



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

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED  
SEPTEMBER 30, 2008 AND 2007

**PT TUNAS BARU LAMPUNG Tbk DAN ITS SUBSIDIARIES**  
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**PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2008 AND 2007**

	<b>Notes</b>	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2c,f & 3,27	157,725,540	264,912,342
Trade accounts receivable			
Related parties	2d,h,4,24 & 27	247,139,806	130,372,786
Third parties	2c,h & 4	-	13,313,532
Other accounts receivable -net		12,634,926	3,371,782
Inventories - net of allowance for decline in value and inventory obsolescence of Rp. 960.212 thousand in 2008 and Rp. 955.212 thousand in 2007	2d,i,r & 5	460,496,501	196,033,179
Advances	2c	173,069,448	89,260,373
Prepaid taxes		50,542,394	3,472,015
Prepaid expenses	2j	15,514,588	3,159,687
<b>Total Current Assets</b>		<b>1,117,123,202</b>	<b>703,895,695</b>
<b>NONCURRENT ASSETS</b>			
Due from related parties	2d,h,6 & 24	35,394,093	25,159,993
Due from plasma	2k & 26	17,376,877	88,774,209
Deferred tax assets	2w & 22	1,603,792	1,889,306
Real estate assets	2i,r,7, & 24	22,112,907	22,223,583
Plantation			
Matured Plantation - net of accumulated depreciation of Rp 115.978.850 thousand in 2008 and Rp 120.130.444 thousand in 2007	2m,r & 8	240,005,930	306,728,742
Immatured Plantation	2m,r,t & 8	365,630,960	231,784,489
Property, plant and equipment - net of accumulated depreciation of Rp 450.346.465 thousand in 2008 and Rp 352.259.511 thousand in 2007	2d,n,r & 9	925,159,533	822,196,307
Property for lease - net of accumulated depreciation of Rp 6.577.443 thousand in 2008 and Rp 5.311.618 thousand in 2007	2d,n,r & 10	15,029,194	6,034,715
Property not used in operations	2n & 2r	3,698,146	14,499,379
Other Deferred charges	2o	23,810,852	15,503,786
<b>Total Noncurrent Assets</b>		<b>1,649,822,284</b>	<b>1,534,794,508</b>
<b>TOTAL ASSETS</b>		<b>2,766,945,486</b>	<b>2,238,690,204</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**  
**SEPTEMBER 30, 2008 AND 2007 (Continued)**

	<b>Notes</b>	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade accounts payable	11		
Third Parties		120,558,319	56,094,680
Taxes payable	2w & 12	85,667,421	35,583,064
Accrued expenses	2d & 23	15,017,697	13,867,314
Short Term Bank loans	2c,d & 13, 27	107,412,971	116,746,038
Advanced received	2c, s, & 14, 27	406,682,638	334,090,740
Current portion of long-term liabilities :			
Bank loans	2c & 17, 27	88,697,124	26,562,500
Bank loans - Power Plant	2c & 15, 27	11,171,768	9,533,683
Lease liabilities	2n	5,552,514	823,895
Other current liabilities		3,083,580	4,517,704
<b>Total Current Liabilities</b>		<b>843,844,031</b>	<b>597,819,617</b>
<b>NONCURRENT LIABILITIES</b>			
Due to related parties	2d,6 & 24	609,865	2,570,710
Due to shareholders	2d, 24	8,689,265	8,689,265
Defined-benefits post-employment reserve	2u	30,680,774	22,218,121
Deferred tax liabilities	2w & 22	64,750,931	55,887,802
Advances received	2c, s, & 14, 27	65,270,880	256,566,945
Long-term liabilities - net of current maturities :			
Bank loans	2c & 17	606,025,470	351,359,085
Bank loans - Power Plant	2c & 15, 27	25,134,480	25,162,636
Lease liabilities	2d,n	13,562,649	11,648,208
Other liabilities	17	18,729	19,900
<b>Total Noncurrent Liabilities</b>		<b>814,743,043</b>	<b>734,122,671</b>
<b>MINORITY INTEREST IN NET ASSETS OF THE SUBSIDIARIES</b>			
		<b>5,380,344</b>	<b>1,693,890</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 - 4,170,063,493 shares in 2008 and 4,156,097,661 shares in 2007	18	521,257,937	519,512,208
Additional paid-in capital - net	2q,18	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	23	3,500,000	3,000,000
Unappropriated		424,702,872	209,013,863
Treasury Stock - 43,500,000 shares in 2008	2z, 18	(20,010,698)	-
<b>Total Equity</b>		<b>1,102,978,066</b>	<b>905,054,026</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,766,945,486</b>	<b>2,238,690,204</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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

	<b>Notes</b>	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
NET SALES	2d, s, 19, & 24	3,131,987,222	1,313,757,187
COST OF GOODS SOLD	2d, s, 20, & 24	2,399,165,136	1,050,574,536
<b>GROSS PROFIT</b>		<b>732,822,086</b>	<b>263,182,651</b>
<b>OPERATING EXPENSES</b>	2s & 21		
Selling		325,048,780	76,718,123
General and administrative	2d,u, 11,16 & 24	63,534,168	43,791,232
<b>Total Operating Expenses</b>		<b>388,582,948</b>	<b>120,509,354</b>
<b>INCOME FROM OPERATIONS</b>		<b>344,239,138</b>	<b>142,673,297</b>
<b>OTHER INCOME (CHARGES)</b>	2s		
Gain (loss) on foreign exchange - net	2 y, & 26	55,055,643	(12,684,687)
Interest income		6,396,516	11,357,940
Interest expense and financial charges	2c,t,13,16,18,& 27	(46,643,324)	(57,051,102)
Others - net	2d	9,344,353	(2,242,454)
<b>Other Income ( Charges ) - Net</b>		<b>24,153,188</b>	<b>(60,620,303)</b>
<b>INCOME BEFORE TAX</b>		<b>368,392,326</b>	<b>82,052,994</b>
<b>TAX EXPENSE</b>			
Current Tax	2w, 22	(88,412,421)	(24,329,625)
Deferred Tax	2w, 22	(6,385,182)	(4,866,222)
<b>TAX EXPENSES</b>		<b>(94,797,603)</b>	<b>(29,195,847)</b>
<b>INCOME BEFORE MINORITY INTEREST IN NET PROFIT OF SUBSIDIARIES</b>		<b>273,594,723</b>	<b>52,857,147</b>
MINORITY INTEREST IN NET PROFIT OF THE SUBSIDIARIES	2b	(917,146)	(381,331)
<b>NET INCOME</b>		<b>272,677,577</b>	<b>52,475,815</b>
BASIC EARNINGS PER SHARE (in full Rupiah)	2x	65	13

See accompanying notes to consolidated financial statements  
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**PT. TUNAS BARU LAMPUNG TbK AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

	Paid-up capital stock <i>Rp' 000</i>	Additional paid-in capital <i>Rp' 000</i>	Difference in value of restructuring transactions between entities under common control <i>Rp' 000</i>	Retained earnings			Treasury stock <i>Rp' 000</i>	Total equity <i>Rp' 000</i>
				Appropriated <i>Rp' 000</i>	Unappropriated <i>Rp' 000</i>	Treasury stock <i>Rp' 000</i>		
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 - September 30, 2007	-	-	-	-	52,475,815	-	-	52,475,815
Exercise of Warant Series I	3,986,452	-	-	-	-	-	-	3,986,452
Appropriation of general reserve	-	-	-	500,000	(500,000)	-	-	-
Cash Dividends					(15,849,324)	-	-	(15,849,324)
<b>Balance as of September 30, 2007</b>	<b>519,512,208</b>	<b>173,453,468</b>	<b>74,487</b>	<b>3,000,000</b>	<b>209,013,863</b>	<b>-</b>	<b>-</b>	<b>905,054,026</b>
Net Income of October 1 - December 31, 2007	-	-	-	-	44,751,417	-	-	44,751,417
Cash Dividends	-	-	-	-	(15,730,910)	-	-	(15,730,910)
Additional Paid-up Capital from The Conversion of Warants	885,104	-	-	-	-	-	-	885,104
<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>-</b>	<b>-</b>	<b>934,959,637</b>
Net income of January 1 - September 30, 2008	-	-	-	-	272,677,577	-	-	272,677,577
Additional Paid-up Capital from The Conversion of Warants	860,625	-	-	-	-	-	-	860,625
Cash Dividen	-	-	-	-	(85,509,076)	-	-	(85,509,076)
Appropriation of general reserve	-	-	-	500,000	(500,000)	-	-	-
Buy Back Of Shares	-	-	-	-	-	(20,010,698)	-	(20,010,698)
<b>Balance as of september 30, 2008</b>	<b>521,257,937</b>	<b>173,453,468</b>	<b>74,487</b>	<b>3,500,000</b>	<b>424,702,871</b>	<b>(20,010,698)</b>	<b>1,102,978,066</b>	

See accompanying notes to consolidated financial statements  
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**PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	3,111,847,495	1,610,269,601
Cash payments to suppliers, employees and others	(2,782,410,886)	(1,140,153,157)
Payment of income tax	<u>(18,700,157)</u>	<u>(4,606,986)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>310,736,453</b>	<b>465,509,459</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(162,368,475)	(110,195,104)
Acquisitions of Plantations	(89,109,866)	(99,674,452)
Acquisitions of Properties for lease	(11,559,231)	-
Receipts from ( Increase in )due from plasma	32,208,136	(6,236,778)
Withdrawal of Negotiable Certificates Deposits	124,419,000	-
Placement in Negotiable Certificates of Deposits	(64,541,000)	-
Receipts from (Payments to) related parties	<u>(18,660,107)</u>	<u>(14,065,023)</u>
<b>Net Cash Used in Investing Activities</b>	<b>(189,611,543)</b>	<b>(230,171,357)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additinal of short-term bank loans	9,907,519	22,187,428
Payment of long-term bank loans	-	332,708,085
Additional of long-term bank loans	(21,245,859)	(89,146,500)
Payment of bonds issuance	-	(300,000,000)
Payment of lease liabilities	(7,739,237)	(8,059,729)
Additional of other deferred charges	(13,419,693)	(10,793,486)
Proceeds from Warant Series I	860,625	3,986,452
Payments of Cash Dividends	(85,509,076)	(15,849,324)
Buy Back Of shares	(20,010,698)	-
Payment of interest and financial charges	<u>(46,643,324)</u>	<u>(57,051,102)</u>
<b>Net Cash Used in Financing Activities</b>	<b>(183,799,742)</b>	<b>(122,018,176)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(62,674,833)</b>	<b>113,319,925</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>220,400,373</b>	<b>151,592,417</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>157,725,540</b>	<b>264,912,342</b>

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**PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007 AND FOR THE NINE 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 September 30, 2008 and 2007, based on Notarial Deed No. 07 dated June 7,2007 of Mrs. Kartuti Suntana S., S.H., notary public in Jakarta, The Company's management consisted of the folowing:

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

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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 Warants is attached, free of charge. The total Series I Warants of 538.462.400 were issued as incentives to stockholders to purchase one new share at a par value of Rp 125 per share, with exercise price of Rp 125 per share, which can be exercised from January 15, 2007 until July 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 September 30, 2008, all of the Company's shares totaling 4.170.063.493 shares, with a par value of Rp 125 per share, were listed in the Indonesia Stock Exchange.

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**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 and Hybrid Plantations	99.99%	1997
PT Bumi Sentosa Abadi (BSA)	Lampung	Palm Plantation	99.97%	1996
PT Budi Dwiyasa Perkasa (BDP)	Lampung	Palm Plantation	99.99%	1999
PT Budinusa Ciptawahana (BNCW)	Lampung	Palm 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 Mandira 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 106,7 thousand hectares. The planted area is approximately 44,2 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

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translation of the Company and its subsidiaries' statutory report in Indonesia, and are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

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

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

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

**b. Principles of Consolidation**

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

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

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

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

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

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

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

**c. Foreign Currency Transactions and Balances**

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

**d. Transaction with Related Parties**

Related parties consist of the following :

- 1) Companies that, through one or more intermediaries, control or are controlled by, or are under common control with, the Company (including holding companies, subsidiaries, and fellow subsidiaries);
- 2) Associated companies.
- 3) Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, and close family members of such individuals (close family members are those who can influence or can be influenced by such individuals in their transaction with the Company );
- 4) Key management personnel, that is, those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, including commissioners, directors and managers of the Company and close family members of such individuals; and
- 5) Companies in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4) or over which such person is able to exercise significant influence. These included companies owned by commissioners, directors or major stockholders of the Company, and companies that have a common member of key management with that of the Company.

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

**e. Use of Estimates**

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

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**f. Cash and Cash Equivalents**

Cash consists of cash on hand and cash in banks.

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

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

**g. Short – Term Investments**

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

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

**h. Account Receivable**

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

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

**i. Inventories**

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

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

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

**j. Prepaid Expenses**

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

**k. Due From Plasma Projects**

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

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**I. Real Estate Assets**

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

**m. Plantations**

***Mature Plantations***

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

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

	<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:

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

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

Land is stated at cost and is not depreciated.

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

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

– ***Construction in Progress***

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

– ***Property for Lease***

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

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

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

– ***Leases***

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

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

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

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

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

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

**o. Deffered Charges on Landrights**

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

**p. Bonds Issuance Costs**

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

**q. Stock Issuance Costs**

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

**r. Impairment of Assets**

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

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

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

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

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**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 accordance with the term of sale.

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

1. The sale is consummated;
2. Sales price is collectible, wherein the total payments made by the buyers are at least 20% of the agreed sales price, and the amount paid cannot be refunded by the buyers;
3. The seller's receivable is not subject to future subordination; and
4. The seller has transferred to the buyer the risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property.

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

Expenses are recognized when incurred (accrual basis).

**t. Borrowing Cost**

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

Borrowing cost should be recognized as an expense 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.

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**u. Employee Benefits**

***Short-term employee benefits***

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

***Post-employment benefits***

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

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

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

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

**w. Income Tax**

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

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

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

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

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

**x. Earnings (Loss) per Share**

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

**y. Derivative Instruments and Hedging Activities**

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

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

- 1) Gain or losses on a derivative contract not designated as a hedging instrument ( or derivative contract that does not qualify as a hedging instrument ) is recognized currently in earnings;
- 2) Gain or loss on derivative contract designated and qualifying as a fair value hedging instrument as well as the offsetting gain or loss on the hedged assets or liabilities attributable to the hedged risk is recognized currently in earnings in the same accounting period. Any difference that arises representing the effect of hedge ineffectiveness is recognized currently in earnings;
- 3) The effective portion of the gain or loss on a derivative contract designated and qualifying as a cash flow hedging instrument is reported as a component of other comprehensive income under equity and reclassified into earnings in the same accounting period or periods during which the hedged forecasted transaction affects earnings. The effect of the hedge ineffectiveness is recognized currently in earnings; and
- 4) Gain or loss on a hedging derivative instrument in a hedge of a net investment in a foreign operation is reported in other comprehensive income as part of the cumulative translation adjustment under equity to the extent it is effective as a hedge.

**z. Treasury Stock**

Treasury stock, which is intended to be reissued and/or re-sold in the future, is stated at acquisition cost and presented as a deduction from Capital Stock under the Shareholders' Equity section of the consolidated balance sheet. The excess of proceeds from future re-sale of treasury stock over the related acquisition cost or vice -versa shall be accounted for as an addition to or deduction from additional paid-in capital.

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**3. CASH AND CASH EQUIVALENTS**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>Cash on Hand</b>	<b>8,065,226</b>	<b>3,502,598</b>
<b>Cash in Banks</b>		
<b>Rupiah</b>		
Bank Rakyat Indonesia	2,555,003	1,002,480
Bank Mandiri	2,549,687	754,630
Bank Lippo	1,049,204	97,725
Bank Danamon	347,352	179,681
Bank Central Asia	229,249	1,770,113
Bank Panin	184,636	194,521
Bank International Indonesia	102,752	353
Bank Niaga	89,360	-
Bank Negara Indonesia	65,900	59,897
Bank Mega	15,141	4,030,633
Citibank	9,366	-
Others ( each below Rp 100.000 thousand )	667,112	64,641
<b>Subtotal</b>	<b>7,864,760</b>	<b>8,154,674</b>
<b>U.S. Dollar</b>		
Citibank	1,680,784	3,008,047
Bank Danamon	1,178,683	40,374
Bank Niaga	605,145	205,517
Bank Rakyat Indonesia	527,371	2,790,810
Bank Rabobank International Indonesia	498,189	1,825,879
Standard Chartered Bank	494,049	-
ABN Amro Bank	430,524	-
Lippo Bank	355,266	504,838
DBS Bank	332,792	-
Bank Internasional Indonesia	201,715	69,583
Bank Central Asia	191,177	-
Bank Permata	159,705	-
Bank of Tokyo	14,616	14,314
Natixis	-	3,286
Others ( each below Rp 100.000 thousand )	584,838	-
<b>Subtotal</b>	<b>7,254,854</b>	<b>8,462,647</b>
<b>Total Cash in Banks</b>	<b>15,119,615</b>	<b>16,617,320</b>

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	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>Time Deposits On Call</b>		
U.S. Dollar		
PT Bank Danamon	22,038,300	-
PT Lippobank	7,502,400	-
PT Bank Rabobank International Indonesia	-	120,334,290
Natixis Bank	-	5,703,676
Subtotal	<u>29,540,700</u>	<u>126,037,966</u>
<b>Negotiable Certificates of Deposits (NCD)</b>		
Rupiah		
PT Bank Ganesha Tbk	50,000,000	50,000,000
PT Bank Mayapada International Tbk	45,000,000	20,000,000
PT Bank Sinar Mas	10,000,000	-
PT Bank NISP Tbk	-	50,000,000
Total	<u>105,000,000</u>	<u>70,000,000</u>
Unearned interest	-	(1,245,543)
Net	<u>105,000,000</u>	<u>68,754,457</u>
<b>Total Time Deposits</b>	<u>134,540,700</u>	<u>194,792,423</u>
<b>TOTAL</b>	<u><u>157,725,540</u></u>	<u><u>214,912,342</u></u>
<b>Interest rates per annum during the year</b>		
U. S Dollar	3,70% - 4,00%	-
Rupiah	8,5% - 13%	7,5% - 11,50%

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**4. TRADE ACCOUNTS RECEIVABLE**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>a. By Debtor</b>		
Related Party		
PT Sungai Budi	247,139,806	129,689,518
PT Kencana Acidindo Perkasa	-	683,268
	<b><u>247,139,806</u></b>	<b><u>130,372,786</u></b>
Third Parties		
Local debtors	-	-
Foreign debtors		
Inter-United Enterprises Pte,Ltd., Singapura	-	9,393,490
Alfred C. Toepper International Gmbh., German	-	2,287,234
Westbake Bakery Ltd., Papua New Guinea	-	947,256
Savonnerie de Mayotte	-	283,247
Risun International Trade, Delian	-	203,070
Nakfa Import & Eksport	-	64,324
Others ( each below Rp 100.000 thousand)	-	134,911
Total Foreign debtors	-	<b><u>13,313,532</u></b>
Total Third Parties	-	<b><u>13,313,532</u></b>
Total	<b><u>247,139,806</u></b>	<b><u>143,686,318</u></b>
<b>b. By Age Category</b>		
01 - 30 days	68,813,514	51,636,111
31 - 60 days	76,760,991	41,773,600
61 - 90 days	<b><u>101,565,301</u></b>	<b><u>50,276,607</u></b>
Total	<b><u>247,139,806</u></b>	<b><u>143,686,318</u></b>
<b>c. By Currency</b>		
Rupiah	247,139,806	130,372,786
U.S. Dollar	-	13,313,532
Total	<b><u>247,139,806</u></b>	<b><u>143,686,318</u></b>

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

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**5. INVENTORIES**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>Raw Material</b>	270,472,080	85,618,858
Indirect material	98,797,995	31,734,897
Finished Goods	58,957,338	51,396,552
Spare part	33,206,955	20,795,891
Work in process	22,345	42,798
Goods in transit	-	4,732,497
Other inventories	-	2,666,898
<b>Allowance for inventories</b>	<b>(960,212)</b>	<b>(955,212)</b>
<b>Net</b>	<b>460,496,501</b>	<b>196,033,179</b>

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.

**6. DUE FROM AND DUE TO RELATED PARTIES**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b><i>Accounts receivable</i></b>		
PT Budi Acid Jaya Tbk	35,321,308	24,447,649
PT Budi Samudra Perkasa	72,785	409,544
Others	-	302,800
<b>Total</b>	<b>35,394,093</b>	<b>25,159,993</b>
<b><i>Accounts payable</i></b>		
CV Bumi Waras	603,304	1,300,325.00
Others	6,561	1,270,385.00
<b>Total</b>	<b>609,865</b>	<b>2,570,710</b>

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 24).

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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**7. REAL ESTATE ASSETS**

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

	2008 Rp '000	2007 Rp '000
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>	<b><u>22,112,907</u></b>	<b><u>22,223,583</u></b>

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.

**8. PLANTATIONS**

*Mature Plantation*

	<b>Changes During 2008</b>			
	<b>Januari 01, 2008</b>	<b>Additions/ Reclassifications</b>	<b>Deductions</b>	<b>September 30, 2008</b>
	<b>Rp. 000</b>	<b>Rp. 000</b>	<b>Rp. 000</b>	<b>Rp. 000</b>
<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	10,930,917	6,625,838	6,869,302	10,687,453
<b>Total</b>	<b>413,300,236</b>	<b>6,625,838</b>	<b>63,941,294</b>	<b>355,984,780</b>
<b>Accumulated Depreciation</b>				
Palm Plantation	91,538,618	9,354,532	-	100,893,150
Hybrid Plantation	13,697,278	1,521,920	15,219,198	-
Orange Plantation	5,817,056	915,446	-	6,732,502
Pineapple Plantation	2,974,848	5,378,350	-	8,353,198
<b>Total</b>	<b>114,027,800</b>	<b>17,170,248</b>	<b>15,219,198</b>	<b>115,978,850</b>
<b>Net Book Value</b>	<b><u>299,272,436</u></b>			

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	<b>Changes During 2007</b>			
	<b>Januari 01, 2007</b>	<b>Additions/ Reclassifications</b>	<b>Deductions</b>	<b>September 30, 2007</b>
	<b>Rp. 000</b>	<b>Rp. 000</b>	<b>Rp. 000</b>	<b>Rp. 000</b>
<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	2,486,997	4,767,344	24,489,867
<b>Total</b>	<b>429,139,533</b>	<b>2,486,997</b>	<b>4,767,344</b>	<b>426,859,186</b>
<b>Accumulated Depreciation</b>				
Palm Plantation	78,249,835	8,647,170	-	86,897,005
Hybrid Plantation	11,414,398	1,483,872	-	12,898,270
Orange Plantation	4,509,278	871,852	-	5,381,130
Pineapple Plantation	14,102,498	851,541	-	14,954,039
<b>Total</b>	<b>108,276,009</b>	<b>11,854,435</b>	<b>-</b>	<b>120,130,444</b>
<b>Net Book Value</b>	<b>320,863,524</b>			<b>306,728,742</b>

*Immature Plantation*

	<b>Changes During 2008</b>			
	<b>January 01, 2008</b>	<b>Additions/ Reclassifications</b>	<b>Deductions</b>	<b>September 30, 2008</b>
	<b>Rp '000</b>	<b>Rp '000</b>	<b>Rp '000</b>	<b>Rp '000</b>
<b>At Cost</b>				
Palm Plantation	231,510,957	122,317,479	-	353,828,436
Pineapple Plantation	9,783,181	8,645,181	6,625,838	11,802,524
<b>Total</b>	<b>241,294,138</b>	<b>130,962,660</b>	<b>6,625,838</b>	<b>365,630,960</b>
<b>Changes During 2007</b>				
	<b>January 01, 2007</b>	<b>Additions/ Reclassifications</b>	<b>Deductions</b>	<b>September 30, 2007</b>
	<b>Rp '000</b>	<b>Rp '000</b>	<b>Rp '000</b>	<b>Rp '000</b>
<b>At Cost</b>				
Palm Plantation	130,408,908	84,842,461	-	215,251,369
Orange Plantation	-	7,797,656	-	7,797,656
Pineapple Plantation	4,188,126	7,034,335	2,486,997	8,735,464
<b>Total</b>	<b>134,597,034</b>	<b>99,674,452</b>	<b>2,486,997</b>	<b>231,784,489</b>

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**9. PROPERTY, PLANT AND EQUIPMENT**

	<b>Changes During 2008</b>			
	<b>January 01, 2008</b>	<b>Additions</b>	<b>Deductions</b>	<b>September 30, 2008</b>
	<i>Rp '000</i>	<i>Rp '000</i>	<i>Rp '000</i>	<i>Rp '000</i>
<b>At Cost:</b>				
Direct acquisitions				
Land	87,788,210	4,243,945	-	92,032,155
Buildings and land improvements	391,649,678	19,670,835	-	411,320,513
Machinery	306,783,610	148,242,260	-	455,025,870
Vehicles and heavy equipment	154,872,561	36,534,408	-	191,406,969
Furniture, fixtures and equipment	93,554,805	20,345,570	-	113,900,375
Construction in progress	178,488,658	79,542,475	146,211,018	111,820,115
<b>Total</b>	<b>1,213,137,522</b>	<b>308,579,494</b>	<b>146,211,018</b>	<b>1,375,505,998</b>
<b>Accumulated depreciation:</b>				
Direct acquisitions				
Buildings and land improvement	73,974,182	14,462,824	-	88,437,006
Machinery	158,019,725	17,908,261	-	175,927,986
Vehicles and heavy equipment	96,959,648	16,978,686	-	113,938,334
Furniture, fixtures and equipment	58,951,417	13,091,722	-	72,043,139
<b>Total</b>	<b>387,904,972</b>	<b>62,441,493</b>	<b>-</b>	<b>450,346,465</b>
<b>Net Book Value</b>	<b>825,232,550</b>			<b>925,159,533</b>
<b>Changes During 2007</b>				
	<b>January 01, 2007</b>	<b>Additions</b>	<b>Deductions</b>	<b>September 30, 2007</b>
	<i>Rp '000</i>	<i>Rp '000</i>	<i>Rp '000</i>	<i>Rp '000</i>
<b>At Cost:</b>				
Direct acquisitions				
Land	86,642,099	586,000	-	87,228,099
Buildings and land improvements	353,489,060	40,229,198	-	393,718,258
Machinery	264,437,114	8,975,030	-	273,412,144
Vehicles and heavy equipment	135,067,997	8,907,632	-	143,975,629
Furniture, fixtures and equipment	72,862,100	19,465,399	-	92,327,499
Construction in progress	151,762,345	32,031,844	-	183,794,189
<b>Total</b>	<b>1,064,260,715</b>	<b>110,195,104</b>	<b>-</b>	<b>1,174,455,819</b>
<b>Accumulated depreciation:</b>				
Direct acquisitions				
Buildings and land improvement	54,308,108	12,316,148	-	66,624,256
Machinery	121,807,461	15,577,963	-	137,385,424
Vehicles and heavy equipment	75,051,614	12,945,258	-	87,996,872
Furniture, fixtures and equipment	50,906,056	9,346,903	-	60,252,959
<b>Total</b>	<b>302,073,239</b>	<b>50,186,272</b>	<b>-</b>	<b>352,259,511</b>
<b>Net Book Value</b>	<b>762,187,476</b>			<b>822,196,307</b>

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**10. PROPERTY FOR LEASE**

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

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
Cost	21,606,636	11,346,333
Accumulated depreciation	<u>(6,577,443)</u>	<u>(5,311,618)</u>
<b>Net Book Value</b>	<b><u>15,029,194</u></b>	<b><u>6,034,715</u></b>

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 24). 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.
- c. Based on Cooperation Agreement for period January 2, 2008 – December 31, 2010, annual compensation amounts to Rp 1,100,000 thousand for the tanker ship.
- d. Based on Cooperation Agreement for period January 2, 2008 – December 31, 2010, annual compensation amounts to Rp 700,000 thousand for the tug boat and barge.
- e. Based on Cooperation Agreement for period January 2, 2008 – December 31, 2010, annual compensation amounts to Rp 250,000 thousand for the tug boat.

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 September 30, 2008 and 2007.

**11. TRADE ACCOUNTS PAYABLE**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
a. By creditor		
Third parties - Local suppliers	<u>120,558,319</u>	<u>56,094,680</u>
Total	<u>120,558,319</u>	<u>56,094,680</u>
b. By Currency		
Rupiah	<u>120,558,319</u>	<u>56,094,680</u>
Total	<u>120,558,319</u>	<u>56,094,680</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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**12. TAXES PAYABLE**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>Income taxes</b>		
Article 29	77,926,494	25,858,047
Article 23	7,422,004	2,735,823
Article 21	318,922	228,418
<b>Value added tax</b>	<hr/> -	<hr/> 6,760,775
<b>Total</b>	<hr/> <b>85,667,421</b>	<hr/> <b>35,583,064</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.

**13. SHORT-TERM BANK LOANS**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>Working capital credit facilities</b>		
<b>Rupiah</b>		
Bank Rakyat Indonesia	30,782,849	58,098,631
Bank Mandiri (Rp)	24,547,046	10,014,189
<b>Subtotal</b>	<hr/> <b>55,329,895</b>	<hr/> <b>68,112,820</b>
<b>U.S. Dollar</b>		
Bank Natexis (US\$ 4.499 thousand in 2008 dan 3.476 in 2007)	42,191,622	31,764,077
Bank Lippo (nil in 2008 and \$ 649 thousand in 2007)	-	5,934,890
Bank Mandiri (US\$ 1.055 thousand in 2008 and US\$ 1.196 thousand in 2007)	9,891,454	10,934,250
<b>Subtotal</b>	<hr/> <b>52,083,076</b>	<hr/> <b>48,633,218</b>
<b>Total</b>	<hr/> <b>107,412,971</b>	<hr/> <b>116,746,038</b>
<b>Interest rates per annum during the year</b>		
Rupiah	12,50% - 15%	13% - 13.5%
U.S. Dollar	3,9% - 8,5%	8,5%

**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 used to finance the working capital for palm oil and cooking oil. Interest rate per annum is 15% in 2008 and 13% in 2007. The loan facility matured on March 22, 2009.

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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 24). The collaterals for working capital loan facility were also used as collaterals for long - term loan facility from BRI for Banyuasin 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 17)

**Bank Mandiri**

The loan facilities received by Company from Bank Mandiri consist of working capital loans with maximum amount of Rp. 34.800.000 thousand and US\$ 1.575.000. Interest rate per annum are 12,5% and 13,50%, in 2008 and 2007, respectively, for facility in Rupiah, and 8,50% and 8,5% 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 24). Those collaterals represent part of joint collateral with BRI short - term loan which is coordinated by Rabobank (note 17)

**PT Bank Lippo**

The cash loan facilities from Lippo consist of PTX-OD1 and 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 13).

The loan facilities from Lippo are secured with personal guarantee from Widarto and Santoso Winata ( note 24). Interest rate per annum in 2008 is 8,50%

**Natixis (Formerly 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, crude 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 owned 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.

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

The annual interest rates on facilities 1, 2, and 3 are 2.6%, 2.3% and 1.75%, respectively, above SIBOR, wherein for facility 1, interest margin will be charged only for 75% of the loan outstanding.

The loan agreements with Bank Mandiri, BRI, Lippo and Natexis 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.

**14. ADVANCED RECEIVED**

**This account consists of:**

	<b>2008</b> <i>Rp. '000</i>	<b>2007</b> <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	-
Subtotal	<u>615,247</u>	<u>583,295</u>
<b>U.S. Dollar</b>		
Sales of palm and its derivative products	459,521,991	575,272,449
Storage tanks rental (note 28)	11,816,280	14,801,940
Subtotal	<u>471,338,271</u>	<u>590,074,389</u>
Less current portion	<u>(406,682,638)</u>	<u>(334,090,740)</u>
<b>Long - Term Advances - Net</b>	<b><u>65,270,880</u></b>	<b><u>256,566,945</u></b>

As of September 30, 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 24), meanwhile, advances from sales of palm and its derivative products are received from third parties.

As of September 30, 2008 and 2007, advances received in foreign currency amount US\$ 50.259 thousand and US\$ 64.581 thousand.

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

This account represent long term bank loans from Bank Mandiri due to the power plant project. (Note 27) Total L/C matured as of September 30, 2008 were amounted :

	<b>2008</b> <i>Rp. '000</i>	<b>2007</b> <i>Rp. '000</i>
<b>Long term bank loan - Power Plant USD 3.871 thousand in 2008 and USD 3.797 thousand in 2007</b>	<b>36,306,247</b>	<b>34,696,318</b>
<b>Less:</b>		
<b>current portion</b>	<b>(11,171,768)</b>	<b>(9,533,683)</b>
<b>Long - term Advances - Net</b>	<b>25,134,480</b>	<b>25,162,636</b>

**16. 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.

**17. LONG – TERM BANK LOANS**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>Syndicated loan coordinated by Bank Rabobank, US\$ 67.734 thousand in 2008 and nil in 2007</b>	<b>635,214,141</b>	-
<b>Syndicated loan coordinated by Bank Rabobank, nil in 2008 and US\$ 33.000 thousand in 2007</b>	-	<b>301,521,000</b>
<b>Lippobank</b>	<b>562,680</b>	<b>45,312,500</b>
<b>Bank Rakyat Indonesia</b>	<b>58,945,773</b>	<b>31,088,085</b>
<b>Total</b>	<b>694,722,594</b>	<b>377,921,585</b>
<b>Less current maturity</b>	<b>(88,697,124)</b>	<b>(26,562,500)</b>
<b>Long-term Bank Loans - Net</b>	<b>606,025,470</b>	<b>351,359,085</b>
<b>Interest rate per annum during the year</b>		
<b>U.S. Dollar</b>	<b>5,175 % - 5,800 %</b>	<b>6,63 % - 7,535%</b>
<b>Rupiah</b>	<b>15%</b>	<b>13,50%</b>

***Syndicated Loan - Rabobank***

In relation to the credit facility agreement dated June 29, 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.

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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 US\$	Loan B US\$	Total 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.

***Bank Rakyat Indonesia (Persero) Tbk***

On September 7, 2006, the Company obtained investment loan (KI) facility from BRI amounting to Rp 303.400.000 thousand which consist of KI Plantation amounting to Rp 211.400.000 thousand and KI CPO Mill amounting to Rp 92.000.000 thousand. Included in the KI facilities are interest During Construction (IDC) amounting to Rp 45.500.000 thousand for KI Plantation and Rp 13.000.000 thousand for KI CPO Mill. The Investment loan is used to finance the 9.500 hectares of palm plantation and 1 unit CPO Mill located in Banyuasin, South Sumatera. This loan facility has a term of 9 years with a grace period of 4,5 years for palm plantation and 5,5 years for palm factory, which will start from the date of the signing of credit agreement. Interest rate per annum is 15% which can be charged at any time following the current market interest rate in BRI.

The investment loan is secured with palm plantation project in Banyuasin and similar collaterals for short term loan facility received from BRI (note 13) which consist of trade account receivable , inventories, land including palm plantation located in Terbanggi Besar, plant, machineries, and personal guarantees from Widarto and Santoso Winata (note 24). The collaterals for trade receivable and inventories represent part of joint collateral (paripassu) with Bank Mandiri and syndicated loan which is coordinated by Rabobank.

The investment loan facility was started to be availed of in 2007. As of September 30, 2008, outstanding loan amounted to Rp 53.675.000 thousand for KI principal and Rp 5.270.772 thousand for KI IDC

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**18. CAPITAL STOCK**

As of June 29, 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	Number of Shares	Percentage of Ownership	Total Paid Up Capital (Rp '000)
PT Budi Delta Swakarya	1,238,295,896	29.69%	154,786,987
PT Sungai Budi	1,145,197,198	27.46%	143,149,650
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)	<u>1,752,961,999</u>	<u>42.04%</u>	<u>219,120,250</u>
<b>Total</b>	<b><u>4,170,063,493</u></b>	<b><u>100.00%</u></b>	<b><u>521,257,937</u></b>

Name of Stockholder	2007		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital (Rp '000)
PT Sungai Budi	809,197,198	19.50%	101,149,650
PT Budi Sulfat Jaya	612,695,896	14.77%	76,586,987
PT Sungai Budi Perkasa	600,000,000	14.46%	75,000,000
PT Budi Alam Kencana	400,000,000	9.64%	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)	<u>1,700,596,167</u>	<u>40.82%</u>	<u>212,574,521</u>
<b>Total</b>	<b><u>4,156,097,661</u></b>	<b><u>100.00%</u></b>	<b><u>519,512,208</u></b>

Based on the Shareholders' Extraordinary General Meetings held on June 19, 2008, which was covered by notarial deed No. 14 of Ny Kartuti suntana S,S.H., the shareholders approved the following:

Buy Back of the Company's share held by the public, which shall not be more than 10% of the total number of existing issued and fully paid shares of the Company or at a maximum of 416.688.549 shares or not exceeding Rp 300.000.000 thousand. The period of the shares buy back shall be for eighteen (18) months starting from June 19, 2008 until December 18, 2009.

Relative to the above , as of September 30, 2008 the Company had already executed the share buy back amounting to 43.500.000 shares as mentioned above, at a total cost of Rp 20.010.698 thousand. The said repurchased shares are accounted for and presented as "Treasury Stock" under the "Shareholders' Equity" section of the consolidated balance sheets. Depending on the Company's future business needs, it is possible for the Company to reissue the repurchased shares through the stock exchange in compliance with the relevant rules and regulations.

All of the Company's shares are now listed in the Indonesia Stock Exchange (previously in the Jakarta and Surabaya Stock Exchange)

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**19. NET SALES**

The details on net sales are as follows :

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
Palm and hybrid plantation products and related derivative products	3,120,309,050	1,307,127,659
Orange fruits	6,859,819	5,308,490
Pineapple fruits	4,818,353	1,321,039
<b>Total Net Sales</b>	<b><u>3,131,987,222</u></b>	<b><u>1,313,757,187</u></b>

**20. COST OF GOODS SOLD**

The details of cost of goods sold are as follows :

	<b>2,008</b> <i>Rp' 000</i>	<b>2,007</b> <i>Rp' 000</i>
Palm and hybrid plantations products and related derivative products	2,384,046,898	1,041,876,263
Orange fruits	10,367,306	7,445,594
Pineapple fruits	4,750,932	1,252,679
<b>Total Cost of Goods Sold</b>	<b><u>2,399,165,136</u></b>	<b><u>1,050,574,536</u></b>

**21. OPERATING EXPENSES**

The details of operating expenses are as follows :

**Selling Expenses**

	<b>2008</b> <i>Rp' 000</i>	<b>2007</b> <i>Rp' 000</i>
Export Tax	257,805,837	34,817,626
Freight	48,817,219	32,459,211
Other	18,425,724	9,441,285
<b>Total</b>	<b><u>325,048,780</u></b>	<b><u>76,718,122</u></b>

**General And Administrative Expenses**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
Salaries and benefits	26,774,354	19,007,464
Office expenses	3,626,334	2,617,100
Rent	3,134,964	1,881,452
Taxes and licenses	2,877,491	563,106
Representation	2,872,645	802,080
Professional fees	2,505,403	1,412,702
Travel and transportation	1,957,456	856,672
Insurance	1,948,806	1,076,953
Amortization of bonds issuance cost	150,000	5,215,000
Others	17,686,715	10,358,702
<b>Total</b>	<b><u>63,534,168</u></b>	<b><u>43,791,231</u></b>

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**22. INCOME TAX**

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

	2008 Rp '000	2007 Rp '000
<b>Current tax</b>		
Deferred tax		
The Company		
Subsidiaries		
BDP	(1,004,412)	(39,998)
BTLA	(552,068)	(2,824,025)
BNIL	(297,817)	(35,556)
AKG	(243,952)	(19,600)
BNCW	(90,415)	729,815
ABM	(71,531)	(175,257)
BSA	42,250	(5,103)
<b>Total Deffered Tax</b>	<b>(6,385,182)</b>	<b>(4,866,222)</b>
<b>Total Income Tax</b>	<b>(94,797,603)</b>	<b>(29,195,848)</b>

**Current Tax**

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

	2008 Rp'000	2007 Rp'000
<b>Current Tax</b>		
Company	55,713,227	6,464,622
Subsidiary-BDP	12,868,771	7,473,311
Subsidiary-BTLA	11,340,350	4,466,805
Subsidiary-BNIL	5,227,667	2,703,183
Subsidiary-ABM	3,262,405	1,585,076
Subsidiary-BSA	-	1,636,629
	<b>88,412,421</b>	<b>24,329,625</b>
<b>Less Prepaid Tax :</b>		
Article 25	16,198,308	8,544,683
Article 23	532,369	513,473
Article 22	500,160	50,331
<b>TOTAL</b>	<b>17,230,837</b>	<b>9,108,486</b>
<b>Taxes Payable :</b>		
Company	51,125,582	2,913,696
Subsidiaries :		
BTLA	7,867,313	-
BDP	7,815,992	7,266,365
BNIL	2,833,647	2,572,577
ABM	1,539,050	1,449,530
BSA	-	1,018,971
<b>TOTAL</b>	<b>71,181,584</b>	<b>15,221,139</b>

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**Deferred Tax**

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

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>Deferred tax assets</b>		
Company	-	2,309,275
Subsidiaries	-	-
AKG	1,585,448	1,889,306
MMM	18,344	-
BNCW	-	90,833
<b>Total</b>	<b>1,603,792</b>	<b>4,289,415</b>
<b>Deferred Tax Liabilities :</b>		
Company	20,028,168	15,978,622
Subsidiaries :		
BDP	22,029,756	19,571,258
BNIL	11,784,506	10,777,768
BTLA	8,556,645	8,408,783
BNCW	1,249,867	51,745
ABM	876,024	741,815
BSA	225,965	357,811
<b>Total</b>	<b>64,750,931</b>	<b>55,887,802</b>

**23. APPROPRIATION FOR GENERAL RESERVE**

In the Annual Stockholders' meeting as documented in Notarial Deed No. 13 dated June 19,2008 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 September 30, 2008, the total appropriation for general reserve amounted to Rp 3.500.000 thousand.

**24. 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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**25. 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	
	%	Rp '000	%	Rp '000
<b>Export sales</b>				
CPO	43.76	1,545,957,641	31.60	472,367,031
Palm Kernel Oil	9.39	331,592,798	16.46	246,066,085
Stearine	9.18	324,230,282	14.78	220,986,192
Palm Fatty Acid	2.21	77,943,437	1.23	18,383,498
Crude Coconut Oil	1.56	55,040,372	0.44	6,599,340
Palm Expeller	0.71	25,010,574	0.47	7,027,588
Soap	0.31	10,786,678	0.52	7,786,895
Copra Expeller	-	-	0.04	633,573
<b>Total</b>		<b>2,370,561,780</b>		<b>979,850,202</b>
<b>Local Sales</b>				
Palm Cooking Oil	20.11	710,378,929	19.29	288,296,828
Fresh Fruit Bunches	7.59	268,268,205	9.24	138,075,645
Crude Palm Oil	3.32	117,448,080	2.50	37,305,186
Laundry Soap	0.83	29,478,002	2.00	29,894,652
Palm Kernel Oil	0.41	14,493,265	-	-
Cream Soap	0.28	9,890,340	0.61	9,085,977
Orange	0.19	6,859,819	0.36	5,308,490
Pineapple	0.14	4,818,353	0.09	1,321,039
Copra	0.01	267,898	0.10	1,423,495
Palm Fatty Acid	-	-	0.28	4,137,861
<b>Total</b>		<b>1,161,902,890</b>		<b>514,849,172</b>
Net sales before elimination	<u>100.00</u>	3,532,464,670	<u>100.00</u>	1,494,699,374
Eliminations		(400,477,448)		(180,942,187)
Net sales after eliminations		<u>3,131,987,222</u>		<u>1,313,757,187</u>

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**Per company**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>The Company</b>	<b>3,120,309,050</b>	<b>1,307,127,659</b>
ABM	131,941,345	41,443,046
BDP	116,622,074	56,546,545
BTLA	80,679,873	45,382,038
BNIL	53,569,762	24,589,758
BSA	12,355,678	10,246,067
BNCW	12,168,536	8,043,221
AKG	4,818,353	1,321,039
<b>Net sales before eliminations</b>	<b>3,532,464,670</b>	<b>1,494,699,373</b>
<b>Eliminations</b>	<b>(400,477,448)</b>	<b>(180,942,187)</b>
<b>Net sales after eliminations</b>	<b>3,131,987,222</b>	<b>1,313,757,187</b>

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

**b. Income from Operations**

**Per company**

	<b>2008</b> <i>Rp '000</i>	<b>2007</b> <i>Rp '000</i>
<b>The Company</b>	<b>205,703,224</b>	<b>71,621,522</b>
BDP	54,742,603	24,998,539
BTLA	50,793,460	27,978,833
BNIL	20,885,703	8,795,958
ABM	11,805,755	5,542,160
BSA	2,740,407	5,506,756
MMM	(132,640)	-
BNCW	(502,052)	(213,373)
AKG	(1,797,322)	(1,557,098)
<b>Total</b>	<b>344,239,138</b>	<b>142,673,297</b>

**26. 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 plasmas of KUD Mesuji E with total area of approximately 800 hectares. The term of this facility is 5 years from the date of the signing of Credit 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:

- a. 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).
- b. 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).
- c. 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, 2009, the extension in maturity date of facility is still in process.

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

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**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.

**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:

- a. 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.
- b. 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.
- c. 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:

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

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d. 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 personnel guarantees from Widarto and Santoso Winata (Note 5,6, and 26). The Company is required to deposit 10% margin for the SKBDN issued. Besides, the guarantees from PT Asuransi Ekspor Impor Indonesia (ASEI) are also required for 80% of outstanding PPB facility and 100% of outstanding Post Shipment facility.

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

## **7. PT Bank Lippo Tbk (Lippo)**

The Company obtained loan facilities from Lippo, as follows:

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

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

1. 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.
2. 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 purposes.

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, 2009, while the bank guarantee and forex line will mature on September 14, 2009 and August 20, 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 13).

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.

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**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.

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 "Rossy" for various products of soaps.
- e. Brand etiquette "Burung Merak" for various products of coconut oil, cooking oil and margarine.
- f. Brand etiquette "Tawon" for various products of coconut oil, cooking oil, margarine and jam.
- g. Brand etiquette "Segar" for various products of bath soap.
- h. Brand etiquettes "Rose Brand" for various product of coconut oil, cooking oil, margarine, butter and consumable fat.

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

**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.

**PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES**  
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**(Continued)**

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**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.

**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 May 30, 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') for Palembang, Surabaya, and Cengkareng, and for Waylunik less Rp 250 per kilogram, 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.

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**(Continued)**

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**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.

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

At September 30, 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	3,924	36,795,554	926	8,462,647
Trade accounts receivable	-	-	1,457	13,313,526
<b>Total assets</b>	<b>3,924</b>	<b>36,795,554</b>	<b>2,383</b>	<b>21,776,173</b>
<b>Liabilities</b>				
Short-term bank loans	5,554	52,083,076	5,323	48,633,218
current portion of longterm bank Loan	9,458	88,697,124	-	-
bank Loan - Power Plant	1,191	11,171,768	1,043	9,533,683
Sales Advanced	50,260	471,338,271	64,581	590,074,389
Long-term bank loans				
bank Loan	67,735	635,214,141	33,000	301,521,000
bank Loan - Power Plant	3,871	36,306,247	2,754	25,162,636
<b>Total liabilities</b>	<b>138,069</b>	<b>1,294,810,627</b>	<b>106,701</b>	<b>974,924,926</b>
<b>Net Liabilities</b>	<b>134,145</b>	<b>1,258,015,073</b>	<b>104,317</b>	<b>953,148,753</b>

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

	2008		2007	
	Rp	Rp	Rp	Rp
Foreign Currency US\$ 1		9,378		9,137