PT TUNAS BARU LAMPUNG Tbk
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED
MARCH 31, 2007 AND 2006

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PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2007 AND 2006

	Notes	2007	2006
		Rp '000	*Rp '000*
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2c,f & 3,29	230,126,288	17,087,459
Short - Term Investments - net of unearned interest of Rp. 827.703 thousand in 2007 and nil in 2006	2g & 4	24,172,297	-
Trade accounts receivable			
Related parties	2d,h,5,26 & 29	109,694,196	87,856,838
Third parties	2c,h & 5	45,384,243	25,560,581
Other accounts receivable -net		544,565	1,763,197
Inventories - net of allowance for decline in value and inventory obsolescence of Rp. 960.212 thousand in 2007 and Rp. 955.212 thousand in 2006	2d,i,r & 6	91,978,202	125,192,207
Advances	2c	45,556,306	31,285,243
Prepaid taxes		3,035,086	4,171,907
Prepaid expenses	2j	6,351,361	4,007,314
Total Current Assets		**556,842,544**	**296,924,746**
NONCURRENT ASSETS			
Due from related parties	2d,h,7 & 26	12,258,842	1,628,133
Due from plasma	2k & 28	88,241,036	70,207,725
Deferred tax assets	2w & 24	1,908,906	3,451,942
Real estate assets	2i,r,8, & 26	22,223,583	23,195,600
Plantation			
Matured Plantation - net of accumulated depreciation of Rp 111.269.476 thousand in 2007 and Rp 94.665.213 thousand in 2006	2m,r & 9	317,500,504	336,085,773
Immatured Plantation	2m,r,t & 9	166,580,507	87,732,116
Property, plant and equipment - net of accumulated depreciation of Rp 316.608.891 thousand in 2007 and Rp 255.906.624 thousand in 2006	2d,n,r & 10	778,866,241	586,074,006
Property for lease - net of accumulated depreciation of Rp 10.146.713 thousand in 2007 and Rp 8.835.817 thousand in 2006	2d,n,r &11	10,499,021	10,186,790
Property not used in operations	2n & 2r	14,499,379	14,499,379
Other Deferred charges	2o	1,389,650	3,383,858
Total Noncurrent Assets		**1,413,967,669**	**1,136,445,321**
TOTAL ASSETS		**1,970,810,213**	**1,433,370,067**

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2007 AND 2006 (Continued)

	Notes	2007 *Rp '000*	2006 *Rp '000*
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable	12		
Third Parties		48,926,315	41,156,196
Taxes payable	2w & 13	14,813,825	11,657,800
Accrued expenses	2d & 26	7,401,968	5,714,942
Short Term Bank loans	2c,d & 14, 29	53,507,874	65,478,154
Advanced received	2c, s, & 15, 29	177,157,184	59,687,026
Current portion of long-term liabilities :			
Bank loans	2c & 19, 29	78,924,700	82,977,500
Bank loans - Power Plant	2c & 16, 29	6,818,486	5,445,000
Lease liabilities	2n	1,487,599	4,077,522
Other current liabilities		693,874	2,639,575
Total Current Liabilities		**389,731,824**	**278,833,715**
NONCURRENT LIABILITIES			
Due to related parties	2d,7 & 26	2,625,682	1,293,402
Due to shareholders	2d ,26	8,689,265	6,765,942
Defined-benefits post-employment reserve	2u	22,221,176	21,302,756
Deferred tax liabilities	2w & 24	54,135,038	25,170,022
Advances received	2c, s, & 15, 29	254,803,180	112,945,311
Long-term liabilities - net of current maturities :			
Bank loans	2c & 19	31,250,000	109,942,500
Bank loans - Power Plant	2c & 16, 29	30,541,078	33,759,000
Lease liabilities	2d,n	13,610,217	13,117,476
Bonds payable - net of unamortized bonds issuances cost of Rp. 4.690.000 thousand in 2007 and Rp. 6.790.000 thousand in 2006	2p & 17 18	295,310,000	293,210,000
Other liabilities		19,900	21,071
Total Noncurrent Liabilities		**713,205,535**	**617,527,480**
MINORITY INTEREST IN NET ASSETS OF THE SUBSIDIARIES		**1,329,575**	**1,192,042**
EQUITY			
Capital stock - par value of Rp 125 per share Authorized - 6,400,000,000 shares in 2007 and 3,200,000,000 shares in 2006 Issued and paid-up - 4.124.217.629 shares in 2007 and 1.615.387.200 shares in 2006	20	515,527,204	201,923,400
Additional paid-in capital - net	2q,20	173,453,468	184,200,968
Difference in value of restructuring transaction between entities under common control	2v	74,487	74,487
Retained earnings			
Appropriated	25	2,500,000	2,000,000
Unappropriated		174,988,120	147,617,976
Total Equity		**866,543,279**	**535,816,831**
TOTAL LIABILITIES AND EQUITY		**1,970,810,213**	**1,433,370,067**

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2007 AND 2006

	Notes	2007	2006
		Rp '000	*Rp '000*
NET SALES	2d, s, 21, & 26	345,771,322	318,737,217
COST OF GOODS SOLD	2d, s, 22, & 26	290,936,343	267,642,575
GROSS PROFIT		**54,834,979**	**51,094,643**
OPERATING EXPENSES	2s & 23		
Selling		16,427,004	12,701,700
General and administrative	2d,u, 10,17 & 26	12,085,418	14,584,345
Total Operating Expenses		**28,512,422**	**27,286,045**
INCOME FROM OPERATIONS		**26,322,557**	**23,808,598**
OTHER INCOME (CHARGES)	2s		
Gain (loss) on foreign exchange - net	2 y, & 28	(6,511,944)	26,169,226
Interest income		4,221,254	297,022
Interest expense and financial charges	2c,t,14,17,19,&29	(17,554,539)	(21,440,034)
Others - net	2d	(805,616)	(388,131)
Other Income (Charges) - Net		**(20,650,845)**	**4,638,083**
INCOME BEFORE TAX		**5,671,712**	**28,446,681**
TAX EXPENSE			
Current Tax	2w, 24	(460,089)	(5,218,653)
Deferred Tax	2w, 24	(3,093,859)	599,386
TAX EXPENSES		**(3,553,948)**	**(4,619,267)**
INCOME BEFORE MINORITY INTEREST IN NET LOSS OF SUBSIDIARIES		**2,117,764**	**23,827,414**
MINORITY INTEREST IN NET (PROFIT) LOSS OF THE SUBSIDIARIES	2b	(17,016)	29,167
NET INCOME		**2,100,748**	**23,856,581**
BASIC EARNINGS PER SHARE (in full Rupiah)	2x	1	15

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2007 AND 2006

	Paid-up capital stock	Additional paid-in capital	Difference in value of restructuring transactions between entities under common control	Retained earnings		Total equity
				Appropriated	Unappropriated	
	Rp' 000	*Rp' 000*	*Rp' 000*	*Rp' 000*	*Rp' 000*	*Rp' 000*
Balance as of Januari 1, 2006	201,923,400	184,200,968	74,487	2,000,000	123,761,395	511,960,250
Net income of January 1 - March 31, 2006	-	-	-	-	23,856,581	23,856,581
Balance as of March 31, 2006	**201,923,400**	**184,200,968**	**74,487**	**2,000,000**	**147,617,976**	**535,816,831**
Net Income of April 1 - December 31, 2006	-	-	-	-	29,027,519	29,027,519
Cash Dividends	-	-	-	-	(3,258,123)	(3,258,123)
Appropriation of general reserve	-	-	-	500,000	(500,000)	-
Limitted Public Offering I	313,602,356	(10,747,500)	-	-	-	302,854,856
Balance as of December 31, 2006	**515,525,756**	**173,453,468**	**74,487**	**2,500,000**	**172,887,372**	**864,441,083**
Net income of January 1 - March 31, 2007	-	-	-	-	2,100,748	2,100,748
Exercise of Warant Series I	1,448	-	-	-	-	1,448
Balance as of March 31, 2007	**515,527,204**	**173,453,468**	**74,487**	**2,500,000**	**174,988,120**	**866,543,279**

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2007 AND 2006

	2007	2006
	Rp '000	*Rp '000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	602,222,714	317,204,183
Cash payments to suppliers, employees and others	(359,970,288)	(134,684,280)
Payment of income tax	(283,163)	(208,481)
Net Cash Provided by (Used In) Operating Activities	**241,969,263**	**182,311,422**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(64,054,238)	(70,138,496)
Increase of properties for lease	(1,323,727)	-
Receipts from (Increase in)due from plasma	(5,703,605)	1,630,011
Placement in Negotiable Certificates of Deposits	20,175,000	-
Receipts from (Payments to) related parties	(1,108,902)	5,331,417
Net Cash Used in Investing Activities	**(70,866,745)**	**(63,177,067)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Additinal of (Payment of) short-term bank loans	(57,095,042)	(77,994,890)
Payment of long-term bank loans	(24,246,500)	(19,681,500)
Additonal (Payment) of lease liabilities	3,005,336	(2,979,819)
Additional (Payment) of other deferred charges	3,320,650	2,109,458
Proceeds from Warant Series I	1,448	-
Payment of interest and financial charges	(17,554,539)	(21,440,034)
Net Cash Provided by Financing Activities	**(92,568,647)**	**(119,986,784)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**78,533,871**	**(852,430)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**151,592,417**	**17,939,889**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**230,126,288**	**17,087,459**

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

1. GENERAL

a. Establishment and General Information

PT. Tunas Baru Lampung Tbk (the Company) was established by virtue of Notarial Deed No. 23 dated December 22, 1973 of Halim Kurniawan SH, notary public in Teluk Betung. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. Y.A.5/233/25 dated July 10, 1975, and was published in the State Gazette of the Republic of Indonesia No. 44 dated June 1, 1999, Supplement No. 3194. The Company's Articles of Association have been amended several times, most recently has been amended with Deed of Circular Resolution No. 28 dated June 29, 2006 of Mrs. Kartuti Suntana Sastraprawira, S.H., notary public in Jakarta, concerning the increase in the Company's authorized, issued and paid-up capital stock. The amendment of the Articles of Association was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. C-19172 HT.01.04 TH.2006 dated June 29,2006, and was published in the State Gazette of the Republic of Indonesia No. 63 dated August 8,2006, Supplement No. 8357.

The Company is domiciled in Jakarta, with head office located at Wisma Budi, Jl. H.R. Rasuna Said Kav C-6, Jakarta. Its Factories are located at Lampung, Surabaya, Tangerang, Palembang and Kuala Enok, while its plantations are located in Terbanggi Besar – Central Lampung and Banyuasin – South Sumatera, while the plantations of the subsidiaries are located at Central Lampung, North Lampung and Banyuasin.

In accordance with article 3 of the Company's articles of association, the scope of its activities is mainly to engage in plantation, agriculture and manufacturing, as well as export and import. Currently, the Company is engaged mainly in manufacturing palm cooking oil, coconut cooking oil, crude coconut oil, crude palm oil (CPO) and soap, and in palm and hybrid plantations. The Company started producing CPO in September 1995 and cooking oil in October 1996. The Company's products are marketed in both domestic and international markets.

The Company is under the business groups of Sungai Budi. As of March 31, 2007 and 2006, based on Notarial Deed No. 109 dated June 28,2002 of Mrs. Machrani Moertolo S., S.H., notary public in Jakarta, The Company's management consisted of the folowing:

President Commissioner	:	Santoso Winata
Commissioner	:	Oey Albert
Independent Commissioner	:	Richtter Pane
President Director	:	Widarto
Deputy President Director	:	Sudarmo Tasmin
Directors	:	Djunaidi Nur
		Winoto Prajitno
		Oey Alfred

b. Public Offering of Shares and Bonds Issuance of the Company

On December 31, 1999, the Company obtained the Notice of Effectivity from the Chairman of the Capital Market Supervisory Agency (Bapepam) currently the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) in his letter No. S-2735/PM/1999 for the Company's initial public offering of 140.385.000 shares with par value of Rp. 500 per share.

In 2004,the Company obtained the Notice of Effectivity from Bapepam (now Bapepam – LK) through letter No. S-1764/PM/2004 dated June 14,2006 for the Company's Public Offering of "Tunas Baru Lampung Bonds I Year 2004" with total amount of Rp. 300.000.000 thousand.

On June 25, 2005, the Company's bonds were listed at the Surabaya Stock Exchange.

Through letter No. 033/BP/CS/Y/2006 dated June 1, 2006, the Company filed for the Notice of Listing to the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) in relation with its plan to conduct Limited Public Offering I to Stockholders or Rights Issue, for 3.230.774.400 shares with a par value of Rp. 125 per share, with Series I Warrants attached and subscription price of Rp 125 per share.

Every holder 3 shares has the right to purchase 6 new shares, wherein for every 6 new shares, one Series I Warants is attached, free of charge. The total Series I Warants of 538.462.400 were issued as incentives to stockholders to purchase one new share at a par value of Rp 125 per share, with exercise price of Rp 125 per share, which can be exercised from January 15, 2007 until July 13, 2011.

The Right Issue I was approved by the Stockholders in their Extraordinary Stockholders' Meeting held on June 29, 2006, which resolutions were documented in Notarial Deed No. 27 of Mrs. Kartuti Suntana Sastraprawira S.H., notary public in Jakarta. The Company received the Notice of Effectivity from Bapepam-LK through its Decision Letter No. S-790/BL/2006 dated June 28, 2006 for the Rights Issue I. The total proceeds the Rights Issue I amounted to Rp 313.602.356 thousand (for 2.508.818.846 shares) and it has been received by the Company in July 2006.

As of March 31, 2007, all of the Company's shares totaling 4.124.206.046 shares, with a par value of Rp 125 per share, were listed in the Jakarta Stock Exchange and the Surabaya Stock Exchange.

c. Consolidated Subsidiaries

The Company has direct ownership interest in the following subsidiaries:

Subsidiaries	Domicile	Nature of Business	Percentage of ownership	Start of Commercial Operations
PT Bangun Nusa Indah Lampung (BNIL)	Lampung	Palm and hybrid Plantations	99.99%	1997
PT Bumi Sentosa Abadi (BSA)	Lampung	Palm plantation	99.97%	1996
PT Budi Dwiyasa Perkasa (BDP)	Lampung	Palm plantation	99.99%	1999
PT Budinusa Ciptawahana (BNCW)	Lampung	Palm and horticulture	98.00%	2002
PT Adikarya Gemilang (AKG)	Lampung	Pineapple plantation and palm plantation	98.33%	1999
PT Bangun Tatalampung Asri (BTLA)	Lampung	Palm plantation and real estate	99.71%	2000
PT Agro Bumi Mas	Lampung	Palm Oil Mill	90.00%	2003

The plantations of the Company are located at Central and North Lampung with total area of approximately 77 thousand hectares. The planted area is approximately 45 thousand hectares.

Currently, all of the subsidiaries' palm and hybrid crops are sold to the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis Consolidated Financial Statement Presentation and Measurement.

The consolidated financial statements have been prepared using accounting principles and reporting practices generally accepted in Indonesia such as the Statements of Financial Accounting Standards (PSAK) and the regulation of the Capital Market supervisory Agency (Bapepam) (currently Bapepam – LK). Such consolidated financial statements are an English translation of the Company and its subsidiaries' statutory report in Indonesia, and are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

The measurement basis used is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies, such as inventories, real estate assets and property not used in operation which are stated at the lower of cost and net realized value. The consolidated financial statement, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting.

The consolidated statements of cash flows are prepared using the direct method with classifications of cash flows into operating, investing and financing activities.

The reporting currency used in the preparation of the consolidated financial statements is the Indonesian Rupiah (Rp). Unless otherwise stated, all figure presented in the consolidated financial statements are stated in thousand of Rupiah.

b. Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries, wherein the Company has direct or indirect ownership interest of more than 50% of the voting rights of the subsidiary's capital stock and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. A subsidiary is excluded from consolidation when the control in such subsidiary is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future; or when the subsidiary operates under long-term restrictions which significantly impair its ability to transfer funds to the Company.

When an entity either began or ceased to be controlled during the year, the results operation of that entity are included in the consolidated financial statements only from the date that the control commenced up to the date that the controlled ceased.

Intercompany balances and transactions, including unrealized gains or losses on inter company transactions, are eliminated to reflect the financial position and the results of operations of the Company and its subsidiaries as one business entity.

The consolidated financial statements are prepared using uniform accounting policy for like transactions and events in similar circumstances. If a subsidiary's financial statements uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to the subsidiary's financial statements.

Minority interest represents the minority stockholder's proportionate share in the net income and equity of the subsidiaries which are not wholly owned, which is presented based on the percentage of ownership of the minority stockholders in the subsidiaries.

The losses applicable to the minority stockholders in a consolidated subsidiary may exceed the minority stockholders' interest in the net assets of the subsidiaries. The excess and any further losses applicable to the minority are charged against the majority interest, except to the extend that the minority has a binding obligation to, and is able to, absorb such losses and the minority stockholders can settle their obligation. If the subsidiary subsequently reports profits, such profits shall be allocated to the majority stockholders' up to the amount of the minority stockholders' share in losses previously absorbed by the majority which have been recovered.

When the cost of the acquisition is less than the interest of the Company in the fair value of the net assets of the subsidiaries, the excess is recognized as negative goodwill and is amortized using the straight – line method over 20 years.

c. Foreign Currency Transactions and Balances

The books of accounts of the Company and its subsidiaries are maintained in Rupiah. Transactions during the year involving foreign currencies are recorded 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 reflect the rates of exchange prevailing at that date as published by Bank Indonesia. Majority of the balances and transaction in foreign currencies are denominated in the United States Dollar. The resulting gains or losses are credited or charged to current operations.

d. Transaction with Related Parties

Related parties consist of the following :

1) Companies that, through one or more intermediaries, control or are controlled by, or are under common control with, the Company (including holding companies, subsidiaries, and fellow subsidiaries);

2) Associated companies.

3) Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, and close family members of such individuals (close family members are those who can influence or can be influenced by such individuals in their transaction with the Company);

4) Key management personnel, that is, those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, including commissioners, directors and managers of the Company and close family members of such individuals; and

5) Companies in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4) or over which such person is able to exercise significant influence. These included companies owned by commissioners, directors or major stockholders of the Company, and companies that have a common member of key management with that of the Company.

All transaction with related parties, whether or not done under similar terms and conditions as those done with third parties, are disclosed in the consolidated financial statements.

e. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in Indonesia requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

f. Cash and Cash Equivalents

Cash consists of cash on hand and cash in banks.

Cash equivalents consist of time deposit on call and Negotiable Certificates of Deposits (NCD). These cash equivalents are short-term, highly liquid investment that are readily convertible to known amounts of cash with original matures of three months or less from the date of placements, and which are not used as collateral and are not restricted.

NCD'S with maturity less than three months are stated at its nominal amount net of unamortized interest received in advance. Such interest received in advance will be amortized over the period of the NCD's.

g. Short – Term Investments

Short – term investments consist of investments in NCD with maturity of more than three months from the date of placement.

NCD's with maturity of more than three months are stated at its nominal amount , net of unamortized interest received in advance. Such interest received in advance will be amortized over the period of the NCD's.

h. Account Receivable

Accounts receivable are stated at net realized value, after providing an allowance for doubtful accounts. Accounts receivable deemed uncollectible are written off.

An allowance for doubtful account is provided based on management's evaluation of the collectibility of the individual receivable accounts at the end of the year.

i. Inventories

Inventories are stated at cost and net realized value, whichever is lower. Cost is determined using the moving average method. Allowances for inventory obsolescence and decline in value of the inventories are provided to reduce the carrying value of inventories to their net realized value.

A provision for inventory obsolescence is recognized based on management's review of the condition of each inventories category at the end of the year.

A provision for decline in value of inventories is provided based on management's evaluation of the estimated market value of the inventories at the end of the year, based on assumptions about future demand and market conditions.

j. Prepaid Expenses

Prepaid expenses are amortized over their beneficial period using the straight-line method.

k. Due From Plasma Projects

Due from plasma project is presented net of funding received from the banks and allowance for doubtful accounts. The allowance for doubtful account is estimated based on management's periodic evaluation on the collectibility of the differences between development costs and amount financed by the bank.

l. Real Estate Assets

Real estate assets consist of accumulated cost paid in relation to the construction of building (plaza, kiosks and shophouses) under a Build, Operate and Transfer (BOT) agreement, the term used rights (*hak pakai berjangka*) of which are being sold separately. The remaining units available for sale are stated at cost or net realized value, whichever is lower. Cost is determined using the average cost method based on the saleable area of the units.

m. Plantations

Mature Plantations

Palm and hybrid coconut plantations are considered mature in 4 - 5 years from planting date, while orange plantations are considered mature in 4 years from planting date. First harvest of pineapple plantations can be done at the age of 22 months, while the second harvest can be done at the age of 33 months. Actual maturity depends on vegetative growth and management evaluation.

Palm, hybrid coconut, orange, and pineapple plantations are stated at cost, net of accumulated depreciation. Mature plantations, except for pineapple plantations, are depreciated using the straight – line method, based on the estimated productive lives of the plantations as follow:

	Years
Palm and hybrid coconut plantations	25
Orange plantations	10

Depreciation of pineapple plantations is computed using the following rates:

	Rates
First harvest (plantation age of 22 months)	67%
Second harvest (plantation age of 33 months)	33%

Depreciation expenses of matured plantation is charged to cost of goods sold.

Immature Plantations

Immature plantations are stated at cost which represent accumulated costs incurred on palm, hybrid coconut, orange and pineapple plantations before these mature and produce crops. Such costs include the cost of land preparation, seedlings, fertilization, maintenance, labor, depreciation of property, plant and equipment, interest and other borrowing costs on debts incurred to finance the development of plantations until maturity. Immature plantations are not depreciated.

Immature plantations are transferred to mature plantations when these start normal yield.

n. Property, Plant and Equipment

– ***Direct acquisitions***

Direct acquisitions of property, plant and equipment are stated at cost less accumulated depreciation.

All property, plant and equipment, except for land is depreciated using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings and land improvements	20
Machinery	10
Vehicles and heavy equipment	5
Furniture, fixtures and equipment	5

Depreciation expenses and cost of repairs and maintenance are allocated proportionately to matured and immature plantations based on their total area. Depreciation and repairs and maintenance expenses allocated to matured plantations are charged to cost of goods sold, while expenses allocated to immature plantations are capitalized.

Land is stated at cost and is not depreciated.

When the carrying amount of an assets exceeds its estimated recoverable amount, the assets is written down to its estimated recoverable amount, which is determined as the higher of net selling price or value in use.

Expenditures which extend the useful life of the asset or result in increased future economic benefits are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the current operations.

– ***Construction in Progress***

Construction in progress represents property, plant and equipment under construction which is stated at cost, and is not depreciated. The accumulated costs will be reclassified to the respective property, plant and equipment account when the construction is substantially complete and the assets is ready for its intended use.

– ***Property for Lease***

Property for lease, consisting of vessels, are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful life of the property of 15 years. Rental income is presented net of all expenses incurred related to the property for lease, including depreciation expenses, and is shown under the “ Other income (Expenses) “ account in the consolidated statements of income.

– ***Property Not Used in Operations***

Property not used in operations is stated at the lower of carrying value and net realizable value.

- ***Leases***

Lease transactions are recorded as capital lease when all of the following criteria are met:

1) The lessee has the option to purchase the leased asset at the end of the lease term at a price mutually agreed upon at the inception of the lease agreement.

2) All periodic lease payments made by the lessee plus residual value shall represent a return of the cost of leased asset and interest thereon as the profit of the lessor.

3) Minimum lease period is two years.

Lease transactions that do not meet the above criteria are recorded as operating leases.

A capital lease transaction is treated and recorded as leased assets which are presented as part of the "Property, plant and equipment" account in the balance sheets and lease liabilities which are presented in " Leased liabilities " account in the balance sheets at the inception of the lease term. Leased assets and lease liabilities under the capital lease method are recorded at the present value of the total lease installment payments plus residual value (option price) which should be paid by the lessee at the end of lease term. During the lease term, each lease payment is allocated and recorded as repayment of the lease liabilities and interest expenses thereon based on an interest rate applied to the carrying amount of the related lease liabilities.

Leased assets are depreciated using the same method and estimated useful lives used for directly acquired property, plant and equipment (see accounting policy for property, plant and equipment – direct acquisition).

o. Deffered Charges on Landrights

Deffered charges relating to the legal processing of landrights are amortized using the straight – lines method over the legal terms of the landrights, since the legal term of the landrights is shorter than its economic life. The amortization begins when the legal processing of landrights is substantially complete.

p. Bonds Issuance Costs

Bonds issuance cost are deducted directly from the proceeds of the related bonds to determine the net proceeds of the bonds. Differences between the net proceeds and nominal values represent discounts or premiums which are amortized using the straight-line method over the term of the bonds.

q. Stock Issuance Costs

Stock issuance cost are presented as a deduction from the " Additional paid – in capital " account and are not amortized.

r. Impairment of Assets

An assessment by management of the assets value is made at each balance sheet date to determine whether there is any indication of impairment of any assets and possible written – down to its recoverable amount whenever events or changes in circumstances indicate that the asset value is impaired.

An asset's recoverable amount is computed as the higher of the asset's value in use and its net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds the recoverable amount. On the other hand, a reversal of an impairment loss is recognized whenever there is indication that the asset is not impaired anymore.

The amount of impairment loss (reversal of impairment loss) is recognized in the current year operations.

s. Revenue and Expense Recognition

Revenue from local sales are recognized when the goods are delivered to the customers, while revenues from export sales are recognized in accordances with the term of sale.

Revenues from sale of term used rights (hak pakai berjangka) on real estate assets such as kiosks and shophouses, as well as plaza, for which the development process is completed, are recognized based on the full accrual method when all of the following conditions are met :

1. The sale is consummated;

2. Sales price is collectible, wherein the total payments made by the buyers are at least 20% of the agreed sales price, and the amount paid cannot be refunded by the buyers;

3. The seller's receivable is not subject to future subordination; and

4. The seller has transferred to the buyer the risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property.

If any of the above conditions is not met, all payments received from the buyers are recorded as advances received using the deposit method, until all of the conditions are met.

Expenses are recognized when incurred (accrual basis).

t. Borrowing Cost

Borrowing cost are interest and exchange difference on foreign currency denominated borrowings and other costs (amortization of discounts/premiums on borrowing, etc.) incurred in connection with the borrowing of funds.

Borrowing cost should be recognized as an expenses in the period in which they are incurred, except for those borrowing costs which are directly attributable to the development of immature plantations which should be capitalized to immature plantation.

If the borrowing is specifically used for the purpose of acquiring a qualifying assets, the total borrowing cost eligible for capitalization are all borrowing cost incurred on that borrowing during the period, less any interest earned from temporary investment on the unused borrowings.

Capitalization of borrowing cost as part of the acquisition cost of an asset commence when expenditure for the asset are being incurred; borrowing costs are being incurred; and activities that are necessary to prepare the construction or the production of the qualifying asset are in progress.

Capitalization of borrowing cost should be suspended, if during extended periods the active development or production of the qualifying asset is interrupted, while capitalization of borrowing cost should cease when all the activities necessary to acquire, build or produce the qualifying asset for its intended use or sale are substantially complete.

u. Employee Benefits

Short-term employee benefits

Short-term employee benefits are in form of wages, salaries, and social security (*Jamsostek*) contribution. Short – term employee benefits are recognized at its undiscounted amount as a liability, after deducting any amount already paid, in the consolidated balance sheets and as an expenses in the consolidated statements of income.

Post-employment benefits

Post-employment benefits are unfounded defined-benefit plans which amounts are determined based on years of services and salaries of the employees at the time of pension. The actuarial valuation method used to determine the present value of defined-benefit reserve, related current service cost and past service cost is the Projected Unit Credit. Current service costs, interests costs, vested past service cost, and effects of curtailments and settlements (if any) are charged directly to current operations. Actuarial gains or losses for working (active) employees are amortized during the employees' average remaining years of service.

v. Difference in Value of restructuring Transaction Between Entities Under Common Control

The difference in value between the transfer price and book value of existing assets, liabilities, shares or other ownership instrument in a restructuring transaction between entities under common control was recorded as "Difference in value of restructuring transaction between entities under common control" account and presented as part of equity in the consolidated balance sheets.

The balances of "Difference in Value of Restructuring Transaction Among Entities Under Common Control" account will be taken to the consolidated statements of income as realized gain or loss as a result of (1) lost of under common control substance, and (2) transfer of the assets, liabilities, equity or other ownership instruments to another party who is not under common control. On the other hand, when there are reciprocal transactions between entities under common control, the existing balance is netted-off with the new transaction, hence creating a new balance for this account.

w. Income Tax

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and the carryforward benefit of unused tax losses (fiscal losses). Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and the carryforward benefit of fiscal losses to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized and the carryforward benefit of fiscal losses can be applied.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the consolidated statement of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduce to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable income would be available.

Deferred tax assets and liabilities are offset in the consolidated balance sheet, except if these are for different legal entities, in the same manner the current tax assets and liabilities are presented.

x. Earnings (Loss) per Share

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

y. Derivative Instruments and Hedging Activities

All derivatives are recognized in the consolidated balance sheets at their fair value. Derivatives assets and liabilities are presented at the amount of unrealized gains or losses on derivatives contracts, which the Company has designated upon acquisition as (1) trading instrument, (2) fair value hedge, (3) cash flow hedge and (4) hedge of a net investment in foreign operation. The unrealized gains or losses are computed as the difference between the fair value and contract amount of the derivative instrument at the reporting date. Fair value is determined based on market value, pricing models or quoted prices for instruments with similar characteristics.

Gain or losses on derivative contract is accounted for as follows :

1) Gain or losses on a derivative contract not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognized currently in earnings;

2) Gain or loss on derivative contract designated and qualifying as a fair value hedging instrument as well as the offsetting gain or loss on the hedged assets or liabilities attributable to the hedged risk is recognized currently in earnings in the same accounting period. Any difference that arises representing the effect of hedge ineffectiveness is recognized currently in earnings;

3) The effective portion of the gain or loss on a derivative contract designated and qualifying as a cash flow hedging instrument is reported as a component of other comprehensive income under equity and reclassified into earnings in the same accounting period or periods during which the hedged forecasted transaction affects earnings. The effect of the hedge ineffectiveness is recognized currently in earnings; and

4) Gain or loss on a hedging derivative instrument in a hedge of a net investment in a foreign operation is reported in other comprehensive income as part of the cumulative translation adjustment under equity to the extent it is effective as a hedge.

3. CASH AND CASH EQUIVALENTS

	2007	2006
	Rp '000	*Rp '000*
Cash on Hand	3,355,082	3,051,774
Cash in Banks		
Rupiah		
Bank Mega	4,134,598	4,207,431
Bank Lippo	1,094,011	110,839
Bank Rakyat Indonesia	952,575	402,052
Bank Mandiri	501,289	393,037
Bank Central Asia	452,279	478,698
Bank Negara Indonesia	194,938	332,036
Bank Danamon	59,988	80,750
Bank International Indonesia	56,486	4,047
Others (each below Rp 100,000 thousand)	151,059	127,062
Subtotal	7,597,222	6,135,951
U.S. Dollar		
Bank Rakyat Indonesia	2,632,118	5,269,595
Citibank	705,224	17,661
Lippo	481,910	-
Bank Niaga	205,933	59,539
Bank Internasional Indonesia	114,962	262,105
Danamon	53,574	55,778
Bank of Tokyo	29,003	114,954
Rabobank	24,504	22,256
Natexis	3,826	5,170
DBS Bank	-	117,409
Others (each below Rp 100,000 thousand)	-	-
Subtotal	4,251,053	5,924,467
Total Cash in Banks	11,848,276	12,060,418
Time Deposits On Call		
Rupiah		
PT Bank Niaga	4,570,000	-
Total	4,570,000	-
U.S. Dollar		
PT Bank Mandiri (Persero) Tbk	31,913,000	1,975,267
Total	31,913,000	1,975,267
Negotiable Certificates of Deposits (NCD)		
Rupiah		
PT Bank Mayapada International Tbk	70,000,000	-
PT Bank Ganesha Tbk	60,000,000	-
PT Bank NISP Tbk	50,000,000	-
Total	180,000,000	-
Unearned Interest	(1,560,069)	-
Net	178,439,931	-
Total Time Deposits	214,922,931	1,975,267
Total	230,126,288	17,087,459

Average interest rate per annum for deposits in 2007 ranges from 9% - 11,25% and nil in 2006.

4. Short – Term Investment

The Company's short – term investments consist of Negotiable Certificates of Deposits (NCD) which were placed in:

	2007	2006
	Rp '000	*Rp '000*
Third Parties		
Rupiah		
PT Bank NISP Tbk	25,000,000	-
Total	25,000,000	-
Unearned interest	(827,703)	-
Net	24,172,297	-

Average interest rate per annum for NCD in 2007 ranges from 8,75% and nil in 2006.

5. TRADE ACCOUNTS RECEIVABLE

	2007	2006
	Rp '000	*Rp '000*
a. By Debtor		
Related party		
PT Sungai budi	108,786,082	86,701,103
PT Kencana Acidindo Perkasa	908,114	1,155,735
	109,694,196	87,856,838
Third parties		
Local debtors	-	-
Foreign debtors		
Inter-United Enterprises Pte,Ltd., Singapore	44,237,393	-
Pan Century Edible Oil, Sdn., Bhd.	416,132	-
Alfred C. Toepfer International Gmbh., Germany	327,916	1,750,050
Muller Kerzen AG Straelen, Denmark	92,867	-
Cargill International Trading	-	23,810,531
Other (below Rp 100.000 thousand each)	309,935	-
Total Foreign debtors	45,384,243	25,560,581
Total Third parties	45,384,243	25,560,581
Total	155,078,439	113,417,419

	2007	2006
	Rp '000	*Rp '000*
b. By Age Category		
01 - 30 days	58,064,002	34,583,108
31 - 60 days	55,354,300	50,854,623
61 - 90 days	41,660,137	27,979,688
Total	155,078,439	113,417,419
c. By Currency		
Rupiah	109,694,196	87,856,838
U.S. Dollar	45,384,243	25,560,581
Total	155,078,439	113,417,419

Management believes that all of the above receivables are collectible thus no allowance for doubtful accounts was provided.

6. INVENTORIES

	2007	2006
	Rp '000	*Rp '000*
Finished Goods	33,142,984	51,119,363
Raw Material	22,512,281	25,742,613
Indirect material	21,314,300	30,329,260
Spare part	12,114,043	14,912,884
Goods in transit	2,266,801	2,787,600
Work in process	936,584	88,298
Other inventories	651,422	1,167,401
Allowance for inventories	(960,212)	(955,212)
Net	91,978,202	125,192,207

Management believes that the allowances for decline in value of inventories and obsolescence are adequate to cover possible losses on decline in value of inventories and obsolescence.

7. DUE FROM AND DUE TO RELATED PARTIES

	2007	2006
	Rp '000	*Rp '000*
Accounts receivable		
PT Budi Acid Jaya Tbk	12,045,869	1,628,133
PT Budi Samudra Perkasa	169,955	-
Others	43,018	-
Total	12,258,842	1,628,133
Accounts payable		
CV Bumi Waras	1,627,006	-
PT Sungai Budi	-	1,201,621
Others	998,676	91,781
Total	2,625,682	1,293,402

The due from and due to the following related parties resulted mainly from sales and purchases of indirect materials, by products and other operational activities of the Company and its subsidiaries with its related parties (Note 26).

These due from and due to related parties are unsecured, non – interest bearing and have no definite repayment terms.

Management believes that the above mentioned due from related parties are fully collectible, thus, no allowance for doubtful accounts was provided.

8. REAL ESTATE ASSETS

This account represents the remaining units of term used rights (*hak pakai berjangka*) in buildings under BOT, with details as follows:

	2007	2006
	Rp '000	*Rp '000*
Kiosks	11,108,423	11,228,722
Plaza	8,882,408	8,882,408
Shophouse	2,232,752	3,084,470
Total	22,223,583	23,195,600

Management believes that the carrying value of real estate assets does not exceed the replacement cost or recoverable amount from the sale or use of the assets, and there was no impairment in value of the aforementioned assets.

9. PLANTATIONS

Mature Plantation

		Changes During 2007		
	January 01, 2007	Additions/ Reclassifications	Deductions	March 31, 2007
	Rp '000	*Rp '000*	*Rp '000*	*Rp '000*
At Cost				
Palm Plantation	332,219,541	-	-	332,219,541
Hybrid Plantation	57,071,992	-	-	57,071,992
Orange Plantation	13,077,786		-	13,077,786
Pineapple Plantation	26,770,214	856,349	1,225,902	26,400,661
Total	**429,139,533**	**856,349**	**1,225,902**	**428,769,980**
Accumulated Depreciation				
Palm Plantation	78,249,835	2,050,090	-	80,299,925
Hybrid Plantation	11,414,398	342,432	-	11,756,830
Orange Plantation	4,509,278	326,945	-	4,836,223
Pineapple Plantation	14,102,498	274,000	-	14,376,498
Total	**108,276,009**	**2,993,467**	**-**	**111,269,476**
Net Book Value	**320,863,524**			**317,500,504**

		Changes During 2006		
	January 01, 2006	Additions/ Reclassifications	Deductions	March 31, 2006
	Rp '000	*Rp '000*	*Rp '000*	*Rp '000*
At Cost				
Palm Plantation	332,219,541	-	-	332,219,541
Hybrid Plantation	57,071,992	-	-	57,071,992
Orange Plantation	13,077,786	-		13,077,786
Pineapple Plantation	27,262,467	1,656,664	537,464	28,381,667
Total	**429,631,786**	**1,656,664**	**537,464**	**430,750,986**
Accumulated Depreciation				
Palm Plantation	64,961,054	4,100,495	-	69,061,549
Hybrid Plantation	9,131,519	190,240	-	9,321,759
Orange Plantation	3,201,498	326,945	-	3,528,443
Pineapple Plantation	11,986,421	767,041	-	12,753,462
Total	**89,280,492**	**5,384,721**	**-**	**94,665,213**
Net Book Value	**340,351,294**			**336,085,773**

Immature Plantation

	January 01, 2007	Additions/ Reclassifications	Deductions	March 31, 2007
	Changes During 2007			
	Rp '000	*Rp '000*	*Rp '000*	*Rp '000*
At Cost				
Palm Plantation	130,408,908	31,095,026	-	161,503,934
Pineapple Plantation	4,188,126	1,744,796	856,349	5,076,573
Total	**134,597,034**	**32,839,822**	**856,349**	**166,580,507**

	January 01, 2006	Additions/ Reclassifications	Deductions	March 31, 2006
	Changes During 2006			
	Rp '000	*Rp '000*	*Rp '000*	*Rp '000*
At Cost				
Palm Plantation	66,264,053	10,174,305	-	76,438,358
Pineapple Plantation	10,459,813	833,945	-	11,293,758
Total	**76,723,866**	**11,008,250**	**-**	**87,732,116**

10. PROPERTY, PLANT AND EQUIPMENT

	January 01, 2007	Additions	Deductions	March 31, 2007
	Changes During 2007			
	Rp '000	*Rp '000*	*Rp '000*	*Rp '000*
At Cost:				
Direct acquisitions				
Land	86,642,099	586,000	-	87,228,099
Buildings and land improvements	353,489,060	1,981,168	-	355,470,228
Machinery	264,437,114	654,626	-	265,091,740
Vehicles and heavy equipment	135,067,997	2,304,170	-	137,372,167
Furniture, fixtures and equipment	72,862,100	7,709,002	-	80,571,102
Construction in progress	151,762,345	17,979,450	-	169,741,795
Total	**1,064,260,715**	**31,214,416**	**-**	**1,095,475,131**
Accumulated depreciation:				
Direct acquisitions				
Buildings and land improvement	54,308,108	3,091,321	-	57,399,429
Machinery	121,807,461	3,507,825	-	125,315,286
Vehicles and heavy equipment	75,051,614	2,905,262	-	77,956,876
Furniture, fixtures and equipment	50,906,056	5,031,244	-	55,937,300
Total	**302,073,239**	**14,535,652**	**-**	**316,608,891**
Net Book Value	**762,187,476**			**778,866,241**

		Changes During 2006		
	January 01, 2006	**Additions**	**Deductions**	**March 31, 2006**
	Rp '000	*Rp '000*	*Rp '000*	*Rp '000*
At Cost:				
Direct acquisitions				
Land	64,809,220	-	-	64,809,220
Buildings and land improvements	230,880,298	1,434,999	-	232,315,297
Machinery	253,555,069	1,509,041	-	255,064,110
Vehicles and heavy equipment	112,919,869	1,548,250	-	114,468,119
Furniture, fixtures and equipment	54,487,624	6,851,287	-	61,338,911
Construction in progress	71,680,487	42,304,486	-	113,984,973
Total	**788,332,567**	**53,648,063**	**-**	**841,980,630**
Accumulated depreciation:				
Direct acquisitions				
Buildings and land improvement	41,244,208	2,753,771	-	43,997,979
Machinery	99,913,556	1,951,624	-	101,865,180
Vehicles and heavy equipment	56,895,576	4,330,949	-	61,226,525
Furniture, fixtures and equipment	44,680,417	4,136,523	-	48,816,940
Total	**242,733,757**	**13,172,867**	**-**	**255,906,624**
Net Book Value	**545,598,810**			**586,074,006**

11. PROPERTY FOR LEASE

This account represents the net book value of a tanker ship, a barge and a tug boat for lease, as follows:

	2007	2006
	Rp '000	*Rp '000*
Cost	20,645,734	19,022,607
Accumulated depreciation	(10,146,713)	(8,835,817)
Net Book Value	10,499,021	10,186,790

The Company's properties for lease were bought in 1998 and 2003. The Company appointed PT Budi Samudra Perkasa (BSP), a related party, to operate the vessels for 3 years (Note 26). Based on the Cooperation Agreements, BSP is entitled to all freight income generated by the vessels but should pay an annual compensation to the Company with details as follows:

a. Based on Cooperation Agreement for period August 2,2004 – August 8, 2007, annual compensation amount to Rp 1,000,000 thousand for tanker ship and Rp 600,000 thousand for the tug boat and barge.
b. Based on Cooperation Agreement for period August 2, 2006 – August 4, 2009, annual compensation amounts to Rp 350,000 thousand for the barged.

Management believes that the carrying value of property for lease does not exceed the replacement cost or recoverable amount from the sale or use of the assets and there is no impairment in value of the aforementioned assets as of March 31, 2007 and 2006.

12. TRADE ACCOUNTS PAYABLE

	2007	2006
	Rp '000	*Rp '000*
a. By creditor		
Third parties - Local suppliers	48,926,315	41,156,196
Total	48,926,315	41,156,196
b. By Currency		
Rupiah	48,926,315	41,156,196
Total	48,926,315	41,156,196

This account consist of the Company and its subsidiaries' payable to third party local suppliers in relation to the purchases of materials needed for production .

13. TAXES PAYABLE

	2007	2006
	Rp '000	*Rp '000*
Income taxes		
Article 25/29	12,125,664	9,837,356
Article 23	2,460,127	1,520,755
Article 21	228,034	299,689
Total	14,813,825	11,657,800

The filing of tax return is based on the Company and it's subsidiaries' own calculation of tax liabilities (self – assessment). The tax authorities may conduct a tax audit on the Company and its subsidiaries for a period of up to ten years after the tax becomes due.

14. SHORT-TERM BANK LOANS

	2007	2006
	Rp '000	*Rp '000*
Working capital credit facilities		
Rupiah		
Bank Rakyat Indonesia	28,674,444	49,822,280
Bank Mandiri	14,507,965	6,260,158
Subtotal	**43,182,409**	**56,082,438**
U.S. Dollar		
Bank Natexis		
(nil in 2007 and US$ 1,035 thousand in 2006)	-	9,395,716
Bank Mandiri		
(US$1.132 in 2007 and nil thousand in 2006)	10,325,465	-
Subtotal	**10,325,465**	**9,395,716**
Total	***53,507,874***	***65,478,154***
Interest rates per annum during the year		
Rupiah	14,5% - 15%	15% - 16%
U.S. Dollar	7,06% - 7,10%	9,75%

Bank Rakyat Indonesia (Persero)

The loan facility received from BRI represent working capital loan facility maximum amount of Rp. 70.000.000 thousand. This loan facility was use to finance the working capital for palm oil and cooking oil. Interest rate per annum is 14.50% both in 2007 and 15.00% in 2006. The loan facility matured on March 22, 2007, and the extension is still in process.

The loan facility from BRI is secured by the Company's trade accounts receivable, inventories, machineries, land including palm plantation and plant on the said land, and personnel guarantees from Widarto and Santoso Winata (related parties) (Note 26), whereas part of the collaterals represent join collaterals with Bank Mandiri short – term loan and bonds payable (Note 17).

Bank Mandiri

The loan facilities received by Company from Bank Mandiri consist of working capital loans with maximum amount of Rp. 34.800.000 thousand and US$ 1.575.000. Interest rate per annum are 15,00% and 14,00% - 16,00%, in 2007 and 2006, respectively, for facility in Rupiah, and 9,00% and 7,00% - 9,75% in 2007 and 2006, respectively, for facility in foreign currency. Both loan facilities above have maturity date on March 31,2008.

The loan facilities are secured by Company's trade accounts receivables, inventories, machineries, land and personnel guarantees from Widarto and Santoso Winata (related parties) (Note 26),whereas,part of the collaterals represent join collateral with BRI short – term loan and bonds payable (Note 17).

Natexis Banques Populaires

The loan facilities received by Company from Natexis consist of working capital loans with maximum amount of US$ 15.000.000, as follows :

Facilty 1 : with a maximum credit of US$ 2.500.000 was used to financed purchase of crude coconut oil, palm kernel oil, crued palm oil and/or stearine. The maximum amount of each advance from this facility is 100% of the purchase price with maximum period of advance for 45 days. This facility is secured by guarantee deposit equal to 25% of the amount of drawdown.

Facility 2 : with a maximum credit of US$ 10.000.000 was used to financed the storage of crude coconut oil, palm kernel oil, crude palm oil and/or stearine in tanks owbed by the Company, but under the control of PT. Superintending Company of Indonesia (Persero) (Sucofindo). The maximum amount of each advance from this facility is 80% of the latest price quoted on The Kuala Lumpur Commodity Exchange (KLCE)/Rotterdam. Every advances has a maximum term of 90 days.

Facility 3 : with a maximum credit of US$ 15.000.000 was used to financed the sale of crude coconut oil, palm kernel oil, crude palm oil and/or stearine to customers acceptable to Natexis. The maximum amount of each advance from this facility is 85% of the latest price quoted on The Kuala Lumpur Commodity Exchange (KLCE)/Rotterdam. Every advances has a maximum term of 60 days.

The aggregate amount of Facility 1, Facility 2, and Facility 3 is limited to US$ 15,000,000.

The loan facilities from Natexis is secured by the Company’s inventories and trade accounts receivable which are funded by Natexis. Besides, For Facility 1, cash deposits equal to 25% of the amount of the advances is required for every withdrawal.

The annual interest rates on facilities 1, 2, and 3 are 2,6%, 2,3% and 1,75%, respectively, above SIBOR,wherein for facility 1, interest margin will be charge only for 75% of the loan outstanding.

15. ADVANCED RECEIVED

This account consists of:

	2007	2006
	Rp. '000	*Rp. '000*
Rupiah		
Sales of kiosks, shophouses, and plaza	583,295	938,750
Sales of palm and its derivative products	31,952	-
Subtotal	615,247	938,750
U.S. Dollar		
Sales of palm and its derivative products	416,574,003	171,693,587
Storage tanks rental	14,771,114	
Subtotal	431,345,117	171,693,587
Less current portion	(177,157,184)	(59,687,026)
Long - Term Advances - Net	254,803,180	112,945,311

As of March 31, 2007 and 2006, cash advances from customers in Rupiah representing down payments for the sale of term used right in kiosks, shophouses and plaza are received from related parties (Note 26), meanwhile, advances from sales of palm and its derivative products are received from third parties.

As of March 31, 2007 and 2006, advances received in foreign currency amounted US$ 47.307 thousand and US$ 18.919 thousand.

16. LONG – TERM BANK LOANS

This account represent long term bank loans from Bank Mandiri due to the power plant project. (Note 28) Total L/C matured as of March 31, 2007 were amounted :

	2007	2006
	Rp. '000	*Rp. '000*
Long term bank loan - Power Plant USD 4.020.000 in 2007 and USD 4.320.000 in 2006	37,359,564	39,204,000
Less:		
current portion	(6,818,486)	(5,445,000)
Long - term Advances - Net	30,541,078	33,759,000

17. BONDS PAYABLE

The following are the details of bonds payable:

	2007	2006
	Rp. '000	*Rp. '000*
Nominal value of bonds	300,000,000	300,000,000
Less:		
Bonds issuance cost	10,500,000	10,500,000
Amortization of bonds issuance cost	(5,810,000)	(3,710,000)
Unamortized bonds issuance cost	4,690,000	6,790,000
Net	**295,310,000**	**293,210,000**

In June 2004, the Company issued “Tunas Baru Lampung Bonds I Year 2004 with Fixed interest” totaling Rp. 300.000.000 thousand. The bonds issued obtained the effective statement from Bapepam (currently Bapepam-LK) in its letter No. S-1764/PM/2004 dated June 14,2004 and were registered at the Surabaya Stock Exchange on June 25, 2004 with PT Bank Mega Tbk (Bank Mega) as trustee. The Bonds have a term of 5 years and will mature on June 24, 2009. Bonds issuance costs amounted to Rp. 10.500.000 thousand, wherein the amortization in 2007 and 2006 amounted to Rp. 4.690.000 thousand and Rp. 6.790.000 thousand, respectively.

The bonds bear fixed interest of 14,75% per annum. Interest on bonds is payable quarterly in accordance with interest coupon payment. The bonds are secured by trade accounts receivable, inventories, plantations, buildings, and machineries and equipment (Note 5,6,9 and 9), whereas, part of collaterals represent joint collateral with the loan facilities from Bank Mandiri and BRI (Note 14). Further, to secure the bonds’ interest payment, The Company is required to provide sinking fund which is placed gradually in an escrow account in the Trustee’s bank, Bank Mega, every month.

Based on the rating issued by PT Pemeringkat Efek Indonesia (Pefindo) dated March 31, 2007, the bonds are rated as ***idBBB*** (triple B; stable outlook).

18. OTHER LIABILITIES

This account represents the negative goodwill resulting from the acquisition of the 90% ownership shares in ABM. The negative goodwill amortization was credited to the consolidated statements of income.

19. LONG – TERM BANK LOANS

	2007	2006
	Rp '000	*Rp '000*
Syndicated loan coordinated by Bank UFJ Indonesia, US$ 5,400,000 in 2007 and US$ 11,100,000 in 2006	49,237,200	100,732,500
Bank Negara Indonesia	60,937,500	92,187,500
Total	110,174,700	192,920,000
Less current maturity	(78,924,700)	(82,977,500)
Long-term Bank Loans - Net	31,250,000	109,942,500
Interest rate per annum during the year		
U.S. Dollar	7,06% - 7,10%	6,08 % - 7,36 %
Rupiah	14 %	15,50 %

Syndicated Loan

In relation to the credit facility agreement dated June 24, 1997 between the Company and several creditor banks, including Oversea-Chinese Banking Corporation Limited, Singapore branch, and PT Bank UFJ Indonesia (formerly PT Bank Sanwa Indonesia) as arrangers, the Company obtained a revolving loan facility with a maximum amount of US$ 40,000,000, due on June 24, 2004.This loan was used to finance working capital requirements and refinancing of the loans of the Company and its subsidiaries. This loan is secured with corporate guarantees from BSA, BNIL and BDP, subsidiaries and personal guarantees from Widarto and Santoso Winata, stockholders, proportionate to the percentage of their ownership in the Company.

The syndicated loan facility has been restructured several times in November 1999, May 2002 and May 2003 through rescheduling the installment of the loan. The last restructuring was in May 2003, wherein the remaining balance of the loan principal of US$ 31.750.000 was divided into Tranche A (US$ 20.900.000) and Tranche B (US$ 10.850.000), and rescheduled as follow:

- Tranche A (US$ 20,900,000)

  The outstanding loan for Tranche A of US$ 5.400.000 as of March 31,2007 and US$ 11.100.000 as of Mach 31, 2006 is repayable at the end of every quarter as follow:

	Quarterly Installment	Total Annual Installment
	US$	US$
Due in		
2006	1,300,000	5,200,000
2007	1,800,000	7,200,000
Total		12,400,000

In 2007 and 2006, the Company has paid the syndicated loans principal due for Tranche A amounting to US$ 1.800.000 and US$ 5.200.000, respectively.

Interest rate per annum on Tranche A in 2007 are 3,50% above SIBOR for local banks and 3,00% above SIBOR for offshore banks, meanwhile, in 2005 are 3,25% above SIBOR for local banks and 2,75% above SIBOR for offshore banks.

- Tranche B (US$ 10,850,000)

The outstanding balance at final maturity shall be repaid in full on Desember 31, 2007 with a maximum extension of 1 year, subject to quarterly installment at 25% of the outstanding amount up to December 31, 2008.

Interest rate on Tranche B are the same with tranche A

The loan facility was fully paid in 2004 using the proceeds from issuance of the Company's bonds I yaer 2004.

Bank Mandiri

The loan facility with Bank Mandiri represent investment loan received by the Company amounting to US$ 5.964.882. This facility was used to finance the power plant project with total value of investment amounting to US$ 11.450.000. Interest rate for the investment loans was 9,75% per annum. This facility will mature in the second quarter of 2011.

Bank Negara Indonesia

On June 29, 2004, the Company obtained a working capital credit facility from Bank Negara Indonesia with maximum amount of 125.000.000 thousand for additional working capital. The term of this loan facility is 5 years maturing on June 28,2009. Interests rate per annum in 2007 and 2006 are 14,00%, respectively.

The loan facility is secured with corporate guarantee from PT Sungai Budi and personal gurantees from Widarto and Santoso Winata (related parties) (Note 26). As of March 31,2007 and 2006, the outstanding balance of the working capital loan amounted to Rp. 60.937.500 thousand and Rp. 92.187.500 thousand, respectively.

20. CAPITAL STOCK

As of March 31, 2007 by virtue of Notarial Deed No. 28 of Mrs. Kartuti Suntana S,S.H. notary public in Jakarta the company have been increased the Company's authorized become Rp. 800.000.000 thousand which divided into 6.400.000 thousand shares, with a par value of Rp. 125,- per share, is as follows:

	2007		
Name of Stockholder	Number of Shares	Percentage of Ownership	Total Paid-up Capital (Rp '000)
PT Sungai Budi	809,197,198	19.62%	101,149,650
PT Budi Sulfat Jaya	612,695,896	14.86%	76,586,987
PT Sungai Budi Perkasa	600,000,000	14.55%	75,000,000
PT Budi Alam Kencana	400,000,000	9.70%	50,000,000
PT Budi Acid Jaya Tbk	29,400,000	0.71%	3,675,000
Widarto - President Director	2,104,200	0.05%	263,025
Commissioner	2,104,200	0.05%	263,025
Santoso Winata - President			
Public (below 5% each)	1,668,716,135	40,46%	208,589,517
Total	4,124,217,629	100,00%	515,527,204

	2006		
Name of Stockholder	Number of Shares	Percentage of Ownership	Total Paid-up Capital (Rp '000)
PT Sungai Budi	809,197,198	50.09%	101,149,650
Somers Nominees (Far East) Limited	279,688,500	17.31%	34,961,063
Gov of Singapore Inv Corp Pte Ltd	145,132,970	8.98%	18,141,621
PT Budi Acid Jaya Tbk	29,400,000	1.82%	3,675,000
Widarto - President Director	701,400	0.04%	87,675
Commissioner	701,400	0.04%	87,675
Oey Alfred - Director	329,000	0.02%	41,125
Santoso Winata - President			
Public (below 5% each)	350,236,732	21.68%	43,779,592
Total	1,615,387,200	100,00%	201,923,400

21. NET SALES

The details on net sales are as follows :

	2007	2006
	Rp '000	*Rp '000*
Palm and hybrid plantation products and related derivative products	344,900,186	316,888,359
Orange fruits	365,676	616,372
Pineapple fruits	505,460	1,232,486
Total Net Sales	345,771,322	318,737,217

22. COST OF GOODS SOLD

The details of cost of goods sold are as follows :

	2007	2006
	Rp' 000	*Rp' 000*
Palm and hybrid plantations products and related derivative products	287,056,541	264,841,266
Orange fruits	3,273,701	1,428,756
Pineapple fruits	606,101	1,372,553
Total Cost of Goods Sold	290,936,343	267,642,575

23. OPERATING EXPENSES

The details of operating expenses are as follows :

Selling Expenses

	2007	2006
	Rp' 000	*Rp' 000*
Freight	11,807,926	7,864,219
Export Tax	1,621,032	1,173,105
Other	2,998,047	3,664,376
tal	16,427,004	12,701,700

General And Administrative Expenses

	2007	2006
	Rp '000	*Rp '000*
Salaries and benefits	6,542,922	6,169,559
Office expenses	758,596	614,020
Rent	635,151	629,351
Professional fees	342,336	422,988
Insurance	325,359	613,791
Representation	307,549	2,673,882
Travel and transportation	248,806	341,731
Taxes and licenses	221,709	85,120
Other	2,702,990	3,033,903
Total	12,085,418	14,584,345

24. INCOME TAX

Tax benefit (expense) of the Company and its subsidiaries consists of the following:

	2007	2006
	Rp '000	*Rp '000*
Current tax	(460,089)	(5,218,653)
Deferred tax		
The Company	(2,023,584)	(96,810)
Subsidiaries		
BTLA	(575,576)	(888,563)
BNIL	(208,912)	399,765
ABM	(115,295)	39,564
BNCW	(86,376)	309,689
BDP	(54,251)	737,628
BSA	(26,365)	88,864
AKG	(3,499)	9,249
Total Deffered Tax	(3,093,859)	599,386
Total Income Tax	(3,553,948)	(4,619,267)

Current Tax

The details of the Company and its subsidiaries' current tax are as follows :

	2007	2006
	Rp'000	*Rp'000*
Current Tax		
Company	-	5,218,653
Subsidiary-ABM	333,460	-
Subsidiary-BDP	126,629	-
	460,089	**5,218,653**
Less Prepaid Tax :		
Article 22	-	7,688
Article 23	-	615,727
Article 25	1,268	-
TOTAL	**1,268**	**623,415**
Taxes Payable :		
Company	-	4,595,238
Subsidiaries :		
BNIL	-	-
ABM	332,192	-
BDP	126,629	-
TOTAL	**458,820**	**4,595,238**

Deferred Tax

The details of the Company and its subsidiaries' deferred tax assets and liabilities are as follows:

	2007	2006
	Rp '000	*Rp '000*
Deferred tax assets		
Company	-	
Subsidiaries		
AKG	1,908,906	3,411,057
ABM	-	40,884
Total	**1,908,906**	**3,451,942**
Deferred Tax Liabilities :		
Company	15,505,706	8,734,612
Subsidiaries :		
BDP	19,585,510	1,965,896
BNIL	10,951,125	9,850,456
BTLA	6,160,334	3,845,953
BNCW	867,935	471,870
ABM	681,854	-
BSA	379,074	301,235
AKG	3,499	
Total	**54,135,038**	**25,170,022**

25. APPROPRIATION FOR GENERAL RESERVE

In the Annual Stockholders' meeting as documented in Notarial Deed No. 26 dated June 29,2006 of Mrs. Kartuti Suntana Sastraprawira,S.H., notary public in Jakarta, the stockholders' approved to appropriate Rp 500.000 thousand for general reserve.

As of March 31, 2007, the total appropriation for general reserve amounted to Rp 2.500.000 thousand.

26. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

a. PT Sungai Budi is the Company's major stockholder.

b. Related parties in which some of the stockholders and/or members of management are the same as the Company:

- PT Budi Acid Jaya Tbk
- PT Kencana Acidindo Perkasa
- PT Budi Delta Swakarya
- PT Budi Samudra Perkasa (BSP)

c. Widarto and Santoso Winata are key management personnel of the Company, and are stockholders of the Company and its subsidiaries, and other related companies.

27. SEGMENT INFORMATION

Following are the segment information on net sales, income from operations and total assets of the Company and its subsidiaries:

a. Net Sales

Per type of product

	2007		2006	
	%	*Rp '000*	*%*	*Rp '000*
Export sales				
CPO	31.50	119,397,397	37.42	129,732,935
Palm kernel oil	14.85	56,301,150	13.63	47,243,152
Stearine	13.90	52,689,590	9.07	31,453,048
Crude coconut oil	1.74	6,599,340	2.35	8,148,059
Palm fatty acid	1.41	5,341,511	4.01	13,900,347
Palm expeller	0.59	2,235,231	0.47	1,615,940
Soap	0.55	2,086,620	0.08	262,496
Copra expeller	0.17	633,573	0.61	2,108,238
RBDPO	-	-	1.43	4,953,218
Total		**245,284,413**		**239,417,433**
Local sales				
Palm Cooking Oil	23.09	87,530,101	19.10	66,228,709
Fresh fruit bunches	5.79	21,936,991	7.99	27,711,333
Crude Palm Oil	2.51	9,504,754	-	-
Laundry soap	2.45	9,279,047	2.47	8,558,553
Cream soap	0.74	2,806,626	0.77	2,683,663
Palm Kernel Oil	0.26	966,700	-	-
Copra	0.24	907,088	0.06	220,751
Pineapple	0.13	505,460	0.36	1,232,486
Orange	0.10	365,676	0.18	616,372
Total		**133,802,441**		**107,251,868**
Net sales before eliminatio	**100.00**	**379,086,854**	**100.00**	**346,669,301**
Eliminations		(33,315,532)		(27,932,084)
Net sales after eliminations		**345,771,322**		**318,737,217**

Per company

	2007	2006
	Rp '000	*Rp '000*
The Company	344,900,186	316,888,359
ABM	10,471,453	-
BDP	9,182,879	12,276,881
BTLA	8,075,651	9,030,345
BNIL	3,802,885	4,704,170
BSA	1,283,599	1,237,142
BNCW	864,740	1,299,917
AKG	505,460	1,232,486
Net sales before eliminations	379,086,854	346,669,301
Eliminations	(33,315,532)	(27,932,084)
Net sales after eliminations	345,771,322	318,737,217

Sales from subsidiaries to the Company were made at prices agreed upon by both parties.

b. Income from Operations

Per company

	2007	2006
	Rp '000	*Rp '000*
The Company	25,933,500	21,255,038
BTLA	3,152,259	3,712,714
ABM	1,308,122	(131,881)
BDP	243,371	1,058,383
BSA	215,838	(296,790)
BNIL	(238,840)	8,248
AKG	(647,160)	(705,190)
BNCW	(3,644,533)	(1,091,925)
Total	**26,322,557**	**23,808,598**

28. COMMITMENTS

1. Cooperation Agreements with KUD

a. On September 14, 1996, BNIL entered into cooperation agreements with certain cooperatives (Koperasi Unit Desa or KUD) namely Mesuji E, Murni Jaya and Karya Makmur, for the development of palm oil plantations (Plasma Estate Projects) with total area of approximately 7.500 hectares, 8.000 hectares, and 9.000 hectares, respectively, in the areas owned by the farmers for a period of 13 years.

The KUDs obtained long-term loans with a term of 11 years, including a grace period of 4 years on principal repayment, from PT. Bank Mandiri (Persero) Tbk and PT Bank Danamon Indonesia Tbk. The proceeds of the loans were then forwarded to BNIL as developer of the project.

KUD Mesuji E and KUD Murni Jaya obtained from Bank Mandiri a maximum credit of Rp 51,805,449 thousand and Rp 55,259,144 thousand, respectively, (each getting Rp 6,907,393 per hectare) with drawdown schedule from 1997 to 2003 and with interest of 14,00% per annum.

KUD Karya Makmur obtained from Bank Danamon,a maximum credit of Rp 61,558,128 thousand to be availed in six (6) drawdowns in accordance with the progress of the project and with interest rate of 14% per annum.

The loans are secured by, among others, the farmers' landrights and corporate guarantees from PT Sungai Budi and BNIL.

In relation to these agreements, BNIL is committed to, among others:

- Develop the plantations belonging to the KUD members,
- Provide training in administration, management and technical skills,
- Purchase all fresh fruit bunches from the farmers as long as the plasma plantations are producing, and
- Pay the loan installments to Bank Mandiri and Bank Danamon from the amounts withheld from the payments to the farmers.

b. On September 3, 2004, Bank Mandiri agreed to grant an investment facility amounting to Rp. 7.403.176 thousand to finance the development of palm plantations owned by 400 plasmas of KUD Mesuji E with total area of approximately 800 hectares. The term of this facility is 5 years from the date of the signing of Credit Agreementwith grace period of up to the first quarter of 2005, or the least, the facility will mature in September 2009. Interest rate per annum is 14% during the grace period and 16% (including a 2% fee for KUD Mesuji E) after the grace period.

The loan are secured by, among others, the farmers' landrights and corporate guarantees from BNIL.

2. Cooperation Agreements with PERUMKA

On October 29, 1997, BTLA, a subsidiary, entered into a cooperation agreement with Perusahaan Umum Kereta Api (PERUMKA), for the construction and operation of buildings on the land of PERUMKA in Jl. Teuku Umar, Kelurahan Pasir Gintung, with a total area of approximately 1.407 square meters and in Pasar Bawah, Kecamatan Tanjung Karang, Bandar Lampung, with total area of approximately 19.292 square meters. The agreement is valid for 30 years, until June 30, 2028.

Significant terms of the agreement are as follows:

a. BTLA is allowed to build plaza, shophouses, and kiosks on the land of PERUMKA in accordance with cooperation agreement.

b. As compensation, BTLA shall pay Rp 1,750,000,000 to PERUMKA as fee for the use of the land. Such fee has been fully paid by BTLA in 1998 and was recorded as part of cost of sales of real estate assets.

c. BTLA is allowed to transfer to a third party the management or utilization of such buildings provided that the terms and conditions of the transfer are in accordance with the cooperation agreement between BTLA and PERUMKA. At the end of the cooperation agreement, BTLA and/or third party shall hand over the land to PERUMKA, together with the buildings and facilities which should be in good condition at the time of the hand over.

In the event such third party fails to restore the buildings and facilities in good working condition at the time of the hand over to PERUMKA, BTLA is liable to pay restoration cost to PERUMKA.

The Building is recorded as part of “Real estate assests” account in the consolidated balance sheets.

3. Purchase Contract with Overseas Buyer (The Buyer) and Standby Letter of Credit (SBLC) Facilities from Bank Mandiri.

On October 4,2004, the Company and the buyer entered into a Purchase Contract, whereas the Buyer agreed to purchase 60.000 metric tons of CPO that will be shipped during the contract period from November 2004 until June 2005. During the contract period, the Company agreed to deliver to the buyer not less than USD 20.000.000 worth of goods. On February 22 and November 18, 2005, the Purchase Contracs have been extended for the for amount of US$ 30.000.000 each, for the period of July 2005 – June 2006 and July 2006 – June 2007, respectively.

In relation to the transaction, Bank Mandiri has agreed to grant SBLC facility to the Company in the amount not exceeding USD 20.000.000 to secure advance payment from the buyer.

The SBLC facilities are secured with CPO, inventories, account receivables from the Buyer, fixed assets, personal guarantee from Widarto and Santoso Winata and Corporate guarantee from PT Sungai Budi. In relation with SBLC facilities, the Company is obliged to place 12,5% guarantee deposits for SBLC facility by blocking The Company’s Capital Loan facility in Bank Mandiri.

The SBLC facility contain canvenants, which, among others, restrict The Company to obtain and grant new loans, act as guarantor, held new investsments, transfer the collaterals, and conduct merger and acquisition with other companies.

4. Kontrak Sewa Tangki Penyimpanan (Sewa Tangki)

On December 19, 2006, the Company and the Overseas Buyer (the Buyer) entered into a Tanks Rental Contract, whereas the Company rented its 3 storage tanks which are located in Lampung with capacity of 5,000 metric tones each. The tanks rental period covers 3 years which will be effective on March 01, 2007. Based on the Tanks Rental Contract , the buyer should make the payment of US$ 1,620,000 at least 14 days after the date of the TanksRental Contract.

5. Power Plant Construction Contract With Sichuan Machinery & Equipment Import & Export Co. Ltd. And Standby Letter of Credit (SBLC) Facilities from Bank Mandiri.

On October 27, 2004, the Company entered into a Agreement with Sichuan Machinery & Equipment Import & Export Co.Ltd (The Contractor), China, for the works known as Way Lunik 12MW Coal Fired Co-Generation Power Plant.

The Contract price amounts to USD 11.450.000 for construction, installation, technical service, system design, and procurement of equipment and device materials. The contract value comprises several payment schedules. The contract will be completed within 20 months.

In connection with the power plant construction contract on October 22,2003, Bank Mandiri agreed to grant investment credit facility to the Company amounting to US$ 5.964.882, with the following conditions:

- Standby L/C facility, amounting to US$ 1.200.000 with maximum period of 1 year. The payment of this facility will come from the amount withdrawn from the investment credit facility.
- Deferred payment L/C facility, amounting to US$ 4.764.882 with maximum period of 3 years. The payment of this facility will come from the amount withdrawn from the investment Credit Facility.
- Investment Credit Facility, amounting to US$ 5.964.882 which is available until June 2009, without a grace period.

On December 21, 2004, the stanby L/C facility has been changed to be usance L/C facility in the same amount of US$ 1.200.000 with maximum period of 1 year.

These credit facilities are collateralized by the power plant project.

On February 17, 2006, this investment Credit facility has been extended and will mature in second quarter of year 2011.

6. PT. Bank International Indonesia Tbk (BII)

The Company obtained loan facilities from BII, as follow:

1. Revolving facility or PPB (Sublimit of Post Shipment I facility) which has a maximum credit facility of US$ 3.000.000. Interest rate per annum is SIBOR + 3,5%

2. Post Shipment 2 facility which has a maximum credit of US$ 3.000.000. Interest rate per annum is SIBOR + 3,5%

3. Local letter of Credit Document (SKBDN) facility with a maximum term of 120 days and can be used as Letter of Credit facility and usance Letter of Credit with maximum term of 60 days, and Trust Receipt (TR)/PBB for the payment of SKBDN with a maximum term of 120 days, up to a maximum principal amount of US$ 2.000.000. The Company is charged 0.125% commission per transaction based on the amount of SKBDN issued and 1% per annum on the acceptance of SKBDN.

4. Forex Line facility with a maximum limit of US$ 3.000.000 which can be used for Today, Spot, Tom and Forward transaction for maximum of 3 months with condition of settlement against good fund.

In 2006, the SKBDN facility was reduced from US$ 5,000,000 to US$ 3,000,000. On the other hand , BII granted new FX Line amounting to US$ 3,000,000,therefore the total facility received by the Company from BII increased from US$ 10,000,000 in 2005 to US$ 11,000,000 in 2006.

These four credit facilities matured on February 13, 2007, and the extensions is still in process.

These facility are secured by trade account receivable from third parties, inventories, sales contract and personnal guarantees from Widarto and Santoso Winata (Note 5,6, and 26). The Company is required to deposit 10% margin for the SKBDN issued. Besides, the guarantees from PT Asuransi Ekspor Impor Indonesia (ASEI) are also required for 80% of outstanding PPB facility and 100% of outstanding Post Shipment facility.

The loan Agreements with BII contain covenants which, among others, restrict the rights of the Company to withdraw the paid-up capital, distribution of dividend, pledge the assets to other parties/creditors, change in capital structure and stockholders, settle its debts to stockholders, and selling the assets outside its operational activities. The agreements also provide various events of default.

7. PT Bank Lippo Tbk (Lippo)

In 2006, the Company obtained loan facilities from Lippo, as follows:

1. LC Facility (Sight/usance LC or SKBDN for a maximum of 180 days in Rupiah and US$ currency) which has a maximum credit facility of US$ 8,000,000. The Company is charged 0.125% commission per transaction based on the amount of LC issued and 1% per annum on the acceptance of LC.
2. PTX – OD1 facility (Sub-limit Sight/Usance LC for a maximum of 180 days in Rupiah currency) which has a maximum credit facility of Rp 2,000,000. Interest rate per annum is 8%
3. PTX – OD1 facility (Sub-limit SKBDN Sight/Usance for a maximum of 180 days in Rupiah currency) which has a maximum credit facility of Rp 10,000,000 thousand. Interest rate per annum is 16%.

The LC facilities were used for purchasing coals and fertilizer, meanwhile the PTX-OD facilities were use for working capital, whereas the loan drawdown can be used only for repayment of matured LCs.

The loan facilities from Lippo is secured with personal guarantees of Santoso Winata and Widarto. The Company is required to deposit 10% margin for every LCs issued.

The loan facilities from Lippo will mature on June 9, 2007.

The loan Agreements with Lippo contain covenants which, among others, restrict the rights of the Company to obtain or grant loans, act as guarantor, change the articles,of association and nature and activities of its business, conduct liquidation, merger and acquisition, and invest to other companies. The agreements also provide various events of default.

8. PT Bank Rakyat Indonesia (Persero) Tbk (BRI)

Standby Letter of Credit (SBLC) Facility

In 2006, the Company obtained SBLC facility from BRI amounting to US$ 20,000,000. This facility was used to secure the advance payment received from buyers on trading of Crude Palm Oil (CPO), Palm Kernel Oil (PKO), Crude Cococnut Oil (CNO) and Stearine. This facility matured on March 14, 2007 and the extension is still process. The Company is charged 1% commission per annum based on the amount of the issuance of SBLC.

This SBLC facility is secired with the collaterals which are related to working capital loan facility which was received by the Company from BRI.

Investment Loan Facility

In 2006, the Company obtained investment loan facility from BRI amounting to Rp 303.400.000 thousand to finance the 9,500 hectares of Palm Plantation and 1 unit palm factory located in Banyuasin, South Sumatera. This loan facility has a term of 9 years with grace period of 4.5 years for palm plantation and 5.5 years for palm factory. Interest rate per annum is 15.00% which can be reviewed at any time following the current market interest rate in BRI.

This investment loan is secured with trade accounts receivable, inventories, land including palm plantation, plant, machineries, and personal guarantees from Widarto and antoso Winata (Notes 6,7,14 and 26).

As of March 31, 2007, the investment loan facility from BRI has not been used.

The loan agreements with BRI contain covenants which, among others, restrict the rights of the Company to conduct merger and acquisition, obtain loans, and engaged in the unusual transaction with other parties. The agreements also provide various events of defaults.

9. Collateral Management Agreement with PT Superintending Company of Indonesia (Persero) (Sucofindo) and Natexis.

On February 18, 2003, in connection with the working capital credit facility obtained from Natexis, the Company, Natexis and Sucofindo entered into Collateral Management Agreement. Based on the agreement, Sucofindo will supervise the inventories stored in tanks No. 6,7,8,9 and 10 located at desa Waylunik, Kecamatan Panjang, Bandar Lampung.The inventories are used as collaterals for the working capital credit facility from Natexis.

The Company agreed to pay to Sucofindo the following expenses:

- ✓ Supervision expenses
- ✓ Maintenance Fee
- ✓ Expense for bill of lading documents
- ✓ Cost of quality analysis of inventories

10. Brand Etiquettes

The Company has the following brand etiquettes on its products :

a. Brand etiquette “Kompas“ for various products of soap, cooking oil, cleaner and cosmetics.
b. Brand etiquette “ Gunung Agung “ for various products of cooking oil and margarine.
c. Brand etiquette “ Bumi Waras (B.W.) for various products of soap, cleaner and cosmetics.
d. Brand etiquette “ Rossy “ for various products of soaps.
e. Brand etiquette “ Burung Merak “ for various products of coconut oil, cooking oil and margarine.
f. Brand etiquette “ Tawon “ for various products of coconut oil, cooking oil, margarine and jam.
g. Brand etiquette “ Segar “ for various products of bath soap.
h. Brand etiquettes “Rose Brand” for various product of coconut oil, cooking oil, margarine, butter and consumable fat.

Each of the brand etiquette is attached to the certificates of trademark held by the Company, which has a term of 10 years since the date of its registration.

11. Land Rental Agreements

In January 1997, the Company entered into rental agreements with Widarto and Santoso Winata, related parties, for the use of the land where the Company’s factories and offices are located, in Bandar Lampung and Tangerang for 30 years until December 31, 2026. The annual rental for factory and office located in Bandar Lampung is Rp 500,000 thousand per year in 2003 and 2002, while the annual rental for factory and office located in Tangerang is Rp 200,000 thousand for the first year and Rp 400,000 thousand for the second year. Rental charges for the following year will be determined based on the agreement of both parties.

12. Agreement on Building Rental with PT Budi Delta Swakaya (BDS)

In October 1998, the Company entered into a rent agreement with PT Budi Delta Swakarya (BDS), for the use of the building space in Jakarta where the Company’s head office is located, for 2 years until October 31, 2000, with rental fee of US$ 13 per square meter per month and service fee of US$ 7 per square meter per month. The Company and BDS agreed to extend the period of agreement to December 31, 2006.

13. Distributor Agreement

In a distributor agreement dated January 7, 1997, the Company appointed PT Sungai Budi as distributor of palm cooking oil, coconut cooking oil, soap, stearine, fatty acid and copra expeller in Indonesia for three years until December 31, 1999.

Under the agreement, the Company is not permitted to market these products in Indonesia through other distributors without the approval from PT Sungai Budi. The credit term is three months after the delivery date. The selling price to PT Sungai Budi is determined based on the average of PT Sungai Budi's selling price to customers less Rp 26.75 per kilogram. The selling price is subject to change anytime and is adjusted for inflation and increase in prices of fuel.

In PT Sungai Budi's letter dated January 7, 1997, the Company obtained the approval to market some of the Company's products, such as laundry and bath soap in Indonesia, through PT Budi Aneka Cemerlang which is domiciled in Tangerang.

Based on addendum to the agreement dated January 5, 1998, the Company and PT Sungai Budi agreed to change the amount of deduction from the selling price to Rp 50 per kilogram for cooking oil and derivative products of palm and hybrid, and Rp 30 per kilogram for soap.

Based on addendum to the agreement dated January 3, 2000, the Company and PT Sungai Budi agreed to extend the period of agreement from December 31, 1999 until December 31, 2003.

Based on addendum to the agreement dated June 1, 2001, the Company and PT Sungai Budi agreed to implement some changes wherein the selling price to PT Sungai Budi shall be based on the average of PT Sungai Budi's selling price to customers less Rp 75 per kilogram for coconut cooking oil, palm cooking oil, and its derivative products("oil"), and less Rp 60 per kilogram for cream soap, laundry soap and bath soap.

Based on addendum to the agreement dated January 2, 2003, the Company and PT Sungai Budi agreed to implement some changes wherein the selling price to PT Sungai Budi shall be based on the average of PT Sungai Budi's selling price to customer less Rp 125 per kilogram for coconut cooking oil, palm cooking oil, and its derivative products ('oil'), and less Rp 100 per kilogram for cream soap, laundry soap and bath soap.

Based on addendum to the agreement dated July 1, 2003, the Company and PT Sungai Budi agreed to implement some charges wherein the selling price to PT Sungai Budi shall be based on the average of PT Sungai Budi's selling price to customer less Rp 100 per kilogram for coconut cooking oil, palm cooking oil, and its derivative product ('oil'), and less Rp 75 per kilogram for cream soap, laundry soap and bath soap.

Based on the amendment, dated March 1, 2005, it was agreed that the change in the selling price to PT Sungai Budi is based on the average of PT Sungai Budi's selling price to customers less Rp 110 per kilogram for coconut and palm cooking oil and its derivative products ,and less Rp 90 per kilogram for laundry cream soap, laundry bar soap and bath soap.

On December 29,2006 the Company has extended the Distribution Agreement to December 31, 2009.

14. Agreement on Building Rental

In May 1999, the Company and its subsidiaries entered into a rent agreement with Widarto, related party, for the use of the building space located in Bandar Lampung for 10 years until May 3, 2009. The annual rental is Rp 48,800 thousand.

29. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

At March 31, 2007 and 2006, the Company and its subsidiaries had monetary assets and liabilities in US Dollar as follows:

	2007		2006	
	US$ '000	Equivalent in *Rp '000*	*US$ '000*	Equivalent in *Rp '000*
Assets				
Cash and cash equivalents	3,966	36,164,053	1,883	17,087,459
Trade accounts receivable	4,977	45,384,243	2,817	25,560,581
Total assets	8,944	81,548,296	4,700	42,648,040
Liabilities				
Short-term bank loans	1,132	10,325,465	1,035	9,395,716
current portion of longterm				
bank Loan	5,400	49,237,200	5,700	51,727,500
bank Loan - Power Plant	748	6,818,486	-	-
Sales Advanced	47,307	431,345,117	18,919	171,693,587
Long-term bank loans				
bank Loan	-	-	1,680	15,246,000
bank Loan - Power Plant	3,350	30,541,078	3,720	33,759,000
Total liabilities	**57,937**	**528,267,346**	**25,655**	**232,816,803**
Net Liabilities	**48,993**	**446,719,050**	**26,355**	**190,168,763**

At balance sheet dates, the conversion rates used by the Company and its subsidiaries are as follows:

	2007	2006
	Rp	Rp
Foreign Currency		
US$ 1	9,118	9,075