



***PT TUNAS BARU LAMPUNG Tbk  
AND ITS SUBSIDIARIES***

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED  
MARCH 31, 2008 AND 2007

**PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2008 AND 2007**

	<u>Notes</u>	<u>2008</u> <i>Rp '000</i>	<u>2007</u> <i>Rp '000</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2c,f & 3,29	197,131,736	230,126,288
Short - Term Investments - net of unearned interest nil in 2008 and Rp. 827.703 thousand in 2007	2g & 4	-	24,172,297
Trade accounts receivable			
Related parties	2d,h,5,26 & 29	270,806,363	109,694,196
Third parties	2c,h & 5	26,716,021	45,384,243
Other accounts receivable -net		3,857,448	544,565
Inventories - net of allowance for decline in value and inventory obsolescence of Rp. 955,212 thousand in 2008 and Rp. 960.212 thousand in 2007	2d,i,r & 6	465,786,542	91,978,202
Advances	2c	172,460,638	45,556,306
Prepaid taxes		12,361,714	3,035,086
Prepaid expenses	2j	5,291,539	6,351,361
<b>Total Current Assets</b>		<b>1,154,412,001</b>	<b>556,842,544</b>
<b>NONCURRENT ASSETS</b>			
Due from related parties	2d,h,7 & 26	19,919,524	12,258,842
Due from plasma	2k & 28	32,221,637	88,241,036
Deferred tax assets	2w & 24	1,896,756	1,908,906
Real estate assets	2i,r,8, & 26	22,112,907	22,223,583
Plantation			
Matured Plantation - net of accumulated depreciation of Rp 133.521.207 thousand in 2008 and Rp 111.269.476 thousand in 2007	2m,r & 9	292,512,970	317,500,504
Immatured Plantation	2m,r,t & 9	297,488,928	166,580,507
Property, plant and equipment - net of accumulated depreciation of Rp 408.588.486 thousand in 2008 and Rp 316.608.891 thousand in 2007	2d,n,r & 10	857,923,422	778,866,241
Property for lease - net of accumulated depreciation of Rp 5.691.554 thousand in 2008 and Rp 10.146.713 thousand in 2007	2d,n,r & 11	5,741,710	10,499,021
Property not used in operations	2n & 2r	3,698,146	14,499,379
Other Deferred charges	2o	20,790,954	1,389,650
<b>Total Noncurrent Assets</b>		<b>1,554,306,953</b>	<b>1,413,967,668</b>
<b>TOTAL ASSETS</b>		<b>2,708,718,955</b>	<b>1,970,810,213</b>

*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, 2008 AND 2007 (Continued)**

	<u>Notes</u>	<u>2008</u> <i>Rp '000</i>	<u>2007</u> <i>Rp '000</i>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade accounts payable	12		
Third Parties		74,479,296	48,926,315
Taxes payable	2w & 13	62,597,738	14,813,825
Accrued expenses	2d & 25	10,150,450	7,401,968
Short Term Bank loans	2c,d & 14, 29	59,097,497	53,507,874
Advanced received	2c, s, & 15, 29	407,884,647	177,157,184
Current portion of long-term liabilities :			
Bank loans	2c & 19, 29	62,643,341	78,924,700
Bank loans - Power Plant	2c & 16, 29	10,979,641	6,818,486
Lease liabilities	2n	4,344,603	1,487,599
Other current liabilities		6,389,650	693,874
<b>Total Current Liabilities</b>		<b>698,566,862</b>	<b>389,731,824</b>
<b>NONCURRENT LIABILITIES</b>			
Due to related parties	2d,7 & 26	4,145,419	2,625,682
Due to shareholders	2d ,26	8,689,265	8,689,265
Defined-benefits post-employment reserve	2u	30,534,086	22,221,176
Deferred tax liabilities	2w & 24	64,704,096	54,135,038
Advances received	2c, s, & 15, 29	153,175,518	254,803,180
Long-term liabilities - net of current maturities :			
Bank loans	2c & 19	639,223,655	31,250,000
Bank loans - Power Plant	2c & 16, 29	25,043,045	30,541,078
Lease liabilities	2d,n	16,123,480	13,610,217
Bonds payable - net of unamortized bonds issuances cost of Rp. 4.690.000 thousand in 2007	2p & 17 18	-	295,310,000
Other liabilities		18,729	19,900
<b>Total Noncurrent Liabilities</b>		<b>941,657,293</b>	<b>713,205,535</b>
<b>MINORITY INTEREST IN NET ASSETS OF THE SUBSIDIARIES</b>			
		<b>4,854,425</b>	<b>1,329,575</b>
<b>EQUITY</b>			
Capital stock - par value of Rp 125 per share			
Authorized - 6,400,000,000 shares in 2008 and in 2007			
Issued and paid-up - 4.166.796.493 shares in 2008 and 4.124.217.629 shares in 2007	20	520,849,562	515,527,204
Additional paid-in capital - net	2q,20	173,453,468	173,453,468
Difference in value of restructuring transaction between entities under common control	2v	74,487	74,487
Retained earnings			
Appropriated	25	3,000,000	2,500,000
Unappropriated		366,262,856	174,988,120
<b>Total Equity</b>		<b>1,063,640,373</b>	<b>866,543,279</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,708,718,954</b>	<b>1,970,810,213</b>

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, 2008 AND 2007**

	<u>Notes</u>	<u>2008</u> <i>Rp '000</i>	<u>2007</u> <i>Rp '000</i>
NET SALES	2d, s, 21, & 26	1,017,171,520	345,771,322
COST OF GOODS SOLD	2d, s, 22, & 26	735,723,850	290,936,343
<b>GROSS PROFIT</b>		<b>281,447,670</b>	<b>54,834,979</b>
<b>OPERATING EXPENSES</b>	2s & 23		
Selling		103,134,011	16,427,004
General and administrative	2d,u, 10,17 & 26	15,810,424	12,085,418
<b>Total Operating Expenses</b>		<b>118,944,435</b>	<b>28,512,422</b>
<b>INCOME FROM OPERATIONS</b>		<b>162,503,235</b>	<b>26,322,557</b>
<b>OTHER INCOME (CHARGES)</b>	2s		
Gain (loss) on foreign exchange - net	2 y, & 28	38,901,338	(6,511,944)
Interest income		2,838,314	4,221,254
Interest expense and financial charges	2c,t,14,17,19,& 29	(18,866,158)	(17,554,539)
Others - net	2d	2,081,564	(805,616)
<b>Other Income ( Charges ) - Net</b>		<b>24,955,058</b>	<b>(20,650,845)</b>
<b>INCOME BEFORE TAX</b>		<b>187,458,293</b>	<b>5,671,712</b>
<b>TAX EXPENSE</b>			
Current Tax	2w, 24	(52,661,768)	(460,089)
Deferred Tax	2w, 24	(6,124,889)	(3,093,859)
<b>TAX EXPENSES</b>		<b>(58,786,657)</b>	<b>(3,553,948)</b>
<b>INCOME BEFORE MINORITY INTEREST IN NET PROFIT OF SUBSIDIARIES</b>		<b>128,671,636</b>	<b>2,117,764</b>
MINORITY INTEREST IN NET PROFIT OF THE SUBSIDIARIES	2b	(443,150)	(17,016)
<b>NET INCOME</b>		<b>128,228,486</b>	<b>2,100,748</b>
BASIC EARNINGS PER SHARE (in full Rupiah)	2x	31	1

*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, 2008 AND 2007**

	Paid-up capital stock Rp' 000	Additional paid-in capital Rp' 000	Difference in value of restructuring transactions between entities under common control Rp' 000	Retained earnings		Total equity Rp' 000
				Appropriated Rp' 000	Unappropriated Rp' 000	
Balance as of Januari 1, 2007	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 Warrant Series I	1,448	-	-	-	-	1,448
<b>Balance as of March 31, 2007</b>	<b>515,527,204</b>	<b>173,453,468</b>	<b>74,487</b>	<b>2,500,000</b>	<b>174,988,120</b>	<b>866,543,279</b>
Net Income of April 1 - December 31, 2007	-	-	-	-	95,126,484	95,126,484
Cash Dividends	-	-	-	-	(31,580,234)	(31,580,234)
Appropriation of general reserve	-	-	-	500,000	(500,000)	-
Additional Paid-up Capital from The Conversion of Warrants	4,870,108	-	-	-	-	4,870,108
<b>Balance as of December 31, 2007</b>	<b>520,397,312</b>	<b>173,453,468</b>	<b>74,487</b>	<b>3,000,000</b>	<b>238,034,370</b>	<b>934,959,637</b>
Net income of January 1 - March 31, 2008	-	-	-	-	128,228,486	128,228,486
Additional Paid-up Capital from The Conversion of Warrants	452,250	-	-	-	-	452,250
<b>Balance as of March 31, 2008</b>	<b>520,849,562</b>	<b>173,453,468</b>	<b>74,487</b>	<b>3,000,000</b>	<b>366,262,856</b>	<b>1,063,640,373</b>

*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, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	1,015,392,913	602,222,714
Cash payments to suppliers, employees and others	(916,132,953)	(378,821,561)
Payment of income tax	(1,569,422)	(283,163)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b><u>97,690,538</u></b>	<b><u>223,117,990</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(56,194,790)	(31,214,416)
Acquisitions of Plantations	(53,374,386)	(32,839,822)
Acquisitions of Properties for lease	(1,385,859)	(1,323,727)
Receipts from ( Increase in )due from plasma	17,363,376	(5,703,605)
Withdrawal in Negotiable Certificates of Deposits	90,000,000	20,175,000
Placement of Negotiable Certificates Deposits	(60,694,000)	-
Receipts from (Payments to) related parties	350,016	(1,108,902)
<b>Net Cash Used in Investing Activities</b>	<b><u>(63,935,643)</u></b>	<b><u>(52,015,472)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of short-term bank loans	(36,468,934)	(57,095,042)
Additional ( Payment ) of long-term bank loans	2,413,766	(24,246,500)
Additional of lease liabilities	13,225,417	3,005,336
Payment ( Additional ) of other deferred charges	(17,779,872)	3,320,650
Proceeds from Warrant Series I	452,250	1,448
Payment of interest and financial charges	(18,866,158)	(17,554,539)
<b>Net Cash Provided by Financing Activities</b>	<b><u>(57,023,531)</u></b>	<b><u>(92,568,647)</u></b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b><u>(23,268,637)</u></b>	<b><u>78,533,871</u></b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b><u>220,400,373</u></b>	<b><u>151,592,417</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>197,131,736</u></b>	<b><u>230,126,288</u></b>

*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**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2008 AND 2007 AND FOR THE THREE MONTHS PERIOD THEN ENDED**

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**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.

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 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 West Kalimantan.

The Company is under the business groups of Sungai Budi. As of March 31, 2008 and 2007, based on Notarial Deed No. 07 dated June 27, 2007 of Mrs. Kartuti Suntana S., S.H., notary public in Jakarta, The Company's management consisted of the following:

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

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**MARCH 31, 2008 AND 2007 AND FOR THE THREE MONTHS PERIOD THEN ENDED (Continued)**

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**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 Warrants is attached, free of charge. The total Series I Warrants 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 10, 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, 2008, all of the Company's shares totaling 4.166.796.493 shares, with a par value of Rp 125 per share, were listed in the Indonesia Stock Exchange.

**PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2008 AND 2007 AND FOR THE THREE MONTHS PERIOD THEN ENDED (Continued)**

**c. Consolidated Subsidiaries**

The Company has ownership interest of more than 50% in the following subsidiaries:

<i>Subsidiary</i>	<i>Domicile</i>	<i>Nature of Business</i>	<i>Percentage of Ownership</i>	<i>Year of Incorporation</i>
<i>Direct Ownership</i>				
PT Bangun Nusa Indah Lampung (BNIL)	Lampung	Palm ang 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 Plantation and horticulture	98.00%	2002
PT Adikarya Gemilang (AKG)	Lampung	Pineapple Plantation	98.33%	1999
PT Bangun Tatalampung Asri (BTLA)	Lampung	Palm Plantation and real estate	99.71%	2000
PT Agro Bumi Mas ( ABM )	Lampung	Manufacturing of crude palm oil	90.00%	2003
PT Mulya Mandra Mukti (MMM)	Jakarta	Palm Plantation	86.98%	2007
<i>Indirect Ownership</i>				
PT Bumi Perkasa Gemilang (BPG)	Kalimantan Barat	Palm Plantation	73.93%	2003
PT Abadi Mulia Sentosa (AMS)	Lampung	Palm Plantation	60.88%	2005

The plantations of the Company are located at Central Lampung, North Lampung, South Sumatera, and West Kalimantan with total area of approximately 83,4 thousand hectares. The planted area is approximately 35,24 thousand hectares.

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

On September 3, 2007, the Company has acquired 88% ownership interest in MMM, for a total acquisition cost of Rp. 2.200.000 thousand. On October 9, 2007, MMM increased its paid up capital to Rp. 3.925.000 thousand by issuing shares to its existing stockholders. However, the Company has made additional investment of only Rp. 3.414.000 thousand which is not in proportion to its existing ownership interest of 88%. Accordingly, the ownership interest of the Company in MMM was diluted from 88% to 86,98%.

On September 25, 2007, MMM, a subsidiary, has acquired 85% ownership interest in BPG for a total acquisition cost of Rp. 2.125.000 thousand.

On October 8, 2007, MMM, a subsidiary, has acquired 70% ownership interest in AMS for a total acquisition cost of Rp. 210.000 thousand, and further increased its ownership amounting to Rp. 1.750.000 thousand on December 4, 2007.

**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

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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.

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**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.

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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.

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**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:

	<u>Years</u>
Palm and hybrid coconut plantations	25
Orange plantations	10

Depreciation of pineapple plantations is computed using the following rates:

	<u>Rates</u>
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:

	<u>Years</u>
Buildings and land improvements	20
Machinery	10
Vehicles and heavy equipment	5
Furniture, fixtures and equipment	5

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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

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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. Deferred Charges on Landrights**

Deferred 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 :

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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

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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.

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**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.

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**3. CASH AND CASH EQUIVALENTS**

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
Cash on Hand	5,396,606	3,355,081
Cash in Banks		
Rupiah		
Bank Mandiri	16,637,598	501,289
Bank Rakyat Indonesia	1,799,809	952,575
Bank Negara Indonesia	549,148	194,938
Bank International Indonesia	322,282	56,486
Bank Danamon	278,760	59,988
Bank Lippo	196,631	1,094,011
Citibank	149,487	-
Bank Niaga	140,286	-
Bank Central Asia	100,878	452,279
Bank Panin	88,230	-
Bank Mega	15,291	4,134,598
Others ( each below Rp 100.000 thousand )	549,980	151,059
Subtotal	<u>20,828,379</u>	<u>7,597,222</u>
U.S. Dollar		
Citibank	2,278,769	705,224
Lippo	1,729,642	481,910
Bank Rakyat Indonesia	515,987	2,632,118
Rabobank	447,525	24,504
Natexis	291,898	3,826
Bank Internasional Indonesia	240,912	114,962
Bank Niaga	207,664	205,933
Bank Central Asia	187,421	-
Bank Danamon	82,029	53,574
Bank of Tokyo	14,402	29,003
Subtotal	<u>5,996,250</u>	<u>4,251,053</u>
Total Cash in Banks	<u>26,824,629</u>	<u>11,848,276</u>

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	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
<b>Time Deposits On Call</b>		
<b>Rupiah</b>		
PT Bank Danamon	10,000,000	4,570,000
Subtotal	<u>10,000,000</u>	<u>4,570,000</u>
<b>U.S. Dollar</b>		
PT Bank Mandiri (Persero) Tbk	50,693,500	31,913,000
PT Citibank	9,217,000	-
Subtotal	<u>59,910,500</u>	<u>31,913,000</u>
<b>Negotiable Certificates of Deposits (NCD)</b>		
<b>Rupiah</b>		
PT Bank Ganesha Tbk	25,000,000	60,000,000
PT Bank NISP Tbk	25,000,000	50,000,000
PT Bank Mayapada International Tbk	45,000,000	70,000,000
Total	<u>95,000,000</u>	<u>180,000,000</u>
Unearned interest	-	(1,560,069)
<b>Net</b>	<u>95,000,000</u>	<u>178,439,931</u>
<b>Total Time Deposits</b>	<u>164,910,500</u>	<u>214,922,931</u>
<b>TOTAL</b>	<u><u>197,131,736</u></u>	<u><u>230,126,288</u></u>

Average interest rate per annum for deposits in 2008 ranges from 2% - 8% and 9% - 11,25% in 2007.

**4. Short – Term Investment**

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

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
<b>Third Parties</b>		
<b>Rupiah</b>		
PT Bank NISP Tbk	-	25,000,000
Total	-	25,000,000
Unearned interest	-	(827,703)
<b>Net</b>	<u>-</u>	<u>24,172,297</u>

Average interest rate per annum for NCD in 2008 nil and 8,75% in 2007.

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**5. TRADE ACCOUNTS RECEIVABLE**

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
<b>a. By Debtor</b>		
<b>Related Party</b>		
PT Sungai Budi	270,806,363	108,786,082
PT Kencana Acidindo Perkasa	-	908,114
	<u>270,806,363</u>	<u>109,694,196</u>
<b>Third Parties</b>		
Local debtors	-	-
<b>Foreign debtors</b>		
Inter-United Enterprises Pte,Ltd., Singapura	25,134,046	44,237,393
Alfred C. Toepfer International GmbH., German	913,373	327,916
Bahkresa Grain Mailing, Papua New Guinea	353,979	416,132
Westbake Bakery Ltd., Papua New Guinea	314,623	-
Muller Kerzen AG Straelen, Denmark	-	92,867
Others ( each below Rp 100.000 thousand)	-	309,935
Total Foreign debtors	<u>26,716,021</u>	<u>45,384,243</u>
Total Third Parties	<u>26,716,021</u>	<u>45,384,243</u>
<b>Total</b>	<u>297,522,384</u>	<u>155,078,439</u>
<b>b. By Age Category</b>		
01 - 30 days	120,709,539	58,064,002
31 - 60 days	85,646,222	55,354,300
61 - 90 days	<u>91,166,622</u>	<u>41,660,137</u>
<b>Total</b>	<u>297,522,384</u>	<u>155,078,439</u>
<b>c. By Currency</b>		
Rupiah	270,806,363	109,694,196
U.S. Dollar	<u>26,716,021</u>	<u>45,384,243</u>
<b>Total</b>	<u>297,522,384</u>	<u>155,078,439</u>

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

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**6. INVENTORIES**

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
Raw Material	278,087,311	22,512,281
Indirect material	89,217,731	21,314,300
Finished Goods	62,165,734	33,142,984
Spare part	32,221,184	12,114,043
Goods in transit	2,814,434	2,266,801
Work in process	2,235,360	936,584
Other inventories	-	651,422
Allowance for inventories	<u>(955,212)</u>	<u>(960,212)</u>
<b>Net</b>	<u><u>465,786,542</u></u>	<u><u>91,978,202</u></u>

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**

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
<b>Accounts receivable</b>		
PT Budi Acid Jaya Tbk	19,861,713	12,045,869
PT Budi Samudra Perkasa	57,811	169,955
Others	-	43,018
<b>Total</b>	<u><u>19,919,524</u></u>	<u><u>12,258,842</u></u>
<b>Accounts payable</b>		
CV Bumi Waras	2,633,147	1,627,006.00
Others	<u>1,512,272</u>	<u>998,676</u>
<b>Total</b>	<u><u>4,145,419</u></u>	<u><u>2,625,682</u></u>

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.

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**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:

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
Kiosks	10,997,748	11,108,423
Plaza	8,882,408	8,882,408
Shophouse	<u>2,232,752</u>	<u>2,232,752</u>
<b>Total</b>	<u><u>22,112,907</u></u>	<u><u>22,223,583</u></u>

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*

	<b>Changes During 2008</b>			<b>March 31, 2008</b>
	<b>Januari 01, 2008</b>	<b>Additions/ Reclassifications</b>	<b>Deductions</b>	
	<i>Rp. 000</i>	<i>Rp. 000</i>	<i>Rp. 000</i>	
<b>At Cost</b>				
Palm Plantation	332,219,541	13,395,685	-	345,615,226
Hybrid Plantation	57,071,992	-	-	57,071,992
Orange Plantation	13,077,786	-	-	13,077,786
Pineapple Plantation	10,930,917	1,520,658	2,182,402	10,269,173
<b>Total</b>	<u><b>413,300,236</b></u>	<u><b>14,916,343</b></u>	<u><b>2,182,402</b></u>	<u><b>426,034,177</b></u>
<b>Accumulated Depreciation</b>				
Palm Plantation	91,538,618	17,382,318	-	108,920,936
Hybrid Plantation	13,697,278	684,864	-	14,382,142
Orange Plantation	5,817,056	392,334	-	6,209,390
Pineapple Plantation	2,974,848	1,033,891	-	4,008,739
<b>Total</b>	<u><b>114,027,800</b></u>	<u><b>19,493,407</b></u>	<u><b>-</b></u>	<u><b>133,521,207</b></u>
<b>Net Book Value</b>	<u><b>299,272,436</b></u>			<u><b>292,512,970</b></u>

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	Changes During 2007			March 31, 2007
	Januari 01, 2007	Additions/ Reclassifications	Deductions	
	Rp. 000	Rp. 000	Rp. 000	
<b>At Cost</b>				
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
<b>Total</b>	<b>429,139,533</b>	<b>856,349</b>	<b>1,225,902</b>	<b>428,769,980</b>
<b>Accumulated Depreciation</b>				
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
<b>Total</b>	<b>108,276,009</b>	<b>2,993,467</b>	<b>-</b>	<b>111,269,476</b>
<b>Net Book Value</b>	<b>320,863,524</b>			<b>317,500,504</b>

*Immature Plantation*

	Changes During 2008			March 31, 2008
	January 01, 2008	Additions/ Reclassifications	Deductions	
	Rp '000	Rp '000	Rp '000	
<b>At Cost</b>				
Palm Plantation	231,510,957	53,920,743	-	285,431,700
Pineapple Plantation	9,783,181	2,274,047	-	12,057,228
<b>Total</b>	<b>241,294,138</b>	<b>56,194,790</b>	<b>-</b>	<b>297,488,928</b>

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

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10. PROPERTY, PLANT AND EQUIPMENT

	Changes During 2008			
	January 01, 2008	Additions	Deductions	March 31, 2008
	Rp '000	Rp '000	Rp '000	Rp '000
<b>At Cost:</b>				
Direct acquisitions				
Land	87,788,210	1,361,195	-	89,149,405
Buildings and land improvements	391,649,678	1,211,194	-	392,860,872
Machinery	306,783,610	1,941,218	-	308,724,828
Vehicles and heavy equipment	154,872,561	13,094,131	-	167,966,692
Furniture, fixtures and equipment	93,554,805	9,916,249	-	103,471,054
Construction in progress	178,488,658	25,850,399	-	204,339,057
<b>Total</b>	<b>1,213,137,522</b>	<b>53,374,387</b>	<b>-</b>	<b>1,266,511,908</b>
<b>Accumulated depreciation:</b>				
Direct acquisitions				
Buildings and land improvement	73,974,182	5,208,725	-	79,182,907
Machinery	158,019,725	2,572,402	-	160,592,127
Vehicles and heavy equipment	96,959,648	5,060,949	-	102,020,597
Furniture, fixtures and equipment	58,951,417	7,841,438	-	66,792,855
<b>Total</b>	<b>387,904,972</b>	<b>20,683,514</b>	<b>-</b>	<b>408,588,486</b>
<b>Net Book Value</b>	<b>825,232,550</b>			<b>857,923,422</b>
	Changes During 2007			
	January 01, 2007	Additions	Deductions	March 31, 2007
	Rp '000	Rp '000	Rp '000	Rp '000
<b>At Cost:</b>				
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
<b>Total</b>	<b>1,064,260,715</b>	<b>31,214,416</b>	<b>-</b>	<b>1,095,475,131</b>
<b>Accumulated depreciation:</b>				
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
<b>Total</b>	<b>302,073,239</b>	<b>14,535,652</b>	<b>-</b>	<b>316,608,891</b>
<b>Net Book Value</b>	<b>762,187,476</b>			<b>778,866,241</b>

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**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:

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
Cost	11,433,264	20,645,734
Accumulated depreciation	<u>(5,691,554)</u>	<u>(10,146,713)</u>
<b>Net Book Value</b>	<u><u>5,741,710</u></u>	<u><u>10,499,021</u></u>

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, 2010, 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**

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
<b>a. By creditor</b>		
Third parties - Local suppliers	<u>74,479,296</u>	<u>48,926,315</u>
<b>Total</b>	<u><u>74,479,296</u></u>	<u><u>48,926,315</u></u>
<b>b. By Currency</b>		
Rupiah	<u>74,479,296</u>	<u>48,926,315</u>
<b>Total</b>	<u><u>74,479,296</u></u>	<u><u>48,926,315</u></u>

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 .

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13. TAXES PAYABLE

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
Income taxes		
Article 25/29	59,916,699	12,125,664
Article 23	2,364,802	2,460,127
Article 21	316,237	228,034
Value added tax	-	-
<b>Total</b>	<b><u>62,597,738</u></b>	<b><u>14,813,825</u></b>

The filing of tax return is based on the Company and its 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

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
<b><i>Working capital credit facilities</i></b>		
<b><i>Rupiah</i></b>		
Bank Rakyat Indonesia	26,904,984	28,674,444
Bank Mandiri (Rp)	22,513,785	14,507,965
<b>Subtotal</b>	<b><u>49,418,769</u></b>	<b><u>43,182,409</u></b>
<b><i>U.S. Dollar</i></b>		
Bank Lippo (US\$ 60 thousand in 2008 and niil in 2007)	553,020	-
Bank Mandiri (US\$ 990 thousand in 2008 and US\$ 1.132 thousand in 2007)	9,125,708	10,325,465
<b>Subtotal</b>	<b><u>9,678,728</u></b>	<b><u>10,325,465</u></b>
<b>Total</b>	<b><u>59,097,497</u></b>	<b><u>53,507,874</u></b>
<b>Interest rates per annum during the year</b>		
Rupiah	12% - 12,75%	14,50% - 15%
U.S. Dollar	8,5%	7,06% - 7,10%

**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 12% in 2007 and 14,50% in 2007. The loan facility matured on June 22, 2008.

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). The collaterals for working capital loan facility were also used as collaterals for long - term loan facility from BRI for Banyuasin

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project. The collaterals for trade receivable and inventories represent part of joint collateral for short – term loan and syndicated loan from Bank Mandiri which is coordinated by Rabobank (notes 19)

**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 12,75% and 15,00%, in 2008 and 2007, respectively, for facility in Rupiah, and 8,50% and 95% in 2008 and 2007, respectively, for facility in foreign currency. Both loan facilities above have maturity date on March 31, 2009.

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). Those collaterals represent part of joint collateral with BRI short – term loan which is coordinated by Rabobank (note 19)

**PT Bank Lippo**

The cash loan facilities from Lippo consist of PTX-OD2 amounting to US\$ 2,000 thousand and Rp. 10,000,000 thousand, respectively. These loan facilities are used for working capital, whereas the loan drawdown can be exercised only for repayment of matured LCs. (note 14).

The loan facilities from Lippo are secured with personal guarantee from Widarto and Santoso Winata ( note 26). Interest rate per annum in 2008 is 8,50%

**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 :

- Facility 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.

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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.

The loan agreements with Bank Mandiri, BRI, Lippo and Natixis contain covenants which among others, restrict the right of the Company to obtain or grant loans, act as guarantor, change the nature and activities of its business and conduct liquidation, merger, consolidation or reorganization. The agreements also provide various events of defaults.

**15. ADVANCED RECEIVED**

This account consists of:

	<u>2008</u>	<u>2007</u>
	<i>Rp. '000</i>	<i>Rp. '000</i>
<b>Rupiah</b>		
Sales of kiosks, shophouses, and plaza	583,295	583,295
Sales of palm and its derivative products	31,952	31,952
Subtotal	<u>615,247</u>	<u>615,247</u>
<b>U.S. Dollar</b>		
Sales of palm and its derivative products	555,467,738	416,574,003
Storage tanks rental	4,977,179	14,771,114
Subtotal	<u>560,444,917</u>	<u>431,345,117</u>
<b>Less current portion</b>	<u>(407,884,647)</u>	<u>(177,157,184)</u>
<b>Long - Term Advances - Net</b>	<u><u>153,175,518</u></u>	<u><u>254,803,180</u></u>

As of March 31, 2008 and 2007, 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, 2008 and 2007, advances received in foreign currency amount US\$ 60.805 thousand and US\$ 47.307 thousand.

**16. LONG – TERM BANK LOANS – POWER PLANT**

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, 2008 were amounted :

	<u>2008</u>	<u>2007</u>
	<i>Rp. '000</i>	<i>Rp. '000</i>
<b>Long term bank loan - Power Plant USD 3.908.000 in 2008 and USD 4.020.000 in 2007</b>	36,022,686	37,359,564
<b>Less:</b>		
current portion	<u>(10,979,641)</u>	<u>(6,818,486)</u>
<b>Long - term Advances - Net</b>	<u><u>25,043,045</u></u>	<u><u>30,541,078</u></u>

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**17. BONDS PAYABLE**

The following are the details of bonds payable:

	<u>2008</u>	<u>2007</u>
	<i>Rp. '000</i>	<i>Rp. '000</i>
Nominal value of bonds	-	300,000,000
Less:		
Bonds issuance cost	-	10,500,000
Amortization of bonds issuance cost	-	(5,810,000)
Unamortized bonds issuance cost	-	4,690,000
<b>Net</b>	<b>-</b>	<b>295,310,000</b>

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.

On September 28, 2007, The Company has fully paid its bonds amounted to Rp. 300.000.000.000,- using the new syndicated loan from PT Bank Rabobank International Indonesia, as arranger.

**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**

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
Syndicated loan coordinated by Bank Rabobank, US\$ 70,000,000 in 2008 and nil in 2007	645,190,000	-
Syndicated loan coordinated by Bank UFJ Indonesia, nil in 2008 and US\$ 5,400,000 in 2007	-	49,237,200
Bank Negara Indonesia	-	60,937,500
Bank Rakyat Indonesia	56,676,996	-
<b>Total</b>	<b>701,866,996</b>	<b>110,174,700</b>
Less current maturity	<b>(62,643,341)</b>	<b>(78,924,700)</b>
<b>Long-term Bank Loans - Net</b>	<b>639,223,655</b>	<b>31,250,000</b>
Interest rate per annum during the year		
U.S. Dollar	7,217 % - 7,842 %	7,06 % - 7,10 %
Rupiah	12%	14%

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***Syndicated Loan - UFJ***

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.

Interest rates per annum on Tranche A nil in 2008 and 3.50% above SIBOR for local banks and 3.00% above SIBOR for offshore banks.

***Syndicated Loan - Rabobank***

In relation to the credit facility agreement dated June 24, 2007 between the Company and several creditor banks, PT Bank Rabobank International Indonesia as arrangers, the Company obtained a term loan facility with a maximum credit amounted to US\$ 70,000,000, which will be due in 5 years since the date of the facility agreement. This loan was used for working capital requirements and refinancing of the Company's loans. This loan is secured with fixed assets and plantations of BTLA, corporate guarantees from BSA, BNIL and BDP, Inventories and receivables of the Company which are shared with PT Bank Mandiri (Persero) Tbk and PT Bank Rakyat Indonesia (Persero) Tbk.

The installment payment of principal of syndicated loan will start on the 15<sup>th</sup> month and will be paid quarterly. The periods are 5 years (60 months) for Loan A and 3 years (36 months) for Loan B. The followings are the payment schedule of syndicated loans:

Due in	Total Annual Installment US\$ thousand		
	Loan A	Loan B	Total
	US\$	US\$	US\$
2008	781	3,750	4,531
2009	2,354	7,500	9,854
2010	11,792	3,750	15,542
2011	20,438	-	20,438
2012	19,635	-	19,635
<b>Total</b>	<b>55,000</b>	<b>15,000</b>	<b>70,000</b>

***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.

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***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 are 14,00%.

The loan facility is secured with corporate guarantee from PT Sungai Budi and personal guarantees from Widarto and Santoso Winata (related parties) (Note 26). On October 11, 2007, the loan facility from BNI has been settled by the Company.

**20. CAPITAL STOCK**

As of March 31, 2008 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, Based on report of PT Adimitra Transferindo, Shares Registrar, the list of Stockholder is as follows:

Name of Stockholder	2008		
	Number of Shares	Percentage of Ownership	Total Paid Up Capital (Rp '000)
PT Sungai Budi	809,197,198	19.42%	101,149,650
PT Budi Sulfat Jaya	612,695,896	14.70%	76,586,987
PT Sungai Budi Perkasa	600,000,000	14.40%	75,000,000
PT Budi Alam Kencana	336,000,000	8.06%	42,000,000
PT Budi Acid Jaya Tbk	29,400,000	0.71%	3,675,000
Widarto - President Director Commissioner	2,104,200	0.05%	263,025
Santoso Winata - President	2,104,200	0.05%	263,025
Public (below 5% each other)	1,775,294,999	42.61%	221,911,875
<b>Total</b>	<b>4,166,796,493</b>	<b>100.00%</b>	<b>520,849,562</b>

Name of Stockholder	2007		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital (Rp '000)
PT Sungai Budi	809,197,198	19.47%	101,149,650
PT Budi Sulfat Jaya	612,695,896	14.74%	76,586,987
PT Sungai Budi Perkasa	600,000,000	14.44%	75,000,000
PT Budi Alam Kencana	400,000,000	9.62%	50,000,000
PT Budi Acid Jaya Tbk	29,400,000	0.71%	3,675,000
Widarto - President Director Commissioner	2,104,200	0.05%	263,025
Santoso Winata - President	2,104,200	0.05%	263,025
Public (below 5% each)	1,700,596,167	40.92%	212,574,521
<b>Total</b>	<b>4,156,097,661</b>	<b>100,00%</b>	<b>519,512,208</b>

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**21. NET SALES**

The details on net sales are as follows :

	<u>2008</u>	<u>2007</u>
	<i>Rp' 000</i>	<i>Rp' 000</i>
Palm and hybrid plantation products and related derivative products	1,016,273,626	344,900,186
Pineapple fruits	871,466	505,460
Orange fruits	26,429	365,676
<b>Total Net Sales</b>	<b><u>1,017,171,520</u></b>	<b><u>345,771,322</u></b>

**22. COST OF GOODS SOLD**

The details of cost of goods sold are as follows :

	<u>2007</u>	<u>2006</u>
	<i>Rp' 000</i>	<i>Rp' 000</i>
Palm and hybrid plantations products and related derivative products	730,866,962	287,056,541
Pineapple fruits	3,030,437	606,101
Orange fruits	1,826,452	3,273,701
<b>Total Cost of Goods Sold</b>	<b><u>735,723,850</u></b>	<b><u>290,936,343</u></b>

**23. OPERATING EXPENSES**

The details of operating expenses are as follows :

**Selling Expenses**

	<u>2008</u>	<u>2007</u>
	<i>Rp' 000</i>	<i>Rp' 000</i>
Export Tax	68,769,261	1,621,032
Freight	27,096,931	11,807,926
Other	7,267,818	2,998,047
<b>Total</b>	<b><u>103,134,011</u></b>	<b><u>16,427,004</u></b>

**General And Administrative Expenses**

	<u>2008</u>	<u>2007</u>
	<i>Rp' 000</i>	<i>Rp' 000</i>
Salaries and benefits	9,119,814	6,542,922
Rent	625,151	635,151
Taxes and licenses	374,213	221,709
Insurance	314,642	325,359
Professional fees	302,777	342,336
Representation	277,404	307,549
Travel and transportation	189,924	248,806
Office expenses	67,242	758,596
Others	4,539,255	2,702,990
<b>Total</b>	<b><u>15,810,424</u></b>	<b><u>12,085,418</u></b>

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**24. INCOME TAX**

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

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
Current tax	<u>(52,661,768)</u>	<u>(460,089)</u>
Deferred tax		
The Company	<u>(5,181,852)</u>	<u>(2,023,584)</u>
Subsidiaries		
BSA	7,794	(26,365)
AKG	(30,494)	(3,499)
ABM	(62,647)	(115,295)
BNCW	(64,003)	(86,376)
BNIL	(197,628)	(208,912)
BTLA	(209,097)	(575,576)
BDP	<u>(386,961)</u>	<u>(54,251)</u>
Total Deffered Tax	<u>(6,124,889)</u>	<u>(3,093,859)</u>
Total Income Tax	<u><u>(58,786,657)</u></u>	<u><u>(3,553,948)</u></u>

**Current Tax**

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

	<u>2008</u>	<u>2007</u>
	<i>Rp'000</i>	<i>Rp'000</i>
<b>Current Tax</b>		
Company	38,989,977	-
Subsidiary-BDP	7,129,187	126,629
Subsidiary-BTLA	2,881,980	-
Subsidiary-ABM	2,482,749	333,460
Subsidiary-BNIL	1,177,875	-
	<u><b>52,661,768</b></u>	<u><b>460,089</b></u>
<b>Less Prepaid Tax :</b>		
Article 23	1,423,593	-
Article 25	1,254,672	1,268
Article 22	52,996	-
<b>TOTAL</b>	<u><b>2,731,262</b></u>	<u><b>1,268</b></u>
<b>Taxes Payable :</b>		
Company	<u>36,549,788</u>	-
Subsidiaries :		
BDP	6,974,986	126,629
BTLA	2,881,980	-
ABM	2,392,386	332,192
BNIL	1,131,367	-
<b>TOTAL</b>	<u><b>49,930,506</b></u>	<u><b>458,820</b></u>

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**Deferred Tax**

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

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
<b>Deferred tax assets</b>		
Company	-	-
Subsidiaries		
MMM	1,896,756	-
AKG	-	1,908,906
<b>Total</b>	<b><u>1,896,756</u></b>	<b><u>1,908,906</u></b>
<b>Deferred Tax Liabilities :</b>		
Company	<u>21,042,784</u>	<u>15,505,706</u>
Subsidiaries :		
BDP	21,412,305	19,585,510
BNIL	11,684,317	10,951,125
BTLA	8,213,674	6,160,334
ABM	867,141	681,854
BSA	260,420	379,074
BNCW	1,223,456	867,935
AKG	-	3,499
<b>Total</b>	<b><u>64,704,096</u></b>	<b><u>54,135,038</u></b>

**25. APPROPRIATION FOR GENERAL RESERVE**

In the Annual Stockholders' meeting as documented in Notarial Deed No. 07 dated June 27, 2007 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, 2008, the total appropriation for general reserve amounted to Rp 3.000.000 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.

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**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**

	2008		2007	
	<u>%</u>	<u>Rp '000</u>	<u>%</u>	<u>Rp '000</u>
Export sales				
CPO	42.08	495,398,111	31.50	119,397,397
Stearine	9.60	112,992,141	13.90	52,689,590
Palm Kernel Oil	9.32	109,736,601	14.85	56,301,150
Crude Coconut Oil	2.38	27,990,218	1.74	6,599,340
Palm Fatty Acid	1.18	13,934,015	1.41	5,341,511
Palm Expeller	0.61	7,239,012	0.59	2,235,231
Soap	0.24	2,822,354	0.55	2,086,620
Copra Expeller	-		0.17	633,573
<b>Total</b>		<b>770,112,451</b>		<b>245,284,413</b>
Local Sales				
Palm Cooking Oil	19.69	231,831,361	23.09	87,530,101
Fresh Fruit Bunches	9.33	109,796,075	5.79	21,936,991
Crude Palm Oil	3.81	44,832,299	2.51	9,504,754
Laundry Soap	0.92	10,781,013	2.45	9,279,047
Palm Fatty Acid	0.47	5,493,520	0.26	966,700
Cream Soap	0.30	3,548,801	0.74	2,806,626
Pineapple	0.07	871,466	0.13	505,460
Copra	0.00	31,017	0.24	907,088
Orange	0.00	26,429	0.10	365,676
<b>Total</b>		<b>407,211,981</b>		<b>133,802,441</b>
Net sales before elimination	<u>100.00</u>	<u>1,177,324,432</u>	<u>100.00</u>	<u>379,086,854</u>
Eliminations		<u>(160,152,911)</u>		<u>(33,315,532)</u>
Net sales after eliminations		<u>1,017,171,520</u>		<u>345,771,322</u>

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Per company

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
The Company	1,016,273,626	344,900,186
BDP	53,396,075	9,182,879
ABM	50,325,820	10,471,453
BTLA	31,854,394	8,075,651
BNIL	18,175,699	3,802,885
BSA	4,373,570	1,283,599
BNCW	2,053,783	864,740
AKG	871,466	505,460
<b>Net sales before eliminations</b>	<b>1,177,324,432</b>	<b>379,086,854</b>
Eliminations	<u>(160,152,911)</u>	<u>(33,315,532)</u>
<b>Net sales after eliminations</b>	<b><u>1,017,171,520</u></b>	<b><u>345,771,322</u></b>

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

**b. Income from Operations**

Per company

	<u>2008</u>	<u>2007</u>
	<i>Rp '000</i>	<i>Rp '000</i>
The Company	118,695,389	25,933,500
BDP	25,054,172	243,371
BTLA	17,638,263	3,152,259
ABM	7,831,294	1,308,122
BNIL	4,310,765	(238,840)
BSA	(2,588,056)	215,838
AKG	(2,678,614)	(647,160)
BNCW	<u>(5,759,979)</u>	<u>(3,644,533)</u>
<b>Total</b>	<b><u>162,503,235</u></b>	<b><u>26,322,557</u></b>

**28. COMMITMENTS**

**1. Cooperation Agreements with KUD**

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.

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On December 27, 2007, KUD Murni Jaya obtained from Bank Mandiri a maximum credit of Rp. 19,417,000 thousand. The Facility is used to refinancing the palm plantation with total area of 2,612.43 hectares in Banjar Agung District, Tulang Bawang, Lampung. The loan facility has tenor 5 years, with quarterly installment starting year 2008 to 2012. Interest rate per annum is 13,50%. This loan is secured by the palm plantation which has been refinanced and corporate guarantee from BNIL.

On November 14, 2007, KUD Mesuji E obtained credit facility from Bank Mandiri a maximum limit of Rp 18,562,000 thousand. The facility is used to refinancing the palm plantation with total area of 2,508.5 hectares in Way Serdang District, Tulang Bawang, Lampung. The loan facility has tenor 5 years, with quarterly installment starting year 2008 to 2012. Interest rate per annum is 13,50%. The loan is secured by the palm plantation which has been refinanced and corporate guarantee from BNIL.

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 plasmans 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 Agreement with 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.

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.

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.

## **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.

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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 assets" 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 has entered into a Purchase Contract, whereas the Buyer agreed to purchase the Company's CPO. The contract has been extended several times with details as follows:

1. Contract No. 37858 dated August 8, 2006 for sale of CPO, which was an extension of the contract dated November 18, 2005 with total contract value of US\$ 30,000 thousand, covers period from July 2006 – June 2009 (previous period covered is July 2006 – June 2007).
2. Contract No. 37860 dated March 27, 2006 for sale of RBD Palm Stearine, which was an extension of the contract dated November 25, 2005 with total contract value of US\$ 10,000 thousand, covers period January 2006 – December 2008 (previous period covered is January – December 2006).
3. Contract No. P40956 dated September 11, 2006, for sale of CPO with total contract value of US\$ 48,000 thousand, covers period from October 1, 2006 – September 30, 2010.

In relation to the aforementioned transaction, Bank Mandiri has agreed to grant SBLC facility to the Company in the amount not exceeding US\$ 20,000 thousand, to secure advance payment from the Buyer.

The SBLC facilities are secured with accounts receivable from the Buyer, CPO, inventories, fixed assets, and personal guarantee from Widarto and Santoso Winata. In relation with SBLC facilities, the Company is required to place a 12,50% guarantee deposits for SBLC facility by blocking the Company's capital loan facility in Bank Mandiri. The SBLC facilities matured on March 31, 2008, the extension in maturity date of facility is still in process.

**4. Storage Tanks Rental Contract (Tanks Rental)**

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 tons each. The tanks rental period covers 3 years which will be effective when the tanks are ready to be used. Based on the Tanks Rental Contract, the buyer should make the payment of US\$ 1,620 thousand at least 14 days after the date of the Tanks Rental Contract.

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**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 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.

These facility are secured by trade account receivable from third parties, inventories, sales contract and personal 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.

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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)**

The Company obtained loan facilities from Lippo, as follows:

4. 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.
5. 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%
6. 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%.

In 2007, the Company obtained additional loan facilities from Lippo as follows:

- a. Bank Guarantee facility with a maximum limit of Rp 20,000,000 thousand. The Company is charged 0,75% commission based on the amount of bank guarantee issued.
- b. Forex (FX) Line facility with a maximum limit of US\$ 5,000 thousand (or Rp 50,000,000 thousand) which can be used for Tom, Spot, Forward and Swap for hedging puposes.

The LC facilities were used for purchasing coals and fertilizer, the PTX-OD facilities were used for working capital, whereas the loan drawdown can be used only for repayment of matured LCs, meanwhile the bank guarantee facility is used as guarantee for payment of purchases of the liquid fuel to third parties.

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 LC and PTX-OD facilities will mature on June 9, 2008, while the bank guarantee and forex line will mature on September 14, 2009 and September 18, 2008, respectively.

This SBLC is secured with the collaterals which are related to working capital loan facility which was received by the Company from BRI (note 18).

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 transactions with other parties. The agreements also provide various events of default.

**8. Collateral Management Agreement with PT Superintending Company of Indonesia (Persero) (Sucofindo) and Natixis.**

On February 18, 2003, in connection with the working capital credit facility obtained from Natixis, the Company, Natixis 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 Natixis.

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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

**9. 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 "Rosy" 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.

**10. 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 350,000 thousand per year, 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 until December 2005 and for the next two years thereafter will be determined based on the agreement of both parties. In 2007, the lease of factory and office in Tangerang was not extended.

In January 2002, the rental agreements for the use of land in Bandar Lampung, where the Company factory and office are located, were amended with annual rental charges amounting to Rp 500,000 thousand. Rental charges for the succeeding years will be determined based on the agreement of both parties. The rental agreement has been extended in January 2006 and ended in December 2007, with annual rental charges amounting to Rp 500,000 thousand.

**11. 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 rental agreement has been extended for several times every 2 years, wherein the latest extension was made on October 30, 2006 until October 31, 2008.

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**12. 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.

The distributorship agreement has been amended for several times, whereas the last amendment to the selling price was made on February 29, 2008.

Based on the amendment, 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 customer less Rp 200 per kilogram for coconut cooking oil, palm cooking oil, and its derivative product ('oil'), and less Rp 100 per kilogram for cream soap, laundry soap and bath soap.

On December 29, 2006, an amendment was made to extend the validity of the distributorship agreement until December 31, 2009.

**13. 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.

**14. Use of the Logo "Sungai Budi"**

Based on the agreement dated July 26, 1999, between PT Sungai Budi and The Company, PT Sungai Budi as the owner of the Logo "Sungai Budi", granted a non-exclusive and non-transferrable license to the Company to use the Logo. For such use, PT Sungai Budi will not require or receive any royalty or interest income from the Company. This agreement can be terminated upon approval of both parties.

**15. Agreement on Land usage of Menggala Project**

In January 2006 and 2005, PT Budinusa Ciptawahana (BNCW), a subsidiary, has signed an agreement with Oey Albert and Widarto for the use of land in Menggala, Tulang Bawang, for an area approximately 27 hectares and 200 hectares, respectively. This land is used for orange plantation. BNCW will not be charged for any fee on the usage of land in Menggala.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2008 AND 2007 AND FOR THE THREE MONTHS PERIOD THEN ENDED (Continued)**

**29. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

At March 31, 2008 and 2007, the Company and its subsidiaries had monetary assets and liabilities in US Dollar as follows:

	2008		2007	
	US\$ '000	Equivalent in Rp '000	US\$ '000	Equivalent in Rp '000
<b>Assets</b>				
Cash and cash equivalents	7,119	65,617,469	3,966	36,164,053
Trade accounts receivable	2,899	26,716,021	4,977	45,384,243
<b>Total assets</b>	<b>10,018</b>	<b>92,333,490</b>	<b>8,944</b>	<b>81,548,296</b>
<b>Liabilities</b>				
Short-term bank loans	1,050	9,678,728	1,132	10,325,465
current portion of longterm				
bank Loan	6,797	62,643,341	5,400	49,237,200
bank Loan - Power Plant	1,191	10,979,641	748	6,818,486
Sales Advanced	60,806	560,444,918	47,307	431,345,117
Long-term bank loans				
bank Loan	63,204	582,546,660	-	-
bank Loan - Power Plant	2,717	25,043,045	3,350	30,541,078
<b>Total liabilities</b>	<b>135,764</b>	<b>1,251,336,332</b>	<b>57,937</b>	<b>528,267,346</b>
<b>Net Liabilities</b>	<b>125,746</b>	<b>1,159,002,842</b>	<b>48,993</b>	<b>446,719,050</b>

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

	2008	2007
	Rp	Rp
Foreign Currency US\$ 1	9,217	9,118