PT TUNAS BARU LAMPUNG Tbk
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
JUNE 30[TH], 2010 AND 2009

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PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2010 AND 2009

	Notes	2010	2009
		Rp '000	*Rp '000*
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2c,f, 3,& 26	128,262,637	131,288,237
Trade accounts receivable			
Related parties	2d,g,4,23 & 26	124,705,389	191,969,473
Third parties	2d,g & 4	26,671,845	8,495,180
Other accounts receivable -net		5,547,703	7,142,021
Inventories - net of allowance for decline in value and inventory obsolescence of Rp. 416.164 thousand in 2010 and 960.212 thousand in 2009	2h & 5	400,211,402	388,675,952
Advances	2c	372,353,736	231,388,925
Prepaid taxes		9,582,961	82,714,567
Prepaid expenses	2i	8,203,843	4,281,931
Total Current Assets		**1,075,539,517**	**1,045,956,286**
NONCURRENT ASSETS			
Due from related parties	2d,g,6 & 23	2,573,782	1,089,747
Due from plasma	2j & 25	-	29,259,065
Deferred tax assets	2v & 21	3,482,661	2,701,581
Real estate assets	2k,q,7, & 23	20,859,390	21,547,501
Plantation			
Matured Plantation - net of accumulated depreciation of Rp 144,885,221 thousand in 2010 and Rp 135,126,585 thousand in 2009	2l,q & 8	537,226,030	291,046,256
Immatured Plantation	2l,q, s & 8	262,466,409	383,138,010
Property, plant and equipment - net of accumulated depreciation of Rp 620,669,867 thousand in 2010 and Rp 516,332,789 thousand in 2009	2m,q & 9	994,206,219	956,902,238
Property for lease - net of accumulated depreciation of Rp 9,191,926 thousand in 2010 and Rp 7,674,864 thousand in 2009	2d,m,q &10	15,535,655	14,393,678
Property not used in operations	2m & 2q	4,745,025	4,745,025
Other Deferred charges	2n	23,296,217	23,105,925
Total Noncurrent Assets		**1,864,391,388**	**1,727,929,026**
TOTAL ASSETS		**2,939,930,905**	**2,773,885,312**

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
JUNE 30, 2010 AND 2009 (Continued)

	Notes	2010	2009
		Rp '000	*Rp '000*
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable	11		
Third Parties		123,266,179	148,146,491
Taxes payable	2v & 12	29,055,513	4,495,254
Accrued expenses	2d, r	13,468,409	13,574,470
Short Term Bank loans	2c & 13, 26	574,991,124	183,701,545
Advanced received	2c, d,r, & 14, 26	4,756,993	439,886,091
Current portion of long-term liabilities :			
Bank loans	2c & 16, 26	188,818,157	112,035,153
Finance Lease Liabilities	2m	13,922,822	13,034,036
Bank loans - Power Plant	2c & 15, 26	16,228,455	12,180,961
Other Payable	2x	5,424,900	-
Other current liabilities		4,683,779	4,195,732
Total Current Liabilities		**974,616,331**	**931,249,733**
NONCURRENT LIABILITIES			
Due to related parties	2d,6 & 23	-	21,266,871
Due to Plasma - net	2j	24,125,526	-
Due to shareholders	2d ,23	8,689,265	8,689,265
Defined-benefits post-employment reserve	2t	41,704,317	35,855,750
Deferred tax liabilities	2v & 21	52,098,322	53,661,079
Advances received	2c, d, r, & 14, 26	223,078,260	94,528,770
Long-term liabilities - net of current portion :			
Bank loans	2c & 16	422,075,152	592,878,013
Finance Lease Liabilities	2m	12,256,154	14,086,039
Bank loans - Power Plant	2c & 15, 26	-	18,268,849
Other Payable	2x	87,501,966	-
Other liabilities		17,559	17,564
Total Noncurrent Liabilities		**871,546,521**	**839,252,200**
MINORITY INTEREST IN NET ASSETS OF THE SUBSIDIARIES		**6,027,699**	**5,783,221**
EQUITY			
Capital stock - par value of Rp 125 per share			
Authorized - 6,400,000,000 shares in 2010 and in 2009			
Issued and paid-up - 4.194,384,493 shares in 2010 and 4.170.070.993 shares in 2009	17	524,298,062	521,257,937
Treasury Stock	2p, 17	(5,050,000)	(8,786,688)
Additional paid-in capital - net	2s,17	165,927,452	156,701,187
Difference in value of restructuring transaction between entities under common control	2u	74,487	74,487
Retained earnings			
Appropriated	22	4,500,000	3,500,000
Unappropriated		397,990,352	324,853,235
Total Equity		**1,087,740,354**	**997,600,158**
TOTAL LIABILITIES AND EQUITY		**2,939,930,905**	**2,773,885,312**

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 SIX MONTHS PERIOD ENDED JUNE 30, 2010 AND 2009

	Notes	2010 *Rp '000*	2009 *Rp '000*
NET SALES	2d, r, 18, & 24	1,208,855,488	1,431,523,560
COST OF GOODS SOLD	2d, r, 19, & 24	1,034,565,547	1,213,741,999
GROSS PROFIT		**174,289,941**	**217,781,561**
OPERATING EXPENSES	2r & 20		
Selling		50,080,075	47,274,576
General and administrative	2d,t, 11 & 20	47,321,354	46,111,627
Total Operating Expenses		**97,401,429**	**93,386,203**
INCOME FROM OPERATIONS		**76,888,512**	**124,395,358**
OTHER INCOME (CHARGES)	2r		
Gain on foreign exchange - net	2 y, & 26	41,403,485	31,056,699
Interest income		1,689,700	6,186,877
Interest expense and financial charges	2c,x,13,16,& 26	(36,672,748)	(42,278,667)
Others - net	2d & 2r	7,514,011	9,329,832
Other Income (Charges) - Net		**13,934,448**	**4,294,741**
INCOME BEFORE TAX		**90,822,960**	**128,690,099**
TAX EXPENSE			
Current Tax	2v, 21	(11,250,176)	(6,203,419)
Deferred Tax	2v, 21	7,372,107	(12,431,105)
TAX EXPENSES		**(3,878,069)**	**(18,634,524)**
INCOME BEFORE MINORITY INTEREST IN NET PROFIT OF SUBSIDIARIES		**86,944,891**	**110,055,575**
MINORITY INTEREST IN NET PROFIT OF THE SUBSIDIARIES	2b	(463,136)	(575,553)
NET INCOME		**86,481,755**	**109,480,022**
BASIC EARNINGS PER SHARE (in full Rupiah)	2w	21	26

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

PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2010 AND 2009

	Capital Stock	Treasury Stocks	Additional Paid - in Capital	Difference in value of restructuring transactions between entities under common control	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total Equity
	Rp' 000	*Rp' 000*	*Rp' 000*	*Rp' 000*	*Rp' 000*	*Rp' 000*	*Rp' 000*
Balance as of January 1, 2009	521,257,937	(8,380,438)	156,947,343	74,487	3,500,000	215,373,213	888,772,542
Net income of January - June 30, 2009	-	-	-	-	-	109,480,022	109,480,022
Treasury Stocks	-	(406,250)	-	-	-	-	(406,250)
Excess of acquisition cost of treasury Stocks over par value	-	-	(246,155)	-	-	-	(246,155)
Balance as of June 30, 2009	**521,257,937**	**(8,786,688)**	**156,701,188**	**74,487**	**3,500,000**	**324,853,235**	**997,600,158**
Net Income of July 1 - December 31, 2009	-	-	-	-	-	28,764,756	28,764,756
Appropriation for general reserve	-	-	-	-	500,000	(500,000)	-
Treasury Stocks	-	-	-	-	-	-	-
Additional Paid-up Capital from the conversion of warrants	86,375	-	-	-	-	-	86,375
Cash Dividends	-	-	-	-	-	(32,803,688)	(32,803,688)
Excess of acquisition cost of treasury stocks over par value	-	-	-	-	-	-	-
Balance as of December 31, 2009	**521,344,312**	**(8,786,688)**	**156,701,188**	**74,487**	**4,000,000**	**320,314,303**	**993,647,602**
Net Income of January 1 - June 30, 2010	-	-	-	-	-	86,481,755	86,481,755
Appropriation for general reserve	-	-	-	-	500,000	(500,000)	-
Additional Paid-up Capital from the conversion of warrants	2,953,751	-	-	-	-	-	2,953,751
Cash Dividends	-	-	-	-	-	(8,305,706)	(8,305,706)
Excess of acquisition cost of treasury stocks over par value	-	-	9,226,264	-	-	-	9,226,264
Sales of treasury Stocks	-	3,736,688	-	-	-	-	3,736,688
Balance as of June 30, 2010	**524,298,062**	**(5,050,000)**	**165,927,452**	**74,487**	**4,500,000**	**397,990,352**	**1,087,740,354**

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

PT. TUNAS BARU LAMPUNG Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2010 AND 2009

	2010	**2009**
	Rp '000	*Rp '000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,039,406,282	1,309,516,967
Cash payments to suppliers, employees and others	(1,015,270,447)	(1,472,396,181)
Payment of income tax	(47,491,368)	(8,120,824)
Net Cash Provided (used for) by Operating Activities	**(23,355,533)**	**(171,000,038)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(67,280,851)	(63,069,378)
Acquisitions of Plantations	(85,940,131)	(33,454,209)
Acquisitions of Properties for lease	(2,545,328)	(272,975)
Receipts from due from plasma	2,131,334	5,728,967
Withdrawal of Negotiable Certificates Deposits	-	113,967,500
Placement in Negotiable Certificates of Deposits	30,000,000	-
Receipts from (Payments to) related parties	8,475,293	23,944,583
Net Cash (Used in) provided Investing Activities	**(115,159,683)**	**46,844,488**
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional (Payment) of short-term bank loans	204,976,126	8,347,053
Payment of long-term bank loans	(9,988,454)	(55,275,159)
Additional (Payment) of lease liabilities	(7,505,096)	(6,519,060)
Payment of other deferred charges	(18,975,150)	(6,080,857)
Proceeds from Warant Series I	2,953,751	-
Payments of Cash Dividends	(8,305,706)	-
Payment from reacquisition of treasury stocks	12,962,953	(652,406)
Payment of interest and financial charges	(36,672,748)	(42,278,667)
Net Cash Used in Financing Activities	**139,445,676**	**(102,459,097)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**930,460**	**(226,614,648)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**127,332,177**	**357,901,885**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**128,262,637**	**131,287,237**

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

1. GENERAL

a. Establishment and General Information

PT Tunas Baru Lampung Tbk ("the Company") was established by virtue of Notarial Deed No. 23 dated December 22, 1973 of Halim Kurniawan, S.H., 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 Stockholders' Meeting No. 05 dated January 9, 2009, of Mrs. Kartuti Suntana Sastraprawira, S.H., notary public in Jakarta, concerning the changes in the Articles of Association to be in accordance with the provisions of Republic of Indonesia Law No. 40 Year 2007 regarding Limited Liability Company. The latest amendments above were approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-12894-AH.01.02 Tahun 2009 dated April 15, 2009.

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 exportation and importation. 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, Banyuasin – South Sumatera, while the plantations of the subsidiaries are located at Central Lampung, North Lampung, Palembang and West Kalimantan,

The Company is under the business groups of Sungai Budi. As of June 30, 2010 and 2009, based on Notarial Deed No. 05 dated January 9, 2009 and No. 7 dated June 27, 2007 of Mrs. Kartuti Suntana S., S.H., notary public in Jakarta, The Company's management consisted of the following:

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

The Company has established an Audit Committee which is composed of the following:

Chairman	:	Richtter Pane
Members	:	Sukanda Wiradinata
		Frengky Susanto

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 a par value of Rp 500 per share.

Through Letter No. 033/BP/CS/V/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 common shares (the "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 of 3 shares has the right to purchase 6 new shares, wherein for every 6 new shares, one Series I Warrant is attached, free of charge. The total Series I Warrants of 538,462,400 which have a term of 5 years were issued as incentives to stockholders to purchase one new share at a par value of Rp 125 per share, with exercise price of Rp 125 per share, which can be exercised from January 15, 2007 until July 13, 2011.

This Rights 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 from the Rights Issue I which amounted to Rp 313,602,356 thousand (for 2,508,818,846 shares) were received by the Company in July 2006.

As of June 30, 2010, all of the Company's shares totaling to 4,194,384,493, shares, with a par value of Rp 125 per share, were listed in the Indonesia Stock Exchange.

c. Consolidated Subsidiaries

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

Subsidiary	*Domicile*	*Nature of Business*	*Percentage of Ownership*	*Year of Incorporation*
Direct Ownership				
PT Bangun Nusa Indah Lampung (BNIL)	Lampung	Palm Plantations	99.99%	1997
PT Bumi Sentosa Abadi (BSA)	Lampung	Palm Plantation	99.97%	1996
PT Budi Dwiyasa Perkasa (BDP)	Lampung	Palm Plantation	99.99%	1999
PT Budinusa Ciptawahana (BNCW)	Lampung	Palm Plantation and horticulture	98.00%	2002
PT Adikarya Gemilang (AKG)	Lampung	Pineapple Plantation	98.33%	1999
PT Bangun Tatalampung Asri (BTLA)	Lampung	Palm Plantation and real estate	99.71%	2000
PT Agro Bumi Mas (ABM)	Lampung	Manufacturing of crude palm oil	90.00%	2003
PT Mulya Mandra Mukti (MMM)	Jakarta	Palm Plantation	86.98%	2007
Indirect Ownership				
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, Palembang and West Kalimantan with total area of approximately 103.7 thousand hectares. The planted area is approximately 52.4 thousand hectares.

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

On July 3, 2008, BDP, a subsidiary, has acquired 33.33% ownership interest in IAA for a total acquisition cost of Rp 200,000 thousand. Although the ownership interest of BDP in IAA is below 50%, BDP has control over IAA, thus, the financial statements of IAA are consolidated to the financial statements of BDP.

On August 25, 2009, BDP, a subsidiary, has sold to a related party all of its ownership interest in IAA for a total value of Rp 200,000 thousand. Accordingly, since August 25, 2009, the financial statements of IAA are no longer consolidated to the financial statements of BDP.

On December 9, 2008, BDP, a subsidiary, has acquired 60.00% ownership interest in RP for a total acquisition cost of Rp 150,000 thousand. On April 23, 2009, BDP, a subsidiary, has sold to related parties all of its ownership interest in RP for a total value of Rp 150,000 thousand. Accordingly, since April 23, 2009, the financial statements of RP are no longer consolidated to the financial statements of BDP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

a. Basis of Consolidated Financial Statement Preparation 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 regulations of the Capital Market and Financial Institutions Supervisory Agency (Bapepam–LK) No. VIII.G.7 dated March 13, 2000 and Circular Letter of the Capital Market and Financial Institutions Supervisory Agency No. SE-02/PM/2002 Appendix 13 dated December 27, 2002. Such consolidated financial statements are an English translation of the Company and its subsidiaries' statutory report in Indonesia, and are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

The measurement basis used is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies, such as inventories, real estate assets and property not used in operations which are stated at the lower of cost and net realizable value. The consolidated financial statements, 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 figures presented in the consolidated financial statements are stated in thousands of Rupiah

b. Principles of Consolidation and Accounting for Business Combination

The consolidated financial statements include the financial statements of the Company and its subsidiaries, wherein the Company has direct or indirect ownership interest of more than 50% of the voting rights of the subsidiary's capital stock, or 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 of operations of that entity are included in the consolidated financial statements only from the date that the control commenced up to the date that the control ceased.

Intercompany balances and transactions, including unrealized gains or losses on intercompany 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 policies for like transactions and events in similar circumstances. If a subsidiary's financial statements are prepared using 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 stockholders' 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 consolidated subsidiaries 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 extent that the minority has a binding obligation to, and is able to, absorb such losses and the minority stockholders can settle their obligations. If the subsidiary subsequently reported profits, such profits are 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.

Acquisition of subsidiaries from third parties is accounted for using the purchase method in accordance with PSAK No. 22 "Accounting for Business Combinations". Under the purchase method, the excess of the acquisition cost over the fair values of the identifiable net assets acquired at the date of acquisition is recognized as goodwill. Assets and liabilities acquired are recognized separately as at date of acquisition when it is probable that any associated future economic benefits will flow to or from the acquirer; and a reliable measure is available of their cost or fair value. On other hand, when the cost of the acquisition is less than the acquirer's interest in the fair values of the net identifiable assets acquired as at the date of the transaction, the fair values of the acquired nonmonetary assets are reduced proportionately until all the excess are eliminated. The remaining excess is recognized as "Negative goodwill" and amortized on a straight-line method over twenty (20) years.

c. Foreign Currency Transactions and Balances

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

d. Transaction with Related Parties

Related parties consist of the following:

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

2) Associated companies.

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

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

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

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

e. Use of Estimates

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

f. Cash and Cash Equivalents

Cash consists of cash on hand and cash in banks.

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

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

g. 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 collectability of the individual receivable accounts at the end of the year.

h. Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost is determined using the moving average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale. Allowances for inventory obsolescence and decline in value of the inventories are provided to reduce the carrying value of inventories to their net realizable values.

i. Prepaid Expenses

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

j. Due From (to) Plasma Projects

Due from (to) 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 of the collectability of the differences between development costs and amount financed by the bank.

k. 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. Net realizable value is the estimated selling prices in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale.

l. Plantations

Mature Plantations

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

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

	Years
Palm and hybrid coconut plantations	25
Orange plantations	10

Depreciation of pineapple plantations is computed using the following rates:

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

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

Immature Plantations

Immature plantations are stated at cost which represent accumulated costs incurred on palm, hybrid coconut, orange and pineapple plantations before these mature and produce crops. Such costs include the cost of land preparation, seedlings, fertilization, maintenance, labor, depreciation of property, plant and equipment, interest and other borrowing costs on debts incurred to finance the development of plantations until maturity for as long as the carrying value of such immature plantations do not exceed the lower of replacement cost and recoverable amount.. Immature plantations are not depreciated.

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

m. Property, Plant and Equipment

- ***Direct acquisitions***

Direct acquisitions of property, plant and equipment, except for land, are stated at cost, less accumulated depreciations and any impairment in value and is not depreciated.

The initial cost of property, plant and equipment consists of its purchase price, including import duties and non-refundable taxes and any directly attributable costs in bringing the property, plant and equipment to its working condition and location for its intended use.

Depreciation expense is allocated proportionately to mature and immature plantations based on their total area. Depreciation expense allocated to mature plantations is charged to cost of goods sold, while depreciation allocated to immature plantations is capitalized.

Expenditures incurred after the property, plant and equipment have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the year such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. Depreciation is computed on a straight-line basis over the property, plant and equipment's useful lives as follows:

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

The carrying values of property, plant and equipment are reviewed for impairment when evens or changes in circumstances indicate that the carrying values may not be recoverable.

When each major inspection is performed, its cost is recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Such major inspection is capitalized and amortized over the next major inspection activity.

When assets are sold or retired, the cost and related accumulated depreciation and amortization and any impairment loss are eliminated from the accounts.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or loss arising from derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in the consolidated statements of income in the year the item is derecognized.

The asset's residual values, useful lives and depreciations method are reviewed and adjusted if appropriate, at each financial year end.

– ***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 and will be depreciated when the construction is substantially complete and the asset is ready for its intended use.

– ***Assets for Lease***

Assets 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 assets of 15 years. Rental income is presented net of all expenses incurred related to the assets for lease, including depreciation expenses, and is shown under the " Other income (Expenses) " account in the consolidated statements of income.

– ***Asset Not Used in Operations***

Assets not used in operations are stated at the lower of carrying value and net realizable value.

Assets not in used in operations are depreciated using the same method and estimated useful lives of directly acquired properties.

- ***Leases***

Leases which transfer to the Company or its subsidiaries (as lessee) substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest in the remaining balance of the liability. Finance charges are charged directly against consolidated statements of income.

Capitalized leased assets are depreciated over the estimated useful life of the asset except if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, in which case the capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

Leases where the Company or its subsidiaries (as lessor) retain substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Initial directs costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term in the same basis as rental income.

Finance lease transactions are treated and recorded as leased assets, included in "Property, plant and equipment", and leased liabilities as "Finance lease liabilities" at the inception of the lease term. The 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) to be paid by the lessee at the end of the lease term. During the lease term, each lease payment is allocated and recorded as repayment of the lease liabilities and interest expense 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.

n. Deferred Charges on Landrights

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

o. Treasury Stocks

Treasury stocks are accounted for using the par value method.

Under the par value method, the treasury stock is accounted for at par value as “Treasury Stock” account and presented as a reduction of “Capital Stock” account. If the treasury stock had originally been issued at a price above par value, the “Additional Paid-in Capital” account is debited for the related difference between the par value and the reacquisition cost of the treasury stocks.

p. Stock Issuance Costs

Stock issuance cost are deducted from the “Additional paid – in capital “portion of the stocks issued and are not amortized..

q. 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 impairment loss is recognized only if the carrying amount of an asset exceeds the recoverable amount. An asset’s recoverable amount is computed as the higher of the asset’s value in use and its net selling price. 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 charged to (credited in) current year’s operations.

r. 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).

s. 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 are recognized as an expenses in the period in which they are incurred, except for those borrowing costs which are directly attributable to the development of immature plantations which are 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 are suspended, if during extended periods the active development or production of the qualifying asset is interrupted, while capitalization of borrowing cost cease when all the activities necessary to acquire, build or produce the qualifying asset for its intended use or sale are substantially complete.

t. 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 expense 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. Past service costs which are not yet vested and actuarial gains or losses for working (active) employees are amortized during the employees' average remaining years of service, until the benefits become vested.

u. 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.

v. Income Tax

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

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

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

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

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

Amendments to tax obligations are recorded when an assessment is received or, if appealed against by the Company and its subsidiaries, when the result of the appeal is determined.

w. Earnings per Share

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

Diluted earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the year as adjusted for the effect of all dilutive potential ordinary shares.

x. Derivative Instruments and Hedging Activities

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.

y. Segment Information

Segment information is prepared using the accounting policies adopted for preparing and presenting the consolidated financial statements. The primary segment information is based on business segments, while secondary segment information is based on geographical segments.

A business segment is a distinguishable component an enterprise that is engaged in providing an individual product or service or a group of related products or services, and that is subjected to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those components operating in other economic environments.

3. CASH AND CASH EQUIVALENTS

	2010	2009
	Rp '000	*Rp '000*
Cash on Hand	4,157,844	4,570,339
Cash in Bank		
Rupiah		
Bank Mandiri	5,126,400	2,418,303
Bank Rakyat Indonesia	2,440,779	3,362,405
Bank CIMB Niaga	888,873	169,655
Bank Danamon	368,536	597,674
Bank Central Asia	233,245	16,858
Bank Panin	200,798	141,330
Bank Internasional Indonesia	95,705	58,998
Bank Negara Indonesia	69,773	36,673
Bank Permata	56,077	-
Citibank	44,795	77,967
Bank Mega	14,604	14,910
Others (each below Rp 100.000 thousand)	201,546	933,926
Subtotals	9,741,130	7,828,698
U.S. Dollar		
Bank Mandiri	29,137,801	5,450,725
Bank CIMB Niaga	19,070,189	634,306
Bank Rakyat Indonesia	8,065,747	9,132,234
Bank Internasional Indonesia	1,284,296	179,872
Citibank	391,972	1,294,625
Standard Chartered Bank	380,306	123,826
Bank Central Asia	339,301	158,742
Natixis	190,344	315,091
ABN Amro Bank	143,850	3,220,289
Bank Sumitomo	103,344	-
Bank Rabobank International Indonesia	81,620	535,954
HSBC	70,482	2,554,846
Bank of Tokyo	58,711	15,884
Bank Danamon	24,609	17,320
Bank Permata	21,091	149,306
DBS Bank	-	106,180
Subtotals	59,363,663	23,889,200
Total Cash in Bank	69,104,793	31,717,898

	2010	2009
	000	*000*
Deposit on Call		
Rupiah		
PT Bank Rakyat Indonesia	30,000,000	-
Jumlah	30,000,000	-
Negotiable Certificate of Deposits (NCD)		
Rupiah		
PT Bank Mayapada International Tbk	25,000,000	45,000,000
PT Bank Ganesha	-	50,000,000
Net	25,000,000	95,000,000
Total Time Deposits	55,000,000	95,000,000
TOTAL	128,262,637	131,288,237

Average interest rate per annum on time deposits in 2010 are 8,75% and 11,25% - 11,50% in 2009.

4. TRADE ACCOUNTS RECEIVABLE

	2010	2009
	Rp '000	*Rp '000*
a. By Debtor		
Related Party		
PT Sungai Budi	124,705,389	191,969,473
	124,705,389	191,969,473
Third Parties		
Local debtors		
PT Karya Sawit Lestari	700,573	46,066
PT Sriwijaya Palm Oil	516,447	294,563
PT Tania Selatan	198,979	-
Sukamto	19,008	-
PT Sampoerna Agro	5,753	-
Total Local debtors	1,440,760	340,629
Foreign debtors		
Excelis Food Technologi Co Ltd., Nanjing	11,457,600	-
Alfred C. Toepfer International Gmbh., German	9,601,454	-
Intercontinental Oil, Singapore	4,087,249	4,083,609
Shanghai Benefit Friend Trade Co. Ltd., China	84,783	-
Wilmar Trading Pte,Ltd.,Rotterdam	-	3,890,573
Muller Kerzen AG Straelen, Denmark	-	180,369
Total Foreign debtors	25,231,085	8,154,551
Total Third Parties	26,671,845	8,495,180
Total	151,377,235	200,464,653
b. By Age Category		
01 - 30 days	58,458,028	73,291,632
31 - 60 days	57,046,139	66,912,735
61 - 90 days	35,873,068	60,260,286
Total	151,377,235	200,464,653
c. By Currency		
Rupiah	126,146,149	191,969,473
U.S. Dollar	25,231,085	8,495,180
Total	151,377,235	200,464,653

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

5. INVENTORIES

	2010	2009
	Rp '000	*Rp '000*
Raw Material	273,174,105	235,590,992
Finished Goods	48,177,872	43,712,077
Indirect material	43,869,188	69,069,495
Spare part	30,077,785	26,147,877
Goods in transit	4,246,832	4,601,494
Work in process	1,408,974	6,025,120
Other inventories	-	4,489,109
Allowance for inventories	(743,354)	(960,212)
Net	400,211,402	388,675,952

Management believes that the allowances for decline in value and obsolescence of inventories are adequate to cover possible losses on decline in value and obsolescence of inventories, and management believes that the carrying value of inventories represent their net realizable values.

6. DUE FROM AND DUE TO RELATED PARTIES

	2010	2009
	Rp '000	*Rp '000*
Accounts receivable		
PT Budi Acid Jaya Tbk	2,573,782	
PT Budi Samudra Perkasa	-	33,245
Others	-	1,056,503
Total	2,573,782	1,089,748
Accounts payable		
PT Budi Acid Jaya Tbk	-	17,381,774
PT Budi dharma Godam Perkasa		903,242
CV Bumi Waras	-	2,981,855
Total	-	21,266,871

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 23).

These amount 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.

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:

	2010	2009
	Rp '000	*Rp '000*
Kiosks	9,744,231	10,432,342
Plaza	8,882,408	8,882,408
Shophouse	2,232,752	2,232,752
Total	20,859,390	21,547,501

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

		Changes During 2010		
	Januari 01, 2010	Additions/ Reclassifications	Deductions	June 30, 2010
	Rp. 000	*Rp. 000*	*Rp. 000*	*Rp. 000*
At Cost				
Palm Plantation	345,091,241	302,081,911	-	647,173,152
Hybrid Plantation	21,860,313	-		21,860,313
Orange Plantation	13,077,786	-	-	13,077,786
Total	**380,029,340**	**302,081,911**	**-**	**682,111,251**
Accumulated Depreciation				
Palm Plantation	116,823,163	12,243,231	-	129,066,394
Hybrid Plantation	6,995,300	347,321		7,342,621
Orange Plantation	8,432,614	43,592	-	8,476,206
Total	**132,251,077**	**12,634,144**	**-**	**144,885,221**
Net Book Value	**247,778,263**			**537,226,030**

	Changes During 2009			
	Januari 01, 2009	Additions/ Reclassifications	Deductions	June 30, 2009
	Rp. 000	*Rp. 000*	*Rp. 000*	*Rp. 000*
At Cost				
Palm Plantation	413,095,055	-	-	413,095,055
Orange Plantation	13,077,786	-	-	13,077,786
Total	**426,172,841**	**-**	**-**	**426,172,841**
Accumulated Depreciation				
Palm Plantation	121,759,698	5,784,330	-	127,544,028
Orange Plantation	7,124,835	457,723	-	7,582,558
Total	**128,884,533**	**6,242,053**	**-**	**135,126,585**
Net Book Value	**297,288,308**			**291,046,256**

Immature Plantation

	Changes During 2010			
	January 01, 2010	Additions/ Reclassifications	Deductions	June 30, 2010
	Rp '000	*Rp '000*	*Rp '000*	*Rp '000*
At Cost				
Palm Plantation	450,188,519	82,630,437	302,081,910	230,737,046
Orange Plantation	18,248,924	2,654,409		20,903,333
Pineapple Plantation	10,170,745	655,285	-	10,826,030
Total	**478,608,188**	**85,940,131**	**302,081,910**	**262,466,409**

	Changes During 2009			
	January 01, 2009	Additions/ Reclassifications	Deductions	June 30, 2009
	Rp '000	*Rp '000*	*Rp '000*	*Rp '000*
At Cost				
Palm Plantation	338,995,420	32,790,439	-	371,785,859
Pineapple Plantation	10,688,381	663,770	-	11,352,151
Total	**349,683,801**	**33,454,209**	**-**	**383,138,010**

9. PROPERTY, PLANT AND EQUIPMENT

	Changes During 2010			
	January 01, 2010	Additions	Deductions	June 30, 2010
	Rp '000	*Rp '000*	*Rp '000*	*Rp '000*
At Cost:				
Direct acquisitions				
Land	104,328,068	3,379,277	-	107,707,345
Buildings and land improvements	518,260,868	4,569,753	-	522,830,621
Machinery	534,441,615	12,519,821	-	546,961,436
Vehicles and heavy equipment	228,933,991	1,143,997	-	230,077,988
Furniture, fixtures and equipment	116,065,213	18,685,692	-	134,750,905
Construction in progress	78,405,043	26,982,311	32,839,564	72,547,790
Total	**1,580,434,798**	**67,280,851**	**32,839,564**	**1,614,876,085**
Accumulated depreciation:				
Direct acquisitions				
Buildings and land improvement	119,121,453	8,299,722	-	127,421,175
Machinery	219,672,248	21,746,642	-	241,418,890
Vehicles and heavy equipment	152,020,224	7,032,099	-	159,052,323
Furniture, fixtures and equipment	86,444,332	6,333,147	-	92,777,479
Total	**577,258,257**	**43,411,610**	**-**	**620,669,867**
Net Book Value	**1,003,176,541**			**994,206,219**

	Changes During 2009			
	January 01, 2009	Additions	Deductions	June 30, 2009
	Rp '000	*Rp '000*	*Rp '000*	*Rp '000*
At Cost:				
Direct acquisitions				
Land	94,494,855	3,574,913	-	98,069,768
Buildings and land improvements	437,983,331	46,345,570	-	484,328,901
Machinery	471,298,682	-	-	471,298,682
Vehicles and heavy equipment	196,704,149	21,560,312	-	218,264,461
Furniture, fixtures and equipment	113,295,425	58,943,403	-	172,238,828
Construction in progress	96,389,208	-	67,354,820	29,034,388
Total	**1,410,165,650**	**130,424,198**	**67,354,820**	**1,473,235,028**
Accumulated depreciation:				
Direct acquisitions				
Buildings and land improvement	94,354,575	9,818,333	-	104,172,908
Machinery	187,678,352	3,108,989	-	190,787,341
Vehicles and heavy equipment	121,980,581	9,673,095	-	131,653,676
Furniture, fixtures and equipment	69,747,205	19,971,659	-	89,718,864
Total	**473,760,713**	**42,572,076**	**-**	**516,332,789**
Net Book Value	**936,404,937**			**956,902,239**

10. PROPERTY FOR LEASE

This account represents the net book value of the Company's vessels consisting of a barge and a tug boat for lease, as follows:

	2010 *Rp '000*	2009 *Rp '000*
Cost	24,727,580	22,068,542
Accumulated depreciation	(9,191,926)	(7,674,864)
Net Book Value	15,535,654	14,393,678

The Company appointed PT Budi Samudra Perkasa (BSP), a related party, to operate the vessels for 3 years (Note 23). 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, 2007 – August 8, 2010, annual compensation amounts to Rp 600,000 thousand for the tug boat and barge.

b. Based on Cooperation Agreement for period August 2, 2006 – August 4, 2009 and has been extended until August 4, 2012, annual compensation amounts to Rp 350,000 thousand for the barge.

c. Based on Cooperation Agreement for period January 2, 2008 – December 31, 2010, annual compensation amounts to Rp 2,050,000 thousand for the tug boat and barge.

As of June 30, 2010 and 2009, the properties for lease are insured with PT Asuransi Jasa Indonesia, a third party, against total loss for a sum of Rp 26,500,000 thousand and Rp 18,856,000 thousand, respectively.

Management believes that the insurance coverage is adequate to cover possible losses that might arise from such risks on the properties for lease insured. Management believes that there is no impairment in value of the aforementioned assets as of June 30, 2010 and 2009.

11. TRADE ACCOUNTS PAYABLE

	2010 *Rp '000*	2009 *Rp '000*
a. By creditor		
Third parties - Local suppliers	123,266,179	148,146,491
Total	123,266,179	148,146,491
b. By Currency		
Rupiah	123,266,179	148,146,491
Total	123,266,179	148,146,491

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

12. TAXES PAYABLE

	2010	2009
	Rp '000	*Rp '000*
Income taxes		
Article 23	2,777,648	2,691,004
Article 29	1,867,770	170,195
Article 25	1,862,170	1,416,135
Article 21	310,412	217,919
Value added tax	22,237,513	-
Total	29,055,514	4,495,254

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

13. SHORT-TERM BANK LOANS

	2010	2009
	Rp '000	*Rp '000*
Working capital credit facilities		
Rupiah		
Bank Rakyat Indonesia	63,770,550	68,033,413
Bank Mandiri	25,840,081	27,294,899
Subtotal	**89,610,631**	**95,328,311**
U.S. Dollar		
Bank Natixis		
(Nil in 2010 dan US$ 7,168 thousand in 2009)	-	73,292,800
Bank Internasional Indonesia		
(US$ 12,000 thousand in 2010 dan Nil in 2009)	108,996,000	-
Bank CIMB Niaga		
(US$ 30.000 in 2010 and nil in 2009)	272,490,000	-
Bank Mandiri		
(US$ 11,438 thousand in 2010 and US$ 1.475 thousand in 2009)	103,894,493	15,080,433
Subtotal	**485,380,493**	**88,373,233**
Total	***574,991,124***	***183,701,544***
Interest rates per annum during the year		
Rupiah	11% - 13%	13.00%
U.S. Dollar	7%%	9%

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 thousand. On March 31, 2009, Bank Mandiri increased the loan facility from US$ 1,575 thousand to US$ 11,575 thousand. Interest rates per annum in 2010 and 2009 are 11.00% and 13.00%, respectively, for facility in Rupiah, and 7.00% and 8.50% - 9.00%, respectively, for facility in foreign currency. Both loan facilities had matured on March 31, 2010, and have been extended up to March 31, 2011.

The loan facilities are secured with the Company's trade accounts receivables, inventories, machineries, land, corporate guarantee from PT Sungai Budi, and personal guarantees from Widarto and Santoso Winata (related parties) (Note 23). Those collaterals represent part of joint collateral with BRI shortterm loan and syndicated loan which is coordinated by Rabobank (Note 16).

Bank Rakyat Indonesia (Persero)

The loan facilities received from BRI represent working capital loan facility with 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 13.00% and 14.00% in 2010 and 2009, respectively. The loan facility already matured on March 22, 2010, and has been extended up to March 22, 2011.

This working capital loan facility is secured with the Company's trade accounts receivable, inventories, machineries, land including palm plantation and plant on the said land, which is located in Terbanggi Besar and Banyuasin, and personal guarantees from Widarto and Santoso Winata (related parties) (Notes 23). The collaterals for working capital loan facility were also used as collaterals for long-term loan facility from BRI for Banyuasin project. Trade accounts receivable and inventories used as collaterals represent part of joint collateral for short-term loan and syndicated loan from Bank Mandiri which is coordinated by Rabobank (Note 16).

PT Bank CIMB Niaga Tbk

The Company obtained loan facilities from CIMB, as follows:

- LC Facility in the form of Sight/usance LC or local LC (SKBDN) for a maximum of 180 days in Rupiah and US$ currency, which has a maximum credit facility of US$ 20,000 thousand (Note 38h). The Company is charged with 0.125% commission per transaction based on the amount of LC issued and 1% per annum on the acceptance of LC.
- PT1 (formerly PTX-OD1) facility for settlement of Sight LC for a maximum of 180 days for every drawdown, which has a maximum credit facility of US$ 2,000 thousand. Interest rate per annum in 2009 and 2008 is 9.00% and 8.00%, respectively.
- PT2 (formerly PTX-OD2) facility for settlement of SKBDN Sight for a maximum of 180 days for every drawdown, which has a maximum credit facility of Rp 30,000,000 thousand. Interest rate per annum in 2009 and 2008 is 13.00% and 12.50%, respectively.
- Bank Guarantee facility with a maximum amount of Rp 20,000,000 thousand. The Company is charged with 0.75% commission based on the amount of bank guarantee issued.

On October 27, 2009, CIMB has granted additional loan facilities as follows:

- ✓ PT3 facility (for settlement of Usance LC or Usance SKBDN) which has a maximum credit facility of US$ 10,000 thousand. Interest rate per annum is 6.50%.
- ✓ PTK facility (for pre-export financing) which has a maximum credit facility of US$ 20,000 thousand. Interest rate per annum is 6.00%.

The LC facilities were used for purchasing coals and fertilizers, the PT and PTK facilities were used for working capital, whereas the loan availed of can be used only for repayment of matured sight LCs and for pre-export financing. The bank guarantee facility is used as guarantee for payment for purchases of fuel from third parties.

The loan facilities from CIMB are secured with personal guarantees of Santoso Winata and Widarto (Note 23). The Company is required to deposit 10% margin for every LCs and bank guarantee issued.

The LC, PT1 and PT2 facilities already matured on June 9, 2010 and has been extended up to June 9, 2011, the bank guarantee facility will mature on October 9, 2010 and has been extended up to June 9, 2011, while and PT3 and PTK facilities will mature on October 27, 2010 and has been extended up to June 9, 2011.

Natixis (Formerly Natexis Banques Populaires)

The loan facilities received by Company from Natixis consist of working capital loans with maximum aggregate amount of US$ 15,000 thousand, are as follows:

- Facility 1, with a maximum credit of US$ 2,500 thousand, was used to finance purchase of crude coconut oil (CNO), palm kernel oil (PKO), crude palm oil (CPO), and/or stearine. The maximum amount of each advance from this facility is 100% of the purchase price with maximum period of advance of 45 days. This facility is secured with guarantee deposit equal to 25% of the amount of drawdown.

- Facility 2, with a maximum credit of US$ 10,000 thousand, was used to finance the storage of CNO, PKO, CPO 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 advance has a maximum term of 90 days.

- Facility 3, with a maximum credit of US$ 15,000 thousand, was used to finance the sale of CNO, PKO, CPO and/or stearine to customers acceptable to Natixis. The maximum amount of each advance from this facility is 85% of the latest price quoted on KLCE/Rotterdam. Every advance has a maximum term of 60 days.

On August 5, 2008, Natixis has increased the loan facilities from an aggregate amount of US$ 15,000 thousand to US$ 20,000 thousand, which consist of:

✓ Facility 1, with a maximum credit of US$ 5,000 thousand, was used to finance the purchase of edible oils or its products, with a maximum term of 60 days.

✓ Facility 2, with a maximum credit of US$ 15,000 thousand, was used to finance the CPO inventories in storage tanks owned by the Company with a maximum term of 60 days.

✓ Facility 3, with a maximum credit of US$ 20,000 thousand, was used to finance the export sales of edible oils or its products to acceptable buyers pending receipt of export proceeds with a maximum term of 45 days.

The aggregate amount of Facility 1, Facility 2 and Facility 3 is limited to US$ 20,000 thousand.

Based on the latest amendment of the loan facilities dated August 5, 2008, Natixis has the right to terminate these loan facilities at any time by notice in writing to the Company. After such termination, these facilities will cease to be available for any further transactions hereunder, but the obligations of the Company and the rights of Natixis under this letter shall continue until all amounts due to Natixis (whether actually or contingently) under this letter have been paid to Natixis.

The loan facilities from Natixis are secured with the Company's inventories and trade accounts receivable which are financed by Natixis.

The annual interest rates in 2008 on Facilities 1, 2 and 3 are 2.00%, 1.85% and 1.50%, respectively, above cost of fund of Natixis.

PT. Bank International Indonesia Tbk (BII)

The Company obtained loan facilities from BII, as follow:

1. Revolving facility or PPB Pre-Shipment (Sub limit of Post Shipment, SKBDN/Sight LC/Usance LC for maximum 180 days) which has a maximum credit facility of US$ 3,000 thousand. This facility is used for financing working capital. Interest rate per annum is 8% in 2009 and SIBOR (1 month) + 3.5% in 2008.

2. Post Shipment facility (Sub limit SKBDN/Sight LC/Usance LC for maximum 180 days) which has a maximum credit of US$ 3,000 thousand. This facility is used for working capital and financing the purchases of raw materials. Interest rate per annum is 8% in 2009 and SIBOR (1 month) + 3.5% in 2008.

3. Local Letter of Credit Document (SKBDN) facility with a maximum term of 180 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)/PPB for the payment of SKBDN, up to a maximum principal amount of US$ 2,000 thousand. This facility is used for financing the purchases of raw materials and coals. The Company is charged 0.125% commission per transaction based on the amount of SKBDN issued and 1% per annum on the acceptance of SKBDN.

4. Forex (FX) Line facility with a maximum amount of US$ 3,000 thousand, which can be used for Today, Spot, Tom and Forward transaction for a maximum period of three (3) months with condition of settlement against good fund.

These four credit facilities have already matured on February 13, 2010, and have been extended up to February 13, 2011.

As of May 17, 2010 BII has increased the loan facilities from US$ 11,000 become US$ 29,000, as follow:

1. Revolving facility or PPB Pre-Shipment (Sub limit of Post Shipment, SKBDN/Sight LC/Usance LC for maximum 180 days) and Post Shipment facility (Sub limit SKBDN/Sight LC/Usance LC for maximum 180 days) which has a maximum credit facility of US$ 12,000 thousand. This facility is used for financing working capital. Interest rate per annum is 6.5%.

2. Local Letter of Credit Document (SKBDN) facility with a maximum term of 180 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)/PPB for the payment of SKBDN, up to a maximum principal amount of US$ 2,000 thousand. This facility is used for financing the purchases of raw materials and coals. 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.

3. Forex (FX) Line facility with a maximum amount of US$ 12,000 thousand, which can be used for Today, Spot, Tom and Forward transaction for a maximum period of three (3) months with condition of settlement against good fund.

These facility are secured by trade account receivable from third parties, inventories, sales contract and personnal guarantees from Widarto and Santoso Winata (Note 4,5, and 23). 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 Bank Mandiri, BRI, Natixis and BII contain covenants which among others, restrict 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:

	2010	2009
	Rp. '000	*Rp. '000*
Rupiah		
Sales of kiosks, shophouses, and plaza	437,682	537,000
Sales of palm and its derivative products	31,952	31,952
Subtotal	469,634	568,952
U.S. Dollar		
Sales of palm and its derivative products	222,279,359	523,673,389
Storage tanks rental (note 27)	5,086,260	10,172,520
Subtotal	227,365,619	533,845,909
Total	***227,835,253***	***534,414,861***
Less current portion	(4,756,993)	(439,886,091)
Long - Term Advances - Net	223,078,260	94,528,770

As of June 30, 2010 and 2009, 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 23), meanwhile, advances from sales of palm and its derivative products are received from third parties.

As of June 30, 2010 and 2009, advances received in foreign currency amount US$ 25,032 thousand and US$ 52,209 thousand.

15. LONG – TERM BANK LOANS – POWER PLANT

This account represents long term bank loans from Bank Mandiri due to the power plant project. (Note 26) Total L/C matured as of June 30, 2010 was amounted:

	2010	2009
	Rp. '000	*Rp. '000*
Long term bank loan - Power Plant USD 2.084 thousand in 2010 and USD 2,978 thousand in 2009	16,228,455	30,449,810
Less:		
current portion	(16,228,455)	(12,180,961)
Long - term Advances - Net	-	18,268,849

16. LONG – TERM BANK LOANS

	2010	2009
	Rp '000	*Rp '000*
Syndicated loan coordinated by Bank Rabobank,		
US$ 50,292 thousand in 2010 and US$ 60,938 thousand in 2009	456,802,236	623,091,050
Bank CIMB Niaga (fomerly Lippobank)	3,179,803	6,359,606
Bank Rakyat Indonesia	150,911,270	75,462,510
Total	610,893,309	704,913,166
Less current maturity	(188,818,157)	(112,035,153)
Long-term Bank Loans - Net	422,075,152	592,878,013
Interest rate per annum during the year		
U.S. Dollar	2,6950%-8,175%	3.6150% - 7.8%
Rupiah	13%	13%

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 consists 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 on principal payments 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 15.00% which can be charged at any time following the current market interest rate in BRI.

On September 8, 2009, BRI granted additional investment loan of Rp 383,131,038 thousand which consists of Rp 291,131,038 thousand for KI Plantation and for KI CPO Mill amounting to Rp 92,000,000 thousand. Included in the KI Facilities are IDC amounting to Rp 70,935,400 thousand for KI Plantation and Rp 13,000,000 thousand for KI CPO Mill.

This 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 accounts receivable, inventories, land including palm plantation located in Terbanggi Besar dan Banyuasin, plant, machineries, and personal guarantee from Widarto and Santoso Winata (Notes 23). Trade accounts receivable and inventories used as collaterals represent part of joint collateral (paripassu) with PT Bank Mandiri (Persero) Tbk and syndicated loan which is coordinated by Rabobank.

This investment loan facility was started to be availed of in 2007. As of June 30, 2010, outstanding loans amounted to Rp 132,307,000 thousand for KI principal, and Rp 18,604,270 thousand, for KI IDC.

Syndicated Loan - Rabobank

In relation to the credit facility agreement dated June 29, 2007 between the Company and several creditor banks, which are coordinated by Rabobank, the Company obtained a syndicated loan facility with a maximum amount of US$ 70,000 thousand, which will be due in 5 years since the date of the facility agreement. The syndicated loan is secured by corporate guarantee from BSA, BNIL and BDP; land use right (HGU No. 42 Wiralaga), plantation and fixed assets owned by BLTA which is located in Kecamatan Mesuji, Lampung Province; inventories , and trade accounts receivable. Inventories and trade accounts receivable used as collaterals by the Company represent part of joint collateral (paripassu) with Bank Mandiri and BRI (Note 13).

The installment payment of principal of syndicated loan will start on the 15th 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:

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

Bank Mandiri

The loan facility from Bank Mandiri represent investment loan received by the Company amounting to US$ 5,965 thousand in 2004, which has just been availed of in 2006. This facility was used to finance the power plant project with a total value of investment amounting to US$ 11,450 thousand. This facility has a term of 5.5 years, which will start from the date of the first drawdown without grace period and will mature in the second quarter of 2011.

Interest rates per annum for the investment loans are 7,00% to 9.00% in 2010 and 2009. This credit facility is secured with the power plant project financed which has already been completed in 2009.

Bank CIMB Niaga Tbk

The loan facility from CIMB represents Fixed Installment Loan (PTA) obtained by AKG, a subsidiary, amounting to Rp 8,981,100 thousand or equivalent to US$ 961.20 thousand obtained in 2008. This facility was used to finance the purchase of 12 units of heavy equipment. This facility has a term of 36 months without grace period and will mature on June 6, 2011.

Interest rate per annum for the PTA is 16% (effective). The payment of interest and principal is calculated using the annuity method.This credit facility is secured with the heavy equipment financed and corporate guarantee from the Company.

17. CAPITAL STOCK

As of September 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:

	2010		
Name of Stockholder	Number of Shares	Percentage of Ownership	Total Paid Up Capital (Rp '000)
PT Budi Delta Swakarya	1,238,295,896	29.52%	154,786,987
PT Sungai Budi	1,145,197,198	27.30%	143,149,650
PT Budi Acid Jaya Tbk	29,400,000	0.70%	3,675,000
Widarto - President Director Commissioner	2,104,200	0.05%	263,025
Santoso Winata - President	2,104,200	0.05%	263,025
Public (below 5% each other)	1,777,282,999	42.37%	222,160,375
Total	4,194,384,493	100.00%	524,298,062

	2009		
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)	1,752,961,999	42.04%	219,120,250
Total	4,170,063,493	100.00%	521,257,937

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

18. NET SALES

The details on net sales are as follows:

	2010	2009
	Rp '000	*Rp '000*
Palm and hybrid plantation products and related derivative products	1,208,359,239	1,427,680,944
Pineapple fruits	490,691	2,562,160
Orange fruits	5,558	1,280,456
Total Net Sales	1,208,855,488	1,431,523,559

19. COST OF GOODS SOLD

The details of cost of goods sold are as follows:

	2010	2009
	Rp' 000	*Rp' 000*
Palm and hybrid plantations products and related derivative products	1,032,377,805	1,207,664,436
Pineapple fruits	2,109,821	3,791,681
Orange fruits	77,920	2,285,883
Total Cost of Goods Sold	1,034,565,547	1,213,741,999

20. OPERATING EXPENSES

The details of operating expenses are as follows:

Selling Expenses

	2010 *Rp' 000*	2009 *Rp' 000*
Export Tax	23,359,526	29,080,195
Freight	15,984,559	3,249,848
Other	10,735,990	14,944,533
Total	50,080,075	47,274,576

General And Administrative Expenses

	2010 *Rp '000*	2009 *Rp '000*
Salaries and benefits	21,374,443	19,599,998
Office expenses	3,849,573	2,705,034
Professional fees	1,565,265	929,648
Rent	1,537,221	1,512,114
Taxes and licenses	1,339,767	1,331,065
Travel and transportation	1,193,425	625,055
Representation	947,136	872,241
Insurance	905,457	739,154
Others	14,609,066	17,797,318
Total	47,321,354	46,111,627

21. INCOME TAX

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

	2010 *Rp '000*	2009 *Rp '000*
rrent tax	(11,250,176)	(6,203,419)
ferred tax		
The Company	9,307,696	(8,883,696)
Subsidiaries		
ABM	86,535	(169,628)
BNCW	12,939	(150,691)
AKG	(25,412)	(101,647)
BSA	(33,767)	118,857
BTLA	(112,433)	(920,114)
BDP	(824,571)	(1,827,823)
BNIL	(1,038,880)	(496,362)
Total Deffered Tax	7,372,107	(12,431,105)
al Income Tax	(3,878,069)	(18,634,524)

Current Tax

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

	2010	2009
	Rp'000	*Rp'000*
Current Tax		
Company	-	1,053,551
Subsidiary-BTLA	3,899,514	1,143,001
Subsidiary-BDP	3,691,851	1,742,699
Subsidiary-BNIL	1,877,903	314,563
Subsidiary-ABM	1,780,908	1,949,605
	11,250,176	**6,203,419**
Less Prepaid Tax :		
Article 25	9,701,716	6,033,224
TOTAL	**9,701,716**	**6,033,224**
Taxes Payable :		
Company	-	-
Subsidiaries :		
BTLA	1,354,027	-
BNIL	149,474	-
ABM	44,959	170,195
TOTAL	**1,548,460**	**170,195**

Deferred Tax

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

	2010	2009
	Rp '000	*Rp '000*
Deferred tax assets		
Company	-	-
Subsidiaries		
BNCW	1,827,918	1,466,959
AKG	1,625,466	1,213,827
MMM	29,276	20,796
Total	**3,482,661**	**2,701,581**
Deferred Tax Liabilities :		
Company	34,656,713	33,402,842
Subsidiaries :		
BDP	6,760,247	8,831,663
BTLA	5,825,066	6,239,077
BNIL	2,719,745	3,357,496
ABM	2,018,213	1,769,467
BSA	118,337	60,535
Total	**52,098,322**	**53,661,079**

22. APPROPRIATION FOR GENERAL RESERVE

In the Annual Stockholders' meeting as documented in Notarial Deed No. 18 dated May 25, 2010 of Mrs. Kartuti Suntana Sastraprawira,S.H., notary public in Jakarta, the stockholders' decided to increase the appropriation for general reserve, which as of June 30, 2010, the total appropriation for general reserve amounted to Rp 4,500.000 thousand.

23. 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 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.

24. 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

	2010		2009	
	%	*Rp '000*	*%*	*Rp '000*
Export sales				
CPO	36.20	521,342,924	49.03	791,318,797
Palm Kernel Oil	11.63	167,499,644	9.40	151,659,020
Stearine	9.19	132,407,273	7.08	114,207,806
Soap	0.90	12,984,526	0.59	9,540,091
Crude Coconut Oil	0.70	10,071,328	0.79	12,781,250
Palm Fatty Acid	0.41	5,838,189	1.90	30,668,479
Palm Expeller	1.54	22,152,287	0.48	7,795,271
Total		**872,296,171**		**1,117,970,713**
Local Sales				
Palm Cooking Oil	20.48	295,022,257	17.17	277,163,805
Fresh Fruit Bunches	9.89	142,503,939	6.35	102,528,135
Crude Palm Oil	6.54	94,196,972	4.58	73,871,961
Laundry Soap	1.10	15,823,382	1.17	18,902,786
Palm Kernel	0.83	11,924,456	0.38	6,064,435
Cream Soap	0.39	5,667,051	0.38	6,203,385
Stearin	0.16	2,364,802	0.46	7,440,254
Pineapple	0.03	490,691	0.16	2,562,160
Orange	0.00	5,558	0.08	1,280,456
Total		**567,999,109**		**496,017,377**
Net sales before elimination	100.00	1,440,295,281	100.00	1,613,988,090
Eliminations		(231,439,793)		(182,464,531)
Net sales after eliminations		1,208,855,488		1,431,523,560

Per company

	2010 *Rp '000*	2009 *Rp '000*
The Company	1,208,359,239	1,427,680,944
ABM	106,121,428	79,936,396
BTLA	46,874,508	34,520,861
BDP	45,263,589	42,340,339
BNIL	27,228,557	19,003,279
BSA	3,627,650	3,288,710
BNCW	2,329,619	3,873,196
AKG	490,691	3,344,365
Net sales before eliminations	1,440,295,281	1,613,988,090
Eliminations	(231,439,783)	(182,464,531)
Net sales after eliminations	1,208,855,498	1,431,523,560

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

b. Income from Operations

Per company

	Rp '000	*Rp '000*
The Company	26,187,100	91,892,242
BTLA	18,308,462	10,739,327
BDP	17,894,514	14,245,640
BNIL	11,472,848	3,160,819
ABM	6,129,170	7,853,817
BSA	81,821	(721,847)
MMM	(22,249)	(7,289)
BNCW	(877,325)	(840,985)
AKG	(2,577,164)	(1,926,366)
Total	**76,597,177**	**124,395,358**

25. COMMITMENTS

1. Cooperation Agreements with KUD

1. On March 23, 2007, the Company, entered into cooperation agreements with Koperasi Tunas Mekar Sari jaya, for the development of palm oil plantations (Plasma Estate Projects) in the areas owned by the farmers which are located in Banyuasin, South Sumatera, for a period of thirteen (13) years.

   On May 6, 2008, Koperasi Tunas Mekar Sari Jaya obtained an investment loan from PT Bank Rakyat Indonesia (Persero) Tbk (BRI) for a maximum amount of Rp 171,314,964 thousand. This facility is used to finance the palm plantation with a total area of 4,750 hectares in Banyuasin I and Rambutan Districts, Banyuasin, South Sumatera. The loan facility has a term of thirteen (13) years, including a grace period of four (4) years on principal payments years and will be paid on a quarterly basis. Interest rate per annum is 13.25% and subject to review every April 1 and October 1. The proceeds of the loans were then given to the Company as developer of the project.

The loan is secured by the palm plantation which has been financed and a corporate guarantee from the Company.

2. On September 14, 1996, BNIL, a subsidiary, 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 area owned by the farmers for a period of thirteen (13) years and has been extended for twenty five (25) years.

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

   - ✓ On December 27, 2007, Murni Jaya obtained from Bank Mandiri a maximum credit of Rp 19,417,000 thousand. The facility is used to refinance the palm plantation with a total area of 2,612.43 hectares in Banjar Agung District, Tulang Bawang, Lampung. The loan facility has a term of five (5) years, with quarterly installment starting in 2008 until 2012. Interest rate per annum is 13.5%.

     The loan is secured by the palm plantation which has been refinanced and a corporate guarantee from BNIL.

   - ✓ On November 14, 2007, Mesuji E obtained a credit facility from Bank Mandiri with a maximum loanable amount of Rp 18,562,000 thousand. The facility is used to refinance the palm plantation with a total area of 2,508.5 hectares in Way Serdang District, Tulang Bawang, Lampung. The loan facility has a term of five (5) years, with quarterly installment starting in 2008 until 2012. Interest rate per annum is 13.50%.

     The loan is secured by the palm plantation which has been refinanced and a 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 a total area of approximately 800 hectares. The term of this facility is five (5) years from the date of the signing of Credit Agreement with a grace period of up to the first quarter of 2005, on principal repayment and the facility will mature in September 2009. Interest rate per annum is 14% during the grace period and 16% (including a 2% fee for KUD Mesuji E) after the grace period.

     The loans are secured by, among others, the farmers’ landrights and a corporate guarantee from BNIL.

- ✓ Karya Makmur obtained from Bank Danamon, a maximum loanable amount of Rp 61,558,128 thousand to be availed of in six (6) drawdowns in accordance with the progress of the project and with interest rate of 14% per annum. In November 2008, the loan facility from Bank Danamon has been fully paid.

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

- ✓ On October 28, 2009, Karya Makmur obtained a credit facility from Bank Mandiri with a maximum loanable amount of Rp 51,227,000 thousand. The facility is used to refinance the palm plantation with a total area of 4,022 hectares in Pakuan Ratu District dan Negara Batin District, Way Kanan, Lampung. The loan facility has a term of five (5) years, with quarterly installment starting in 2009 until 2014. Interest rate per annum is 14%.

In relation to these agreements, the Company and BNIL are 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.

2. Cooperation Agreements with PERUMKA

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

Significant terms of the agreement are as follows:

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

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

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

The Building is recorded as part of "Real estate 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.

Since 2004, the Company and the Buyer has entered into a Purchase Contract wherein the Buyer agreed to purchase the Company's CPO. The contract has been extended several times with details as follows:

1. Contract No. P56765 dated October 13, 2009 for sale of CPO with a total contract value of US$ 12,500 thousand, covering the period of May 2010 – September 2010

2. Contract No. P56304 dated September 7, 2009 for sale of CPO with a total contract value of US$ 6,000 thousand, covering the period of May 2010 – July 2010

3. Contract No. P55154 dated May 15, 2009 for sale of CPO with a total contract value of US$ 20,000 thousand, covering the period of July 2009 – April 2010

4. Contract No. P54967 dated April 29, 2009 for sale of CPO with a total contract value of US$ 5,000 thousand, covering the period of September 2009 and February 2010.

5. Contract No. P54425 dated March 27, 2009 for sale of CPO with a total contract value of US$ 5,000 thousand, covering the period of October 2009 and January 2010.

6. Contract No. P49309 dated March 3, 2008 for sale of CPO with a total contract value of US$ 48,000 thousand, covering the period from March 2008 – February 2009.

7. Contract No. P49198 dated February 28, 2008 for sale of RBD Palm Stearin with a total contract value of US$ 33,833 thousand, covering the period from November 2008 – August 2009.

8. Contract No. P40956 dated September 11, 2006 for sale of CPO with a total contract value of US$ 48,000 thousand, covering the period from October 1, 2006 – September 30, 2010.

9. Contract No. 37858 dated August 8, 2006 for sale of CPO, which was an extension of the contract dated November 18, 2005 with a total contract value of US$ 30,000 thousand, covering the period from July 2006 – June 2009.

10. 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 a total contract value of US$ 10,000 thousand, covering the period January 2006 – December 2008.

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.

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. The Company has already received the said rental payment in 2006, however the tanks became ready for use only in 2008 (Note 14).

5. PT CIMB Niaga Tbk (CIMB) (loan from PT Bank Lippo Tbk prior to merger with PT Bank Niaga Tbk in 2008 which changed its name to PT Bank CIMB Niaga Tbk)

The Company obtained loan facilities from CIMB, 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$ 20,000 thousand. The Company is charged with 0.125% commission per transaction based on the amount of LC issued and 1% per annum on the acceptance of LC.

2) Bank Guarantee facility with a maximum limit of Rp 20,000,000 thousand. The Company is charged with 0.75% commission based on the amount of bank guarantee issued.

The LC facilities were used for purchasing coals and fertilizer, meanwhile the bank guarantee facility is used as guarantee for payment of purchases of the fuel from third parties

The non-cash loan facilities from CIMB are secured with personal guarantees of Santoso Winata and Widarto The Company is required to deposit 10% margin for every LCs and bank guarantee issued.

The LC facilities will mature on June 9, 2010, while the bank guarantee will mature on October 9, 2010, both have been extended up to June 9,2011.

6. PT Bank Rakyat Indonesia (Persero)

The Company obtained SBLC facility from BRI amounting to US$ 20,000 thousand. This facility was used to secure the advance payment received from buyers on trading of Crude Palm Oil (CPO), Palm Kernel Oil (PKO), Crude Coconut Oil (CCO) and Stearine (Note 38.c). This facility matured on March 14, 2010, and until the date of this consolidated financial statements, the negotiation for the extension is still in process. The Company is charged with 1% commission per annum based on the amount of the issuance of SLBC.

This SBLC facility is secured with the collaterals which are related to working capital loan facility which was obtained 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.

7. Stock Verification Services Agreement with PT Superintending Company of Indonesia (Persero) (Sucofindo) and Natixis Singapore Branch (Natixis)

On September 25, 2008, in connection with the working capital credit facilities obtained from Natixis, The Company, Natixis and Sucofindo entered into a Stock Verification Services Agreement. Based on the agreement, Sucofindo will verify the inventories stored in the Company’s tanks located at Desa Waylunik, Kecamatan Panjang, Bandarlampung. The inventories are used as collateral on the working capital credit facilities from Natixis (note 13).

In relation with the verification services above, the Company agreed to pay to Sucofindo certain monthly fees including additional services, if any.

8. 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.

9. Land Rental Agreements

In January 1997, the Company and its subsidiaries entered into rental agreements with Widarto and Santoso Winata, for the use of the land in Bandar Lampung, where the Company and its subsidiaries’ factories and offices are located, for 30 years until December 31, 2026. The rental for the use of the land located in Bandar Lampung amounts to Rp 350,000 thousand per year.

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 matured in December 2009 and has been extended up to December 2011, with annual rental charges amounting to Rp 500,000 thousand.

10. 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, 2010 until March 31, 2011.

11. 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 several times with respect to amendment period and selling price

The most recent amendment on the selling price was made on October 31, 2008, wherein it was agreed that the change in the selling price to PT Sungai Budi will be based on the average of PT Sungai Budi's selling price to customers less Rp 200 per kilogram for coconut and palm cooking oil, and its derivative products, and less Rp 100 per kilogram for laundry cream soap, laundry bar soap and bath soap.

On December 30, 2009, an amendment was made to extend the validity of the distributorship agreement until December 31, 2012.

12. 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, 2019. The annual rental is Rp 48,800 thousand.

13. 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.

14. 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.

15. Instrument Derivatives

As of December 31, 2008, the Company has outstanding derivative contracts i.e. Callable Forwards and Target Redemption Forward with certain counterparties (bank) with a total notional amount of US$ 347.000 thousand which will mature variously. The strike prices of these derivative instruments range from Rp 9,500 – Rp 10,177 per US$ 1.

As of June 30, 2010, the outstanding notional amount of derivative contract has been reduced to US$ 117.000 thousand. The Company already settled this transaction with 3 counterparties and now the Company still negotiating with the one counterparties and already in final stage for the amicable settlement of the outstanding derivative transactions as well as determining the fair value of those derivative transactions.

26. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

At June 30, 2010 and 2009, the Company and its subsidiaries had monetary assets and liabilities in US Dollar as follows:

Assets				
Cash and cash equivalents	6,536	59,363,663	2,336	23,889,200
Trade accounts receivable	2,778	25,231,085	798	8,154,552
Total assets	9,315	84,594,748	3,134	32,043,752
Liabilities				
Short-term bank loans	53,438	485,380,493	8,643	88,373,233
current portion of longterm				
bank Loan	20,438	185,638,354	10,646	108,855,350
bank Loan - Power Plant	1,787	16,228,455	1,191	12,180,961
Sales Advanced	25,084	227,835,253	52,210	533,845,909
Long-term bank loans				
bank Loan	9,634	87,501,975	50,292	514,235,700
bank Loan - Power Plant	-	-	1,787	18,268,849
others	8,279	75,200,000	-	-
Total liabilities	118,660	1,077,784,529	124,769	1,275,760,002
Net Liabilities	**109,346**	**993,189,782**	**121,635**	**1,243,716,250**

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

	2010	2009
	Rp	Rp
Foreign Currency		
US$ 1	9,083	10,225