

**PT BUDI ACID JAYA Tbk
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008
A N D
INDEPENDENT AUDITOR'S REPORT**

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
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PT. BUDI ACID JAYA Tbk

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**DIRECTORS' STATEMENT
ON
THE RESPONSIBILITY FOR THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009
PT BUDI ACID JAYA Tbk AND SUBSIDIARIES**

Name : Santoso Winata
Office Address : Wisma Budi Lt. 8-9
Jl. HR Rasuna Said Kav. C-6
Jakarta 12940
Residential Address/ in accordance with Identity Card : Jl. Phuit Timur Raya No.25
Jakarta Utara
Telephone Number : 021 - 5213383
Title : President Director

declare that :

1. We are responsible for the preparation and presentation of the Consolidated Financial Statements for the year ended December 31, 2009.
2. The Consolidated Financial Statements have been prepared and presented in accordance with generally accepted accounting principles.
3. a. All information has been fully and correctly disclosed in the Consolidated Financial Statements, and
b. The Consolidated Financial Statements do not contain materially misleading information or facts, and do not conceal any information or facts.
4. We are responsible for the Company's and Subsidiaries' internal control system.

This statement has been made truthfully.

Jakarta, March 23, 2010



Santoso Winata
President Director



INDEPENDENT AUDITOR'S REPORT

Report No. 10234-B2A/JMA6.FH3

The Commissioners and Directors
PT BUDI ACID JAYA Tbk

We have audited the accompanying Consolidated Balance Sheets of **PT Budi Acid Jaya Tbk and Subsidiaries** as of December 31, 2009 and 2008, and the related Consolidated Statements of Income, Consolidated Statements of Changes in Stockholders' Equity and Consolidated Statements of Cash Flows for the years then ended. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits. The Financial Statements of Subsidiary, PT Associated British Budi, for the year ended December 31, 2009 were audited by other Independent Auditors whose report expressed an unqualified opinion, which statements reflect total assets amounting to 13.57 % of the total consolidated assets and a net income amounting to Rp 11.40 billion. The Financial Statements of Subsidiaries, PT Budi Starch International, PT Budi Sakura Starch and Budi Acid Jaya Pte. Ltd. for the year ended December 31, 2009 were audited by other Independent Auditors whose reports expressed an unqualified opinion on those statements with an explanatory paragraph related to the going concern matters of the Subsidiaries, which statements reflect total assets amounting to 0.26 %, 1.88 % and 0.80 %, respectively, of the total consolidated assets and a net income (loss) amounting to Rp 1.34 billion, Rp (1.58 billion) and Rp (3.82 billion), respectively. The Financial Statements of Subsidiary, PT Ve Wong Budi Indonesia, for the year ended December 31, 2009 were audited by other Independent Auditors whose report expressed a disclaimer opinion related to regarding the Subsidiary's contingency, which statements reflect total assets amounting to 5.50 % of the total consolidated assets and a net income amounting to Rp 7.45 billion. The Financial Statements of such Subsidiaries have been furnished to us and our opinion, insofar as it relates to the amounts included for such Subsidiaries, is based solely on the reports of the other Independent Auditors.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Consolidated Financial Statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.



JOHAN MALONDA ASTIKA & REKAN
PT BUDI ACID JAYA Tbk AND SUBSIDIARIES

In our opinion, based on our audits and the reports of the other Independent Auditors, the Consolidated Financial Statements referred to above present fairly, in all material respects, the Financial Position of **PT Budi Acid Jaya Tbk and Subsidiaries** as of December 31, 2009 and 2008, and the Results of their Operations, Changes in their Stockholders' Equity and their Cash Flows for the years then ended, in conformity with generally accepted accounting principles applied in Indonesia.

JOHAN MALONDA ASTIKA & REKAN
Licence No. KEP-426/KM.6/2004

H. Fuad Hasan, Ak.
Public Accountant Licence No. 04.1.0925

March 23, 2010

Notice to Readers

The accompanying Consolidated Financial Statements are not intended to present the Financial Position, Results of Operations, Changes in Stockholders' Equity and Cash Flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices utilized to audit such Consolidated Financial Statements may differ from those generally accepted in countries and jurisdictions other than Indonesia. Accordingly, the accompanying Consolidated Financial Statements and the auditor's report thereon are not intended for use by those who are not informed about the Indonesian accounting principles and auditing standards and their application in practice.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2009 AND 2008
(Expressed in Millions of Rupiah, unless Otherwise Stated)

A S S E T S

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
CURRENT ASSETS			
Cash and Cash Equivalents	2c,2p&3	57,829	143,395
Time Deposits	2g,2p,4&29	2,424	5,656
Trade Receivables	2d,5,11&15		
- Related Parties	2r & 27	122,211	97,333
- Third Parties		84,810	67,170
Other Receivables	2d	541	874
Inventories - Net	2e,6,11&15	165,289	239,894
Deferred Crop Expenditure	2f	16,489	11,015
Prepaid Taxes	7	13,972	13,098
P r e p a y m e n t s	8	72,873	134,594
Total Current Assets		<u>536,438</u>	<u>713,029</u>
NON CURRENT ASSETS			
Investments in Shares of Stock	2h,9&27	2,100	2,100
Property, Plant and Equipment - Net of Accumulated Depreciation of 722,511 as of December 31, 2009 and 647,853 as of December 31, 2008	2i,2j,10,11&15	1,054,857	971,180
Claims for Tax Refund		2,751	1,876
Deferred Tax Assets - Net	2n & 26	552	7,042
Deferred Charges - Net	2k	1,543	2,680
Security Deposits	2p	210	346
Goodwill - Net	1c & 2b	373	497
Total Non Current Assets		<u>1,062,386</u>	<u>985,721</u>
TOTAL ASSETS		<u><u>1,598,824</u></u>	<u><u>1,698,750</u></u>

See accompanying Notes to Consolidated Financial Statements
which are an integral part of these Consolidated Financial Statements

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
AS OF DECEMBER 31, 2009 AND 2008
(Expressed in Millions of Rupiah, unless Otherwise Stated)

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES			
Short-Term Loans	2p & 11	214,329	171,096
Trade Payables	2p & 12		
- Related Parties	2r & 27	59,130	22,912
- Third Parties		27,785	44,374
Taxes Payable	13	37,681	21,643
Other Payables		9,680	14,489
Income Prepayments	2p & 14	385	12,889
Accrued Expenses	2p	15,375	10,333
Due to Related Party	2p,2r,16&27	44,235	51,529
Current Maturities of Long-Term Loans	2p & 15	105,468	331,452
Total Current Liabilities		<u>514,068</u>	<u>680,717</u>
NON CURRENT LIABILITIES			
Long-Term Loans - Net of Current Maturities	2p & 15	174,082	254,549
Income Prepayments	2p & 14	40,900	36,563
Defined Benefits - Post-Employment Liabilities	2l & 17	15,130	12,884
Deferred Tax Liabilities - Net	2n & 26	71,452	65,346
Total Non Current Liabilities		<u>301,564</u>	<u>369,342</u>
GOODWILL - NET	1c & 2b	<u>569</u>	<u>600</u>
MINORITY INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES	2b & 18	<u>38,583</u>	<u>29,241</u>
STOCKHOLDERS' EQUITY			
Capital Stock - 125 (full amount) par value per share			
Authorized - 4,200,000,000 shares			
Subscribed and Fully Paid - 3,756,771,333 shares			
in 2009 and 3,754,944,833 shares in 2008	1b & 19	469,596	469,368
Additional Paid-in Capital	20	96,486	96,486
Treasury Stock - 59,066,000 shares in 2009			
and 57,566,000 shares in 2008	1b	(13,547)	(13,345)
Differences in Restructuring Transactions with Entity			
under Common Control	2b	7,393	7,393
Differences Resulting from Equity Transactions of Subsidiary	1c	13,726	13,726
Foreign Exchange Differences due to Translation Adjustment	2p	222	(713)
Retained Earnings			
- Appropriated	21	5,000	4,500
- Unappropriated		165,164	41,435
Total Stockholders' Equity		<u>744,040</u>	<u>618,850</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u><u>1,598,824</u></u>	<u><u>1,698,750</u></u>

See accompanying Notes to Consolidated Financial Statements
which are an integral part of these Consolidated Financial Statements

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Expressed in Millions of Rupiah, unless Otherwise Stated)

	<u>Notes</u>	<u>2 0 0 9</u>	<u>2 0 0 8</u>
NET SALES	2m,2q,2r,22,27&30	1,782,132	1,551,987
COST OF GOODS SOLD	2e,2m,2r,23&27	<u>(1,520,875)</u>	<u>(1,331,548)</u>
GROSS PROFIT		<u>261,257</u>	<u>220,439</u>
OPERATING EXPENSES	2m,2r,24&27		
Selling		(46,019)	(33,147)
General and Administrative		<u>(61,362)</u>	<u>(51,797)</u>
Total Operating Expenses		<u>(107,381)</u>	<u>(84,944)</u>
INCOME FROM OPERATIONS		<u>153,876</u>	<u>135,495</u>
OTHER INCOME (CHARGES)	2m		
Gain (Loss) on Foreign Exchange - Net		73,434	(49,412)
Financing Cost - Net	2r & 25	(53,429)	(51,299)
Others - Net		<u>4,536</u>	<u>782</u>
Total Other Income (Charges) - Net		<u>24,541</u>	<u>(99,929)</u>
INCOME BEFORE INCOME TAX		<u>178,417</u>	<u>35,566</u>
INCOME TAX EXPENSE	2n & 26		
Current		(10,064)	-
Deferred		<u>(12,596)</u>	<u>(11,046)</u>
Total Income Tax Expense - Net		<u>(22,660)</u>	<u>(11,046)</u>
INCOME BEFORE MINORITY INTEREST IN NET LOSS (INCOME) OF CONSOLIDATED SUBSIDIARIES		155,757	24,520
MINORITY INTEREST IN NET LOSS (INCOME) OF CONSOLIDATED SUBSIDIARIES	2b & 18	<u>(9,342)</u>	<u>8,461</u>
NET INCOME		<u>146,415</u>	<u>32,981</u>
EARNINGS PER SHARE (Full Amount)		<u>39</u>	<u>9</u>
DILUTED EARNINGS PER SHARE (Full Amount)		<u>36</u>	<u>8</u>

See accompanying Notes to Consolidated Financial Statements
which are an integral part of these Consolidated Financial Statements

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Expressed in Millions of Rupiah, unless Otherwise Stated)

	Notes	Capital Stock	Additional Paid-in Capital	Treasury Stock	Differences in Restructuring Transactions with Entity under Common Control	Differences Resulting from Equity Transactions of Subsidiary	Foreign Exchange Differences due to Translation Adjustment	Retained Earnings		Total
								Appropriated	Unappropriated	
BALANCE AS OF DECEMBER 31, 2007		461,812	96,486	-	7,393	13,726	86	4,000	42,459	625,962
CASH DIVIDEND	21	-	-	-	-	-	-	-	(33,505)	(33,505)
APPROPRIATED INCOME	21	-	-	-	-	-	-	500	(500)	-
FOREIGN EXCHANGE DIFFERENCES DUE TO TRANSLATION ADJUSTMENT	2p	-	-	-	-	-	(799)	-	-	(799)
EXERCISE OF WARRANT SERIES I	1b	7,556	-	-	-	-	-	-	-	7,556
SHARE BUY-BACK	1b	-	-	(13,345)	-	-	-	-	-	(13,345)
NET INCOME IN 2008		-	-	-	-	-	-	-	32,981	32,981
BALANCE AS OF DECEMBER 31, 2008		469,368	96,486	(13,345)	7,393	13,726	(713)	4,500	41,435	618,850
CASH DIVIDEND	21	-	-	-	-	-	-	-	(22,186)	(22,186)
APPROPRIATED INCOME	21	-	-	-	-	-	-	500	(500)	-
FOREIGN EXCHANGE DIFFERENCES DUE TO TRANSLATION ADJUSTMENT	2p	-	-	-	-	-	935	-	-	935
EXERCISE OF WARRANT SERIES I	1b	228	-	-	-	-	-	-	-	228
SHARE BUY-BACK	1b	-	-	(202)	-	-	-	-	-	(202)
NET INCOME IN 2009		-	-	-	-	-	-	-	146,415	146,415
BALANCE AS OF DECEMBER 31, 2009		469,596	96,486	(13,547)	7,393	13,726	222	5,000	165,164	744,040

See accompanying Notes to Consolidated Financial Statements
which are an integral part of these Consolidated Financial Statements

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Expressed in Millions of Rupiah, unless Otherwise Stated)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Customers	1,908,088	1,798,374
Cash Payments to Suppliers and for Operating Expenses	<u>(1,602,665)</u>	<u>(1,641,635)</u>
Cash Provided by Operating Activities	305,423	156,739
Receipts from (Payments for) :		
Financing Cost	(61,177)	(59,959)
Income Taxes	(3,949)	(16,788)
Claims for Tax Refund	<u>(875)</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>239,422</u>	<u>79,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property, Plant and Equipment	2,838	-
Acquisitions of Property, Plant and Equipment	(101,396)	(213,011)
Time Deposits	<u>3,232</u>	<u>17,995</u>
Net Cash Used in Investing Activities	<u>(95,326)</u>	<u>(195,016)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from (Payments for) :		
Short-Term Loans	50,868	114,833
Long-Term Loans	(258,370)	28,933
Exercise of Warrant Series I	228	7,556
Share Buy-Back	(202)	(13,345)
Cash Dividend	<u>(22,186)</u>	<u>(33,505)</u>
Net Cash Provided by (Used in) Financing Activities	<u>(229,662)</u>	<u>104,472</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(85,566)	(10,552)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>143,395</u>	<u>153,947</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>57,829</u></u>	<u><u>143,395</u></u>
NON CASH OPERATING, INVESTING AND FINANCING ACTIVITIES		
Reclassification of Construction in Progress to Property, Plant and Equipment from Direct Acquisitions	283,845	27,893
Capitalization of Interest Expense and Foreign Exchange Difference to Property, Plant and Equipment	4,863	35,533

See accompanying Notes to Consolidated Financial Statements
which are an integral part of these Consolidated Financial Statements

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Millions of Rupiah, unless Otherwise Stated)

1. GENERAL

a. Company Establishment

PT Budi Acid Jaya Tbk (the Company), formerly PT North Aspac Chemical Industrial Company, was established based on Notarial Deed No. 15 of Public Notary Henk Limanow, SH, dated January 15, 1979. The Deed of Establishment was approved by the Minister of Justice of the Republic of Indonesia in Decision Letter No. Y.A.5/279/11 dated September 12, 1979 and published in State Gazette of the Republic of Indonesia No. 12 dated February 8, 1980, Supplement No. 67. The Company's Articles of Association have been amended several times, most recently by Notarial Deed No. 04 dated January 9, 2009 of Public Notary Mrs. Kartuti Suntana S., SH, concerning the change of all its Articles of Association to comply with Law No. 40 of 2007 regarding Limited Liability Companies. The Amendment of the Establishment Deed was approved by the Ministry of Law and Human Rights of the Republic Indonesia in Decision Letter No. AHU-06226.AH.01.02.Year 2009 dated March 5, 2009.

Based on Article 3 of the Company's Articles of Association, the Company's scope of activities mainly comprises manufacturing of chemicals and food products, including derivative products produced from cassava, sweet potatoes, coconut palm, copra and other agricultural products and other industries particularly plastic industry. At present, the Company is engaged in the manufacture and sale of tapioca starch, glucose and fructose, citric acid, plastic packaging, sulfuric acid and other chemicals.

The Company's main office is in Wisma Budi 8-9th floors, at H.R. Rasuna Said Street Kav. C-6, Jakarta. Its factories are in Subang, Lampung, Jambi and Surabaya. The Company commenced commercial operations in January 1981. The Company's products are sold to local markets at the percentage of 96 % and exported to several countries in Europe and Asia with market distribution at percentage of 4 %. In 2009, the Company and Subsidiaries' commercial production capacities for glucose and fructose, tapioca starch, plastic packaging, citric acid and modified tapioca starch reached 82 %, 63 %, 51 %, 35 % and 12 % respectively, of the Company and Subsidiaries total capacities.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

1. GENERAL (Continued)

b. Company's Public Offering

The following are the Company's capital stock transactions since its public offering until 2009 :

<u>Year</u>	<u>Descriptions</u>	<u>Total Outstanding Shares After the Transaction</u>
1995	Initial public offering totaling 30,000,000 shares with nominal value of Rp 500 (full amount) per share	100,000,000
1996	Capitalization of additional paid-in capital amounting to Rp 50 billion to capital stock by issuing one (1) new share for every one (1) outstanding	200,000,000
1997	Capitalization of additional paid-in capital amounting to Rp 25 billion to capital stock by issuing one (1) new share for every four (4) outstanding	250,000,000
1998	Issuance of 12,500,000 new shares without offering pre-emptive rights to the stockholders	262,500,000
1999	Change in par value per share from Rp 500 (full amount) to Rp 125 (full amount)	1,050,000,000
2004	Issuance of 181,500,000 new shares without offering pre-emptive rights to the stockholders	1,231,500,000
2007	Issuance of 2,463,000,000 new shares with warrant series I by offering pre-emptive rights to the stockholders (Limited Public Offering I)	3,694,500,000
2008	Exercise of 60,444,833 shares warrant series I	3,754,944,833
2009	Exercise of 1,826,500 shares warrant series I	3,756,771,333

On March 31, 1995, the Company obtained the effective statement from the Capital Market Supervisory Agency (BAPEPAM) to offer its 30,000,000 shares of stock with par value of Rp 500 (full amount) per share to the public through the Jakarta Stock Exchange (BEJ) at the offering price of Rp 3,000 (full amount) per share. As of May 8, 1995, the Company listed all of its issued shares in BEJ.

On June 26, 2007, the Company obtained the effective statement from BAPEPAM and LK for Limited Public Offering I with pre-emptive rights to the Stockholders of 2,463,000,000 shares with a nominal value of Rp 125 (full amount) per share through BEJ at the offering price of Rp 150 (full amount) per share with inherent Warrant Series I of 410,500,000 shares with a nominal value of Rp 125 (full amount) per share at the offering price of Rp 125 (full amount) per share which can be exercised starting from January 11, 2008 until July 10, 2012 in which one (1) Warrant Series I has the rights to buy one (1) new share at the exercise price.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

1. GENERAL (Continued)

b. Company's Public Offering (Continued)

On June 19, 2008, the Company's stockholders approved to repurchase the shares which have been issued by the Company (Buy-Back) and which have been registered in the Indonesian Stock Exchange (BAPEPAM and LK Regulation No. XI.B.2) at the maximum of 5 % of the total subscribed and fully-paid capital. On December 31, 2008, the total buy-back shares amounted to 30,315,000 shares with the buy-back price of Rp 9.343 billion and it is recorded as "Treasury Stock" and presented as part of the Stockholders' Equity.

Based on BAPEPAM and LK Regulation No. XI.B.3 regarding Repurchases of Shares of Public Companies in the Potentially Market Crisis Condition, the Company's management decided to repurchase the shares issued by the Company at the maximum of 19 % from the total shares conducted from October 20, 2008 until January 19, 2009. Until January 19, 2009, the total buy-back shares amounted to 28,751,000 shares with the buy-back price of Rp 4.204 billion recorded as "Treasury Stock" and presented as part of the Stockholders' Equity.

The Treasury Stock is recorded using the Cost method, that is the repurchase cost, and is presented as deduction to the total capital.

As of December 31, 2009, the Company's outstanding shares amounted to 3,756,771,333 shares with a market price of Rp 220 (full amount) per share.

c. Structure of the Company and Subsidiaries

The Consolidated Financial Statements include the accounts of the Company and Subsidiaries with ownership interest of more than 50 % as follows :

Company	Domicile	Principal Activity	Incorporated in	Start of Commercial Operations	Percentage of Direct Ownership	Total Assets (In Billions of Rupiah)	
						2009	2008
PT Indo Bangna Prima (IBP)	Jakarta	Holding Company	1991	1991	94.50 %	-	-
PT Budi Starch Internasional (BSI)	Lampung	Modified Tapioca Starch Manufacturing	1992	1994	99.93 % ¹⁾	4.1	4.2
PT Budi Lumbang Ciptatani (BLCT)	Jakarta	Tapioca Manufacturing	1995	1996	99.98 %	10.9	10.2
PT Ve Wong Budi Indonesia (VWBI)	Lampung	Monosodium Glutamate Manufacturing	1996	1998	51.00 % ²⁾	87.9	94.7
PT Budi Sakura Starch (BSS)	Jakarta	Modified Tapioca Starch Manufacturing	1997	1999	99.97 % ³⁾	30.0	29.4
PT Associated British Budi (ABB)	Jakarta	Glucose and Fructose Manufacturing	1996	2005	50.10 % ⁴⁾	217.0	209.6
Budi Acid Jaya Singapore Pte. Ltd. (BAJS)	Singapore	Trading	2007	2007	100.00 %	12.8	126.6

¹⁾ In December 2007, the Company acquired BSI's 999 shares of series A and 499 shares of series B from Ciba Specialty Chemicals Oy, Finland. Therefore, the Company's ownership in BSI increased from 50 % to 99.93 %. The transfer price including transferred receivables amounted to USD 74,900 equivalent to Rp 705 million, whereas the part of equity value of Subsidiary at the time of transfer amounted to Rp (4.626) billion and the transferred receivables amounted to USD 500,000 equivalent to Rp 4.709 billion. The difference between the transfer price and part of equity value of Subsidiary amounting to Rp 622 million was recorded as "Goodwill" and presented in the Consolidated Balance Sheet.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

1. GENERAL (Continued)

c. Structure of the Company and Subsidiaries (Continued)

- 2) In 2005, VWBI revalued its buildings and infrastructure on December 31, 2004 in accordance with Decree of the Minister of Finance of the Republic of Indonesia No. 486/KMK.03/2002. The revaluation was made by PT Kusuma Real Sakti as the independent appraiser using the Cost method. On August 5, 2005, VWBI obtained the approval from the Director General of Taxes in Decision Letter No. KEP-776/WPJ.07/BD.04/2005. The total Revaluation Increment in Property, Plant and Equipment of VWBI amounted to Rp 7.169 billion, and 51 % of it was owned by the Company amounting to Rp 3.656 billion, recorded as "Differences Resulting from Equity Transactions of Subsidiary" and presented as part of the Stockholders' Equity.
- 3) In December 2007, the Company acquired BSS's 489 shares from Ciba Specialty Chemicals Oy, Finland. Therefore, the Company's ownership in BSS increased from 86 % to 99.97 %. The transfer price amounted to USD 124,745 equivalent to Rp 1.173 billion, whereas the part of equity value of Subsidiary at the time of transfer amounted to Rp 1.805 billion. The difference between the transfer price and part of equity value of Subsidiary amounting to Rp 632 million was recorded as "Goodwill" and presented in the Consolidated Balance Sheet.
- 4) In 2006, ABB revalued its machinery and equipment on June 30, 2005 in accordance with Decree of the Minister of Finance of the Republic of Indonesia No. 486/KMK.03/2002. The revaluation was made by PT Kusuma Real Sakti as the independent appraiser using the Cost method. On January 25, 2006, ABB obtained the approval from the Director General of Taxes in Decision Letter No. KEP-127/WPJ.07/BD.04/2006. The total Revaluation Increment in Property, Plant and Equipment of ABB amounted to Rp 20.1 billion and 50.10 % of it was owned by the Company amounting to Rp 10.07 billion, recorded as "Differences Resulting from Equity Transactions of Subsidiary" and presented as part of the Stockholders' Equity.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

1. GENERAL (Continued)

d. Commissioners, Directors and Employees

Based on Minutes of Meeting dated January 9, 2009 as covered by Notarial Deed No. 04 of Public Notary Mrs. Kartuti Suntana S., SH, the Company's Commissioners and Directors are as follows :

President Commissioner	:	W i d a r t o
C o m m i s s i o n e r s	:	Djunaidi Nur
	:	Oey Alfred
Independent Commissioners	:	Victor Fungkong
	:	Daniel Kandinata
President Director	:	Santoso Winata
Vice President Director	:	Sudarmo Tasmin
D i r e c t o r s	:	S u g a n d h i
		Winoto Prajitno
		Tan Anthony Sudirdjo
		Oey Albert

As of December 31, 2009 and 2008, the Company and Subsidiaries had 3,601 and 3,716 employees, respectively.

The salaries and other benefits paid to the Commissioners and Directors of the Company and Subsidiaries amounted to approximately Rp 15.79 billion in 2009 and Rp 15.77 billion in 2008, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying Consolidated Financial Statements have been prepared using accounting principles and reporting practices generally applied in Indonesia, consisting of Financial Accounting Standards, Regulations from the Capital Market Supervisory Agency and Financial Institution (BAPEPAM and LK) and Guidelines for Preparing Financial Statements from BAPEPAM and LK for manufacturing companies whose shares are offered to the public.

The measurement basis used in the accompanying Consolidated Financial Statements (expressed in millions of Rupiah, unless otherwise stated) is the Historical Cost concept, except for certain accounts which are measured on the bases described in the related Notes to Consolidated Financial Statements. The accompanying Consolidated Financial Statements, except for the Consolidated Statements of Cash Flows, are prepared using the Accrual basis.

The Consolidated Statements of Cash Flows are prepared using the Direct method by classifying the cash flows into operating, investing and financing activities.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Measurement and Preparation of the Consolidated Financial Statements (Continued)

The preparation of Consolidated Financial Statements in conformity with accounting principles generally accepted in Indonesia requires the use of estimates and assumptions that affect :

- The reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Consolidated Financial Statements;
- The reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on management's best knowledge of current events and activities, actual results may differ from those estimates.

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

b. Principles of Consolidation

All Subsidiaries must be consolidated. All subsidiaries in which the Group has an interest of ownership of more than half of the voting rights or otherwise has the power to govern the financial and operating policies are consolidated.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The Company acquired the Subsidiaries shares since their establishment, therefore, there is no difference between the cost and equity of Subsidiaries, except for the interest ownership in BSI and BSS which caused a Goodwill and Differences in Restructuring Transactions with Entity under Common Control. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless cost cannot be recovered.

The accounting policies adopted in preparing the Consolidated Financial Statements have been consistently applied by the Subsidiaries, unless otherwise stated.

c. Cash Equivalents

Cash equivalents include investments with maturities of three months or less since the date of placement and not used as collateral.

d. Accounts Receivable

Accounts receivable of the Company and Subsidiaries are recorded net of allowance for doubtful accounts, based on a review of the collectibility of outstanding amounts.

Accounts receivable are written off as bad debts during the period in which they are determined to be non-collectible.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the Weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling expense.

The allowance for inventory obsolescence is determined based on the estimated use or sale, of each inventory in the future.

f. Deferred Crop Expenditures

Costs for cultivation and field maintenance of cassava (costs of seedlings, fertilizers, extinguishers of plant diseases, etc) are deferred and charged to operations when the crops are harvested in approximately 9 months after cultivation.

g. Time Deposits

Time deposits represent the deposits used as collateral.

h. Investments in Shares of Stock

Investments in which the Company has an ownership interest of less than 20 % are stated at cost, while those with an ownership interest of 20 % up to 50 % are accounted for under the Equity method whereby the cost of investment is increased or decreased by the Company's share in the net income or loss of the investees based on the percentage of share ownership. The use of such method ceases if the equity in net loss of an associated company exceeds the carrying value of investment in shares.

The carrying amount of the investments is written down to recognize a permanent decline in the value of investments charged directly to the current Consolidated Statements of Income.

i. Property, Plant and Equipment

- 1) Property, Plant, and Equipment are recorded using the Cost model.
- 2) Property, plant and equipment, except for certain revalued assets, are stated at cost less accumulated depreciation.
- 3) Cost consists of significant expenses for repairs, replacement, renovation and improvement of assets including capitalization on certain loss on foreign exchange from obligations arising from the acquisition of certain property, plant and equipment and other expenses incurred on certain loans.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Property, Plant and Equipment (Continued)

- 4) Effective January 1, 2002, certain Subsidiaries changed their estimated useful lives of machinery and equipment. The management of Subsidiaries believes that the new estimated useful lives reflect the economic lives of the machinery and equipment.

Depreciation is calculated using the Straight-line method as follows :

<u>Fixed Assets</u>	<u>Useful Life (Years)</u>
Buildings and Infrastructure	5 - 20
Machinery and Equipment	10 - 20
Transportation and Heavy Equipment	5
Office Furniture, Fixtures and Equipment	5

Land is stated at cost and not depreciated.

The cost of ordinary maintenance and repairs is charged to the Consolidated Statement of Income as incurred. Significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, their carrying values are removed from the accounts and any resulting gain or loss is reflected in operations for the year.

- 5) Construction in Progress

Construction in progress is stated at cost. The accumulated costs of assets will be reclassified to the appropriate property, plant and equipment account when the construction is substantially completed and the asset is ready for its intended use.

- 6) In accordance with Statement of Financial Accounting Standards (SFAS) No. 16 (2007 Revision) regarding Fixed Assets, the companies using the cost method in their accounting policy in determining their assets before the implementation of this SFAS and having revalued their assets and still recording the revaluation increment on fixed assets should reclassify all the revaluation increment on fixed assets to retained earnings (deficit) account at the beginning implementation of this SFAS. The Subsidiaries implementing this SFAS in 2008 are VWBI and ABB.

j. Impairment of Asset Value

The Company and Subsidiaries recognize loss in decrease of asset value when the recoverable amount of such asset is lower than its carrying value. At Balance Sheet dates, the Company and Subsidiaries determine whether there is any indication in recovery of decrease in asset value. Recovery of decrease in asset value is recognized as income in the current year.

k. Deferred Charges

Deferred charges consist of cost of provisions and other deferred charges. Deferred charges are amortized over their useful period using the Straight-line method.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Employment Benefits

The Company and Subsidiaries do not have the pension schemes in accordance with the Company's and Subsidiaries' policy.

The liability recognized in the Balance Sheets in respect to the defined benefit pension plans is the present value of the defined obligation at the Balance Sheet dates, adjusted with the unrecognized actuarial gains or losses and past service cost. The defined benefit obligation is calculated by independent actuaries using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses may occur due to adjustments and changes in actuarial assumptions. Should the actuarial gains or losses exceed 10 % of defined benefits, the excess is charged or credited to income or expenses over the average remaining service lives of the related employees.

m. Revenue and Expense Recognition

Revenue from local sales is recognized upon delivery of the goods to customers while revenue from export sales is recognized upon shipment of the goods to customers at the f.o.b. shipping point.

Expenses are recognized as incurred.

n. Income Tax

Current tax expenses are determined based on the taxable income for the period computed using the prevailing tax rates.

The Company and Subsidiaries apply the Deferred Tax method in calculating their Income Tax. Deferred Income Tax is applied to reflect the tax influence on timing differences between commercial and tax reporting.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at Balance Sheet dates. Changes in the carrying amount of deferred tax assets and liabilities due to changes in tax rates are charged to current year operations, except to the extent that it relates to items previously charged or credited to equity.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Earnings (Loss) Per Share

Net earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted-average number of shares outstanding during the year. The weighted-average number of shares outstanding is as follows :

<u>Descriptions</u>	<u>Rp</u>	<u>Number of Shares</u> Shares	<u>Periods</u>	<u>Amount</u> Shares
Year 2009				
Beginning Deposit	469,368	3,754,944,833	12 months	45,059,337,996
- August - December	127	1,020,500	5 months	5,102,500
- September - December	100	801,000	4 months	3,204,000
- October - December	1	5,000	3 months	15,000
T o t a l	<u>469,596</u>	<u>3,756,771,333</u>		<u>45,067,659,496</u>
Total Weighted-Average Number of Shares issued for 12 months to Earnings Per Share				3,755,638,291
Effect of Potential Common Stock Diluted Warrants				<u>349,361,709</u>
Total Weighted-Average Number of Common Stock for Diluted Earnings Per Share				<u>4,105,000,000</u>
Year 2008				
Beginning Deposit	461,812	3,694,500,000	12 months	44,334,000,000
- January - December	101	810,000	12 months	9,720,000
- February - December	17	133,000	11 months	1,463,000
- March - December	137	1,093,000	10 months	10,930,000
- April - December	46	367,500	9 months	3,307,500
- May - December	188	1,506,500	8 months	12,052,000
- June - December	981	7,848,000	7 months	54,936,000
- July - December	258	2,066,000	6 months	12,396,000
- August - December	5,556	44,446,833	5 months	222,234,165
- September - December	272	2,174,000	4 months	8,696,000
T o t a l	<u>469,368</u>	<u>3,754,944,833</u>		<u>44,669,734,665</u>
Total Weighted-Average Number of Shares issued for 12 months to Earnings Per Share				3,722,477,889
Effect of Potential Common Stock Diluted Warrants				<u>382,522,111</u>
Total Weighted-Average Number of Common Stock for Diluted Earnings Per Share				<u>4,105,000,000</u>

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Earnings (Loss) Per Share (Continued)

Net earnings per share is computed by dividing the remaining net earnings by the total average outstanding common stock in one period.

For the calculation of net diluted earnings per share, the remaining net earnings and total average outstanding common stock should be adjusted by considering the effects of all dilutive potential common stock.

Potential common stock are considered dilutive if upon their conversion to common stock will reduce the net earnings per share from the the continuing normal operations.

If the total common stocks or potential common stocks increase with the issuance of bonus shares, dividends, stock split or decrease due to stock combination, the calculation of net and diluted earnings per share for the whole period is adjusted retrospectively.

p. Foreign Currency Transactions, Balances and Translation of Financial Statements

The books of the Company and Subsidiaries, except for BAJIS, are recorded in Rupiah amounts. Transactions during the year involving foreign currencies are recorded based on the rates of exchange prevailing at the time the transactions are made. Foreign exchange difference incurred due to such translation is reflected in the Consolidated Statements of Income for the current year.

The Financial Statements of BAJIS, a Subsidiary domiciled in Singapore, was recorded in SGD amounts. For the Consolidated Financial Statements purposes, BAJIS's assets and liabilities at Balance Sheet date was converted into Rupiah using the Bank Indonesia middle rates of exchange prevailing at such dates, whereas the revenues and expenses were converted using average rates of exchange prevailing at such dates. Gain or loss on foreign exchange was recorded as "Foreign Exchange Differences due to Translation Adjustment" and presented as part of Stockholders' Equity in the Consolidated Balance Sheet.

The middle rates of exchange used based on the average of Bank Indonesia's sale and purchase rates as of December 31 are as follows :

	Full Amount	
	2009	2008
1 US Dollar	9,400	10,950
1 Singapore Dollar	6,699	7,607
100 Japanese Yen	10,171	12,123
1 Euro	13,510	15,433

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Segment Information

Effective January 1, 2002, the Company and Subsidiaries adopted the revised Statement of Financial Accounting Standards (SFAS) No. 5 "Segment Reporting" as issued by the Indonesian Institute of Accountants. Based on this revised SFAS, the Company and Subsidiaries classify segment reporting as follows :

- (i) Business segment (primary) which is presented based on the nature of its products manufactured. The products are tapioca starch, glucose and fructose, citric acid and other chemicals, plastic packaging, monosodium glutamate and modified tapioca starch.
- (ii) Geographical segment (secondary) which is presented based on locations of production facility, which are in Lampung, Solo, Jambi, Subang, Surabaya and Karawang.

r. Transactions with Related Parties

The Company and Subsidiaries have transactions with entities which are regarded as having special relationships as defined under Statement of Financial Accounting Standards No. 7, "Related Party Disclosures".

Related parties are defined as follows :

- (i) enterprises that, through one or more intermediaries, control or are controlled by, or are under common control with, the reporting enterprise (including holding companies, subsidiaries and fellow subsidiaries);
- (ii) associated companies;
- (iii) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individuals (close members of a family are defined as those members who are able to exercise influence or can be influenced by such individuals, in conjunction with their transactions with the reporting enterprise);
- (iv) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise, including commissioners, directors and managers of the enterprise and close members of the families of such individuals; and
- (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv) or over which such a person is able to exercise significant influence. This definition includes enterprises owned by commissioners, directors or major stockholders of the reporting enterprise and enterprises, that have a member of key management in common with the reporting enterprise.

All significant transactions with related parties have been disclosed in the related Notes to Consolidated Financial Statements.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

3. CASH AND CASH EQUIVALENTS

The details as of December 31, are as follows :

	<u>2009</u>	<u>2008</u>
Cash on Hand		
Rupiah	7,952	16,728
US Dollar	36	174
SGD Dollar	1	-
Cash in Banks		
Rupiah		
PT Bank Danamon Indonesia Tbk	3,382	2,011
PT Bank Mandiri (Persero) Tbk	2,785	3,457
Others	1,286	789
US Dollar		
United Overseas Bank Ltd., Singapore	9,010	7,906
PT Bank Mandiri (Persero) Tbk	1,127	2,910
Others	530	798
SGD Dollar		
United Overseas Bank Ltd., Singapore	1,458	1,783
Euro		
Others	262	543
Time Deposits		
Rupiah		
PT Bank Mayapada International Tbk	30,000	-
PT Bank Mandiri (Persero) Tbk	-	25,000
PT Bank Rakyat Indonesia (Persero) Tbk	-	10,000
US Dollar		
PT Bank Mandiri (Persero) Tbk	-	32,850
PT Bank Permata Tbk	-	10,950
PT Bank CIMB Niaga Tbk (formerly PT Bank Lippo Tbk)	-	1,446
Euro		
PT Rabobank Internasional Indonesia	-	26,050
T o t a l	<u><u>57,829</u></u>	<u><u>143,395</u></u>
Interest Rates per Annum		
Rupiah	8.75 % - 10.25 %	13.00 % -13.50 %
US Dollar	-	2.00 % - 7.00 %
Euro	-	1.25 % - 3.10 %

Cash and cash equivalents denominated in foreign currencies amounted to USD 1.14 million, SGD 218 thousand and EUR 19 thousand as of December 31, 2009 and USD 5.21 million, SGD 234 thousand and EUR 1.72 million as of December 31, 2008.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

4. TIME DEPOSITS

The details as of December 31, are as follows :

	2009	2008
PT Bank CIMB Niaga Tbk (formerly PT Bank Lippo Tbk) (USD 155,700 and Rp 960 million in 2009, USD 36,993 and EUR 127,241 in 2008)	2,424	2,369
PT Bank Mandiri (Persero) Tbk (EUR 213,000 in 2008)	-	3,287
T o t a l	2,424	5,656

This account represents the time deposits with maturities of one (1) month and used as collateral for the L/C Import Facility. The time deposits earned interest at rates ranging from 2 % to 6 % per annum in 2009 and from 1 % to 2.75 % per annum in 2008 (refer to Note 29).

5. TRADE RECEIVABLES

The details as of December 31, are as follows :

	2009	2008
Related Parties (refer to Note 27)		
PT Sungai Budi	122,211	90,054
Others	-	7,279
T o t a l	122,211	97,333

The aging analysis of trade receivables from related parties is as follows :

	2009	2008
Current	122,211	97,333
Overdue		
01 - 30 days	-	-
31 - 60 days	-	-
61 - 90 days	-	-
More than 90 days	-	-
T o t a l	122,211	97,333

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

5. TRADE RECEIVABLES (Continued)

	<u>2009</u>	<u>2008</u>
Third Parties		
PT Kievit Indonesia	17,590	6,216
PT Agel Langgeng	13,299	11,608
PT Tirta Investama	8,610	1,346
PT Ultra Prima Abadi	5,709	8,492
PT Heinz ABC Indonesia	5,664	2,329
PT Mayora Indah Tbk	5,243	3,034
PT Kirin Miwon Food	3,588	1,848
PT CS2 Pola Sehat	3,517	-
PD Makmur	-	6,717
PT Perfetti Van Melle Indonesia	-	3,778
Others (Accounts with balances below Rp 3 billion, each)	<u>21,590</u>	<u>21,802</u>
Total Third Parties	<u><u>84,810</u></u>	<u><u>67,170</u></u>

The aging analysis of trade receivables from third parties is as follows :

	<u>2009</u>	<u>2008</u>
Current	84,810	67,170
Overdue		
01 - 30 days	-	-
31 - 60 days	-	-
61 - 90 days	-	-
More than 90 days	-	-
T o t a l	<u><u>84,810</u></u>	<u><u>67,170</u></u>

Trade receivables in foreign currencies amounted to USD 2.17 million as of December 31, 2009 and USD 236 thousand as of December 31, 2008.

The Company and Subsidiaries' trade receivables are used as collateral for the short-term and long-term loans (refer to Notes 11 and 15).

Based on the review of the possibility of the collectible accounts at year end, the Company and Subsidiaries' management believes that all trade receivables are collectible and accordingly no allowance for doubtful accounts was provided.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

6. INVENTORIES

The details as of December 31, are as follows :

	2009	2008
Finished Goods	83,133	156,003
Work-in-Process	14,424	21,011
Raw Materials	8,482	11,068
Indirect Materials	57,558	51,454
Goods-in-Transit	1,692	513
T o t a l	165,289	240,049
Allowance for Decline in Value of Inventory	-	(155)
Total - Net	165,289	239,894

The Company and Subsidiaries' management believes that as of December 31, 2009 there is no decline in value of inventories and thus, no provision has been made. As of December 31, 2008, the Company and Subsidiaries provided an allowance for inventory obsolescence amounting to Rp 155 million.

The inventories are insured against losses from fire with insurance coverage amounting to Rp 151.50 billion and USD 2.25 million.

The Company and Subsidiaries' inventories are used as collateral for the short-term and long-term loans (refer to Notes 11 and 15).

7. PREPAID TAXES

The details as of December 31, are as follows :

	2009	2008
Year 2009		
Income Tax Article 28A	233	-
Value Added Tax	1,843	-
Year 2008		
Income Tax Article 28A	11,193	11,337
Value Added Tax	-	1,058
Departure Tax (Fiscal)	6	6
Year 2007		
Income Tax Article 28A	353	353
Departure Tax (Fiscal)	7	7
Year 2006		
Income Tax Article 28A	122	122
Year 2005		
Income Tax Article 28A	200	200
Value Added Tax	15	15
T o t a l	13,972	13,098

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

8. PREPAYMENTS

The details as of December 31, are as follows :

	2009	2008
Advances		
Bio Ethanol Project	52,953	52,953
Bio Gas Power Plant Projects	396	43,084
Raw Material and Indirect Material Purchases	12,104	11,158
Others	2,110	12,498
Total Advances	67,563	119,693
Prepaid Expenses	5,310	14,901
T o t a l	72,873	134,594

9. INVESTMENTS IN SHARES OF STOCK

The details as of December 31, 2009 and 2008 are as follows :

Details	Percentage of Direct or Indirect Ownership %	At Cost	Accumulated Equity in Net Loss Beginning of Year	Equity in Net Loss Current Year	Accumulated Equity in Net Loss End of Year	Investments Value End of Year
Equity Method						
PT Tata Budi Indonesia (formerly PT Tatung Budi Indonesia)	47.25	20,135	(20,135)	-	(20,135)	-
Cost Method						
PT Tunas Baru Lampung Tbk	0.70	2,100	-	-	-	2,100
T o t a l		22,235	(20,135)	-	(20,135)	2,100

PT Tata Budi Indonesia (formerly PT Tatung Budi Indonesia) (TBI)

The Company through IBP indirectly owns 47.25 % of TBI's ownership. The Company owns 18,900 shares or 94.50 % of IBP's ownership and IBP owns 50 % of TBI's ownership. TBI's main activity is manufacturing of electric motors.

PT Tunas Baru Lampung Tbk (TBL)

The Company owns 29,400,000 shares in TBL. This investment is a long-term investment and recorded using the Cost method.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

10. PROPERTY, PLANT AND EQUIPMENT

The details as of December 31, are as follows :

	2 0 0 9			Ending Balance
	Beginning Balance	Additions	Deductions	
At Cost and Revaluation				
Land	39,938	172	-	40,110
Buildings and Infrastructure	213,252	14,021	-	302,608
		75,335 ²⁾		
Machinery and Equipment	977,284	61,308	1,911	1,245,191
		208,510 ²⁾		
Transportation and Heavy Equipment	87,365	7,093	1,500	92,958
Office Furniture, Fixtures and Equipment	10,197	1,486	-	11,683
Construction in Progress				
Buildings and Infrastructure	59,444	12,231	75,335 ²⁾	23,323
		26,983 ³⁾		
Machinery and Equipment	231,553	9,948	208,510 ²⁾	61,495
		55,487 ¹⁾	26,983 ³⁾	
T o t a l	1,619,033	106,259	3,411	1,777,368
		55,487 ¹⁾		
		283,845 ²⁾	283,845 ²⁾	
		26,983 ³⁾	26,983 ³⁾	
Accumulated Depreciation				
Buildings and Infrastructure	89,458	9,543	-	99,001
Machinery and Equipment	489,808	58,201	323	548,807
	1,121 ³⁾			
Transportation and Heavy Equipment	60,520	7,115	367	67,268
Office Furniture, Fixtures and Equipment	8,067	489	-	7,435
	(1,121) ³⁾			
T o t a l	647,853	75,348	690	722,511
N e t	971,180			1,054,857

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2 0 0 8			Ending Balance
	Beginning Balance	Additions	Deductions	
At Cost and Revaluation				
Land	38,763	158	-	39,938
	1,017 ²⁾			
Buildings and Infrastructure	208,609	2,019	-	213,252
	(272) ²⁾	2,896 ²⁾		
Machinery and Equipment	927,630	25,573	171	977,284
	(745) ²⁾	24,997 ²⁾		
Transportation and Heavy Equipment	67,451	20,233	319	87,365
Office Furniture, Fixtures and Equipment	8,786	1,411	-	10,197
Construction in Progress				
Buildings and Infrastructure	30,458	31,882	2,896 ²⁾	59,444
Machinery and Equipment	89,282	167,268	24,997 ²⁾	231,553
T o t a l	1,370,979	248,544	490	1,619,033
		27,893 ²⁾	27,893 ²⁾	
Accumulated Depreciation				
Buildings and Infrastructure	81,989	7,469	-	89,458
Machinery and Equipment	430,669	59,189	50	489,808
Transportation and Heavy Equipment	54,623	6,213	316	60,520
Office Furniture, Fixtures and Equipment	7,074	993	-	8,067
T o t a l	574,355	73,864	366	647,853
N e t	796,624			971,180

¹⁾ Reclassification from advance prepayments

²⁾ R e c l a s s i f i c a t i o n

³⁾ Reclassification between property, plant and equipment

Depreciation expenses are charged to :

	2 0 0 9	2 0 0 8
Cost of Goods Sold	70,098	70,587
Selling Expenses	879	875
General and Administrative Expenses	4,371	2,402
T o t a l	75,348	73,864

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

VWBI and ABB revalued their property, plant and equipment in accordance with Decree of the Minister of Finance of the Republic of Indonesia No. 486/KMK.03/2002. The revaluation was made by PT Kusuma Real Sakti, an independent appraiser, using the Cost method. The details are as follows :

Subsidiaries	Year	Revalued Property, Plant and Equipment	Approval Date from Tax Office	Decision Letter Number	Revaluation Increment of Property, Plant and Equipment
VWBI	2005	Buildings and Infrastructure dated December 31, 2004	August 5, 2005	KEP-776/WPJ.07/BD.04/2005	7,169
ABB	2006	Certain Machinery and Equipment dated June 30, 2005	January 25, 2006	KEP-127/WPJ.07/BD.04/2006	20,100

In accordance with Statement of Financial Accounting Standards (SFAS) No.16 (2007 Revision), all revaluation increment of property, plant and equipment should be reclassified to the retained earnings (deficit) account of ABB and VWBI.

The management did not notice any indication of circumstances that might cause impairment in the Company and Subsidiaries' property, plant and equipment value. Therefore, the Company and Subsidiaries did not provide any allowance for decline in value of property, plant and equipment in 2009 and 2008.

The details of construction in progress as of December 31, are as follows :

	2 0 0 9		
	Percentage of Completion %	Accumulated Cost	Estimated Completion Date
Bio Gas Power Plant Projects (PLTBG)			
PLTBG II - Pakuan Agung	96	32,729	June 2010
PLTBG III - Terbanggi	96	34,311	June 2010
Monosodium Glutamate Factory owned by VWBI	80	6,453	December 2010
Tapioca, Glucose and Other Factories	5 - 90	<u>11,325</u>	March - July 2010
T o t a l		<u><u>84,818</u></u>	

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2 0 0 8		
	Percentage of Completion %	Accumulated Cost	Estimated Completion Date
Bio Gas Power Plant Projects (PLTBG)			
PLTBG I - Way Abung	98	76,979	June 2009
PLTBG II - Tulang Bawang, Pakuan Agung and BLP (Gunung Agung)	80	91,764	April - June 2009
PLTBG III - Ketapang and Terbanggi	95	46,114	January - September 2009
PLTBG IV - Way Jepara and Unit VI	85	56,269	June - September 2009
Monosodium Glutamate Factory Owned by VWBI	80	6,453	December 2009
Tapioca Factory	80	13,418	March 2009
T o t a l		<u>290,997</u>	

Bio Gas Power Plant Projects (PLTBG)

PLTBG I Project

PLTBG I was built in the Company's factory area in Way Abung, Lampung with its bio gas power plant capacity of approximately 5.7 MW.

PLTBG II Project

PLTBG II was built in the Company's factory area in Tulang Bawang, Pakuan Agung and BLP (Gunung Agung), Lampung with its bio gas power plant capacity of approximately 10.7 MW.

PLTBG III Project

PLTBG III was built in the Company's factory area in Ketapang and Terbanggi, Lampung with its bio gas power plant capacity of approximately 4.2 MW.

PLTBG IV Project

PLTBG IV was built in the Company's factory area in Way Jepara and Unit VI, Lampung with its bio gas power plant capacity of approximately 4.2 MW.

Borrowing costs consist of interest capitalized as part of assets under construction amounting to Rp 4.863 billion in 2009 and interest and loss on foreign exchange amounting to Rp 8.463 billion and Rp 27.070 billion, respectively, in 2008.

As of December 31, 2009 and 2008, certain property, plant and equipment with a total carrying value of Rp 340.59 billion and Rp 333,24 billion, respectively, are used as collateral for the long-term loans (refer to Note 15).

Several plots of land located in Jambi, Lampung, Solo and Karawang are registered with Building Use Rights, expiring between 2010 to 2030.

The property, plant and equipment, except for land, are insured against losses from fire with insurance coverage of EUR 1.21 million, USD 76.81 million and Rp 840.32 billion.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

11. SHORT-TERM LOANS

The details as of Desember 31, are as follows :

	2009	2008
Company		
PT Bank Mandiri (Persero) Tbk (USD 1,775,956 and Rp 175.794 billion in 2009, USD 4,990,766 and Rp 96.469 billion in 2008)	192,488	151,118
Subsidiary		
PT Bank Mandiri (Persero) Tbk	21,841	19,978
T o t a l	214,329	171,096

Company

PT Bank Mandiri (Persero) Tbk

Based on Credit Agreement for Working Capital in Foreign Currencies as covered in Notarial Deed No. 2 dated May 4, 2007 of Public Notary Tina Chandra Gerung, SH, the Company obtained a Working Capital (Revolving) facility from PT Bank Mandiri (Persero) Tbk with a credit limit of USD 5,000,000. The credit facility will mature on March 31, 2010. The loan bore interest at rates ranging from 7 % to 8.9 % per annum in 2009 and 8.4 % to 8.9 % per annum in 2008.

Based on Credit Agreement for Working Capital as covered in Notarial Deed No. 51 dated March 28, 2008, the Company obtained a Working Capital (Revolving) with a credit limit of Rp 100 billion. Such credit facility has been extended to Rp 200 billion and will mature on March 31, 2010. The loan bore interest at rates ranging from 11 % to 13 % per annum in 2009 and 11.75 % to 13.00 % per annum in 2008.

The loan is collateralized by inventories and trade receivables owned by the Company and related to cross collateral Term Loan facility as stated in Deed of Term Loan Agreement No. 33 dated August 10, 2004 of Public Notary Siti Rahyana, SH, Substitute Notary of B.R.Ay. Mahyastoeti Notonagoro, SH, including the addendums and Credit Investment Refinancing in Foreign Currency facility as covered in Notarial Deed No. 1 dated May 4, 2007 of Public Notary Tina Chandra Gerung, SH (refer to Note 15).

Subsidiary

PT Bank Mandiri (Persero) Tbk

ABB obtained a working capital credit facility from PT Bank Mandiri (Persero) Tbk with a maximum credit limit of Rp 24 billion, bearing interest at rates ranging from 11 % to 13 % per annum in 2009 and from 12.5 % to 13 % per annum in 2008. The loan will mature on March 31, 2010 and is collateralized by all ABB's receivables, inventories, land and building and equipment.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

12. TRADE PAYABLES

The details as of December 31, are as follows :

	<u>2009</u>	<u>2008</u>
Related Parties (refer to Note 27)		
PT Budi Makmur Perkasa	26,440	7,580
PT Golden Sinar Sakti	20,714	1,354
PT Tunas Baru Lampung Tbk	10,823	3,284
PT Budi British Bahan Pangan	100	8,125
Others (Accounts with balances below Rp 3 billion, each)	1,053	2,569
T o t a l	<u>59,130</u>	<u>22,912</u>
Third Parties	<u>27,785</u>	<u>44,374</u>

Trade payables in foreign currencies amounted to USD 2.51 million as of December 31, 2009, EUR 336 thousand and USD 2.85 million as of December 31, 2008.

13. TAXES PAYABLE

The details as of December 31, are as follows :

	<u>2009</u>	<u>2008</u>
Income Tax Article 4 (2)	74	415
Income Tax Article 15	22	-
Income Tax Article 21	1,301	2,157
Income Tax Article 23	75	31
Income Tax Article 25	-	12
Income Tax Article 26	1,642	1,446
Income Tax Article 29	7,124	1
Value Added Tax	27,409	17,581
Tax Assessment Letter Year 2008	34	-
T o t a l	<u>37,681</u>	<u>21,643</u>

14. INCOME PREPAYMENTS

The details as of December 31, are as follows :

	<u>2009</u>	<u>2008</u>
NEDO - Certified Emission Reduction (CER) (JPY 402,139,501)	40,900	48,751
Others	385	701
T o t a l	<u>41,285</u>	<u>49,452</u>
Current	<u>(385)</u>	<u>(12,889)</u>
Net	<u>40,900</u>	<u>36,563</u>

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

14. INCOME PREPAYMENTS (Continued)

On May 21, 2007, the Company obtained some fund from New Energy and Industrial Technology Development Organization (NEDO) to finance PLTBG I amounting to JPY 402,139,501 representing income prepayment on Certified Emission Reduction (CER). CER is a unit of certified emission reduction and is a modified total green house gas emission which can be reduced and converted into a credit. Income prepayment on CER will be recognized as income when the bio gas power plant produces electricity and the certified CER is published by the United Nations Framework Convention in Climate Change (UNFCCC).

15. LONG-TERM LOANS

The details as of December 31, are as follows :

	2009	2008
Company		
PT Bank Mandiri (Persero) Tbk (USD 11,027,205 in 2009, USD 13,727,205 and Rp 91.637 billion in 2008)	103,656	241,950
Sumitomo Corporation, Japan (USD 7,438,000 in 2009 and USD 8,438,000 in 2008)	69,917	92,396
Cargill Financial Services International, Inc., United States of America (USD 8,605,564 in 2009 and USD 7,485,282 in 2008)	80,892	81,964
Subsidiaries		
PT Bank Mandiri (Persero) Tbk (USD 656,725 and Rp 3.496 billion in 2009, USD 1,934,175 and Rp 10.104 billion in 2008)	9,669	31,283
Cargill TSF Asia Pte. Ltd., Singapore (USD 1,000,000 in 2009 and USD 12,000,000 in 2008)	9,400	131,400
Hua Nan Commercial Bank Ltd., Singapore (USD 640,000 in 2009 and 2008)	6,016	7,008
T o t a l	279,550	586,001
Less Current Maturities :		
PT Bank Mandiri (Persero) Tbk (USD 4,706,725 and Rp 3.496 billion in 2009, USD 3,977,450 and Rp 98.245 billion in 2008)	(47,739)	(141,798)
Sumitomo Corporation, Japan (USD 2,350,000 in 2009 and USD 4,420,000 in 2008)	(22,090)	(48,399)
Cargill Financial Services International, Inc., United States of America (USD 2,151,392 in 2009 and USD 1,300,000 in 2008)	(20,223)	(14,235)
Cargill TSF Asia Pte. Ltd., Singapore (USD 1,000,000 in 2009 and USD 11,000,000 in 2008)	(9,400)	(120,450)
Hua Nan Commercial Bank Ltd., Singapore (USD 640,000 in 2009 and USD 600,000 in 2008)	(6,016)	(6,570)
T o t a l	(105,468)	(331,452)
Long-Term Portion	174,082	254,549

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

15. LONG-TERM LOANS (Continued)

C o m p a n y

PT Bank Mandiri (Persero) Tbk

Based on Deed of Term Loan Agreement No. 33 dated August 10, 2004 of Public Notary Siti Rahyana, SH, Substitute Notary of B.R.AY. Mahyastoeti Notonagoro, SH, the Company obtained a Term Loan Credit facility from PT Bank Mandiri (Persero) Tbk (Mandiri) with a maximum limit of Rp 242 billion in the framework to refinance the bonds issued by the Company (Budi Acid Jaya I year 2000 Bond with a Fixed Interest Rate), maturing on June 23, 2009 and bearing interest at rates of 13 % per annum in 2009 and ranging from 11.75 % to 13 % per annum in 2008.

Based on Amendment to Loan Agreement No. CBG.TWO/SPPK.RD 7/039/2006 dated November 28, 2006, the loan maximum limit was changed to Rp 205.70 billion with the loan principal payment schedule as follows :

2 0 0 5	
Quarter 3 (Three)	2,500.0
Quarter 4 (Four)	2,500.0
2 0 0 6	
Quarter 1 (One)	6,250.0
Quarter 2 (Two)	6,250.0
Quarter 3 (Three)	6,250.0
Quarter 4 (Four)	5,312.5
2 0 0 7	
Quarter 1 (One)	8,500.0
Quarter 2 (Two)	8,500.0
Quarter 3 (Three)	8,500.0
Quarter 4 (Four)	8,500.0
2 0 0 8	
Quarter 1 (One)	12,750.0
Quarter 2 (Two)	12,750.0
Quarter 3 (Three)	12,750.0
Quarter 4 (Four)	12,750.0
2 0 0 9	
Quarter 1 (One)	38,250.0
Quarter 2 (Two)	53,387.5
T o t a l	<u><u>205,700.0</u></u>

The balance as of December 31, 2008 amounted to Rp 91.637 billion.

In June 2009, the Company settled its Term Loan Credit Facility to Mandiri.

The loan is secured by inventories and trade receivables owned by the Company, negative pledge and personal guarantee from the stockholders.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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15. LONG-TERM LOANS (Continued)

C o m p a n y (Continued)

PT Bank Mandiri (Persero) Tbk (Continued)

The Company is required to perform, among others, the following :

- a. Improve and maintain the financial ratios :
 - Minimum Current Ratio of 100 %;
 - Maximum Debt to Equity Ratio (DER) of 350 %;
 - Minimum Interest Coverage Ratio of 1.1 : 1

- b. Each Company's debt to stockholders should be accounted for as a long-term loan and subordinated against the settlement of credit facility or other credit facilities that have been or will be obtained by the Company from Mandiri.

Without the consent of Mandiri, the Company is prohibited to conduct certain corporate actions determined by the creditor.

Based on Credit Investment Refinancing in Foreign Currency facility No. 1 dated May 4, 2007 of Public Notary Tina Chandra Gerung, SH, the Company obtained Refinancing Investment Credit (Aflopend Plafond) facility from Mandiri with a credit limit amounting to USD 17,477,209 in the framework to refinance the syndicated loan and loan to PT Bank OCBC NISP Tbk (formerly PT Bank NISP Tbk). The credit facility will mature in five (5) years from May 4, 2007 to May 3, 2012 with interest at rates ranging from 7 % to 8.9 % per annum in 2009.

The payment schedule is as follows :

2 0 0 7		
Quarter 3 (Three)	USD	600,000
Quarter 4 (Four)		600,000
2 0 0 8		
Quarter 1 (One)		600,000
Quarter 2 (Two)		600,000
Quarter 3 (Three)		675,000
Quarter 4 (Four)		675,000
2 0 0 9		
Quarter 1 (One)		675,000
Quarter 2 (Two)		675,000
Quarter 3 (Three)		675,000
Quarter 4 (Four)		675,000

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

15. LONG-TERM LOANS (Continued)

C o m p a n y (Continued)

PT Bank Mandiri (Persero) Tbk (Continued)

2 0 1 0			
Quarter 1 (One)		USD	675,000
Quarter 2 (Two)			675,000
Quarter 3 (Three)			1,350,000
Quarter 4 (Four)			1,350,000
2 0 1 1			
Quarter 1 (One)			1,350,000
Quarter 2 (Two)			1,350,000
Quarter 3 (Three)			1,400,544
Quarter 4 (Four)			1,400,544
2 0 1 2			
Quarter 1 (One)			1,400,544
Quarter 2 (Two)			75,577
			75,577
	T o t a l	USD	17,477,209

The balance as of December 31, 2009 and 2008 amounted to USD 11,027,205 and USD 13,727,205, respectively.

The loan is secured by several citric acid factories and tapioca starch factories owned by the Company in Lampung and negative pledge on all assets of the Company and Subsidiaries of 90 % interest ownership, except for the assets acquired from normal transactions with non-affiliated companies.

Sumitomo Corporation, Japan

Based on Facility Agreement dated September 21, 2007, and its amendment dated June 22, 2009, the Company obtained a loan facility from Sumitomo Corporation, Japan amounting to USD 10,000,000 for the PLTBG II project in Tulang Bawang, Pakuan Agung and BLP (Gunung Agung) (refer to Note 10). This facility will mature on December 31, 2010 which has been extended to December 31, 2012, bearing interest at SIBOR plus 3.5 % in 2009.

The loan received as of December 31, 2008 amounted to USD 10,000,000 and the Company paid an amount of USD 1,562,000 on December 31, 2008.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

15. LONG-TERM LOANS (Continued)

C o m p a n y (Continued)

Sumitomo Corporation, Japan (Continued)

Based on the Amendment to Loan Agreement dated June 22, 2009, the payment schedule of the loan is as follows :

June 30, 2009	USD	200,000
December 31, 2009		800,000
June 30, 2010		1,000,000
December 31, 2010		1,350,000
June 30, 2011		1,350,000
December 31, 2011		1,350,000
June 30, 2012		1,350,000
December 31, 2012		1,038,000
T o t a l	<u>USD</u>	<u>8,438,000</u>

The balance as of December 31, 2009 and 2008 amounted to USD 7,438,000 and USD 8,438,000, respectively.

Cargill Financial Services International, Inc., United States of America

Based on Facility Agreement dated September 11, 2007 and additional Agreement dated March 6, 2008, the Company obtained a loan facility from Cargill Financial Services International, Inc., United States of America (Cargill) with a maximum limit of USD 7,000,000 for PLTBG IV project in Way Jepara and Unit VI (refer to Note 10). This facility will mature on March 31, 2013 bearing interest at LIBOR plus 3.5%.

The loan received as of December 31, 2009 amounted to USD 6,517,518 with a payment schedule as follows :

March 31, 2009	USD	1,000,000
March 31, 2010		1,379,380
March 31, 2011		1,379,380
March 31, 2012		1,379,379
March 31, 2013		1,379,379
T o t a l	<u>USD</u>	<u>6,517,518</u>

The balance as of December 31, 2009 and 2008 amounted to USD 5,517,518 and USD 5,360,798, respectively.

Based on Loan Agreement dated March 6, 2008, the Company obtained a loan from Cargill with a maximum limit of USD 3,500,000 for the PLTBG III project in Terbanggi (refer to Note 10). The loan facility will mature on March 28, 2013, bearing interest at LIBOR plus 3.5 %.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

15. LONG-TERM LOANS (Continued)

C o m p a n y (Continued)

Cargill Financial Services International, Inc., United States of America (Continued)

The loan received as of December 31, 2009 amounted to USD 3,388,046 with a payment schedule as follows :

March 31, 2009	USD	300,000
March 31, 2010		772,012
March 31, 2011		772,012
March 31, 2012		772,011
March 31, 2013		772,011
T o t a l	USD	<u>3,388,046</u>

The balance as of December 31, 2009 and 2008 amounted to USD 3,088,046 and USD 2,124,484, respectively.

S u b s i d i a r i e s

PT Bank Mandiri (Persero) Tbk

Based on Deed of Investment Credit Agreement No. 33 and 34 dated August 28, 2003 of Public Notary Machrani Moertolo Soenarto, SH, ABB obtained an investment credit facility from Mandiri. Based on Addendum I and II dated August 31, 2004, the repayment schedule of such facility was extended. The details of such facilities are as follows :

1. Investment Credit Facility

a. Principal

Maximum Credit	: USD 5,263,000
Interest Rate	: 8.5 % - 9.0 % per annum
Period	: 2003 to 2010

The loan principal payment schedule is as follows :

<u>Year</u>	<u>Amount</u>	
2005	USD	400,000
2006		900,000
2007		1,000,000
2008		1,100,000
2009		1,230,000
2010		633,000
T o t a l	USD	<u>5,263,000</u>

The balance as of December 31, 2009 and 2008 amounted to USD 633,000 and USD 1,863,000, respectively.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

15. LONG-TERM LOANS (Continued)

S u b s i d i a r i e s (Continued)

PT Bank Mandiri (Persero) Tbk (Continued)

b. Interest during Construction

Maximum Credit	: USD 237,250
Interest Rate	: 8.5 % - 9.0 % per annum
P e r i o d	: 2003 to 2010

The payment schedule of interest during construction is as follows :

<u>Y e a r</u>	<u>A m o u n t</u>	
2005	USD	23,725
2006		47,450
2007		47,450
2008		47,450
2009		47,450
2010		23,725
T o t a l	USD	<u>237,250</u>

The balance as of December 31, 2009 and 2008 amounted to USD 23,725 and USD 71,175, respectively.

2. Take Over Investment Credit Facility (ex. Citibank)

Based on Investment Credit Facility Agreement No. 66 dated April 28, 2006, as notarized by Public Notary Siti Rahyana, SH, the Company and Mandiri, among others, agreed to convert USD 2,696,855 from the maximum USD 3 million loan as of April 27, 2006 to Rp 23.759 billion. The details of such facility are as follows :

Maximum Credit	: Rp 23.759 billion
Interest Rate	: 12.5 % - 13.0 % per annum
P e r i o d	: 2006 to 2010

The payment schedule is as follows :

2006	Rp	3,083
2007		4,845
2008		5,727
2009		6,608
2010		3,496
T o t a l	Rp	<u>23,759</u>

The balance as of December 31, 2009 and 2008 amounted to Rp 3.496 billion and Rp 10.104 billion, respectively.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

15. LONG-TERM LOANS (Continued)

S u b s i d i a r i e s (Continued)

PT Bank Mandiri (Persero) Tbk (Continued)

The loan is collateralized with 106,125 M² land with Building Use Right No. 10 under the name of ABB, including a factory building, machinery, equipment and infrastructure in Cikalongsari, Jatisari District, Karawang, West Java, receivables, inventories, corporate guarantee and cash deficit guarantee from PT Sungai Budi.

Based on Addendum of Credit Facility No. CBG.TWO/SPPK.RD 7/040/2006 dated November 28, 2006, Mandiri agreed to combine the investment credit facility and interest during the construction into one (1) account in USD.

Cargill TSF Asia Pte. Ltd., Singapore

BAJS obtained a loan facility from Cargill TSF Asia Pte. Ltd., Singapore amounting to USD 12,000,000 bearing interest at LIBOR plus 3.5 %. The loan is collateralized with a corporate guarantee and personal guarantee from the Company's stockholders.

The payment schedule is as follows :

<u>Year</u>	<u>A m o u n t</u>	
2 0 0 9	USD	11,000,000
2 0 1 0		<u>1,000,000</u>
T o t a l	<u>USD</u>	<u>12,000,000</u>

The balance as of December 31, 2009 and 2008 amounted to USD 1,000,000 and USD 12,000,000, respectively.

Hua Nan Commercial Bank Ltd., Singapore (HNCB)

In 1999, VWBI obtained a working capital loan from HNCB. Based on the latest revision of credit facility letter dated May 10, 2005, this credit facility was amended to become an unsecured medium term loan with a maximum credit facility of USD 800 thousand. In 2009 and 2008, the loan bore interest at 8.75 % per annum (subject to default interest of 10 % from the applicable interest rate if it is within 180 days and 20 % if it is more than 180 days). The loan will be paid in twenty (20) quarterly installments amounting to USD 40 thousand per quarter, commencing from May 20, 2005 to February 22, 2010. Ve Wong Corporation, Taiwan issued a Letter of Comfort for this loan.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
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(Expressed in Millions of Rupiah, unless Otherwise Stated)

16. DUE TO RELATED PARTY

The details as of December 31, are as follows :

	<u>2009</u>	<u>2008</u>
Subsidiary		
Ve Wong Corporation, Taiwan (USD 4,705,833 in 2009 and 2008)	44,235	51,529

Loan from Ve Wong Corporation, Taiwan (VWC)

Payable to VWC, a stockholder of VWBI, represents the loan obtained by VWBI in 1998 amounting to USD 5.250 million. The loan is secured by VWBI's 12,000 shares owned by the Company. This loan has become a non-interest bearing loan since January 1, 2000.

Based on Circular Resolution of Stockholders Letter dated December 31, 2004, the loan amounting to USD 1.470 million was reclassified to VWBI's paid-in capital.

In February and March 2005, VWBI obtained an additional non-interest bearing loan from VWC amounting to USD 500 thousand.

Based on the latest amendment to the loan agreement in June 2005, VWC agreed to restructure the repayment of loan principals amounting to USD 1 million in 2006 and USD 2.78 million in 2007.

The loan included an interest payable amounting to USD 425,833.

17. DEFINED BENEFITS - POST-EMPLOYMENT LIABILITIES

The amount of post-employment benefits is determined based on Regulation of the Minister of Manpower No. KEP-150/MEN/2000 which took effect in 2000 and has been enacted into Labor Law No. 13 year 2003 dated March 25, 2003. The basic changes in the Law are the provisions for severance and gratuity payments covering additional years of service of employees. No funding of the benefits has been made to date.

The latest actuarial valuation upon the defined benefits - post-employment liabilities was from PT Dian Artha Tama, an independent actuary, based on Actuarial Report dated 18 March, 2010.

The number of eligible employees of the Company and Subsidiaries was 3,601 and 3,716 employees in 2009 and 2008, respectively.

A reconciliation of the amount of defined benefits - post-employment liabilities presented in the Consolidated Balance Sheets is as follows :

	<u>2009</u>	<u>2008</u>
Present Value of Defined Benefit Obligations	17,912	11,757
Unrecognized Past Service Cost	(315)	(332)
Unrecognized Actuarial Gains (Losses)	(2,467)	1,459
T o t a l	15,130	12,884

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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17. DEFINED BENEFITS - POST-EMPLOYMENT LIABILITIES (Continued)

The details of defined benefits - post-employment expense are as follows :

	2009	2008
Current Service Cost	1,700	1,114
Interest Cost	1,175	1,577
Actuarial Gains (Losses)	(45)	59
Past Service Cost - Non Vested	(567)	(625)
T o t a l	2,263	2,125

"Defined Benefits - Post-Employment Expense" is presented as part of "General and Administrative Expenses" in the Consolidated Statements of Income.

Changes of defined benefits - post-employment liabilities are as follows :

	2009	2008
Defined Benefits - Post-Employment Liabilities, Beginning	12,884	10,791
Defined Benefits - Post-Employment Expense During the Year	2,263	2,125
Payment During the Year	(17)	(32)
Defined Benefits - Post-Employment Liabilities, Ending	15,130	12,884

The defined benefits - post-employment are calculated using the following principal actuarial assumptions :

	2009	2008
Mortality Rate	: Indonesia-II	: Indonesia-II
Resignation Rate	: 3 % per annum	: 3 % per annum
Age 18 - 44 years	: 3 % per annum	: 3 % per annum
Age 45 - 54 years	: 0 % per annum	: 0 % per annum
Salary Increment Rate	: 5 % per annum	: 5 % per annum
Interest Rate	: 10 % per annum	: 12 % per annum
M e t h o d	: Projected Unit Credit	: Projected Unit Credit

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

18. MINORITY INTERESTS IN NET ASSETS AND NET LOSS (INCOME) OF CONSOLIDATED SUBSIDIARIES

The details of minority interests in net assets and net loss (income) of consolidated Subsidiaries are as follows :

	2 0 0 9		2 0 0 8	
	Net Assets	Net Loss (Income)	Net Assets	Net Loss (Income)
PT Indo Bangna Prima	(19)	-	(19)	-
PT Budi Starch International	-	-	-	-
PT Budi Lumbung Ciptatani	2	-	2	-
PT Ve Wong Budi Indonesia	(11,779)	(3,652)	(15,431)	12,406
PT Budi Sakura Starch	-	-	-	-
PT Associated British Budi	50,379	(5,690)	44,689	(3,945)
T o t a l	<u>38,583</u>	<u>(9,342)</u>	<u>29,241</u>	<u>8,461</u>

19. CAPITAL STOCK

Based on the record of PT Sinartama Gunita, Share Administration Bureau (BAE), the details of the Company's stockholders with share par value of Rp 125 (full amount) per share, are as follows :

Stockholders	2 0 0 9		
	Subscribed and Fully Paid		
	Number of Shares	Percentage of Ownership %	T o t a l
PT Sungai Budi	973,309,500	25.9	121,664
PT Budi Delta Swakarya	957,655,500	25.5	119,707
Public (below 5 % of ownership, each)	<u>1,825,806,333</u>	<u>48.6</u>	<u>228,225</u>
T o t a l	<u>3,756,771,333</u>	<u>100.0</u>	<u>469,596</u>

Stockholders	2 0 0 8		
	Subscribed and Fully Paid		
	Number of Shares	Percentage of Ownership %	T o t a l
PT Budi Delta Swakarya	957,655,500	25.5	119,707
PT Sungai Budi	938,331,420	25.0	117,291
Santoso Winata (Company's President Director)	17,489,040	0.5	2,186
Widarto (Company's President Commissioner)	17,489,040	0.5	2,186
Public (below 5 % of ownership, each)	<u>1,823,979,833</u>	<u>48.6</u>	<u>227,998</u>
T o t a l	<u>3,754,944,833</u>	<u>100.0</u>	<u>469,368</u>

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

20. ADDITIONAL PAID-IN CAPITAL

The details as of December 31, 2009 and 2008, are as follows :

Paid-in Capital in Excess of Par Value	Rp	103,938
Stock Issuance Cost		<u>(7,452)</u>
T o t a l	Rp	<u>96,486</u>

Paid-in Capital in Excess of Par Value

This account represents the paid-in capital in excess of par value arising from :

- The issuance of 12,500,000 new shares without pre-emptive rights with a nominal value of Rp 500 (full amount) to Asian Opportunity Fund I (7,500,000 shares) and Asian Opportunity Fund II (5,000,000 shares) at Rp 2,800 (full amount) per share in 1998.
- The issuance of 181,500,000 new shares without pre-emptive rights with a nominal value of Rp 125 (full amount) to bondholders at Rp 200 (full amount) per share in 2004.
- The issuance of 2,463,000,000 new shares with pre-emptive rights with a nominal value of Rp 125 (full amount) to stockholders at Rp 150 (full amount) per share in 2007.

Stock Issuance Cost

Stock issuance cost resulting from Limited Public Offering I in 2007 amounted to Rp 7.452 billion.

21. APPROPRIATED INCOME

During the Annual Stockholders' General Meeting held on June 26, 2009 as covered by Notarial Deed No. 4 of Public Notary Mrs. Kartuti Suntana S., SH dated June 26, 2009, the Company's Stockholders agreed, among others, that the Company states the 2008 interim cash dividend amounting to Rp 26.089 billion to the 2008 final cash dividend. The Company appropriated part of its net earnings amounting to Rp 500 million as general reserves. The remaining net earnings after being deducted with the dividend and general reserves will be presented as "Retained Earnings".

On July 28, 2008, the Company distributed the final cash dividend for year 2007 amounting to Rp 7.416 billion.

On September 15, 2009, the Company distributed the interim cash dividend for year 2009 amounting to Rp 22.186 billion.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

22. NET SALES

The details of net sales of the Company and Subsidiaries based on main products are as follows :

Descriptions	2 0 0 9						Total
	Tapioca Starch	Glucose and Fructose	Citric Acid and Other Chemicals Products	Plastic Packaging	Monosodium Glutamate	Modified Tapioca Starch	
Related Party							
Local							
PT Sungai Budi	1,194,858	26,239	90,948	42,577	-	395	1,355,017
Third Parties							
Local							
PT Kievit Indonesia	-	45,772	-	-	-	-	45,772
PT Agel Langgeng	-	44,690	-	-	-	-	44,690
PT Mayora Indah Tbk	-	39,271	-	-	-	-	39,271
PT Tirta Investama	-	36,191	-	-	-	-	36,191
PT Ultra Prima Abadi	-	24,407	-	-	-	-	24,407
PT Kirin Miwon	-	22,732	-	-	-	-	22,732
PT Nestle Indonesia	-	12,163	-	-	-	-	12,163
PT Riau Andalas Kertas	-	-	-	-	-	10,967	10,967
Others (Accounts with balances below Rp 10 billion, each)	-	111,985	8,152	-	-	7,095	127,232
Total Local Sales	1,194,858	363,450	99,100	42,577	-	18,457	1,718,442
Export							
Others (Accounts with balances below Rp 10 billion, each)	12,950	5,066	43,114	2,560	-	-	63,690
Total Net Sales	1,207,808	368,516	142,214	45,137	-	18,457	1,782,132
Descriptions	2 0 0 8						Total
	Tapioca Starch	Glucose and Fructose	Citric Acid and Other Chemicals Products	Plastic Packaging	Monosodium Glutamate	Modified Tapioca Starch	
Related Party							
Local							
PT Sungai Budi	966,096	30,395	108,857	48,687	508	270	1,154,813
Third Parties							
Local							
PT Mayora Indah	-	55,764	-	-	-	-	55,764
PT Agel Langgeng	-	53,495	-	-	-	-	53,495
PT Kievit Indonesia	-	38,184	-	-	-	-	38,184
PT Tirta Investama	-	20,406	-	-	-	-	20,406
PT Perfetti Van Melle Indonesia	-	19,394	-	-	-	-	19,394
PT Nestle Indonesia	-	10,531	-	-	-	-	10,531
PT Ultra Prima	-	10,422	-	-	-	-	10,422
Others (Accounts with balances below Rp 10 billion, each)	-	77,176	16,258	-	-	13,268	106,702
Total Local Sales	966,096	315,767	125,115	48,687	508	13,538	1,469,711
Export							
PT Perfetti Van Melle Indonesia	-	17,523	-	-	-	-	17,523
Others (Accounts with balances below Rp 10 billion, each)	40,680	984	18,853	3,761	-	475	64,753
Total Export Sales	40,680	18,507	18,853	3,761	-	475	82,276
Total Net Sales	1,006,776	334,274	143,968	52,448	508	14,013	1,551,987

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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22. NET SALES (Continued)

The net sales to a related party amounted to Rp 1.355 billion or 76 % in 2009 and Rp 1.155 billion or 74 % in 2008 (refer to Note 27). PT Sungai Budi is the only customer with net sales exceeding 10 % of the consolidated sales amounting to Rp 1.355 billion or 76 % in 2009 and Rp 1.155 billion or 74 % in 2008.

23. COST OF GOODS SOLD

The details are as follows :

	2 0 0 9	2 0 0 8
Raw Materials Used	951,738	934,766
Direct Labors	70,016	72,884
Factory Overhead	419,664	405,024
Total Manufacturing Cost	1,441,418	1,412,674
Work-in-Process		
Beginning	21,011	16,076
Ending	(14,424)	(21,011)
Total Cost of Goods Manufactured	1,448,005	1,407,739
Finished Goods		
Beginning	156,003	79,812
Ending	(83,133)	(156,003)
Total Cost of Goods Sold	1,520,875	1,331,548

There is no purchase from a supplier that exceeds 10 % of consolidated purchases.

24. OPERATING EXPENSES

The details are as follows :

	2 0 0 9	2 0 0 8
Selling		
Freight-out	34,936	22,335
Salaries, Wages and Employee Benefits	2,503	2,560
Rentals	2,022	2,022
Packaging	1,433	3,076
Advertising	1,377	-
Depreciation	879	875
Others	2,869	2,279
Total Selling Expenses	46,019	33,147

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

24. OPERATING EXPENSES (Continued)

	2009	2008
General and Administrative		
Salaries, Wages and Employee Benefits	34,926	28,005
Depreciation	4,371	2,402
Repairs and Maintenance	3,579	2,172
Entertainment and Representation	3,064	1,896
Defined Benefits - Post-Employment	2,263	2,125
Rentals	2,100	2,187
Office Supplies	1,944	1,984
Telephone and Telex	1,417	1,417
Taxes and Licences	1,389	2,356
Others	6,309	7,253
Total General and Administrative Expenses	61,362	51,797

25. FINANCING COST

The details are as follows :

	2009	2008
Interest Expense on Long-term Loans	53,625	51,574
Bank Charges	4,507	4,017
Interest Income	(4,703)	(4,292)
Total - Net	53,429	51,299

26. INCOME TAX

The Company and Subsidiaries' tax expense is as follows :

	2009	2008
Current Tax	(10,064)	-
Deferred Tax	(12,596)	(11,046)
Total	(22,660)	(11,046)

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

26. INCOME TAX (Continued)

Current Tax

The reconciliation between income before Income Tax as shown in the Consolidated Statements of Income and estimated taxable income (fiscal loss) for the years ended December 31, 2009 and 2008 is as follows :

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Income before Income Tax per Consolidated Statements of Income	178,417	35,566
Added by :		
Loss (Gain) of Subsidiaries before Income Tax	<u>(25,764)</u>	<u>23,492</u>
Commercial Income before Income Tax of the Company	152,653	59,058
Added (Deducted) by Permanent Differences :		
Entertainment and Representation	2,903	1,377
Tax Penalties	54	651
Other Receivables	(5,326)	-
Interest Income already Subjected to Final Tax	<u>(4,660)</u>	<u>(4,220)</u>
Income based on Income Tax	145,624	56,866
Added (Deducted) by Timing Differences :		
Other Receivables	-	(2,691)
D e p r e c i a t i o n	(70,972)	(53,044)
Defined Benefits - Post-Employment	1,715	1,671
Capitalization of Interest Expense and Foreign Exchange Difference to Property, Plant and Equipment	-	(35,533)
Amortization of :		
Prepaid Expenses	<u>(92)</u>	<u>(122)</u>
Estimated Taxable Income (Fiscal Loss) of the Company	<u>76,275</u>	<u>(32,853)</u>
Fiscal Loss year 2008	<u>(32,853)</u>	<u>-</u>
Estimated Taxable Income (Fiscal Loss) of the Company - Net	<u><u>43,422</u></u>	<u><u>(32,853)</u></u>

The calculation of current tax expenses for the year 2009 is as follows :

Estimated Taxable Income	<u><u>43,422</u></u>
Current Tax Expenses	
23 % x Rp 43,422 million	<u>9,987</u>
Prepaid Taxes :	
Income Tax Article 22	(851)
Income Tax Article 23	(35)
Income Tax Article 25	<u>(2,043)</u>
Income Tax Article 29 Payable	<u><u>7,058</u></u>

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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26. INCOME TAX (Continued)

Current Tax (Continued)

In September 2008, Law No. 7 Year 1983 regarding "Income Taxes" was revised for the fourth time by Law No. 36 Year 2008. The revised Law stipulates changes in the corporate tax rate from a progressive tax rate to a single rate of 28 % for fiscal year 2009 and 25 % for fiscal year 2010 onwards.

Based on Government Regulation No. 81 of 2007 concerning Deduction in Income Tax Rates for Local Taxpayers, in this case, public listed companies, local taxpayers or public listed companies may obtain a deduction in income tax rates of 5 % lower than the highest rate of income tax if the total shares owned by the public is 40 % of the total subscribed and fully paid capital and the shares are owned by at least 300 parties.

Deferred Tax

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
The effects of timing differences on the maximum tax rate		
Company (20 % for the year 2009 and 25% for the year 2008)		
Other Receivables	-	(673)
D e p r e c i a t i o n	(14,194)	(13,261)
Amortization of Prepaid Expenses	(18)	(31)
Defined Benefits - Post-Employment	343	418
Capitalization of Interest Expense and Foreign Exchange Difference to		
Property, Plant and Equipment	-	(8,883)
Fiscal Loss	-	8,213
Adjustment on :		
Other Receivables	-	(134)
Amortization of Prepaid Expenses	(19)	852
Property, Plant and Equipment	21,087	9,553
Defined Benefits - Post-Employment	(545)	(458)
Fiscal Loss	(8,213)	-
T o t a l	(1,559)	(4,404)
Subsidiaries (25 % for the year 2009 and 2008)	(11,037)	(6,642)
Total Deferred Income Tax Expense	(12,596)	(11,046)

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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26. INCOME TAX (Continued)

Deferred Tax (Continued)

The reconciliation between Income Tax calculated using the applicable progressive tax rate (with maximum rate of 20 % for the Company and 25 % for Subsidiaries) from income before Income Tax and Income Tax expense as per Consolidated Statements of Income for the years ended December 31, 2009 and 2008 is as follows :

	2009	2008
Income before Income Tax per Consolidated Statements of Income	178,417	35,566
Tax Benefit at Effective Tax Rate	(36,972)	(8,892)
Tax Effects on Permanent Differences		
Tax Penalties	(28)	(360)
Entertainment and Representation	(657)	(492)
Income Tax Article 21	(61)	(43)
Other Receivables	1,065	-
Interest Income already Subjected to Final Tax	951	1,223
T o t a l	1,270	328
Fiscal Loss	13,631	(11,090)
Adjustment on Tax Rate	20,523	13,079
Unused Fiscal Loss	(3,658)	(2,448)
Unrecognized Deferred Tax	(7,390)	(2,023)
Total Deferred Income Tax Expense	(12,596)	(11,046)

Significant effects on timing differences between commercial and tax reports are as follows :

	2009	2008
Deferred Tax Assets - Net		
S u b s i d i a r i e s	552	7,042
Deferred Tax Liabilities - Net		
C o m p a n y		
Prepaid Expenses	55	92
Property, Plant and Equipment	(63,013)	(69,906)
Defined Benefits - Post-Employment Liabilities	2,513	2,715
Accumulated Fiscal Loss	-	8,213
T o t a l	(60,445)	(58,886)
S u b s i d i a r i e s	(11,007)	(6,460)
Total Deferred Income Tax Liabilities - Net	(71,452)	(65,346)

Significant timing differences, in which deferred tax asset is calculated, cannot be deducted for income tax purposes until the accumulated fiscal loss can be compensated and defined benefit-post employment liability is collected by the pensioner. Deferred tax liabilities also occurred due to the difference in recording the prepaid expenses and property, plant and equipment based on bookkeeping and tax reporting purposes arising from the difference in method and depreciation period used for commercial and fiscal reporting.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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26. INCOME TAX (Continued)

Deferred Tax (Continued)

Management is of the opinion that deferred tax assets arising from timing differences can be realized in the future.

Under the Indonesian Tax Regulations, the Company's income or loss and the reconciliation of tax calculation are based on the taxpayer's own calculation in its annual tax return (self assessment system). The tax authorities may assess or amend taxes within five (5) years after the date such tax becomes due. Should there be no assessment from the tax authorities within such period, the company's annual tax return is considered final. Any tax liabilities, according to the Indonesian Tax Regulations, will be calculated and settled by the Company, as and when they fall due.

27. NATURE OF RELATIONSHIPS, TRANSACTIONS AND ACCOUNT BALANCES WITH RELATED PARTIES

The balances of accounts with related parties are as follows :

	Total		Percentage of Total Assets/Liabilities	
	2009	2008	2009 %	2008 %
Trade Receivables				
PT Sungai Budi	122,211	90,054	7.64	5.30
Others	-	7,279	-	0.43
Total	<u>122,211</u>	<u>97,333</u>	<u>7.64</u>	<u>5.73</u>
Investments in Shares of Stock				
PT Tunas Baru Lampung Tbk	2,100	2,100	0.13	0.12
Trade Payables				
PT Budi Makmur Perkasa	26,440	7,580	3.24	0.72
PT Golden Sinar Sakti	20,714	1,354	2.54	0.13
PT Tunas Baru Lampung Tbk	10,823	3,284	1.33	0.31
PT Budi British Bahan Pangan	100	8,125	0.01	0.78
Others	1,053	2,569	0.13	0.24
Total	<u>59,130</u>	<u>22,912</u>	<u>7.25</u>	<u>2.18</u>
Due to Related Party				
Ve Wong Corporation, Taiwan	44,235	51,529	5.42	4.91

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

27. NATURE OF RELATIONSHIPS, TRANSACTIONS AND ACCOUNT BALANCES WITH RELATED PARTIES (Continued)

The Company and Subsidiaries have transactions with related parties that are conducted under normal conditions and with prices as those with third parties or requirements of the agreements. The details of transactions with related parties are as follows :

	Total		Percentage of Related Income/Expense	
	2009	2008	2009 %	2008 %
Net Sales				
PT Sungai Budi	1,355,017	1,154,813	76.03	74.41
Production Fee				
PT Budi British Bahan Pangan	2,785	2,449	0.18	0.18
Operating Expenses				
PT Budi Delta Swakarya	4,045	4,045	3.77	4.76
PT Budi Makmur Perkasa	90	90	0.08	0.11
T o t a l	4,135	4,135	3.85	4.87

The details of the nature of relationships and significant transactions with related parties are as follows :

No.	Related Parties	Nature of Relationships	T r a n s a c t i o n s
a.	PT Sungai Budi PT Budi Delta Swakarya	Stockholder of the Company	Sales of finished goods Office rental
b.	Ve Wong Corporation, Taiwan	Stockholder of a Subsidiary	Receipt of loan
c.	PT Golden Sinar Sakti PT Budi Makmur Perkasa	Enterprises owned by the major Stockholders, board of Directors or Commissioners and/or under the same management	Purchase of other materials, rental, and freight-in
	PT Budi British Bahan Pangan		Production fee
d.	PT Tunas Baru Lampung Tbk	Associated Companies	Investment in shares, and purchase of other materials

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

27. NATURE OF RELATIONSHIPS, TRANSACTIONS AND ACCOUNT BALANCES WITH RELATED PARTIES (Continued)

Significant agreements between the Company and Subsidiaries and their related parties are as follows :

Distributorship and Sales Agreements

- (a) On February 1, 1994, the Company entered into a distributorship agreement with PT Sungai Budi (SB), a stockholder, for a period of three (3) years and can be extended upon approval of both parties. Based on this agreement and its addendum dated November 1, 1995, SB was appointed as the sole distributor in Indonesia for citric acid, tapioca starch and plastic packaging products manufactured by the Company. The Company may not sell these products in Indonesia through other distributors without the consent of SB. The selling price charged to SB is determined based on the average selling price of SB to its third party customers after deducting certain Rupiah per kilogram products for citric acid, tapioca starch and plastic packaging. The credit payment term is four months from delivery date, after which a penalty will be charged to SB at a rate to be determined by both parties. No penalty was charged in 2009 and 2008.

Based on the latest addendum agreement dated May 30, 2008, the Company and SB agreed that the prices of special products of tapioca starch, citric acid and plastic packaging are the average selling price of agents (ex-works) to customers during the month after deduction of Rp 300 (full amount) per kilogram, Rp 400 (full amount) per kilogram and Rp 180 (full amount) per kilogram, respectively. The sea freight or shipping cost (if any) will be charged to the Company.

- (b) On January 2, 1996, BLCT also entered into a tapioca starch distributorship agreement with SB based under the same terms and conditions as the distributorship agreement's between the Company and SB.

Based on the latest addendum on May 30, 2008, BLCT and SB also agreed to increase the deductions on the selling price base of tapioca starch to Rp 300 (full amount) per kilogram.

- (c) On January 22, 1996, VWBI entered into an agreement with Ve Wong Corporation (VWC), Taiwan, regarding the purchase of monosodium glutamate (MSG) produced by VWBI. The purchase is subject to the following terms :
- i. Price shall be based on prevailing market conditions at the time of purchases;
 - ii. At least 1,000 metric tons of MSG and any other remaining products unsold in domestic market shall be sold each month to VWC. If the domestic market for MSG meets or exceeds 500 metric tons per month, then VWBI shall agree to expand its initial production capacity;
 - iii. VWC shall be obliged to purchase MSG solely from VWBI, unless VWBI is unable to provide the required volume of the required product;

The agreement shall remain in force until certain events (i.e. breach of obligation, bankruptcy, etc.) occur or it is terminated by a mutual agreement by both parties in writing.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

27. NATURE OF RELATIONSHIPS, TRANSACTIONS AND ACCOUNT BALANCES WITH RELATED PARTIES (Continued)

Distributorship and Sales Agreements (Continued)

- (d) On November 10, 2000, the Company and PT Budi British Bahan Pangan (BBBP), a related party, entered into a production agreement, wherein the Company appointed BBBP to produce glucose, maltose and sorbitol based on monthly order. The Company will sell these products directly. The Company will provide all raw materials required and shoulder all direct labor cost, factory overhead (except insurance and depreciation) and selling expense on these products. As compensation, the Company will pay a production fee of Rp 50 (full amount) per kilogram based on a monthly production. This agreement was effective from January 1, 2001 until December 31, 2003 and can be extended upon mutual agreement of both parties. This agreement was lastly re-extended until December 31, 2009 wherein in the agreement production fee becomes Rp 100 (full amount) per kilogram. In 2009 and 2008, a total production fee amounting to Rp 2.785 billion and Rp 2.449 billion, respectively, was charged to cost of goods sold.
- (e) The Company and Subsidiaries lease their office spaces in Jakarta on an annual basis from PT Budi Delta Swakarya, a related party.

In 1995, the Company entered into land rental agreements for a period of 30 years for its plastic packaging factories located in Tangerang and Lampung. The land is rented from Widarto and Santoso Winata, the Company's stockholders.

Based on the latest addendum to the land rental agreement dated November 1, 2005, the Rp 600 million land agreement in Lampung was extended from November 1, 2005 until October 31, 2010, while the rental for the land in Tangerang was not extended.

In 2002, the Company entered into a land rental agreement for a period of two (2) years for its plastic packaging factories located in Subang. The land is rented from PT Budi Makmur Perkasa, an affiliated company. Based on the rental agreement, the annual rental fee amounted to Rp 90 million per annum for the period from November 1, 2008 until October 31, 2010.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

28. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN EXCHANGE

The Company and Subsidiaries' balances of monetary assets and liabilities denominated in foreign currencies as of December 31, are as follows :

		2 0 0 9				Rupiah	
		Foreign Currencies (IDR full amount)				Equivalents	
Assets							
Cash and Cash Equivalents	USD	1,138,327	SGD	217,928	EUR	19,381	12,424
Time Deposits		155,700		-		-	1,464
Trade Receivables		2,171,389		-		-	20,411
Security Deposits		10,173		-		-	96
Total Assets	USD	3,475,589	SGD	217,928	EUR	19,381	34,395
Liabilities							
Short-term Loans	USD	1,775,956	SGD	-	EUR	-	16,694
Trade Payables		2,506,263		-		-	23,559
Accrued Expenses		219,894		-		-	2,067
Long-term Loans		29,367,494		-		-	276,054
Due to Related Party		4,705,833		-		-	44,235
Total Liabilities	USD	38,575,440	SGD	-	EUR	-	362,609
Net Liabilities	USD	(35,099,851)	SGD	217,928	EUR	19,381	(328,214)
		2 0 0 8				Rupiah	
		Foreign Currencies (IDR full amount)				Equivalents	
Assets							
Cash and Cash Equivalents	USD	5,208,692	SGD	234,358	EUR	1,723,108	85,410
Time Deposits		36,993		-		340,241	5,656
Trade Receivables		236,280		-		-	2,587
Security Deposits		13,186		-		-	144
Total Assets	USD	5,495,151	SGD	234,358	EUR	2,063,349	93,797
Liabilities							
Short-term Loans	USD	4,990,766	SGD	-	EUR	-	54,649
Trade Payables		2,853,153		-		336,000	36,428
Accrued Expenses		172,573		-		-	1,890
Long-term Loans		44,224,662		-		-	484,260
Due to Related Party		4,705,833		-		-	51,529
Total Liabilities	USD	56,946,987	SGD	-	EUR	336,000	628,756
Net Liabilities	USD	(51,451,836)	SGD	234,358	EUR	1,727,349	(534,959)

29. OTHER COMMITMENTS AND SIGNIFICANT EVENTS

- a. Based on Joint Implementation Agreement dated February 16, 2006, the Company and Sumitomo Corporation, Japan (SC) agreed to the project development of Clean Development Mechanism (CDM) scheme in accordance with Kyoto Protocol of 1997 and revenue sharing on the Certified Emission Reduction - CERs sales proceeds/costs.

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

29. OTHER COMMITMENTS AND SIGNIFICANT EVENTS (Continued)

Based on Certified Emission Reduction Revenue Sharing Agreement dated July 21, 2006, the Company agreed to generate and transfer to SC National Registry Account the CERs in certain amount. The Company agreed that in the future SC will engage in the marketing of CERs for a period of more than one year (Long Term Forward Contract - LTFC).

In addition, the Company approved the LTFC of SC with certain customers.

The net sales proceeds of CERs after deducting any charges shall be shared between the Company and SC. The Company will transfer part of CERs to Japanese government accounts not more than March 2013 as an exchange for the use of NEDO's fund (New Energy and Industrial Technology Development Organization).

On May 21, 2007, the Company received an income prepayment of CERs from NEDO amounting to JPY 402,139,501 related to the investment in PLTBG I (refer to Note 15). Part of such fund was used by the Company to settle all loans from Sumitomo Corporation on May 22 and 23, 2007 amounting to JPY 204,071,918.

- b. Based on Certified Emission Reduction (CER) Revenue Sharing Agreement for the Company's project in Tulang Bawang, Pakuan Agung and BLP (Gunung Agung) factories dated August 24, 2007, the Company and Sumitomo Corporation, Japan (SC) agreed that the target aggregate amount of CERs to be generated during each vintage year excluding the first vintage year will be 426,000 tCO₂E (metric tones of carbon dioxide equivalent).

The Company agreed that SC will engage in the marketing for long term forward CERs sales transactions with its customers, whose term of the sales exceeds one year or so (Long Term Forward Contract - LTFC).

In addition, the Company approves SC's agreement on LTFC with certain customers.

The net sales proceeds of CERs after deducting any charges shall be shared between the Company and SC.

- c. Based on Sales/Prepayment Contract dated January 23, 2007 and the latest addendum dated February 22, 2008, the Company entered into sale and purchase contracts of tapioca starch, citric acid and plastic packaging and other products with BAJIS, with a maximum advance payment of USD 12,000,000.

According to such contract, BAJIS transferred its receivable from the Company to Cargill TSF Asia Pte., Ltd.

- d. Based on Letter No. 123/L/V/2007 dated May 1, 2007, the Company informed PT Bursa Efek Jakarta that one of its Subsidiaries, VWBI, temporarily stopped its main production of Monosodium Glutamate. It stopped its production because the factory uses solar fuel. The high increase in solar prices affected the cost of goods manufactured. In the future, management of VWBI plans to change its use of solar to bricket.

Based on Letter No. 063/L/IV/09 dated March 27, 2009, the Company reported the progress of VWBI's liquidation to the Indonesia Stock Exchange (refer to Note 31).

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

29. OTHER COMMITMENTS AND SIGNIFICANT AGREEMENTS (Continued)

- e. Based on Certified Carbon Emission Reduction (CER) Agreement dated September 11, 2007, the Company entered into an agreement with Cargill in relation to PLTBG IV project. The net proceeds of CERs after deducting any charges shall be shared between the Company and Cargill (refer to Note 15).
- f. Based on L/C Import Facility Agreement dated January 9, 2008, the Company obtained an L/C Import facility from PT Bank CIMB Niaga Tbk (formerly PT Bank Lippo Tbk) with a maximum credit amounting to EUR 1,718,274 and maturity of one (1) year. The loan was collateralized by a time deposit (refer to Note 4). The balance of L/C Import available as of December 31, 2008 amounted to EUR 848,274.
- g. Based on Letter dated February 6, 2008, the Company obtained an L/C Line facility from PT Bank CIMB Niaga Tbk (formerly PT Bank Lippo Tbk) with a maximum credit amounting to USD 5,000,000 maturing in one (1) year and collateralized by a time deposit (refer to Note 4). The balance of L/C Line available as of December 31, 2009 amounted to Rp 9.6 billion and USD 1,557,000.
- h. Based on Certified Carbon Emission Reduction (CER) Agreement dated March 6, 2008, the Company entered into an agreement with Cargill in relation to PLTBG IV project in Terbanggi - Lampung. The net proceeds of CERs after deducting any charges shall be shared between the Company and Cargill.
- i. Based on Letter dated March 17, 2008, the Company obtained an L/C Import facility and SKBDN from PT Bank Mandiri (Persero) Tbk with a maximum credit amounting to USD 5,000,000. The facility mature on March 31, 2010. The balance of L/C Import available as of December 31, 2009 was nil.
- j. Under the Deed of Extraordinary General Shareholders' Meeting No. 1 dated December 22, 2009, the shareholders approved the Changes in the Use of Proceeds' Plan from Limited Public Offering I of the following :
Originally :
 - An amount of 37.5% or a total of approximately Rp 135.87 billion or equivalent to USD 15,096,674 which is 35 % of the total maximum project cost of USD 43,133,354 will be used to finance the Project of Bio Ethanol in Tanjung Imam - Lampung and the remaining of the project cost will be financed by PT Bank Mandiri (Persero) Tbk.Becomes :
 - An amount of 37.5% or a total of approximately Rp 135.87 billion, after deducting Contract Sunk Cost (if any), will be used for additional working capital in order to improve the productivity of the main business activities of the Company.

30. SEGMENT INFORMATION

Business Segment (Primary)

The Company and Subsidiaries manage and classify their business segments based on their products consisting of tapioca starch, glucose and fructose, citric acid and other chemical products, plastic packaging, monosodium glutamate and modified tapioca starch. The primary segment information of the Company and Subsidiaries' business segments is as follows :

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

30. SEGMENT INFORMATION (Continued)

Business Segments (Primary) (Continued)

Descriptions	2 0 0 9							Elimination	2 0 0 9 Consolidated
	Tapioca Starch	Glucose and Fructose	Citric Acid and Other Chemical Products	Plastic Packaging	Monosodium Glutamate	Modified Tapioca Starch	Others		
Revenues									
External Sales	1,339,721	370,020	184,728	47,349	-	27,151	-	-	1,968,969
Inter Segment Sales	-	-	-	-	-	-	-	(186,837)	(186,837)
T o t a l	1,339,721	370,020	184,728	47,349	-	27,151	-	(186,837)	1,782,132
Results									
Segment Results	89,660	42,446	14,436	8,727	(2,515)	1,122	-	-	153,876
Unallocated Expenses	-	-	-	-	-	-	-	-	-
Operating Income (Expenses)	89,660	42,446	14,436	8,727	(2,515)	1,122	-	-	153,876
Financing Costs	(41,057)	(10,040)	(5,013)	(1,285)	-	(737)	-	-	(58,132)
Interest Income	3,200	884	441	113	-	65	-	-	4,703
Other Income (Charges)	54,555	13,769	6,874	1,762	-	1,010	-	-	77,970
Income (Loss) on Normal Activities	106,358	47,059	16,738	9,317	(2,515)	1,460	-	-	178,417
Income Tax	(15,419)	(4,258)	(2,126)	(545)	-	(312)	-	-	(22,660)
Minority Interest	(6,356)	(1,756)	(876)	(225)	-	(129)	-	-	(9,342)
Net Income (Loss)	84,583	41,045	13,736	8,547	(2,515)	1,019	-	-	146,415
Assets and Liabilities									
Segment Assets	922,973	397,856	27,470	55,682	87,958	34,187	70,598	-	1,596,724
Investments in Investees	-	-	-	-	-	-	2,100	-	2,100
Total Consolidated Assets	922,973	397,856	27,470	55,682	87,958	34,187	72,698	-	1,598,824
Segment Liabilities	270,192	209,448	18,690	24,363	111,996	30,134	150,809	-	815,632
Unallocated Company's Liabilities	-	-	-	-	-	-	39,152	-	39,152
Total Consolidated Liabilities	270,192	209,448	18,690	24,363	111,996	30,134	189,961	-	854,784
Other Information									
Capital Expenditures	48,298	7,998	5,122	2,290	-	221	42,330	-	106,259
Depreciation	41,118	10,191	21,089	2,198	-	752	-	-	75,348

Descriptions	2 0 0 8							Elimination	2 0 0 8 Consolidated
	Tapioca Starch	Glucose and Fructose	Citric Acid and Other Chemical Products	Plastic Packaging	Monosodium Glutamate	Modified Tapioca Starch	Others		
Revenues									
External Sales	1,154,252	344,272	161,423	55,706	508	14,013	-	-	1,730,174
Inter Segment Sales	-	-	-	-	-	-	-	(178,187)	(178,187)
T o t a l	1,154,252	344,272	161,423	55,706	508	14,013	-	(178,187)	1,551,987
Results									
Segment Results	77,491	36,961	12,664	8,604	(975)	750	-	-	135,495
Unallocated Expenses	-	-	-	-	-	-	-	-	-
Operating Income (Expenses)	77,491	36,961	12,664	8,604	(975)	750	-	-	135,495
Financing Costs	(31,215)	(15,164)	(5,196)	(3,530)	(178)	(308)	-	-	(55,591)
Interest Income	2,410	1,171	401	272	14	24	-	-	4,292
Other Income (Charges)	(27,307)	(13,266)	(4,545)	(3,088)	(155)	(269)	-	-	(48,630)
Income (Loss) on Normal Activities	21,379	9,702	3,324	2,258	(1,294)	197	-	-	35,566
Income Tax	(6,203)	(3,014)	(1,032)	(701)	(35)	(61)	-	-	(11,046)
Minority Interest	4,751	2,308	791	537	27	47	-	-	8,461
Net Income (Loss)	19,927	8,996	3,083	2,094	(1,302)	183	-	-	32,981
Assets and Liabilities									
Segment Assets	1,110,730	209,558	24,973	53,484	94,676	33,631	169,598	-	1,696,650
Investments in Investees	-	-	-	-	-	-	2,100	-	2,100
Total Consolidated Assets	1,110,730	209,558	24,973	53,484	94,676	33,631	171,698	-	1,698,750
Segment Liabilities	536,927	134,649	17,302	31,421	126,167	29,233	174,360	-	1,050,059
Unallocated Company's Liabilities	-	-	-	-	-	-	29,841	-	29,841
Total Consolidated Liabilities	536,927	134,649	17,302	31,421	126,167	29,233	204,201	-	1,079,900
Other Information									
Capital Expenditures	38,357	11,913	22,120	6,009	-	547	169,598	-	248,544
Depreciation	49,634	9,486	12,107	1,744	-	893	-	-	73,864

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

30. SEGMENT INFORMATION (Continued)

Geographical Segments (Secondary)

The secondary segment reporting for the Company and Subsidiaries in geographical segment based on the production facility locations is as follows :

	<u>2009</u>	<u>2008</u>
Sales		
Tapioca Starch		
Lampung		
Export	12,950	40,680
Local	1,163,112	944,078
Solo	31,746	22,018
Glucose and Fructose		
Lampung	101,395	94,070
Surabaya	59,158	50,115
Karawang		
Export	5,066	18,507
Local	202,897	171,582
Citric Acid and Other Chemical Products		
Lampung		
Export	43,114	18,853
Local	99,100	125,115
Plastic Packaging		
Lampung		
Export	2,560	3,761
Local	36,823	41,268
Subang	5,754	7,419
Monosodium Glutamate		
Lampung		
Local	-	508
Modified Tapioca Starch		
Lampung		
Export	-	475
Local	18,457	13,538
T o t a l	<u><u>1,782,132</u></u>	<u><u>1,551,987</u></u>

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

30. SEGMENT INFORMATION (Continued)

Geographical Segments (Secondary)

	<u>2009</u>	<u>2008</u>
Segment Assets		
Tapioca Starch		
L a m p u n g	904,851	927,528
S o l o	10,872	10,212
J a m b i	7,250	7,292
Glucose and Fructose		
L a m p u n g	100,369	85,097
S u r a b a y a	80,478	80,601
K a r a w a n g	217,009	209,558
Citric Acid and Other Chemical Products		
L a m p u n g	27,470	24,973
Plastic Packaging		
L a m p u n g	50,662	48,770
S u b a n g	5,020	4,714
Monosodium Glutamate		
L a m p u n g	87,958	94,676
Modified Tapioca Starch		
L a m p u n g	34,187	33,631
Unallocated Assets	<u>72,698</u>	<u>171,698</u>
T o t a l	<u><u>1,598,824</u></u>	<u><u>1,698,750</u></u>
Capital Expenditures		
Tapioca Starch		
L a m p u n g	44,484	33,673
S o l o	3,814	99
Glucose and Fructose		
S u r a b a y a	1,256	2,928
K a r a w a n g	6,699	11,913
L a m p u n g	43	1,657
Citric Acid and Other Chemical Products		
L a m p u n g	5,122	22,120
Plastic Packaging		
L a m p u n g	2,253	6,009
S u b a n g	37	-
Modified Tapioca Starch		
L a m p u n g	221	547
Others	<u>42,330</u>	<u>169,598</u>
T o t a l	<u><u>106,259</u></u>	<u><u>248,544</u></u>

PT BUDI ACID JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Expressed in Millions of Rupiah, unless Otherwise Stated)

31. CONTINGENCY

On October 20, 2008, the President Director of VWBI and the Company as a Stockholder of VWBI submitted a proposal of VWBI's liquidation to the District Court of Gunung Sugih, Central Lampung due to the significant uncertainty of VWBI to operate as a going concern. VWBI has incurred losses since 2000 and has caused a capital deficiency of Rp 24.039 billion as of December 31, 2009.

Based on Decision of the District Court No. 09/Pdt.p/2008/PNGS dated January 28, 2009, the Court has agreed, among others, to the liquidation of VWBI and VWBI is considered dissolved.

Ve Wong Corporation, Taiwan, submitted an objection to the liquidation proposal.

On February 20, 2009, Ve Wong Corporation, Taiwan, submitted an Appeal Memorandum to the District Court's decision.

On March 16, 2009, the President Director of VWBI and the Company submitted a Contra Appeal Memorandum.

Until the date of this Independent Auditor's report, the decision on such appeal has yet to be determined.

32. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of these Consolidated Financial Statements that were completed on March 23, 2010.