 9</u> <u>(Unaudited)</u>
NET SALES	21, 28	216,406	245,872
COST OF GOODS SOLD	22	<u>125,856</u>	<u>120,742</u>
GROSS PROFIT		<u>90,550</u>	<u>125,130</u>
OPERATING EXPENSES	23		
Selling		25,754	22,765
General and Administrative		<u>5,183</u>	<u>13,607</u>
Total Operating Expenses		<u>30,937</u>	<u>36,372</u>
INCOME FROM OPERATIONS	28	<u>59,613</u>	<u>88,758</u>
OTHER INCOME (CHARGES)			
Financing Cost	24	(6,706)	(11,839)
Tax Penalties		(2,100)	(700)
Loss on sale of salvage seeds - net		(1,374)	(4,299)
Interest Income		24	33
Gain (Loss) on Foreign Exchange - Net		1,402	(149)
Others - net		<u>4,816</u>	<u>1,059</u>
Total Other Charges - Net		<u>(3,938)</u>	<u>(15,895)</u>
INCOME BEFORE INCOME TAX		<u>55,675</u>	<u>72,863</u>
INCOME TAX			
Current		(9,146)	(20,036)
Deferred		<u>(238)</u>	<u>(1,374)</u>
Income Tax Expense - Net		<u>(9,384)</u>	<u>(21,410)</u>
INCOME BEFORE MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES		<u>46,291</u>	<u>51,453</u>
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES		<u>(2,212)</u>	<u>(2,640)</u>
NET INCOME		<u>44,079</u>	<u>48,813</u>
EARNINGS PER SHARE		<u>15</u>	<u>16</u>

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 3-MONTH PERIODS ENDED MARCH 31, 2010 AND 2009
(Expressed in Millions of Rupiah)

	<u>Notes</u>	<u>2 0 1 0</u> <u>(Unaudited)</u>	<u>2 0 0 9</u> <u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		240,929	263,457
Cash Payments to Suppliers and Employees		<u>(165,529)</u>	<u>(197,295)</u>
Cash Provided by Operating Activities		75,400	66,162
Receipts from (Payments for) :			
Corporate Income Taxes		(8,061)	(42,783)
Financing Cost		(6,706)	(11,839)
Claim for Tax Refund		-	7,029
Interest Income		24	33
Other Operating Activities		<u>(599)</u>	<u>(19,597)</u>
Net Cash Provided by (Used in) Operating Activities		<u>60,058</u>	<u>(995)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of Property, Plant and Equipment	8	(4,270)	(11,507)
Proceeds from Sale of Property, Plant and Equipment		<u>87</u>	<u>29</u>
Net Cash Used in Investing Activities		<u>(4,183)</u>	<u>(11,478)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Receipts from (Payments for) :			
Finance Lease Liabilities		(569)	(470)
Bank Loans - Net		<u>(50,970)</u>	<u>7,350</u>
Net Cash Provided by (Used in) Financing Activities		<u>(51,539)</u>	<u>6,880</u>
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS		4,336	(5,593)
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR		<u>7,748</u>	<u>16,192</u>
CASH ON HAND AND IN BANKS AT END OF PERIOD		<u>12,084</u>	<u>10,599</u>
NON CASH ACTIVITIES			
Acquisition of Lease Assets through the incurrence of Finance Lease Liabilities	8	-	-

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 3-Month Periods ended March 31, 2010 and 2009

(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 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 the 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 has been amended several times, most recently by Notarial Deed No. 97 dated June 30, 2008 of SP Henny Singgih, S.H., notary in Jakarta, concerning compliance with stipulation Law No. 40 year 2007 on "Corporate Law" and with rule No. IX.J.1, Supplement from the Capital Market Supervisory Agency ("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 amendment of the Articles of Association was 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 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 launched high-yielding varieties of seeds such as, among others, corn seed of *BISI-2*, *BISI-12* and *BISI-16*, vegetable seeds of *Timun Hercules* and *Melon Action* and paddy seed 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 of commercial seeds. In return, the Company provides 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 the Effective Statement Letter No. S-2238/BL/2007 from Chairman of BAPEPAM-LK to conduct its initial public offering of 900,000,000 shares with nominal value of Rp 100 (full amount) per share to the public through the Indonesia Stock Exchange (IDX) at offering price of Rp 200 (full amount) per share. All the Company's issued and paid share capital of 3,000,000,000 shares have been listed in IDX.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 3-Month Periods ended March 31, 2010 and 2009

(Expressed in Million of Rupiah, Except Otherwise Stated)

c. Employees, Directors and Commissioners

As of March 31, 2010, the member 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., are as follows :

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

As of March 31, 2009, the member 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., 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 Sastrodimojo	- Director
		Setiadi Setiokusumo	- Director
		Putu Darsana	- Director

As of March 31, 2010, the members of the audit committee as appointed in the board of commissioners' meeting held on June 2, 2009 are as follows :

Chairman	- Burhan Hidayat
Member	- Haryjanto Sutrisno
Member	- Budi Loemaksono

As of March 31, 2009, the members of the audit committee as appointed in the board of commissioners' meeting held on February 15, 2007 are 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 Rp 1,252 and Rp 1,222 on for the period ended by March 31, 2010 and 2009, respectively.

The Company and Subsidiaries had 566 and 551 permanent employees on March 31, 2010 and 2009, respectively.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Million of Rupiah, Except Otherwise Stated)

d. Structure of the Company and Subsidiaries

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)	
					2 0 1 0	2 0 0 9
PT Tanindo Subur Prima (TSP)	Fertilizer, pesticide and seeds trading	Sidoarjo	1987	54,20%	181.229	300.460
PT Multi Sarana Indotani (MSI)	Pesticide Manufacturing	Mojokerto	2005	99,91%	124.835	107.845
PT Tanindo Intertraco (TINCO)	Fertilizer, pesticide and seeds trading	Sidoarjo	2008	99,96%	709.870	941.064

The Company established TINCO (Note 3) in April 2008 with 99.96% equity ownership and fully paid of capital amounting to Rp 25,000.

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.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 3-Month Periods ended March 31, 2010 and 2009

(Expressed in Million of Rupiah, Except Otherwise Stated)

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.

Difference in equity transactions of subsidiary which resulted from restructuring of entities under common control is recorded as other equity account under the equity section in the balance sheet.

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.

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 accounted for in accordance with SFAS No. 38 (Revised 2004), "Accounting for Restructuring of Entities under Common Control". Under this standard, these 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 are not recognized as gain or loss to the group or to the individual entity within the same group as well as 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 of the restructured company are presented as if the company has occurred since the beginning of the year the financial statements are presented.

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

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 3-Month Periods ended March 31, 2010 and 2009

(Expressed in Million of Rupiah, Except Otherwise Stated)

f. Inventories

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

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 in the balance sheet.

h. Property, Plant and Equipment

Direct Ownership

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 qualifying asset until the qualifying asset is ready to use as long as the related net book value of such asset is does not exceed the recoverable amount or net realizable value.

Depreciation is computed using the straight-line method, after taking into account their 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 :

	Years
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 derecognizing 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.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

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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 "Non-Current Assets - Other Assets - net".

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 assets ready for its intended use.

i. Lease

Leases that transfer substantially to the lessee all the risk 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 leased.

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 a review to determine whenever there is any indication of assets impairment. If any such indication exists, the Company and Subsidiaries are required to determine the recoverable value of the assets and recognize the impairment in assets value as a loss in the consolidated statement of income for the current year.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

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(Expressed in Million of Rupiah, Except Otherwise Stated)

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 as "Other Income (Charges)" account. Expenses are recognized when incurred.

l. Estimated Liability for Employee 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 the 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 exceeded 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.

m. Research and Development

Research and development cost are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognized only when the Company can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete the intangible asset and use or sell it; its ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and its ability to measure the expenditure attributable to the intangible asset during its development reliably.

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 currencies are adjusted to Rupiah to reflect the rates of exchange at such date. The resulting gains or losses are credited or charged to operations of the current year.

As of March 31, 2010 and 2009, the exchange rates used are as follows :

	Full Amout	
	2 0 1 0	2 0 0 9
US\$ 1	9.115	11.575

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Million of Rupiah, Except Otherwise Stated)

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 using tax rates that have enacted or substantively enacted at the 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 operation, 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. 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) are based on products produced consists of corn seeds, vegetables seeds, paddy seeds, pesticides, and other products (fertilizer and production tools)
- (ii) Geographical segments (secondary) are based on location of the assets or operation consists of Jawa, Sumatera, Sulawesi, Kalimantan and outside country.

r. Use of Estimates

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

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

For the 3-Month Periods ended March 31, 2010 and 2009

(Expressed in Million of Rupiah, Except Otherwise Stated)

3. CASH ON HAND AND IN BANKS

This account consists of :

	<u>2010</u>	<u>2009</u>
Cash on Hand	304	1,151
Cash in Banks - Third Parties		
R u p i a h		
- PT Bank Central Asia Tbk.	6,632	6,616
- Citibank N.A., Jakarta	2,325	714
- PT Bank Danamon Indonesia Tbk.	391	809
- PT Bank CIMB Niaga Tbk. (formerly PT Bank Lippo Tbk.)	210	178
- PT Bank Rakyat Indonesia (Persero) Tbk.	108	13
- PT Bank Negara Indonesia (Persero) Tbk.	67	31
- PT Bank Agris	20	-
- PT Bank Permata Tbk.	1	1
US Dollar Accounts		
- Citibank N.A., Jakarta (US\$ 222,309 in 2010 and US\$ 91,244 in 2009)	2,026	1,056
- PT Bank Central Asia Tbk. (US\$ 2,560 in 2009)	-	30
Total	<u>12,084</u>	<u>10,599</u>

4. ACCOUNTS RECEIVABLE - TRADE

This account consists of :

	<u>2010</u>	<u>2009</u>
Third Parties :		
Tani Takalar, Makassar	28,270	-
Lestari Tani, Lampung	22,233	15,750
Karisma Indoargo Universal, Surabaya	19,924	10,627
PT Sang Hyang Seri (Persero)	19,398	38,697
Santoso, Purwodadi	19,389	19,336
PT Pertani (Persero)	19,328	122,546
Taruna Jaya, Semarang	18,729	-
CV Bella Tani, Makassar	15,557	-
Others (account with balance below Rp 15,000)	291,240	636,961
Total Third Parties	454,068	843,917
Allowance for Doubtful Accounts	(6,126)	(12,736)
Third Parties - Net	<u>447,942</u>	<u>831,181</u>
Related Parties (Note 25)	<u>11,059</u>	<u>28,874</u>

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

	<u>2010</u>	<u>2009</u>
Third Parties :		
Less than 31 days	77,526	80,697
31 - 60 days	60,809	41,779
61 - 90 days	49,084	173,679
91 - 180 days	96,187	135,975
Over 180 days	<u>170,462</u>	<u>411,787</u>
Total	454,068	843,917
Less Allowance for Doubtful Accounts	<u>(6,126)</u>	<u>(12,736)</u>
Net	<u>447,942</u>	<u>831,181</u>
Related Parties :		
Less than 31 days	1,772	4,370
31 - 60 days	61	3,374
61 - 90 days	739	267
91 - 180 days	5,746	11,105
Over 180 days	<u>2,741</u>	<u>9,758</u>
Total	<u>11,059</u>	<u>28,874</u>

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

The above receivables include receivables in foreign currency amounting to US\$ 622,347 (equivalent to Rp 5,673) as of March 31, 2010 and US\$ 658,314 (equivalent to Rp 7,620) as of March 31, 2009.

As of March 31, 2010, certain receivables totaling Rp 155,000 are used as collateral for bank loans obtained from PT Bank Rakyat Indonesia (Persero) Tbk.

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5. INVENTORIES

This account consists of :

	<u>2010</u>	<u>2009</u>
<u>Finished Goods</u>		
Corn seeds	129,641	19,681
Vegetables seeds	29,789	32,046
Paddy seeds	13,677	4,900
Pesticides	62,584	66,791
Fertilizer	8,212	14,949
Others	118	66
Total Finished Goods	<u>244,021</u>	<u>138,433</u>
<u>Work-in Process</u>		
Corn seeds	168,088	175,677
Vegetables seeds	52,757	62,770
Paddy seeds	21,941	9,548
Pesticides	430	1,517
Fertilizer	24	34
Total Work-in Process	<u>243,240</u>	<u>249,546</u>
Raw Materials	3,259	5,576
Inventories In-Transit	3,556	3,024
Packaging	11,449	14,375
Others	10,436	14,696
Total	515,961	425,650
Less Allowance for Decline in Value of Inventory	<u>(7,666)</u>	<u>(3,070)</u>
Net	<u>508,295</u>	<u>422,580</u>

Based on the review of the condition of the inventories at the end of the year end, 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 March 31, 2010, inventories (except for goods in-transit) are covered by insurance against losses from damage, natural disaster, fire and other risks under blanket policies amounting to Rp 296,402. The management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

As of March 31, 2010, inventories of Rp 145,000, are used as collateral for bank loans obtained from PT Bank Rakyat Indonesia (Persero) Tbk.

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6. ADVANCES

This account consists of :

	<u>2010</u>	<u>2009</u>
Company	5,102	9,889
Subsidiaries		
PT Tanindo Subur Prima	419	594
PT Multi Sarana Indotani	193	8,353
PT Tanindo Intertraco	4,192	9,166
Total	<u>9,906</u>	<u>28,002</u>

7. PREPAID TAXES AND PREPAYMENTS

This account consists of :

	<u>2010</u>	<u>2009</u>
Value Added Tax - Net	16,687	17,014
Rental	1,820	1,829
Insurance	271	232
Others	2,228	427
Total	<u>21,006</u>	<u>19,502</u>

8. PROPERTY, PLANT AND EQUIPMENT

This account consists of :

	2010					Ending Balance
	Beginning Balance	Additions	Reclassifications In	Deductions	Reclassifications Out	
<u>At Cost</u>						
Direct Ownership						
Land	60,471	539	-	-		61,010
Buildings	94,364	9	8,500	-		102,873
Land and Building Improvements	17,509	9	-	-		17,518
Machinery and Equipment	108,916	329	50	-		109,295
Transportation Equipment	19,763	31	158	-		19,952
Furniture, Fixtures and Office Equipment	16,949	481	21	52		17,399
Electrical Installations	14,435	158	-	-		14,593
Total	<u>332,407</u>	<u>1,556</u>	<u>8,729</u>	<u>52</u>	<u>-</u>	<u>342,640</u>
Leased Assets						
Transportation Equipment	10,314	-	-	-	158	10,156

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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2 0 1 0					Ending Balance
	Beginning Balance	Additions	Reclassifications In	Deductions	Reclassifications Out	
Construction in Progress						
Land	-	-	-	-	-	-
Building Improvements	10,706	2,357	-	-	8,377	4,686
Machinery and Equipment	982	357	-	-	194	1,145
Office Equipment	-	-	-	-	-	-
Total	11,688	2,714	-	-	8,571	5,831
Total At Cost	354,409	4,270	8,729	52	8,729	358,627
<u>Accumulated Depreciation</u>						
Direct Ownership						
Buildings	14,058	1,006	-	-	-	15,064
Land and Building Improvements	9,834	481	-	-	-	10,315
Machinery and Equipment	25,481	2,413	-	-	-	27,894
Transportation Equipment	13,966	401	-	34	-	14,333
Furniture, Fixtures and Office Equipment	11,039	398	-	13	-	11,424
Electrical Installations	1,456	124	-	-	-	1,580
Total	75,834	4,823	-	47	-	80,610
Leased Assets						
Transportation Equipment	5,996	78	-	-	-	6,074
Total Accumulated Depreciation	81,830	4,901	-	47	-	86,684
Net Book Value	272,579					271,943

	2 0 0 9					Ending Balance
	Beginning Balance	Additions	Reclassifications In	Deductions	Reclassifications Out	
<u>At Cost</u>						
Direct Ownership						
Land	57,673	150	391	-	-	58,214
Buildings	64,709	90	11,084	-	-	75,883
Land and Building Improvements	11,949	124	2,509	-	-	14,582
Machinery and Equipment	83,937	473	7,722	-	-	92,132
Transportation Equipment	18,838	265	390	30	-	19,463
Furniture, Fixtures and Office Equipment	16,067	112	154	9	-	16,324
Electrical Installations	7,669	608	5,219	-	-	13,496
Total	260,842	1,822	27,469	39	-	290,094
Leased Assets						
Transportation Equipment	11,258	-	-	-	390	10,868
Construction in Progress						
Land	-	-	-	-	-	-
Building Improvements	37,947	4,924	-	-	15,249	27,622
Machinery and Equipment	22,594	4,761	-	-	11,809	15,546
Office Equipment	23	-	-	-	21	2
Total	60,564	9,685	-	-	27,079	43,170
Total At Cost	332,664	11,507	27,469	39	27,469	344,132

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	2 0 0 9					Ending Balance
	Beginning Balance	Additions	Reclassifications In	Deductions	Reclassifications Out	
<u>Accumulated Depreciation</u>						
Direct Ownership						
Buildings	10,392	764	-	-	-	11,156
Land and Building Improvements	7,752	360	-	-	-	8,112
Machinery and Equipment	16,507	2,032	-	-	-	18,539
Transportation Equipment	11,814	325	-	28	-	12,111
Furniture, Fixtures and Office Equipment	9,485	387	-	-	-	9,872
Electrical Installations	807	122	-	-	-	929
Total	56,757	3,990	-	28	-	60,719
Leased Assets						
Transportation Equipment	4,882	556	-	-	-	5,438
Total Accumulated Depreciation	61,639	4,546	-	28	-	66,157
Net Book Value	271,025					277,975

(a) Depreciation expenses were charged to the following :

	<u>2 0 1 0</u>	<u>2 0 0 9</u>
Cost of Goods Sold	3,910	3,375
Selling Expenses	864	1,016
General and Administrative Expenses	127	155
Total	4,901	4,546

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

	<u>2 0 1 0</u>	<u>2 0 0 9</u>
Net Proceeds	87	29
Net Book Value	5	11
Gain	82	18

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

- (c) In 2010, the additions of construction in progress mainly represent cold room, research and development (laboratory) facilities and office building. From the financial point of view, the range of percentage of completion of the construction in progress as of March 31, 2010 ranges from 86% to 95%.
- (d) The management believes that there is no impairment of assets value of the Company and Subsidiaries' property, plant and equipment.
- (e) As of March 31, 2010, 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 Rp 160,406) from the consortium of insurance companies 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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- (f) 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 in various dates between 2016 and 2036. The management believes that these rights can be renewed upon their expiry.
- (g) As of March 31, 2010, property, plant and equipment with net book value of Rp 87,892 is used as collateral for bank loans obtained from PT Bank Rakyat Indonesia (Persero) Tbk.
- (h) Leased assets are pledged as collateral to finance lease liabilities.

9. OTHER NON CURRENT ASSETS – NET

This account consists of :

	<u>2010</u>	<u>2009</u>
Security Deposit	1,101	1,221
Deferred Expenditure - Net	2,368	937
Others	3,591	6,257
Total	<u>7,060</u>	<u>8,415</u>

10. SHORT-TERM BANK LOANS

This account represents a working capital loan facility from PT Bank Rakyat Indonesia with details are as follows:

	<u>2010</u>	<u>2009</u>
Company	81.243	246.166
Subsidiaries		
PT Multi Sarana Indotani	18.148	39.829
PT Tanindo Intertraco	626	-
PT Tanindo Subur Prima	93	41.492
Total	<u>100.110</u>	<u>327.487</u>

The Company and MSI had credit facilities with maximum credit limits amounting to Rp 250,000 and Rp 40,000 in 2010 and 2009, respectively. In connection with the transfer of BISI and MSI's products distribution from TSP to TINCO, 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 Rp 10,000 and Rp 50,000, 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 13.0% in 2010 and from 14.0% to 15.0% in 2009. 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 31, 2010, TINCO and TSP loan facilities are still in extension process.

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As of March 31, 2010, the above loans and the investment loan (Note 15) obtained from the same bank are secured by trade receivables (Note 4), inventories (Note 5) and certain plant, property and equipment (Note 8) owned by the Company and Subsidiaries.

The related loan agreements and investment loan from the same bank (Note 15), impose several restrictions to the Company and Subsidiaries not to enter into following transactions, among others, without the 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 Charoen Pokphand Group exceeding 20% of share capital;
- change of shareholder structure so that the Charoen Pokphand group not to become the 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 shareholders' equity;
- declare dividends exceeding current net income or pay dividends that may result the Debt to Equity Ratio to exceed at 2.33 : 1.

In addition, MSI should obtain written consent from BRI for sales of assets with total amount exceeding Rp 5,000 and should maintain current assets to current liabilities ratio of at least 125%.

As of March 31, 2010, the Company and Subsidiaries have complied with all the requirements and restrictions in accordance with the bank loan covenants.

11. ACCOUNTS PAYABLE – TRADE

The details of accounts payable – trade are as follows :

	<u>2010</u>	<u>2009</u>
Third Parties :		
Farmers	42,347	61,060
Agronature Co. Ltd., China	15,149	6,396
Hubei Sanonda Co. Ltd., China	9,709	2,854
Biesterfeld International, Jerman	2,442	-
Others	279	1,516
Total Third Parties	<u>69,926</u>	<u>71,826</u>
Related Parties (Note 25)	<u>25,958</u>	<u>18,604</u>

The above payables include payables in foreign currencies amounting to US\$ 2,477,647 (equivalent to Rp 22,584) as of March 31, 2010 and US\$ 2,176,375 (equivalent to Rp 25,192) as of March 31, 2009.

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12. ACCOUNTS PAYABLE – OTHERS – THIRD PARTIES

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

	<u>2010</u>	<u>2009</u>
Founding Cash	1,556	1,285
Monsanto Company, United States	-	68,500
Monsanto Singapore Company (Pte) Ltd., Singapore	115	-
Others	6,563	7,148
Total	<u>8,234</u>	<u>76,933</u>

13. TAXES PAYABLE

Taxes payable consist of :

	<u>2010</u>	<u>2009</u>
Corporate Income Tax	5,068	69,096
Withholding Income Taxes :		
Income Tax Article 4 (2)	35	72
Income Tax Article 21	273	239
Income Tax Article 23	26	41
Income Tax Article 26	1,733	6,919
Income Tax Article 29	2,227	-
Value Added Tax	14,459	12,942
Total	<u>23,821</u>	<u>89,309</u>

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 and 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.

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On January 15, 2010, 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 corporate income tax calculations.

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, the Company received Tax Collection Letters (Surat Tagihan Pajak/STP) for income tax under Article 25 amounting to Rp 2,554.

In December 2009, TINCO received Tax Assessment Letter 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 Rp 1,976 (including interest penalty of Rp 1,929). TINCO also received an SKPKB and an STP for 2008 Value Added Tax (VAT) amounting to Rp 23. As of December 31, 2009, TINCO recognized these tax liabilities in the "Taxes Payable" account in the 2009 Consolidated Balance Sheets.

In 2009, TSP received Tax Assessment Letter 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 Rp 6,713 was corrected to Rp 6,576. TSP also received STPs and SKPKBs for 2007 and 2008 income taxes and VAT totaling Rp 207.

In 2009, MSI received an SKPLB for 2007 corporate income tax. Based on this SKPLB, the 2007 estimated claim for tax refund of Rp 2,429 was corrected to Rp 2,344. MSI also received STPs for 2007 and 2008 income tax and VAT totalling Rp 992. In April 2009, MSI received a 2007 corporate income tax refund amounting to Rp 250 after deducting SKPKB VAT for 2005 and 2006 totaling Rp 2,052 and STP for VAT of Rp 42. In April 2009, MSI paid the outstanding STP on income tax and VAT for 2007 and 2008 totaling Rp 950.

14. ACCRUED EXPENSES

This account consists of :

	<u>2010</u>	<u>2009</u>
Professional Fee	3,843	2,734
Salary, allowance and employee welfare	2,381	2,913
Others	7,538	1,452
Total	<u>13,762</u>	<u>7,099</u>

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15. LONG-TERM BANK LOAN

On March 31, 2009, the outstanding loan from BRI amounted to Rp 2,500 with maximum credit limit of Rp 6.5 billion. This loan facility will mature in 5 years or on December 20, 2009 with a grace period of 1 year. This loan is payable in 6 semi-annual installments amounting Rp 1,000 for the 1st to 5th installments and Rp 1,500 for 6th installments. The loan bear annual interest of 14.0% in 2009. The loan has the same limitation and collateral with working capital loans obtained from the same bank (Note 10). The loan was settled in December 2009.

16. FINANCE LEASE LIABILITIES

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. Finance lease liabilities are secured by fiduciary security of the related transportation and office equipment. Based on the lease agreements, the Company and Subsidiaries are prohibited to sell, rent and guarantee these transportation and office equipment.

As of March 31, 2010 and 2009, the future minimum lease payments under these finance lease agreements are as follow :

	<u>2010</u>	<u>2009</u>
Within 1 Year	2,609	2,203
After one year but not more than five years	2,346	5,854
Total minimum lease payments	4,955	8,057
Less interest portion	(560)	(1,401)
Present value of minimum lease payments	4,395	6,656
Current portion	(1,695)	(1,622)
Long-term liabilities	<u>2,700</u>	<u>5,034</u>

17. ESTIMATED LIABILITY FOR EMPLOYEE BENEFITS

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

As of March 31, 2010 and 2009, the Company and Subsidiaries computed 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 "Projected Unit Credit" method.

The Company and Subsidiaries recorded the estimated liability for severance pay, gratuity and compensation to employees amounting to Rp 25,995 and Rp 22,426 as of March 31, 2010 and 2009, respectively.

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18. SHARE CAPITAL

The details of share ownership as of March 31, 2010 and 2009 with par value of Rp 100 (full amount) per share are as follows :

	2 0 1 0		
Shareholders	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 (below 5 % each)	1,377,656,000	45.92	137,766
Total	3,000,000,000	100.00	300,000

	2 0 0 9		
Shareholders	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 (below 5 % each)	1,377,656,000	45.92	137,766
Total	3,000,000,000	100.00	300,000

19. 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 :

	2 0 1 0	2 0 0 9
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	(3,683)	(3,683)
Net	86,395	86,395

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20. RETAINED EARNINGS

In the 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 others, the appropriation for general reserve of Rp 1 billion from the 2008 net income.

In the 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 others, the appropriation for general reserve of Rp 1 billion from the 2007 net income.

21. NET SALES

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

	<u>2010</u>	<u>2009</u>
Commercial Seeds	124,254	171,386
Foundation Seeds	1,191	2,772
Pesticides	88,036	66,686
Fertilizers	2,539	4,231
Others	386	797
Total	<u>216,406</u>	<u>245,872</u>

There were no sales to customers that exceeded 10% of consolidated net sales.

Sales to related parties totaling to Rp 8,670 and Rp 11,993 or represent 4.00% and 4.86% from consolidated net sales for the period March 31, 2010 and 2009, respectively.

22. COST OF GOODS SOLD

The details of cost of goods sold are as follows :

	<u>2010</u>	<u>2009</u>
Raw Materials Used	49,426	78,438
Direct Labor	1,104	1,296
Factory Overhead	32,330	37,858
Total Manufacturing Costs	<u>82,860</u>	<u>117,592</u>

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22. COST OF GOODS SOLD (Continued)

	<u>2010</u>	<u>2009</u>
Work-in Process		
Beginning Balance	263,509	234,695
Ending Balance	<u>(243,240)</u>	<u>(249,546)</u>
Cost of Goods Manufactured	103,129	102,741
Finished Goods		
Beginning Balance	252,379	149,163
Purchases	18,741	8,547
Ending Balance	<u>(244,021)</u>	<u>(138,433)</u>
Cost of Salvage Seeds Sold	<u>(4,372)</u>	<u>(1,276)</u>
Cost of Goods Sold	<u>125,856</u>	<u>120,742</u>

There were no purchase transactions from any single supplier with cumulative amounts exceeding 10% of the consolidated net sales.

23. OPERATING EXPENSES

The details of operating expenses are as follows :

	<u>2010</u>	<u>2009</u>
Selling		
Sales Promotion	6,407	6,332
Salaries, Wages and Employee Welfare	6,162	5,881
Freight-out	5,118	4,141
Transportation and Travelling	2,621	1,745
Others (Accounts with balance below Rp 1,000, each)	<u>5,446</u>	<u>4,666</u>
Total	<u>25,754</u>	<u>22,765</u>
General and Administrative		
Salaries, Wages and Employee Welfare	3,955	3,769
Royalty	115	6,231
Bank Administration	44	1,553
Others (Accounts with balance below Rp 1,000, each)	<u>1,069</u>	<u>2,054</u>
Total	<u>5,183</u>	<u>13,607</u>
Total Operating Expense	<u>30,937</u>	<u>36,372</u>

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24. INTEREST EXPENSES - NET

The details of this account are as follows :

	<u>2010</u>	<u>2009</u>
Interest Expense		
Bank Loan	6,572	11,592
Finance Lease Payables	134	247
T o t a l	<u>6,706</u>	<u>11,839</u>

25. RELATED PARTY TRANSACTIONS

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

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

	<u>Total</u>		<u>Percentage to Total Consolidated Net Sales</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
PT Central Proteinaprima Tbk	9,220	4,781	4.26	1.94
PT Centralpertiwi Bahari	701	5,784	0.32	2.35
Others	-	1,428	-	0.57
Total	<u>9,921</u>	<u>11,993</u>	<u>4.58</u>	<u>4.86</u>

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

	<u>Total</u>		<u>Percentage to Total Consolidated Assets</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
PT Central Proteinaprima Tbk	6,461	5,462	0.47	0.33
PT Java Mitra Sejahtera	2,807	18,109	0.20	1.10
PT Centralpertiwi Bahari	1,730	5,188	0.13	0.31
Others	61	115	0.00	0.01
Total	<u>11,059</u>	<u>28,874</u>	<u>0.80</u>	<u>1.75</u>

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

	Total		Percentage to Total Consolidated Net Sales	
	2010	2009	2010	2009
Chia Tai Seeds Co. Ltd., Thailand	7,345	4,310	3.39	1.75
Total	7,345	4,310	3.39	1.75

The balances of these transactions are presented as "Trade Payables – Related Parties" account (Note 12) as follows :

	Total		Percentage to Total Consolidated Liabilities	
	2010	2009	2010	2009
Chia Tai Seeds Co. Ltd., Thailand	29,958	18,325	9.54	2.94
Others	-	279	-	0.04
Total	29,958	18,604	9.54	2.98

(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	
	2010	2009	2010	2009
<u>Sales of Salvage Seeds</u>				
PT Central Proteinaprima Tbk	-	246	-	0.10
PT Charoen Pokphand Indonesia Tbk	-	93	-	0.04
Total	-	339	-	0.14
<u>Interest Expenses</u>				
PT Reksa Finance	134	247	0.06	0.10
Total	134	247	0.06	0.10

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	
	2010	2009	2010	2009
<u>Due to Related Parties</u>				
Charoen Pokphand Indonesia Tbk	15	14	0.01	0.00
Total	15	14	0.01	0.00
<u>Consumer Financing Loan</u>				
PT Reksa Finance	4,395	6,656	1.61	1.07

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27. SIGNIFICANT AGREEMENTS

a. Cooperation Agreements of Production Seeds

The Company entered into cooperation agreements with various farmers on production of corn or vegetables seeds whereby the Company will sell foundation seeds and will give technical advises and supervision during the cultivation process of the seeds. The farmers will shoulder all the productions 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.

b. Cooperation Agreements for Production and Distribution of Commercial Seeds

In 2010 and 2009, 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.

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. As compensation, the Company agreed to pay royalty to Monsanto, which was calculated based on the quantity of hybrid corn seeds sold. Based on the agreement dated September 9, 2009, the royalty expense charged to operations amounted to Rp 115 and Rp 6,231 for the period ended March 31, 2010 and 2009, respectively.

d. Rent Agreements

The Company and TSP rent their office building and warehouse at Sidoarjo from PT Charoen Pokphand Indonesia Tbk. (CPI), a related party. Based on the yearly renewable rent contract, the rent expense in 2009 and 2008 amounted to Rp 200 and Rp 185, respectively. On January 2, 2010, CPI agreed to extend the rental period until December 31, 2010 for the Company and TSP and until 28 February 2011 for TINCO with a rental of Rp 200 per year. Rent expense charged to operations amounted to Rp 50 for the period ended March 31, 2010 and 2009, respectively.

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28. SEGMENT INFORMATION

Primary Segment

The Company and Subsidiaries classify their business segment reporting into business segment based on type of products sold consisting of sales of corn, vegetable, paddy, pesticide and others (fertilizer and farming production facility) as follow :

	2 0 1 0						Consolidation
	Corn	Vegetables	Paddy	Pesticide	Others	Elimination	
Segment Sales							
External Sales	49,940	50,990	24,515	88,036	2,925	-	216,406
Inter-segment Sales	537	28	-	1,013	333	(1,911)	-
Total Sales	50,477	51,018	24,515	89,049	3,258	(1,911)	216,406
Segment Result	22,145	19,648	11,972	37,563	1,133	(1,911)	90,550
Operating Expenses	(8,764)	(6,378)	(4,257)	(11,131)	(407)	-	(30,937)
Operating Income	13,381	13,270	7,715	26,432	726	(1,911)	59,613
Other Income (Charges)							
Financing Cost							(6,706)
Profit on Foreign Exchange							1,402
Interest Income							24
Others							1,342
Income before Tax							55,675
Income Tax Expense							(9,384)
Income before Minority Interest							46,291
Segment assets	417,323	114,411	92,723	183,133	19,048	-	826,638
Unallocated Assets							556,733
Total Assets							1,383,371
Segment Liabilities	-	-	-	47,623	-	-	47,623
Unallocated Liabilities							224,593
Total Liabilities							272,216
Allocated Capital Expenditures	2,072	639	1,130	31	-	-	3,872
Unallocated Capital Expenditures							398
Total							4,270
Depreciation and Amortization	1,131	1,155	555	1,994	66	-	4,901
Non-cash Expenses Other than Depreciation and Amortization	5,994	334	835	1,744	126	-	9,033

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	2 0 0 9						Consolidation
	Corn	Vegetables	Paddy	Pesticide	Others	Elimination	
Segment Sales							
External Sales	94,592	54,288	25,277	66,686	5,029	-	245,872
Inter-segment Sales	-	1,250	-	2,709	469	(4,428)	-
Total Segment Sales	94,592	55,538	25,277	69,395	5,498	(4,428)	245,872
Segment Result	54,799	31,905	11,635	30,030	1,189	(4,428)	125,130
Operating Expenses	(17,557)	(6,014)	(4,692)	(7,514)	(595)	-	(36,372)
Operating Income	37,242	25,891	6,943	22,516	594	(4,428)	88,758
Other Income (Charges)							
Financing Cost							(11,839)
Loss on Foreign Exchange							(149)
Interest Income							33
Others							(3,940)
Income before Tax							72,863
Income Tax Expense							(21,410)
Income before Minority Interest							51,453
Segment assets	322,190	129,093	70,224	169,624	14,233	-	705,364
Unallocated Assets							945,416
Total Assets							1,650,780
Segment Liabilities	-	-	-	61,965	-	-	61,965
Unallocated Liabilities							561,434
Total Liabilities							623,399
Allocated Capital Expenditures	4,586	2,954	3,434	398	-	-	11,372
Unallocated Capital Expenditures							135
Total							11,507
Depreciation and Amortization	1,749	1,004	467	1,233	93	-	4,546
Non-cash Expenses Other than Depreciation and Amortization	157	846	(27)	1,760	65	-	2,801

Secondary Segment

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

	2 0 1 0						Consolidation
	Corn	Vegetables	Paddy	Pesticide	Others	Elimination	
External Sales							
Java	7,316	30,336	11,338	25,298	2,366	(1,911)	74,743
Sumatera	23,512	10,424	3,976	38,487	478	-	76,877
Sulawesi	19,304	1,535	9,240	18,866	148	-	49,093
Kalimantan	345	2,459	(39)	6,398	266	-	9,429
Overseas	-	6,264	-	-	-	-	6,264
Total	50,477	51,018	24,515	89,049	3,258	(1,911)	216,406
	2 0 0 9						Consolidation
	Corn	Vegetables	Paddy	Pesticide	Others	Elimination	
External Sales							
Java	41,493	33,750	14,809	24,190	3,576	(4,428)	113,390
Sumatera	29,156	12,231	9,193	30,166	1,315	-	82,061
Sulawesi	23,139	4,690	1,279	12,483	292	-	41,883
Kalimantan	804	3,784	(4)	2,556	315	-	7,455
Overseas	-	1,083	-	-	-	-	1,083
Total	94,592	55,538	25,277	69,395	5,498	(4,428)	245,872

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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.

29. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Effective on or after January 1, 2011 :

1. 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.
2. 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 into operating, investing and financing activities.
3. SFAS 4 (Revised 2009) "Consolidated and Separate Financial Statements"
Shall 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 investment in subsidiaries, jointly controlled entities, and associates when separate financial statements are presented as additional information.
4. 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 in and the economic environments in which it operates.
5. SFAS 15 (Revised 2009) " Investments in Associates"
Shall be applied in accounting for investments in associates. Supersedes PSAK 15 (1994) "Accounting for Investments in Associates" and PSAK 40 (1997)" Accounting for Changes in Equity of Subsidiaries/Associates".
6. 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.
7. SFAS 48 (Revised 2009) "Impairment of Assets"
Prescribes the procedures applied to ensure that assets are recorded at no more than their recoverable amount and if the assets are impaired, an impairment loss should be recognized.
8. SFAS 57 (Revised 2009) "Provision, Contingent Liabilities and Contingent Assets"
Aim to provide the appropriate recognition criteria and measurement bases for estimated liabilities, contingent liabilities and contingent assets and to ensure that sufficient information have been disclosed in the notes to the financial statements to enable users to understand the nature, timing and amount related to the information.

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9. SFAS No 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.
10. 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 has not determined the effects of these revised and new standards, Interpretation and Standards Revocation on their Consolidated Financial Statements.