

**PT BISI INTERNATIONAL Tbk
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009**

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009

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PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 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)
ASSETS			
CURRENT ASSETS			
Cash on Hand and in Banks	3	79,339	14,728
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		455,102	861,307
Related Parties		9,261	16,558
Others - Third Parties- net of allowance for doubtful accounts of Rp 860 in 2010		5,136	4,997
I n v e n t o r i e s - net of allowance for decrease in value of inventories of Rp 7,666 in 2010 and Rp 3,070 in 2009	5	455,546	416,046
Advances	6	11,207	16,407
Prepaid Taxes and Prepayments	7	18,173	9,125
Total Current Assets		<u>1,033,764</u>	<u>1,339,168</u>
NON-CURRENT ASSETS			
Deferred Tax Assets - Net		6,121	14,605
Property, Plant and Equipment - net of accumulated depreciation of Rp 91,433 in 2010 and Rp 70,856 in 2009	8	262,620	278,665
Income Tax Collection		86,882	550
Others - Net	9	7,227	10,429
Total Non-Current Assets		<u>362,850</u>	<u>304,249</u>
TOTAL ASSETS	28	<u><u>1,396,614</u></u>	<u><u>1,643,417</u></u>

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

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
JUNE 30, 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 SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term Bank Loans	10	133,771	338,563
Accounts Payable			
Trade	11, 25		
Third Parties		22,677	84,251
Related Parties		17,449	21,526
Others - Third Parties	12	9,848	28,523
Taxes Payable	13	19,323	22,246
Accrued Expenses	14	18,271	9,222
Current Portion of Long-term Debts			
Obligations under Capital Lease	16	1,218	1,149
Bank Loan	15	-	1,000
Total Current Liabilities	28	222,557	506,480
NON-CURRENT LIABILITIES			
Due to Related Parties	25	32	15
Long-term Debts - Net of Current Portion :			
Obligations under Capital Lease	16	2,689	4,994
Estimated Liability for Employee Benefits	17	27,277	23,308
Total Non-Current Liabilities	28	29,998	28,317
Total Liabilities		252,555	534,797
MINORITY INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES			
		56,775	43,877
SHAREHOLDERS' EQUITY			
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	3,000	2,000
Unappropriated		693,436	671,895
Total Shareholders' Equity		1,087,284	1,064,743
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,396,614	1,643,417

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

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE 6-MONTH PERIODS ENDED JUNE 30, 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	437,709	510,456
COST OF GOODS SOLD	22	<u>263,852</u>	<u>246,296</u>
GROSS PROFIT		<u>173,857</u>	<u>264,160</u>
OPERATING EXPENSES	23		
Selling		54,964	47,407
General and Administrative		<u>16,707</u>	<u>25,738</u>
Total Operating Expenses		<u>71,671</u>	<u>73,145</u>
INCOME FROM OPERATIONS	28	<u>102,186</u>	<u>191,015</u>
OTHER INCOME (CHARGES)			
Finance Expense	24	(11,367)	(24,425)
Taxes Expense		(101)	(374)
Loss on sale of salvage seeds - net		(606)	(3,219)
Interest Income		57	76
Gain on Foreign Exchange - Net		2,044	2,001
Others - Net		<u>3,796</u>	<u>7,788</u>
Total Other Charges - Net		<u>(6,177)</u>	<u>(18,153)</u>
INCOME BEFORE INCOME TAX		<u>96,009</u>	<u>172,862</u>
INCOME TAX			
Current		(16,322)	(38,780)
Deferred		<u>(491)</u>	<u>(1,390)</u>
Income Tax Expense - Net		<u>(16,813)</u>	<u>(40,170)</u>
INCOME BEFORE MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES		<u>79,196</u>	<u>132,692</u>
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES		<u>(8,704)</u>	<u>(8,962)</u>
NET INCOME		<u><u>70,492</u></u>	<u><u>123,730</u></u>
EARNINGS PER SHARE		<u><u>23</u></u>	<u><u>41</u></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 6-MONTH PERIODS ENDED JUNE 30, 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		456,870	510,231
Cash Payments to Suppliers and Employees		<u>(336,640)</u>	<u>(357,498)</u>
Cash Provided by Operating Activities		120,230	152,733
Receipts from (Payments for) :			
Corporate Income Taxes		(16,075)	(128,804)
Financing Cost		(11,367)	(24,425)
Interest Income		57	76
Other Operating Activities		<u>(2,299)</u>	<u>15</u>
Net Cash Provided by (Used in) Operating Activities		<u>90,546</u>	<u>(405)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of Property, Plant and Equipment	8	(9,913)	(17,032)
Proceeds from Sale of Property and Equipment		<u>9,324</u>	<u>29</u>
Net Cash Used in Investing Activities		<u>(589)</u>	<u>(17,003)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Receipts from (Payments for) :			
Finance Lease Obligations		(1,057)	(983)
Bank Loans - Net		<u>(17,309)</u>	<u>16,927</u>
Net Cash Provided by (Used in) Financing Activities		<u>(18,366)</u>	<u>15,944</u>
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS		71,591	(1,464)
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>79,339</u>	<u>14,728</u>
NON CASH ACTIVITIES			
Acquisition of Lease Assets through the incurrence of Finance Lease Obligations	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 6-Month Periods ended June 30, 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 Rp200 (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 6-Month Periods ended June 30, 2010 and 2009
 (Expressed in Million of Rupiah, Except Otherwise Stated)

c. Employees, Directors and Commissioners

As of June 30, 2010 and 2009, 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 Sastrodimoyo	- Director
Burhan Hidayat	- Independent Commissioner	Setiadi Setiokusumo	- Director
		Menas Tjonger's	- Director
		Putu Darsana	- Director

As of June 30, 2010 and 2009, 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

Salaries and other compensation benefits incurred for the Company and Subsidiaries' commissioners and directors amounted to Rp 2,693 and Rp 2,259 for the period ended June 30, 2010 and 2009, respectively.

The Company and Subsidiaries had 579 and 531 permanent employees on June 30, 2010 and 2009, respectively.

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)	
					2010	2009
PT Tanindo Subur Prima (TSP)	Fertilizer, pesticide and seeds trading	Sidoarjo	1987	54.20%	180,852	229,122
PT Multi Sarana Indotani (MSI)	Pesticide Manufacturing	Mojokerto	2005	99.91%	102,583	120,179
PT Tanindo Intertraco (TINCO)	Fertilizer, pesticide and seeds trading	Sidoarjo	2008	99.96%	614,526	1,014,541

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

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 6-Month Periods ended June 30, 2010 and 2009
(Expressed in Million of Rupiah, Except Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles and practices in Indonesia, which are the Statements of Financial Accounting Standards and the Capital Market Supervisory Agency (BAPEPAM-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; and certain property, plant and equipment, which are stated at revalued amounts.

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

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

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

b. Principles of Consolidation

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

All significant accounts and transactions between consolidated companies are eliminated.

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 Consolidated 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 Sheet.

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.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 6-Month Periods ended June 30, 2010 and 2009
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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.

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 Moving-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.

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.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 6-Month Periods ended June 30, 2010 and 2009
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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.

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.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 6-Month Periods ended June 30, 2010 and 2009
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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.

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.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 6-Month Periods ended June 30, 2010 and 2009
(Expressed in Million of Rupiah, Except Otherwise Stated)

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 June 30, 2010 and 2009, the exchange rates used are as follows :

	Full Amount	
	2010	2009
US\$ 1	9,083	10,225

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.

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 6-Month Periods ended June 30, 2010 and 2009
(Expressed in Million of Rupiah, Except Otherwise Stated)

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 Java, 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.

3. CASH ON HAND AND IN BANKS

This account consists of :

	<u>2010</u>	<u>2009</u>
Cash on Hand	419	401
Cash in Banks - Third Parties		
R u p i a h		
- PT Bank Mandiri (Persero) Tbk.	62,511	-
- PT Bank Central Asia Tbk.	13,613	9,563
- PT Bank Danamon Indonesia Tbk.	865	882
- Citibank N.A., Jakarta	515	531
- PT Bank Agris	235	-
- PT Bank CIMB Niaga Tbk. (formerly PT Bank Lippo Tbk.)	173	54
- PT Bank Negara Indonesia (Persero) Tbk.	121	59
- PT Bank Rakyat Indonesia (Persero) Tbk.	60	80
- PT Bank Permata Tbk.	1	2
US Dollar Accounts		
- Citibank N.A, Jakarta (US\$ 90,940 in 2010 and US\$ 306,076 in 2009)	826	3,130
- PT Bank Central Asia Tbk. (US\$ 2,549 in 2009)	-	26
Total	<u>79,339</u>	<u>14,728</u>

PT BISI INTERNATIONAL Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the 6-Month Periods ended June 30, 2010 and 2009
(Expressed in Million of Rupiah, Except Otherwise Stated)

4. ACCOUNTS RECEIVABLE - TRADE

This account consists of :

	<u>2010</u>	<u>2009</u>
Third Parties :		
PT Pertani (Persero)	42,260	79,174
PT Sang Hyang Seri (Persero)	37,041	52,636
Tani Takalar, Makassar	22,335	-
Lestari Tani, Lampung	21,301	23,833
Taruna Jaya, Semarang	18,393	17,289
Karisma Indoargo Universal, Surabaya	17,926	-
Others (account with balance below Rp 15 billion)	301,972	701,111
Total Third Parties	461,228	874,043
Allowance for Doubtful Accounts	(6,126)	(12,736)
Third Parties - Net	455,102	861,307
Related Parties (Note 25)	9,261	16,558

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	66,871	183,538
31 - 60 days	62,850	68,091
61 - 90 days	32,902	88,960
91 - 180 days	104,643	111,834
Over 180 days	193,962	421,620
Total	461,228	874,043
Less Allowance for Doubtful Accounts	(6,126)	(12,736)
Net	455,102	861,307
Related Parties :		
Less than 31 days	3,367	2,766
31 - 60 days	3,136	2,777
61 - 90 days	50	1,579
91 - 180 days	84	995
Over 180 days	2,624	8,441
Total	9,261	16,558

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\$ 460,008 (equivalent to Rp 4,178) as of June 30, 2010 and US\$ 609,688 (equivalent to Rp 6,234) as of June 30, 2009.

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As of June 30, 2010, certain receivables totaling Rp 60,000 are used as collateral for bank loans obtained from PT Bank Mandiri (Persero) Tbk.

5. INVENTORIES

This account consists of :

	<u>2010</u>	<u>2009</u>
<u>Finished Goods</u>		
Corn seeds	111,800	19,683
Vegetables seeds	33,690	32,449
Paddy seeds	11,460	7,765
Pesticides	52,727	62,008
Fertilizer	6,746	12,846
Others	88	77
Total Finished Goods	<u>216,511</u>	<u>134,828</u>
<u>Work-in Process</u>		
Corn seeds	140,180	160,604
Vegetables seeds	48,596	51,433
Paddy seeds	21,011	22,760
Pesticides	771	516
Fertilizer	25	42
Total Work-in Process	<u>210,583</u>	<u>235,355</u>
Raw Materials	10,946	9,687
Inventories In-Transit	2,152	10,369
Packaging	12,763	14,733
Others	10,257	14,144
Total	463,212	419,116
Less Allowance for Decline in Value of Inventory	<u>(7,666)</u>	<u>(3,070)</u>
Net	<u>455,546</u>	<u>416,046</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 June 30, 2010, inventories (except for certain 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 June 30, 2010, inventories of Rp 120,000 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 :

	2010	2009
Company	6,870	4,618
Subsidiaries		
PT Tanindo Subur Prima	449	637
PT Multi Sarana Indotani	155	993
PT Tanindo Intertraco	3,733	10,159
Total	11,207	16,407

7. PREPAID TAXES AND PREPAYMENTS

This account consists of :

	2010	2009
Value Added Tax - Net	14,040	7,091
Rental	2,450	1,875
Insurance	58	47
Others	1,625	112
Total	18,173	9,125

8. PROPERTY, PLANT AND EQUIPMENT

This account consists of :

	2010					
	Beginning Balance	Additions	Reclassifications In	Deductions	Reclassifications Out	
<u>At Cost</u>						
Direct Ownership						
Land	60,471	539	-	2,055	-	58,955
Buildings	94,364	9	11,479	1,856	-	103,996
Land and Building Improvements	17,509	9	38	898	-	16,658
Machinery and Equipment	108,916	946	121	3,894	-	106,089
Transportation Equipment	19,763	32	256	234	-	19,817
Furniture, Fixtures and Office Equipment	16,949	600	21	28	-	17,542
Electrical Installations	14,435	158	-	1,304	-	13,289
Total	332,407	2,293	11,915	10,269	-	336,346
Leased Assets						
Transportation Equipment	10,314	-	-	-	256	10,058

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	2 0 1 0					Ending Balance
	Beginning Balance	Additions	Reclassifications In	Deductions	Reclassifications Out	
Construction in Progress						
Land	-	-	-	-	-	-
Building Improvements	10,706	6,431	-	-	11,395	5,742
Machinery and Equipment	982	1,189	-	-	264	1,907
Office Equipment	-	-	-	-	-	-
Total	11,688	7,620	-	-	11,659	7,649
Total At Cost	354,409	9,913	11,915	10,269	11,915	354,053
<u>Accumulated Depreciation</u>						
Direct Ownership						
Buildings	14,058	2,166	-	120	-	16,104
Land and Building Improvements	9,834	1,082	-	229	-	10,687
Machinery and Equipment	25,481	4,843	-	399	-	29,925
Transportation Equipment	13,966	579	143	213	-	14,475
Furniture, Fixtures and Office Equipment	11,039	795	-	26	-	11,808
Electrical Installations	1,456	327	-	59	-	1,724
Total	75,834	9,792	143	1,046	-	84,723
Leased Assets						
Transportation Equipment	5,996	857	-	-	143	6,710
Total Accumulated Depreciation	81,830	10,649	143	1,046	143	91,433
Net Book Value	272,579					262,620

	2 0 0 9					Ending Balance
	Beginning Balance	Additions	Reclassifications In	Deductions	Reclassifications Out	
<u>At Cost</u>						
Direct Ownership						
Land	57,673	753	-	42	-	58,384
Buildings	64,709	-	24,121	-	-	88,830
Land and Building Improvements	11,949	1,404	3,321	-	-	16,674
Machinery and Equipment	83,937	-	12,203	6	-	96,134
Transportation Equipment	18,838	265	390	192	-	19,301
Furniture, Fixtures and Office Equipment	16,067	601	-	12	-	16,656
Electrical Installations	7,669	112	6,081	3	-	13,859
Total	260,842	3,135	46,116	255	-	309,838
Leased Assets						
Transportation Equipment	11,258	-	-	-	390	10,868
Construction in Progress						
Land	-	-	-	-	-	-
Building Improvements	37,947	7,017	-	-	30,203	14,761
Machinery and Equipment	22,594	6,960	-	-	15,523	14,031
Office Equipment	23	-	-	-	-	23
Total	60,564	13,977	-	-	45,726	28,815
Total At Cost	332,664	17,112	46,116	255	46,116	349,521

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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	1,592	-	-	-	11,984
Land and Building Improvements	7,752	889	-	-	-	8,641
Machinery and Equipment	16,507	4,137	-	-	-	20,644
Transportation Equipment	11,814	627	-	173	-	12,268
Furniture, Fixtures and Office Equipment	9,485	777	-	3	-	10,259
Electrical Installations	807	290	-	-	-	1,097
Total	56,757	8,312	-	176	-	64,893
Leased Assets						
Transportation Equipment	4,882	1,081	-	-	-	5,963
Total Accumulated Depreciation	61,639	9,393	-	176	-	70,856
Net Book Value	271,025					278,665

(a) Depreciation expenses were charged to the following :

	<u>2 0 1 0</u>	<u>2 0 0 9</u>
Cost of Goods Sold	8,670	7,099
Selling Expenses	1,741	1,986
General and Administrative Expenses	238	308
Total	10,649	9,393

(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	9,324	29
Net Book Value	9,223	2
Gain	101	27

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 June 30, 2010 ranges from 95% to 98%.
- (d) The management believes that there is no impairment of assets value of the Company and Subsidiaries' property, plant and equipment.
- (e) As of June 30, 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 June 30, 2010, certain property, plant and equipment with net book value of Rp 52,106 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 obligations.

9. OTHER NON CURRENT ASSETS – NET

This account consists of :

	<u>2010</u>	<u>2009</u>
Security Deposit	956	2,060
Deferred Expenditure - Net	2,368	1,057
Others	3,903	7,312
Total	<u>7,227</u>	<u>10,429</u>

10. SHORT-TERM BANK LOANS

This account consists of :

	<u>2010</u>	<u>2009</u>
PT Bank Mandiri (Persero) Tbk	133,771	-
PT Bank Rakyat Indonesia (Persero) Tbk	-	338,563
Total	<u>133,771</u>	<u>338,563</u>

PT Bank Mandiri (Persero) Tbk

On June 28, 2010, the Company and TINCO entered into a loan agreement with PT Bank Mandiri (Persero) Tbk (Mandiri) to obtain working capital loan facility with a maximum limit of Rp 150,000 and Rp 50,000, respectively. These loan facilities have maturity period of one year until June 27, 2011. The loan bears annual interest rate of 10.5% in 2010.

The loan agreements also require the Company and Subsidiary, among others, not enter into the following transactions, without the prior written consent from Bank Mandiri :

- make changes to shareholders if the Charoen Pokphand Group is no longer the controlling party (minimum stock ownership < 50%);
- transfer of Collateral;
- act as a guarantor of debt expect for a consolidated subsidiaries;

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- handed to another party, all or part of its rights or obligations arising under the credit agreement;
- make acquisitions outside the core business and or sell an assets value at more than 20% of equity.

On June 30, 2010, the loan was based on a loan agreement secured by accounts receivable (Note 4), inventories (Note 5) and certain fixed assets (Note 8) of the Company and its Subsidiaries.

On June 30, 2010, the Company and its Subsidiaries are in compliance with all requirements and restrictions in accordance with the agreement with the bank.

PT Bank Rakyat Indonesia (Persero) Tbk

In 2009, this account represents working capital loans obtained by the Company and its Subsidiaries from PT Bank Rakyat Indonesia (Persero) Tbk (BRI). The maximum credit limit of the Company's portion of Rp 250 billion, TSP's portion of Rp 60 billion and MSI's portion of Rp 40 billion. The loan facilities have maturity period of one year. The loans bear an annual interest rate of 13.0% in 2010 and 14.0% to 15.0% in 2009.

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.

On June 30, 2009, these loan and investment loans from the same bank (Note 15) secured by trade receivables amounting to Rp 124,000, inventory amounting to Rp 178,000 and fixed assets amounting to Rp 158,366 owned by the Company and its Subsidiaries.

These loans have been settled by the Company and its Subsidiaries in June 2010.

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11. TRADE PAYABLES

The details of trade payables are as follows :

	<u>2010</u>	<u>2009</u>
Third Parties :		
Farmers	7,461	48,815
Hubei Sanonda Co. Ltd., China	12,449	10,463
Agronature Co. Ltd., China	1,607	22,961
Biesterfeld International, German	931	-
Others	229	2,012
Total Third Parties	<u>22,677</u>	<u>84,251</u>
Related Parties (Note 25)	<u>17,449</u>	<u>21,526</u>

The above payables include payables in foreign currencies amounting to US\$ 1,657,450 (equivalent to Rp 15,055) as of June 30, 2010 and US\$ 5,548,100 (equivalent to Rp 56,729) as of June 30, 2009.

12. OTHER PAYABLES – THIRD PARTIES

The details of other payables – third parties are as follows :

	<u>2010</u>	<u>2009</u>
Founding Cash	1,282	1,302
Monsanto Company, United States	-	20,258
Others	8,566	6,963
Total	<u>9,848</u>	<u>28,523</u>

13. TAXES PAYABLE

Taxes payable consist of :

	<u>2010</u>	<u>2009</u>
Corporate Income Tax	6,450	12,820
Withholding Income Taxes :		
Income Tax Article 4 (2)	24	36
Income Tax Article 21	221	285
Income Tax Article 23	6	6
Income Tax Article 26	-	850
Income Tax Article 29	7	-
Value Added Tax	12,615	8,249
Total	<u>19,323</u>	<u>22,246</u>

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Based on the Minister of Finance Regulation No. 238/PMK.03/2008 (PMK No. 238/2008) dated December 30, 2008 on "Implementation and Monitoring Procedures for Tariff Reduction Corporate Taxpayers in the Form of Public Company" in Article 2 states that taxpayers may obtain the reduced income tax rate by 5% (five percent) lower than the highest income tax rate Tax Payers in the State as stipulated in Article 17 paragraph (1) letter b of Law no. 7 of 1983 on "Income Tax". Income Tax Rate Reduction is given if it meets the following criteria:

1. The public owns 40% (forty percent) or more of the total paid shares and shares owned by at least 300 (three hundred) party.
2. Each party is referred to above may only have a share of less than 5% (five percent) of the total paid shares.
3. These requirements must be met by the taxpayer within a short time at least 6 (six) months within a period of one (1) fiscal year.

Taxpayers must attach a letter from the Securities Administration Bureau in the Annual Income Tax taxpayer by attaching X.H.1-6 form as stipulated in Bapepam-LK Rule Number X.H.1 for each relevant tax year. PMK No. 238/2008 retroactive effect starting on January 1, 2008.

On January 15, 2010, the Company has obtained a letter from the Securities Administration Bureau for the fulfillment of the criteria for ownership of the above. Therefore, the Company has implemented a tax reduction in income tax calculations in 2009.

In September 2008, Law no. 7 Year 1983 regarding "Income Tax" has been revised for the fourth time by Law No. 36 of 2008 (Act No. 36/2008). The amendment also includes changes in corporate tax rate from the previous use of progressive tax rates to a single rate of 28% for the year 2009 and 25% for fiscal year 2010 and beyond.

In the year 2009, the Company received Tax Assessment Letter (STP) for income tax article 25 for fiscal year 2009 amounted to Rp 2,554.

In December 2009, TINCO received a Letter of Tax Underpayment (SKPKB) for corporate income tax in 2008. Based on the tax assessments, TINCO must make an additional payment of income tax in 2008 amounted to Rp 1,976 (including penalties for Rp 1,929). In addition, TINCO also received SKPKB and STP of Value Added Tax (VAT) for fiscal year 2008 amounted to Rp 23. On December 31, 2009, TINCO recorded tax liability under "Taxes Payable" in the consolidated balance sheet in 2009.

In the year 2009, the TSP received a Letter of Tax Overpayment (SKPLB) on corporate income tax for fiscal year 2007. Based on the SKPLB, the tax refund in 2007 of Rp 6,713 has been corrected to the amount of Rp 6,576. TSP has also received a STP and SKPKB of corporate income tax and VAT for the fiscal years 2007 and 2008 amounted to Rp 207.

In the year 2009, MSI received SKPLB of corporate income tax for fiscal year 2007. Based on the SKPLB, the tax refund in 2007 of Rp 2,429 has been corrected to the amount of Rp 2,344. MSI has also received a collection of income tax and VAT for the fiscal years 2007 and 2008 amounted to Rp 992. In April 2009, MSI has received the refund claims for tax year 2007 amounting to Rp 250, net of the tax assessment years 2005 and 2006 amounted to Rp 2,052 and STP of VAT amounting to Rp 42. In April 2009, MSI has paid the remaining collection of income tax and VAT tax years 2007 and 2008 amounting to Rp 950.

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14. ACCRUED EXPENSES

This account consists of :

	<u>2010</u>	<u>2009</u>
Salary, allowance and employee welfare	5,643	5,736
Professional Fee	2,903	1,862
Others	9,725	1,624
Total	<u>18,271</u>	<u>9,222</u>

15. LONG-TERM BANK LOAN

On June 30, 2009, the loan amounting to Rp 1,000 represents an investment loan obtained by the MSI from the BRI, with a maximum credit limit of Rp 6,500. The period of loan is from December 20, 2005 until December 20, 2009 including a grace period of one year. The loan is repayable in 6 semi annual installments in the amount of Rp 1,000 for the first installment until the 5th and Rp 1,500 for the 6th installment. The loan bears an annual interest rate of 14.0% in 2009. Restrictions and investment loan collateral is the same as working capital loans from the same bank (Note 10). This loan has been repaid in full in December 2009.

16. FINANCE LEASE LIABILITIES

The Company and Subsidiaries entered into several lease agreements with PT Rekza 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 June 30, 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	2,129	2,127
After one year but not more than five years	2,164	5,134
Total minimum lease payments	4,293	7,261
Less interest portion	(386)	(1,118)
Present value of minimum lease payments	3,907	6,143
Current portion	(1,218)	(1,149)
Long-term liabilities	<u>2,689</u>	<u>4,994</u>

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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 June 30, 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 years of service and compensation to employees amounting to Rp 27,277 and Rp 23,308 on June 30, 2010 and 2009. Fee charged for Rp 2,629 and Rp 1,125 respectively for the period ended June 30, 2010 and 2009 is presented as part of "Operating Expenses - Salaries, Wages and Employee Benefits" in the consolidated income statements.

18. SHARE CAPITAL

The details of share ownership as of June 30, 2010 and 2009 with par value of Rp 100 (full amount) per share are as follows :

<u>Shareholders</u>	<u>Number of Shares Issued and Fully Paid</u>	<u>Percentage of Ownership</u>	<u>Amount</u>
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 :

	<u>2010</u>	<u>2009</u>
Difference between the proceeds with the par value of share :		
Initial Public Offering	90,000	90,000
Issuance of new shares	78	78
Share issuance costs	(3,683)	(3,683)
Net	86,395	86,395

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20. RETAINED EARNINGS

In the Shareholders' General Meeting held on May 25, 2010, the minutes of which were notarized under Deed No.75 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 1,000 from the 2009 net income.

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 1,000 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 1,000 from the 2007 net income.

21. NET SALES

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

	<u>2 0 1 0</u>	<u>2 0 0 9</u>
Commercial Seeds	270,635	358,477
Foundation Seeds	2,753	4,815
Pesticides	157,440	137,128
Fertilizers	5,621	8,134
Others	1,260	1,902
Total	<u>437,709</u>	<u>510,456</u>

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

Sales to related parties totaling to Rp 19,073 and Rp 24,054 or represent 4.36% and 4.71% from the period June 30, 2010 and 2009 consolidated net sales, respectively.

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22. COST OF GOODS SOLD

The details of cost of goods sold are as follows :

	<u>2010</u>	<u>2009</u>
Raw Materials Used	75,408	129,079
Direct Labor	2,568	2,485
Factory Overhead	65,573	73,782
Total Manufacturing Costs	<u>143,549</u>	<u>205,346</u>
Working Process		
Beginning Balance	263,509	234,695
Ending Balance	<u>(210,583)</u>	<u>(235,355)</u>
Cost of Goods Manufactured	196,475	204,686
Finished Goods		
Beginning Balance	252,379	149,163
Purchases	33,931	28,441
Ending Balance	<u>(216,511)</u>	<u>(134,828)</u>
Cost of Salvage Seeds Sold	<u>(2,422)</u>	<u>(1,166)</u>
Cost of Goods Sold	<u>263,852</u>	<u>246,296</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	16,051	13,349
Salaries, Wages and Employee Welfare	12,183	12,342
Freight-out	9,973	8,833
Transportation and Travelling	6,046	3,738
Depreciation	1,741	1,986
Packaging	1,552	864
Telecommunication	1,065	1,138
Tax, Fines and Licenses	1,040	947
Others (Accounts with balance below Rp 1,000, each)	5,313	4,210
Total	<u>54,964</u>	<u>47,407</u>

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	<u>2010</u>	<u>2009</u>
General and Administrative		
Salaries, Wages and Employee Welfare	7,956	6,690
Royalty	2,853	12,601
Professional Fees	1,605	1,016
Transportation and Travelling	1,128	1,087
Others (Accounts with balance below Rp 1,000, each)	3,165	4,344
Total	<u>16,707</u>	<u>25,738</u>
Total Operating Expenses	<u>71,671</u>	<u>73,145</u>

24. INTEREST EXPENSES - NET

The details of this account are as follows :

	<u>2010</u>	<u>2009</u>
Interest Expense		
Bank Loan	11,058	23,937
Finance Lease Obligations	309	488
T o t a l	<u>11,367</u>	<u>24,425</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	15,776	9,853	3.60	1.93
PT Centralpertiwi Bahari	3,119	14,201	0.72	2.78
Others	178	-	0.04	-
Total	<u>19,073</u>	<u>24,054</u>	<u>4.36</u>	<u>4.71</u>

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

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	Total		Percentage to Total Consolidated Assets	
	2010	2009	2010	2009
PT Central Proteinaprima Tbk	5,484	3,593	0.39	0.22
PT Java Mitra Sejahtera	2,694	10,018	0.20	0.61
PT Centralpertiwi Bahari	1,043	2,909	0.07	0.18
Others	40	38	0.00	0.00
Total	9,261	16,558	0.66	1.01

(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	9,694	10,103	2.21	1.98
Total	9,694	10,103	2.21	1.98

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	17,449	21,526	6.91	4.03
Total	17,449	21,526	6.91	4.03

(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	-	0.05
PT Charoen Pokphand Indonesia Tbk	-	93	-	0.02
Total	-	339	-	0.07
<u>Interest Expenses</u>				
PT Reksa Finance	309	488	0.07	0.10
Total	309	488	0.07	0.10

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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	32	15	0.01	0.00
Total	32	15	0.01	0.00
<u>Consumer Financing Loan</u>				
PT Reksa Finance	3,907	6,143	1.55	1.15

Nature of Relationships with Related Parties

The nature of relationships and transactions of the Company and Subsidiaries with related parties are as follow:

Related Parties	Nature of Related Parties	Transaction
a. Chia Tai Co. Ltd., Thailand	Subsidiary shareholder	Sales of vegetable seeds
b. PT Charoen Pokphand Indonesia Tbk. PT Centralpertiwi Bahari PT Java Mitra Sejahtera PT Central Proteinaprima Tbk. PT Central Agromina PT Central Avian Pertiwi PT Charoen Pokphand Jaya Farm PT Andalas Windu Murni PT Citrawindu Pertala PT Suryawindu Pertiwi PT Windusejati Pertiwi PT Marindolab Pratama PT Surya Hidup Satwa PT SHS International PT Vista Agung Kencana PT Central Pertiwi PT Cipta Pertiwi PT Reksa Finance	Company's that the shares are owned by majority shareholder or director or company's commissioners and/ or under the same management	Sales of corn seeds, pesticides, fertilizers, others finished good and salvage seeds, rent and loans.
		Finance lease liabilities.
c. Chia Tai Seeds Co. Ltd., Thailand	Managed by the Company's affiliates	Purchase of vegetable seeds and pesticide.

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26. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of June 30, 2010, the Company and Subsidiaries have monetary assets and liabilities denominated in foreign currency, as follows :

	<u>Rupiah Equivalents</u>
Assets	
Cash on Hand and in Banks (US\$ 90,940)	826
Accounts Receivable - Trade (US\$ 460,008)	<u>4,178</u>
Total	<u>5,004</u>
Liabilities	
Accounts Payable - Trade (US\$ 1,657,450)	<u>15,055</u>
Total	<u>15,055</u>
Net Monetary Liabilities	<u><u>10,051</u></u>

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 2,853 and Rp 12,601 for the period ended June 30, 2010 and 2009, respectively.

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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 2010, CPI agreed to extend the rental period until December 31, 2010 with a rental of Rp 200 per year. Rent expense charged to operations amounted to Rp 100 for the period ended June 30, 2010 and 2009, respectively.

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						
	Corn	Vegetables	Paddy	Pesticide	Others	Elimination	Consolidation
Segment Sales							
External Sales	120,583	112,306	40,499	157,443	6,878	-	437,709
Inter-segment Sales	832	122	10	1,910	1,319	(4,193)	-
Total Sales	121,415	112,428	40,509	159,353	8,197	(4,193)	437,709
Segment Result	26,670	62,328	16,333	69,562	3,157	(4,193)	173,857
Operating Expenses	(25,983)	(14,865)	(8,669)	(21,070)	(1,084)	-	(71,671)
Operating Income	687	47,463	7,664	48,492	2,073	(4,193)	102,186
Other Income (Charges)							
Financing Cost							(11,367)
Gain on Foreign Exchange							2,044
Interest Income							57
O t h e r s							3,089
Income before Tax							96,009
Income Tax Expense							(16,813)
Income After Tax							79,196
Segment assets	362,738	113,566	91,149	149,232	6,548	-	723,233
Unallocated Assets							673,381
Total Assets							1,396,614
Segment Liabilities	-	-	-	19,204	-	-	19,204
Unallocated Liabilities							233,351
Total Liabilities							252,555
Allocated Capital Expenditures	5,447	1,463	2,776	115	-	-	9,801
Unallocated Capital Expenditures							112
Total							9,913
Depreciation and Amortization	2,934	2,732	985	3,831	167	-	10,649
Non-cash Expenses Other than Depreciation and Amortization	6,407	692	926	2,141	149	-	10,315

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	2 0 0 9						Consolidation
	Corn	Vegetables	Paddy	Pesticide	Others	Elimination	
Segment Sales							
External Sales	194,172	112,050	57,070	137,128	10,036	-	510,456
Inter-segment Sales	-	1,380	-	9,096	938	(11,414)	-
Total Segment Sales	194,172	113,430	57,070	146,224	10,974	(11,414)	510,456
Segment Result	115,094	64,918	28,305	64,876	2,381	(11,414)	264,160
Operating Expenses	(33,463)	(12,510)	(9,835)	(16,127)	(1,210)	-	(73,145)
Operating Income	81,631	52,408	18,470	48,749	1,171	(11,414)	191,015
Other Income (Charges)							
Financing Cost							(24,425)
Gain on Foreign Exchange							2,001
Interest Income							76
Others							4,195
Income before Tax							172,862
Income Tax Expense							(40,170)
Income After Tax							132,692
Segment assets	307,038	118,473	86,945	179,560	12,335	-	704,351
Unallocated Assets							939,066
Total Assets							1,643,417
Segment Liabilities	-	-	-	67,985	-	-	67,985
Unallocated Liabilities							466,812
Total Liabilities							534,797
Allocated Capital Expenditures	6,163	4,461	4,883	601	-	-	16,108
Unallocated Capital Expenditures							924
Total							17,032
Depreciation and Amortization	3,573	2,062	1,050	2,523	185	-	9,393
Non-cash Expenses Other than Depreciation and Amortization	688	1,152	126	2,135	93	-	4,194

Secondary Segment

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

	2 0 1 0						Consolidation
	Corn	Vegetables	Paddy	Pesticide	Others	Elimination	
External Sales							
Java	51,261	69,625	18,480	52,476	6,153	(4,193)	193,802
Sumatera	32,023	21,495	6,292	65,465	1,036	-	126,311
Sulawesi	36,521	4,493	15,774	32,545	464	-	89,797
Kalimantan	1,610	5,982	(37)	8,867	544	-	16,966
Overseas	-	10,833	-	-	-	-	10,833
Total	121,415	112,428	40,509	159,353	8,197	(4,193)	437,709
	2 0 0 9						
	Corn	Vegetables	Paddy	Pesticide	Others	Elimination	Consolidation
External Sales							
Java	68,649	65,425	37,801	49,282	8,051	(11,414)	217,794
Sumatera	73,090	21,383	13,272	61,238	1,926	-	170,909
Sulawesi	50,299	8,878	4,242	31,213	488	-	95,120
Kalimantan	2,134	7,141	1,755	4,491	509	-	16,030
Overseas	-	10,603	-	-	-	-	10,603
Total	194,172	113,430	57,070	146,224	10,974	(11,414)	510,456

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In accordance with PSAK No. 5 "Segment Reporting" and BAPEPAM rules on Financial Statement Presentation and Disclosures, the Company and Subsidiaries' segment were not able to disclose segment cash flows information, geographical segment and capital expenditure as the information are 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.