

**PT CHAROEN POKPHAND INDONESIA Tbk
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 3-MONTH PERIODS ENDED MARCH 31, 2009 AND 2008**

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2009 AND 2008
(Expressed in Millions of Rupiah, Except Par Value Per Share)

	<u>Notes</u>	<u>2 0 0 9</u> <u>(Unaudited)</u>	<u>2 0 0 8</u> <u>(Unaudited)</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	3	636,151	108,508
Accounts Receivable			
Trade :	4, 19		
Third Parties - Net of Allowance for Doubtful Accounts of Rp 12,858 in 2009 and Rp 4,266 in 2008		712,110	835,965
Related Parties		15,224	56,945
Others - Third Parties		54,307	24,805
Inventories	5	1,252,377	1,364,893
Breeding Flocks - Net	6	361,485	369,554
Prepaid Expenses and Advances		208,876	457,672
Total Current Assets		<u>3,240,530</u>	<u>3,218,342</u>
NON-CURRENT ASSETS			
Due from Related Parties	19	207,304	88,529
Deferred Tax Assets - Net		12,265	35,456
Property, Plant and Equipment - Net of Accumulated Depreciation of Rp 980,657 in 2009 and Rp 862,911 in 2008	7	1,686,936	1,457,993
Claims for Tax Refund		147,116	35,624
Others - Net		42,687	91,137
Total Non-Current Assets		<u>2,096,308</u>	<u>1,708,739</u>
TOTAL ASSETS	22	<u><u>5,336,838</u></u>	<u><u>4,927,081</u></u>

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

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
MARCH 31, 2009 AND 2008
(Expressed in Millions of Rupiah, Except Par Value Per Share)

	<u>Notes</u>	<u>2 0 0 9 (Unaudited)</u>	<u>2 0 0 8 (Unaudited)</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term Bank Loans	8	1,153,394	802,263
Accounts Payable			
Trade :	9, 19		
Third Parties		658,502	792,953
Related Parties		27,685	23,833
Others - Third Parties		117,471	95,702
Taxes Payable	10	90,701	28,421
Accrued Expenses		89,834	119,744
Current Portion of Long-term Debts :			
Bank Loans	11	213,868	102,920
Finance Lease Obligations		4,632	4,480
Bonds Payable	12	-	499,509
Derivative Instrument Payable		-	22,145
Total Current Liabilities	22	2,356,087	2,491,970
NON-CURRENT LIABILITIES			
Due to Related Parties	19	50,901	251,967
Deferred Tax Liabilities - Net		21,930	2,863
Long-term Debts - Net of Current Portion			
Bank Loans	11	1,186,789	808,049
Finance Lease Obligations		1,308	5,183
Estimated Liability for Employee Benefits	18	239,372	217,360
Total Non-Current Liabilities	22	1,500,300	1,285,422
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES			
		16,365	12,627
EQUITY			
Share Capital - Rp50 par value			
Authorized - 8,000,000,000 shares			
Issued and Fully Paid - 3,284,561,408 shares	13	164,228	164,228
Additional Paid-in Capital		147,259	147,259
Difference in Equity Transactions of Subsidiaries		(10,856)	(10,856)
Difference in Value of Restructuring Transactions of Entities under Common Control		(15,006)	(15,006)
Retained earnings :			
Appropriated		7,000	6,000
Unappropriated		1,171,461	845,437
Total Equity		1,464,086	1,137,062
TOTAL LIABILITIES AND EQUITY		5,336,838	4,927,081

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

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE 3-MONTH PERIODS ENDED ON MARCH 31, 2009 AND 2008
(Expressed in Millions of Rupiah, Except Par Value Per Share)

	Notes	2 0 0 9 (Unaudited)	2 0 0 8 (Unaudited)
NET SALES	15, 22	3,118,047	2,881,709
COST OF GOODS SOLD	16	<u>2,581,029</u>	<u>2,562,133</u>
GROSS PROFIT		<u>537,018</u>	<u>319,576</u>
OPERATING EXPENSES	17		
Selling		43,458	52,874
General and Administrative		<u>122,733</u>	<u>127,901</u>
Total Operating Expenses		<u>166,191</u>	<u>180,775</u>
INCOME FROM OPERATIONS	22	<u>370,827</u>	<u>138,801</u>
OTHER INCOME (CHARGES)			
Gain (Loss) on Foreign Exchange and Swap Gain - Net		(100,800)	30,637
Financing Cost		(82,683)	(63,897)
Interest Income		6,678	679
Miscellaneous - Net		<u>27,943</u>	<u>3,269</u>
Total Other Charges - Net		<u>(148,862)</u>	<u>(29,312)</u>
INCOME BEFORE INCOME TAX		<u>221,965</u>	<u>109,489</u>
INCOME TAX EXPENSE			
Current		(75,197)	(35,414)
Deferred		<u>(660)</u>	<u>(2,383)</u>
Income Tax Expense - Net		<u>(75,857)</u>	<u>(37,797)</u>
INCOME BEFORE MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES		<u>146,108</u>	<u>71,692</u>
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES		<u>(2,331)</u>	<u>(962)</u>
NET INCOME		<u><u>143,777</u></u>	<u><u>70,730</u></u>
EARNINGS PER SHARE		<u><u>44</u></u>	<u><u>22</u></u>

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

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS IN CHANGES OF EQUITY
FOR THE 3-MONTH PERIODS ENDED ON MARCH 31, 2009 AND 2008
 (Expressed in Millions of Rupiah)
 (UNAUDITED)

	Issued and Fully Paid Share Capital	Additional Paid-in Capital	Revaluation Increment in Property, Plant, and Equipment	Difference in Equity Transactions of Subsidiaries	Difference in Value of Restructuring Transactions of Entities under Common Control	Retained Earnings	Total Equity
						Appropriated	Unappropriated
Balance, January 1, 2009	164.228	147.259	-	(10.856)	(15.006)	7.000	1.027.684
Net Income	-	-	-	-	-	-	143.777
Balance, March 31, 2009	164.228	147.259	-	(10.856)	(15.006)	7.000	1.464.086
Balance, January 1, 2008	164.228	147.259	68.491	41.980	(15.006)	6.000	1.066.332
Reclassification of Revaluation Increment in Property, Plant and Equipment to Adopt PSAK No. 16 (Revised 2007), "Fixed Assets"	-	-	(68.491)	(52.836)	-	-	121.327
Net Income	-	-	-	-	-	-	70.730
Balance, March 31, 2008	164.228	147.259	-	(10.856)	(15.006)	6.000	1.137.062

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

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 3-MONTH PERIODS ENDED ON MARCH 31, 2009 AND 2008
(Expressed in Millions of Rupiah, Except Par Value Per Share)

	<u>Notes</u>	<u>2 0 0 9</u> <u>Unaudited</u>	<u>2 0 0 8</u> <u>Unaudited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers		3,143,020	2,710,300
Cash Paid to Suppliers and Employees		<u>(2,500,739)</u>	<u>(2,608,082)</u>
Cash Provided by Operating Activities		642,281	102,218
Receipts from (Payments for) :			
Interest Income		6,542	547
Financing Cost		(35,493)	(21,055)
Income Taxes		<u>(80,071)</u>	<u>(95,188)</u>
Net Cash Provided by (Used in) Operating Activities		<u>533,259</u>	<u>(13,478)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	7	426	3,235
Acquisitions of property, plant and equipment		<u>(65,397)</u>	<u>(85,842)</u>
Net Cash Used in Investing Activities		<u>(64,971)</u>	<u>(82,607)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Short-term Bank Loans		-	35,545
Proceeds from Long-term Bank Loans	11	-	47,015
Payments of :			
Finance Lease Obligations		(2,598)	(902)
Trade Payable - Related Party		(4,217)	(2,250)
Long-term Bank Loans	11	(54,039)	(7,500)
Short-term Bank Loans		<u>(168,263)</u>	<u>-</u>
Net Cash Provided by (Used in) Financing Activities		<u>(229,117)</u>	<u>71,908</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		239,171	(24,177)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>396,944</u>	<u>132,685</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>636,115</u>	<u>108,508</u>
Cash dan Cash Equivalents at the End of Period :			
Cash on Hand and in Banks		140,998	96,558
Time Deposits		<u>495,153</u>	<u>11,950</u>
Total	3	636,151	108,508
Overdraft	8	<u>(36)</u>	<u>-</u>
Total		<u>636,115</u>	<u>108,508</u>
ACTIVITY NOT AFFECTING CASH FLOWS			
Acquisition of leased assets through incurrence of finance lease obligations	7	669	8

See accompanying Notes to Consolidated Financial Statements
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PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2009 and 2008
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL

a. Establishment of the Company and General Information

PT Charoen Pokphand Indonesia Tbk. (the "Company") was established in Indonesia within the framework of the Foreign Investment Law No. 1 year 1967 based on Notarial Deed No. 6 dated January 7, 1972 of Drs. Gde Ngurah Rai, S.H. The Deed of Establishment was approved by the Ministry of Justice in its Decision Letter No. YA-5/197/21 dated June 8, 1973, and was published in Supplement No. 573 of State Gazette No. 65 dated August 14, 1973. The Articles of Association has been amended several times, most recently by Notarial Deed No. 64 dated June 17, 2008 of Fathiah Helmi, S.H., to align with the Corporation Law No. 40 year 2007. This amendment was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia as stated in its Decision Letter No. AHU-97521 AH.01.02 dated December 18, 2008.

The Company is engaged in, among others, the manufacture and sale of poultry feed, shrimp feed, fish feed, poultry equipment and processed chicken, and investment in other companies.

The Company's head office is located at Jl. Ancol VIII No. 1, Jakarta, and its branches are located in Tangerang, Balaraja, Serang, Lampung, Medan, Denpasar, Sidoarjo, Surabaya, Semarang and Makasar. The Company started its commercial operations in 1972.

b. Movements of the Company's Shares

Since the Company's initial public offering, the Company has entered into several share capital transactions as summarized below :

Year	Description	Outstanding Shares After the Transaction
1991	Initial public offering of its 2,500,000 shares with par value of Rp 1,000.00 (full amount) per share	52,500,000
1994	Conversion of the Company's convertible bond of Rp 25.00 billion to 3,806,767 shares	56,306,767
1995	Limited public offering II with Pre-emptive Rights	112,613,534
1997	Change in par value per share from Rp 1,000.00 (full amount) to Rp 500.00 (full amount)	225,227,068
1997	Issuance of bonus shares, whereby each shareholder holding four shares was entitled to receive one new share	281,533,835
2000	Change in par value per share from Rp 500.00 (full amount) to Rp 100.00 (full amount)	1,407,669,175
2007	Limited public offering III with Pre-emptive Rights	1,642,280,704
2007	Change in par value per share from Rp 100.00 (full amount) to Rp 50.00 (full amount)	3,284,561,408

The Company's issued and fully paid shares are listed in the Indonesia Stock Exchange.

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL (Continued)

c. Bond Offering

On June 19, 2003, the Company obtained the Effective Statement Letter No. S-1458/PM/2003 from the Chairman of the Capital Market and Financial Institution Supervisory Agency (BAPEPAM-LK) on the registration of its bonds issuance under the name of "Obligasi Charoen Pokphand Indonesia I Tahun 2003 Dengan Tingkat Bunga Tetap" (Bonds) with nominal value amounting to Rp 500.00 billion denominated at Rp50.00 million each Bond. The Bonds, issued on July 2, 2003, bear a fixed interest of 14% per year and are registered in the Indonesia Stock Exchange since July 7, 2003. The bonds had been fully paid on July 2, 2008.

d. Employees, Directors, Commissioners and Audit Committee

As of March 31, 2009, the members of the Company's boards of commissioners and directors as appointed in the Extraordinary Shareholders' General Meeting, the minutes of which were notarized under Deed No. 28 dated November 27, 2008 of Fathiah Helmi, S.H., are as follows :

Commissioners	Directors
President Commissioner : - Hadi Gunawan Tjoe	President Director : - Tjiu Thomas Effendy
Vice President Commissioners : - Jiapiroto Jiaravanon	Vice President Directors : - Peraphon Prayooravong
	- Vinai Rakphongphairoj
Commissioners : - Hery Tjusanto	Directors : - Ong Mei Sian
Independent Commissioners : - Agussalim Nasution	- Jemmy
	- Eddy Dharmawan
	- Fiece Kosasih
	- Ping Perdana Kusuma

As of March 31, 2008, the members of the Company's boards of commissioners and directors as appointed in the Annual Shareholders' General Meeting, the minutes of which were notarized under Deed No. 58 dated June 27, 2007 of Fathiah Helmi, S.H., are as follows :

Commissioners	Directors
President Commissioner : - Eddy Susanto Zaoputra	President Director : - Franciscus Affandy
Vice President Commissioners : - Benjamin Jiaravanon	Vice President Directors : - Tjiu Thomas Effendy
	- Vinai Rakphongphairoj
	- Peraphon Prayooravong
Commissioners : - Agussalim Nasution	Directors : - Hery Tjusanto
Independent Commissioners : - Ping Perdana Kusuma	- Jemmy
	- Eddy Dharmawan
	- Fiece Kosasih

As of March 31, 2009 and 2008, the members of the Company's audit committee are as follows :

Chairman	: - Agussalim Nasution
Members	: - Ping Perdana Kusuma
	- Rudy Dharma Kusuma
	- Petrus Julius

The establishment of the Company's audit committee complies with BAPEPAM-LK Rule No. IX.1.5.

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2009 and 2008
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL (Continued)

d. Employees, Directors and Commissioners and Audit Committee (Continued)

Salaries and other compensation benefits incurred for the Company's and Subsidiaries' directors and commissioners amounted to Rp6.50 billion and Rp6.07 billion for the 3-month periods ended March 31, 2009 and 2008, respectively.

The Company and Subsidiaries had 5,673 and 7,015 permanent employees as of March 31, 2009 and 2008, respectively (unaudited).

e. The Structure of the Company and Subsidiaries

The consolidated financial statements include the accounts of the Company and Subsidiaries, which are more than 50% owned, directly and indirectly, as follows :

Subsidiaries	Principal Activity	Domicile	Operations	Start of Year Commercial	Percentage of Ownership	Total Assets	
						2009	2008
Direct ownership							
PT Charoen Pokphand Jaya Farm (CPJF)	Poultry farms	Jakarta	1972	1972	99.99	1,092,804	963,785
PT Primafood International (PFI)	Trading of proceeds chicken	Jakarta	2000	2000	99.96	159,008	123,638
PT Vista Grain (VG)	Production and distribution of poultry feed	Lampung	1982	1980	99.92	120,534	81,581
PT Poly Packaging Industry (Poly)	Production of plastic product	Tangerang	2003	2003	99.99	25,824	30,692
PT Feprotama Pertiwi (Fepro)	Production and distribution of chicken feather meal	Tangerang	1994	1992	99.32	17,499	15,938
Indirect ownership through CPJF							
PT Centralavian Pertiwi (CAP)	Poultry farms	Jakarta	1991	1991	100.00	182,556	183,560
PT Satwa Utama Raya (SUR)	Poultry farms	Surabaya	1987	1980	99.98	112,856	110,649
PT Vista Agung Kencana (VAK)	Poultry farms	Palembang	1986	1980	99.96	78,618	83,578
PT Istana Satwa Borneo (ISB)	Poultry farms	Balikpapan	1989	1983	99.96	53,986	46,088
PT Cipta Khatulistiwa Mandiri (CKM)	Poultry farms	Pontianak	1989	1983	50.00	38,335	30,467

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2009 and 2008
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements are prepared and consistently applied in accordance with generally accepted accounting principles and practices in Indonesia, which are the Statements of Financial Accounting Standards and the Capital Market and Financial Institution Supervisory Agency (BAPEPAM-LK) regulations.

The basis of measurement in the preparation of the consolidated financial statements is historical cost, except for inventories that are valued at the lower of cost or net realizable value; derivative instruments, which are valued at fair value; and certain property, plant and equipment, which are stated at revalued amounts.

The consolidated financial statements are prepared using the accrual basis, except for the consolidated statements of cash flows.

The consolidated statements of cash flows are presented using the direct method and classified into operating, investing and financing activities.

The reporting currency used in the consolidated financial statements is Indonesian Rupiah.

b. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its Subsidiaries.

All significant intercompany accounts and transactions between companies that consolidated are eliminated.

The minority interest portion of the Subsidiaries' equity is presented in "Minority Interest in Net Assets of Subsidiaries" in the consolidated balance sheets.

The equity transactions of a Subsidiary arising from restructuring transactions between entities under common control are presented as "Difference in Equity Transactions of Subsidiaries" in the equity section.

Acquisitions of companies from third parties is accounted for in accordance with PSAK No. 22 "Accounting for Business Combination". Under this standard, the assets and liabilities of the acquired entities are measured at their fair values at the date of acquisition. When the cost of acquisition is less than the interest in the fair values of the identifiable assets and liabilities as at the date of acquisition, the fair values of the acquired non-monetary assets are reduced proportionately until all the excess is eliminated.

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2009 and 2008
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Principles of Consolidation (Continued)

Restructuring transactions of entities under common control are accounted for in accordance with PSAK No. 38 (Revised 2004), "Accounting for Restructuring of Entities under Common Control". Under this standard, the restructuring transactions conducted within the framework of reorganization of entities under the same business segment do not constitute a change of ownership within the meaning of economic substance, so that such transactions would not result in a gain or loss to the Company or the individual entity within the same group and should be recorded at book values using the pooling-of-interests method. The difference between the transfer price and net book value of acquired subsidiaries arising from restructuring transactions between entities under common control is presented as "Difference in Value of Restructuring Transactions of Entities Under Common Control" account in the equity section.

c. Cash Equivalents

Deposit on call and time deposits with maturities of three months or less at the time of placement and not pledged as collateral are considered as "Cash Equivalents".

d. Allowance for Doubtful Accounts

Allowance for doubtful accounts receivable is determined based on a review of the probability on non-collection of the receivable at the end of the year.

e. Transactions with Related Parties

The Company and Subsidiaries have transactions with certain parties, which have related party relationships as defined in accordance with the Statement of Financial Accounting Standards (PSAK) No. 7, "Related Party Disclosures".

All significant transactions with related parties are disclosed in the notes to the consolidated financial statements.

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale. Cost is determined by the weighted-average method. Allowance for the decline in value of inventories, if any, is provided based on a review of the condition of the inventories at the end of the period.

g. Breeding Flocks

Breeding flocks are stated at cost less accumulated depletion and culled birds. Costs incurred during the growing period are accumulated and depleted at the start of the producing period. Depletion is computed using the declining balance method based on the estimated productive lives of the producing flocks from the start of the producing period after taking into account their salvage values.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Prepaid Expenses

Prepaid expenses are charged to operations over the periods benefited. The long-term portion of the prepaid expenses is presented as part of "Non-Current Assets - Others - Net" account.

i. Property, Plant and Equipment

Direct ownership

Prior to January 1, 2008, property, plant and equipment were stated at cost (except certain assets revalued in 1998 in accordance with government regulation) less accumulated depreciation (except for land that is not depreciated). The revaluation increment in property, plant and equipment was presented under the equity section in the consolidated balance sheet.

Effective on January 1, 2008, the Company and Subsidiaries have implemented PSAK No. 16 (Revised 2007), "Fixed Assets", that supersedes PSAK No. 16 (1994), "Fixed Assets and Other Assets", and PSAK No. 17 (1994), "Accounting for Depreciation". Under this Standard, an entity can choose between the cost model or revaluation model as the accounting policy for its fixed assets. If an entity has revalued its fixed assets before the application of this Standard and chooses cost model in recording its fixed assets, then the previous revalued value is considered deemed cost, and the related revaluation increment on fixed assets recognized in the equity should be prospectively reclassified to retained earnings. The Company and Subsidiaries have chosen the cost model for the measurement of their property, plant and equipment; accordingly, the revaluation increment on property, plant and equipment which was presented as part of equity in 2007 was prospectively reclassified to retained earnings in 2008.

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred.

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2009 and 2008
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Property, Plant and Equipment (continued)

Direct ownership (continued)

Depreciation, except for land which are not depreciated, is computed using the straight-line method, after taking into account their salvage values at certain percentage of carrying values, except for land improvements which have no salvage value, over the estimated useful lives of the assets as follows :

	<u>Years</u>
Land improvements, transportation equipment, office equipment, wells and waterlines, poultry equipment and laboratory equipment	2-10
Buildings	17-26
Machinery and equipment	10-17

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Specific costs associated with the acquisition or renewal of legal titles of the land are deferred and amortized over the legal terms of the related landrights or the economic lives of the land, whichever period is shorter. The deferred charge is presented as part of "Non-Current Assets - Others - net" account.

Constructions in progress

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

j. Leases

Prior to January 1, 2008, lease transaction is recognized as capital lease, if all of the following criteria are met:

1. The lessee has the option to purchase the leased asset at the end of the lease period at a price mutually agreed upon at the commencement of the lease agreement.
2. Total periodic payments paid by a lessee plus residual value shall fully cover the acquisition cost of leased capital goods plus interest thereon which is the lessor's profit (full payout lease).
3. The lease period shall be a minimum of 2 (two) years.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Leases (Continued)

Lease transactions that do not meet any of the above criteria are reported using the operating lease method. Under operating lease method, as a lessor, lease received is recognized as income while as a lessee, rental payment is recognized as expense in the statements of income on a straight-line basis over the lease term.

Effective January 1, 2008, the Statement of Financial Accounting Standards (PSAK) No. 30 (Revised 2007), "Leases" supersedes PSAK No. 30 (1990), "Accounting for Leases". Based on PSAK No. 30 (Revised 2007), the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. Under this revised PSAK, leases that transfer substantially to the lessee all the risks and rewards incidental to ownership of the leased item are classified as finance leases. Moreover, leases which do not transfer substantially all the risks and rewards incidental to ownership of the leased item are classified as operating leases.

- i) Based on PSAK No. 30 (Revised 2007), under a finance leases, the Company and Subsidiaries shall recognize assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in profit and loss. Capitalized leased assets (presented under the account of property, plant and equipment) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Company and Subsidiaries will obtain ownership by the end of the lease term.
- ii) Under an operating lease, the Company and Subsidiaries recognized lease payments as an expense on a straight-line basis over the lease term.

At the application of this revised PSAK, the Company has chosen to apply this revised PSAK prospectively. The Company determined the outstanding balances related to the financing leases that had existed prior to January 1, 2008 were appropriate. All arrangements that existed at the beginning of the earliest period presented, were evaluated by the Company to determine their classification in accordance with this revised PSAK. When they meet the criteria as finance lease, and the Company is acting as a lessee, the Company recognized the assets and liabilities as if the revised accounting policy had been applied since January 1, 2007 (the beginning of the earliest period presented) for all arrangements containing a lease that existed at the beginning of the earliest period presented.

The adoption of this revised PSAK did not result in a significant effect in the Company and Subsidiaries' consolidated financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Impairment of Assets Value

The Company and Subsidiaries conduct a review to determine whenever there is any indication of assets impairment at the end of the year. If such indication exists, the Company and Subsidiaries are required to determine the estimated recoverable value of the assets and recognize the impairment in assets value as a loss in the consolidated statement of income for the current year.

l. Revenue and Expense Recognition

Revenue from sales is recognized upon delivery of the goods to the customers. Income from sales of culled birds, used sacks, raw materials (except premix) and chicken dung is recognized net of the related expenses incurred, and presented as Other Income. Expenses are recognized when incurred.

m. Bonds Issuance Costs

Bonds issuance costs incurred in connection with the issuance of bonds are presented as deductions against the proceeds from the bonds issuance. The bonds issuance costs are amortized using the straight-line method over the life of the bonds, which is 5 (five) years.

n. Derivative Instruments

Every derivative instrument (including embedded derivatives) is recorded in the consolidated balance sheet as either asset or liability as measured at fair value of each contract. Changes in instrument derivative fair value are recognized in current earnings unless specific hedges allow a derivative's gains and losses to offset related results on the hedged item in consolidated statement of income. An entity must formally document, designate and assess the effectiveness of transactions that meet hedge accounting. The Company's derivative instruments are not designated as hedging instruments for accounting purposes.

o. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah amounts at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted to Rupiah using middle rate of exchange on balance sheet date. The resulting gains or losses are credited or charged to operations of the period.

p. Segment Information

The Company and Subsidiaries classify their business segment (primary) based on their products sold such as feeds, day-old chicks, processed chicken, poultry equipment and packaging and their geographical segment (secondary) based on location of business, such as in Java Island, Sumatera Island, Bali Island and other islands.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Estimated Liability for Employees' Benefits

The Company and Subsidiaries recognize estimated liability for employee benefits in accordance with Labor Law No. 13/2003 dated March 25, 2003 ("Labor Law No. 13/2003") as accounted for under PSAK No. 24 (Revised 2004), "Employee Benefits". Based on Labor Law No. 13/2003, the Company and Subsidiaries are required to pay the compensation benefits if certain conditions in the Labor Law No. 13/2003 are met.

Under PSAK No. 24 (Revised 2004), the cost of providing employee benefits under UU No. 13/2003 is determined using the "Projected Unit Credit" actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the present value of defined benefit obligation at that date. These gains or losses are recognized over the expected average remaining working lives of the employees. Further, past-service costs arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

r. Income Tax

Current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates is charged to current year operations.

For each of the consolidated Subsidiaries, the deferred tax assets and liabilities are presented at net amounts.

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

s. Basic Earnings per Share

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in Indonesia requires the Company and Subsidiaries' management to make estimations and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual results reported in future periods might be differ from those estimates.

u. Revised Statements of Financial Accounting Standards

The following summarizes the revised Statements of Financial Accounting Standards (PSAK) which have been issued by the Indonesian Institute of Accountants but not yet effective in year 2008:

1. PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interests, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. This standard requires the disclosure, among others, of information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments. PSAK No. 50 (Revised 2006) supersedes PSAK No. 50, "Accounting for Certain Investments in Securities" and is applied prospectively for the periods beginning on or after January 1, 2009 (which was subsequently revised to become on or after January 1, 2010). Earlier application is permitted and should be disclosed.
2. PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement" establishes the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. This standard provides for the definitions and characteristics of a derivative, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others. PSAK No. 55 (Revised 2006) supersedes PSAK No. 55, "Accounting for Derivative Instruments and Hedging Activities", and is applied prospectively for financial statements covering the periods beginning on or after January 1, 2009 (which was subsequently revised to become on or after January 1, 2010). Earlier application is permitted and should be disclosed.

The Company and Subsidiaries are currently evaluating the effect of the revised PSAK No. 50 and No. 55 and have not yet determined the effect on their consolidated financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u. Revised Statements of Financial Accounting Standards (Continued)

3. PSAK No. 14 (Revised 2008), "Inventories" prescribes the accounting treatment for inventories, and supersedes PSAK No. 14 (1994). This revised PSAK provides guidance on the determination of inventory cost and its subsequent recognition as an expense, including any write-down to net realizable value, as well as guidance on the cost formulas used to assign costs to inventories. This revised PSAK is effective for financial statements beginning on or after January 1, 2009. The Company and Subsidiaries have not yet estimated the effect of the implementation of this revised PSAK on their consolidated financial statements.

3. CASH AND CASH EQUIVALENTS

This account consists of :

	<u>2009</u>	<u>2008</u>
Cash on Hand	3,604	5,368
Cash in Banks		
Rupiah	120,485	84,692
US Dollar (US\$ 1,460,791 in 2009 and US\$ 704,980 in 2008)	16,909	6,498
Cash equivalents		
Rupiah	445,380	11,950
US Dollar (US\$ 4,300,000)	49,773	-
Total	<u>636,151</u>	<u>108,508</u>

The cash equivalents bear annual interest as follows :

	<u>2009</u>	<u>2008</u>
Rupiah	5.75 % - 12.00 %	2.25 %
US Dollar	0.01 % - 3.25 %	-

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4. ACCOUNTS RECEIVABLE - TRADE

This account consists of :

	<u>2009</u>	<u>2008</u>
Third Parties:		
PT Multi Sarana Pakanindo	35,601	40,414
PT Surya Unggas Mandiri	19,132	42,354
PT Surya Gemilang Pratama	16,890	19,361
PT Sinar Inti Mustika	15,731	1,894
PT Cemerlang Unggas Lestari	14,836	29,934
PT Semesta Mitra Sejahtera	13,166	33,323
PT Sinar Sarana Sentosa	12,454	38,508
PT Citra Kalimantan Sejahtera	12,023	11,537
PT Carrefour Indonesia	11,915	12,423
ITB Farm	11,110	5,463
PT Tiara Tunggal Mandiri	10,744	19,951
PT Tohpati Poultry	9,106	7,528
PT Karya Prospektawa	8,825	8,607
PT Indah Ternak Mandiri	8,677	6,583
Aldi Ajahari	8,265	1,482
PT Bintang Sejahtera Bersama	7,889	15,413
Hamidah	7,711	3,456
PT Hero Supermarket Tbk	7,511	8,886
PT Jennio Mandiri	7,387	-
PT Sumber Ternak Pratama	6,924	16,384
PT Satwa Miramaraya	6,725	8,613
PT Sinar Ternak Sejahtera	6,399	7,726
Janu Putro	6,318	1,699
PT Sarana Ternak Utama	5,361	7,987
PT Rajawali Feed Center	5,197	2,594
Paulus Kusmana	4,879	5,994
PT Satwa Karya Prima	4,807	7,273
Hijau Farm	4,663	9,073
PT Sahabat Ternak Abadi	4,086	10,862
PT Fast Food Indonesia Tbk	3,435	6,168
Rehobat	3,123	6,972
PT Prospek Karyatama	2,963	7,829
Male Farm	2,741	7,811
PT Gemilang Unggas Prima	1,169	7,472

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4. ACCOUNTS RECEIVABLE - TRADE (Continued)

	2009	2008
PT Mitra Sinar Jaya	770	20,925
Unggas Jaya PS	604	5,295
PT Aneka Satwa Perkasa	-	15,159
Others (below Rp5 billion each)	415,831	377,278
Total Third Parties	724,968	840,231
Allowance for Doubtful Accounts	(12,858)	(4,266)
Net	712,110	835,965
Related parties (Note 19)	15,224	56,945

The aging analysis of accounts receivable trade based on invoice date is as follows :

	2009	2008
Third Parties :		
Less than 31 days	576,351	637,514
31 - 60 days	65,501	99,497
61 - 90 days	17,254	13,114
91 - 180 days	13,955	14,983
Over 180 days	51,907	75,123
Total	724,968	840,231
Allowance for Doubtful Account	(12,858)	(4,266)
Net	712,110	835,965
	2009	2008
Related Parties:		
Less than 31 days	419	12,890
31 - 60 days	255	23,797
61 - 90 days	-	19,517
91 - 180 days	-	741
Over 180 days	14,550	-
Total	15,224	56,945

All accounts receivable - trade are in Rupiah currency.

Based on the review of the status of the individual receivable at the end of the year, the Company and Subsidiaries' management believes that the allowance for doubtful accounts is adequate to cover possible losses from non-collection of accounts.

As of March 31, 2009, accounts receivable - trade of the Company and certain Subsidiaries of Rp 582.50 billion are used as collaterals for bank loans obtained by the Company and CPJF.

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5. INVENTORIES

This account represents inventories based on business segments as follows :

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Feeds	1,039,182	1,159,747
Day-old Chicks	136,111	118,856
Processed Chicken	63,416	70,312
Poultry Equipment	8,185	6,949
Woven Bag	5,483	9,029
Total	<u>1,252,377</u>	<u>1,364,893</u>

As of March 31, 2009, inventories (except for certain goods in-transit) and breeding flocks, are covered by insurance against losses from damage, disasters, fire and other risks under blanket policies amounting to Rp 1,358.10 billion, which in management's opinion is adequate to cover possible losses arising from such risks.

As of March 31, 2009, inventories of the Company and certain Subsidiaries and breeding flocks of Rp 1,061.00 billion are used as collateral for bank loans obtained by the Company and CPJF.

6. BREEDING FLOCKS

Breeding flocks consist of :

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Producing Flocks	295,658	299,114
Growing Flocks	160,419	162,237
Total	456,077	461,351
Less Accumulated Depletion of Producing Flocks	(94,592)	(91,797)
Total - Net	<u>361,485</u>	<u>369,554</u>

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7. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows :

	2 0 0 9			
	Beginning Balance	Additions/ Reclassifications	Deduction/ Reclassifications	Ending Balance
At Cost				
Direct Acquisitions				
Land	272,899	-	-	272,899
Land Improvements	58,359	1,122	-	59,481
Buildings	698,643	35,978	-	734,621
Machinery and Equipment	717,412	40,137	1,263	756,286
Transportation Equipment	72,200	784	562	72,422
Office Equipment	142,664	797	93	143,368
Wells and Waterlines	45,859	2,630	-	48,489
Poultry Equipment	237,515	2,945	3	240,457
Laboratory Equipment	7,757	628	-	8,385
Total	<u>2,253,308</u>	<u>85,021</u>	<u>1,921</u>	<u>2,336,408</u>
Construction in Progress				
Land	137	-	-	137
Building and Land Improvements	149,940	29,887	44,596	135,231
Machinery and Equipment	171,728	21,807	29,849	163,686
Wells and Waterlines	198	42	-	240
Poultry Equipment	10,378	783	323	10,838
Total	<u>332,381</u>	<u>52,519</u>	<u>74,768</u>	<u>310,132</u>
Leased Assets				
Machinery	13,728	-	-	13,728
Transportation Equipment	2,467	669	696	2,440
Poultry Equipment	4,885	-	-	4,885
Total	<u>21,080</u>	<u>669</u>	<u>696</u>	<u>21,053</u>
Total At Cost	<u>2,606,769</u>	<u>138,209</u>	<u>77,385</u>	<u>2,667,593</u>
Accumulated Depreciation				
Direct Acquisitions				
Land Improvements	46,549	968	-	47,517
Buildings	244,536	8,032	-	252,568
Machinery and Equipment	321,789	11,878	634	333,033
Transportation Equipment	54,568	1,583	504	55,647
Office Equipment	101,198	2,787	51	103,934
Wells and Waterlines	28,114	1,158	-	29,272
Poultry Equipment	145,887	5,345	3	151,229
Laboratory Equipment	4,696	167	-	4,863
Total	<u>947,337</u>	<u>31,918</u>	<u>1,192</u>	<u>978,063</u>

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7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2 0 0 9			
	Beginning Balance	Additions/ Reclassifications	Deduction/ Reclassifications	Ending Balance
Leased Assets				
Machinery	319	191	-	510
Transportation Equipment	992	76	309	759
Poultry Equipment	1,121	260	56	1,325
Total	2,432	527	365	2,594
Total Accumulated Depreciation	949,769	32,445	1,557	980,657
Net Book Value	1,657,000			1,686,936
	2 0 0 8			
	Beginning Balance	Additions/ Reclassifications	Deduction/ Reclassifications	Ending Balance
At Cost				
Direct Acquisitions				
Land	271,409	168	-	271,577
Land Improvements	52,069	1,150	-	53,219
Buildings	623,398	3,246	2,016	624,628
Machinery and Equipment	580,507	13,144	173	593,478
Transportation Equipment	70,946	1,177	1,078	71,045
Office Equipment	129,602	3,020	221	132,401
Wells and Waterlines	37,155	2,535	-	39,690
Poultry Equipment	192,459	11,124	51	203,532
Laboratory Equipment	6,750	131	19	6,862
Total	1,964,295	35,695	3,558	1,996,432
Construction in Progress				
Building and Land Improvements	133,619	35,009	1,929	166,699
Machinery and Equipment	119,786	21,068	3,084	137,770
Total	253,405	56,077	5,013	304,469
Leased Assets				
Machinery	11,983	-	-	11,983
Transportation Equipment	3,127	-	-	3,127
Poultry Equipment	4,885	8	-	4,893
Total	19,995	8	-	20,003
Total At Cost	2,237,695	91,780	8,571	2,320,904

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7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2 0 0 8			Ending Balance
	Beginning Balance	Additions/ Reclassifications	Deduction/ Reclassifications	
Accumulated Depreciation				
Direct Acquisitions				
Land Improvements	42,960	756	-	43,716
Buildings	214,789	7,029	-	221,818
Machinery and Equipment	281,483	9,966	25	291,424
Transportation Equipment	51,422	1,565	852	52,135
Office Equipment	88,836	3,035	106	91,765
Wells and Waterlines	23,908	985	-	24,893
Poultry Equipment	126,670	4,592	-	131,262
Laboratory Equipment	3,731	198	18	3,911
Total	<u>833,799</u>	<u>28,126</u>	<u>1,001</u>	<u>860,924</u>
Leased Assets				
Machinery	-	385	-	385
Transportation Equipment	1,065	127	-	1,192
Poultry Equipment	564	132	286	410
Total	<u>1,629</u>	<u>644</u>	<u>286</u>	<u>1,987</u>
Total Accumulated Depreciation	<u>835,428</u>	<u>28,770</u>	<u>1,287</u>	<u>862,911</u>
Net Book Value	<u>1,402,267</u>			<u>1,457,993</u>

(a) Depreciation is charged as follows :

	2 0 0 9	2 0 0 8
Cost of goods sold and growing flocks	26,950	22,737
General and administrative expenses	3,347	3,642
Selling expenses	1,783	2,105
Total	<u>32,080</u>	<u>28,484</u>

(b) The computation of gain on sale and loss on write-off of property, plant and equipment is as follows :

	2 0 0 9	2 0 0 8
Proceeds	1,038	3,389
Net Book Value	533	2,557
Gain on Sale of Property, Plant and Equipment - Net	<u>505</u>	<u>832</u>

Gain on sale and loss on write-off of property, plant and equipment is presented in "Miscellaneous - net" account as part of "Other Income (Charges)" account in the consolidated statements of income.

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7. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (c) As of March 31, 2009, property, plant and equipment, excluding land and transportation equipment, are covered by insurance against losses from damage, disasters, fire and other risks under blanket policies for US\$ 268.07 million, which in management's opinion is adequate to cover possible losses arising from such risks.
- (d) Additions in property, plant and equipment represent acquisitions related to expansion and modification of feed manufacturing capacity; additions to poultry feed supporting facilities such as silo, raw materials and finished goods' warehouses and coal fire steam boiler system; and additions to breeding farm facilities.
- (e) From the financial point of view, the average percentage of completion of construction in progress as of March 31, 2009 are 82%.
- (f) Land under Hak Guna Bangunan are located in certain areas in Indonesia with a total area of 8,888,524 square meters. The related landrights will expire in various dates between 2009 and 2037, and the management believes that these rights can be renewed upon their expiry.
- (g) PT Actual Kencana Appraisal, an independent appraiser, appraised the property, plant and equipment of the Company and Subsidiaries as of December 31, 2007 based on its reports dated March 31, 2008. The appraiser used the "Depreciated Replacement Cost Method" in the appraisals of the property, plant and equipment, except for land that uses "Market Data Approach".

Based on the condition of the property, plant and equipment and the results of the above appraisals, the management believes that there is no indication of impairment of assets value in the Company and Subsidiaries' property, plant and equipment as of March 31, 2009.

- (h) The Company and CPJF revalued their certain assets on December 31, 1997 as appraised by PT Aditya Appraisal Bhakti, an independent appraiser. The related total revaluation increment in property, plant and equipment of the Company and CPJF amounted to Rp68.49 billion and Rp 52.84 billion, respectively. The Company's portion of the revaluation increment in property, plant and equipment of CPJF was presented as part of "Difference in Equity Transactions of Subsidiaries" account in consolidated balance sheets.

As discussed, the Company and Subsidiary have chosen the cost model as the accounting policy for the measurement of their property, plant and equipment in accordance with PSAK No. 16 (Revised 2007), "Fixed Assets", and reclassified the balances of revaluation increment in property, plant and equipment and difference in equity transaction of Subsidiary derived from revaluation of property, plant and equipment in this Subsidiary totaling to Rp 121.33 billion presented in equity section of the 2007 consolidated balance sheet to retained earnings in 2008.

- (i) As of March 31, 2009, property, plant and equipment with net book value of Rp 1,396.66 billion owned by the Company and certain Subsidiaries are used as collateral for bank loans obtained by the Company and CPJF.

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8. SHORT-TERM BANK LOANS

This account consists of :

	2009	2008
Revolving Loans :		
Rupiah		
PT Bank Central Asia Tbk	290,000	270,000
PT Bank Danamon Indonesia Tbk	100,000	130,000
PT Bank CIMB Niaga Tbk (formerly PT Bank Niaga Tbk)	40,000	-
PT Bank Ekonomi Raharja Tbk	21,250	21,250
Import Loans :		
Rupiah		
PT Bank CIMB Niaga Tbk (formerly PT Bank Niaga Tbk)	204,693	-
PT Bank Danamon Indonesia Tbk	34,471	-
US Dollar		
PT Bank DBS Indonesia (US\$ 24,758,390 in 2009 and US\$ 6,338,726 in 2008)	286,579	58,424
Citibank N.A., Jakarta (US\$ 14,328,320 in 2009 and US\$ 14,428,363 in 2008)	165,850	132,986
PT Bank CIMB Niaga Tbk (formerly PT Bank Niaga Tbk) (US\$ 908,402 in 2009 and US\$ 14,296,280 in 2008)	10,515	131,769
PT Bank Danamon Indonesia Tbk (US\$ 6,274,653)	-	57,834
Overdraft - Rupiah :		
PT Bank Rakyat Indonesia (Persero)	36	-
Total	1,153,394	802,263

PT Bank Central Asia Tbk

- Company and PT Charoen Pokphand Jaya Farm (CPJF)

On September 9, 2002, the Company and CPJF entered into a loan agreement with PT Bank Central Asia Tbk (BCA) to obtain Time Revolving Loan (TRL) facilities with maximum limit of Rp 260.00 billion consisting of the Company's portion of Rp 200.00 billion and CPJF's portion of Rp 60.00 billion. These loan facilities have maturity period of one year.

Based on second amendment of the loan agreement with BCA dated April 14, 2003, the TRL facility of Rp 20.00 billion was converted into an overdraft facility.

Based on the letter from BCA dated December 1, 2006, the Company's TRL facility with maximum limit of Rp 180.00 billion has been increased to become Rp 230.00 billion.

The above facilities have been extended several times with the last extension until November 12, 2009.

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8. SHORT-TERM BANK LOANS (Continued)

PT Bank Central Asia Tbk (Continued)

- Company and PT Charoen Pokphand Jaya Farm (CPJF) (Continued)

The above loan facilities and the long-term loans facilities obtained by the Company from the same bank are secured by cross collateral of certain trade receivables of the Company, inventories and breeding flocks of CPJF and certain property, plant and equipment of the Company and CPJF. The above collaterals are also used to secure the loan facilities obtained from PT Bank Danamon Indonesia Tbk (Bank Danamon) and PT Bank Ekonomi Raharja Tbk (Bank Ekonomi) based on the Security Sharing Agreement as notarized under Deed No. 45 dated April 14, 2003 of Doktor Fulgensius Jimmy H.L.T., S.H., M.H., M.M. In addition, the Company issued a corporate guarantee on the loans obtained by CPJF from BCA, Bank Danamon and Bank Ekonomi.

The Company and CPJF are required to maintain financial ratios as follows :

- Total debt to tangible net worth ratio shall not exceed 2x
- Current assets to current liabilities ratio shall be at least 1x
- EBITDA to interest payment ratio shall be at least 2x.

The related loan agreement imposes several restrictions to the Company and CPJF, among others, not to enter into the following transactions, without the prior written consent from BCA :

- Make any guarantee to or for other party's loan or assets, except on CPJF's loan in which percentage of guarantee amount shall not exceed the Company's ownership and guarantee given to CPB
- Obtain new loan facility from third party including from related party, except for operational matters and are not in breach of the financial covenants required by the bank
- Make investment in amount exceeding Rp50.00 billion per year (for the Company and CPJF)
- Merge or acquire all or substantial part of the assets or share capital of any other companies, except merger between the Company and CPJF with a related party company which has at least 50.1% shares ownership by Charoen Pokphand Group that requires written notification to the creditor
- Declare or pay dividend above the maximum permitted amount representing of 40% of net income after tax and extraordinary items.

Based on the amendment loan agreement dated February 18, 2009, certain clauses in the loan agreement have been changed such as, among others, additional requirement to maintain liabilities to EBITDA ratio not exceed 3.75x and that the Company and CPJF are not allowed to make any investment, except if it is within the Company and CPJF's line of business.

In 2007, the Company and CPJF made total investments that exceeded the maximum amounts as stated in the loan agreements with BCA and Bank Danamon. The investments made represent capital expenditures. The Company and CPJF's management believes that these investments are strategic investments that will increase the competitiveness and will generate added values to the Company and CPJF. On May 5, 2008, the Company and CPJF received the written waivers from BCA.

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8. SHORT-TERM BANK LOANS (Continued)

PT Bank Central Asia Tbk (Continued)

- Company and PT Charoen Pokphand Jaya Farm (CPJF) (Continued)

In relation with acquisition of poultry feed plant located at Jalan Raya Semarang - Demak, the Company sent written explanation and requested for written waiver from BCA of which the related approval was obtained on January 22, 2008.

PT Bank Danamon Indonesia Tbk

On September 6, 2002, the Company and CPJF entered into separate loan agreements with PT Bank Danamon Indonesia Tbk (Bank Danamon) to obtain revolving loan facilities with maximum limits of Rp 100.00 billion and Rp 30.00 billion. These loan facilities have maturity period of 1 year.

On July 14, 2006, the Company obtained an import loan facility and Letters of Credit (L/C) facility with maximum limit of US\$ 15,000,000 or equivalent to the other currency as agreed by the bank. Proceeds of these loan facilities are used for purchases of raw materials and machinery and equipment.

These loan facilities have been extended several times, with the last extension until July 17, 2009. The loans are secured with the same collaterals used to secure the loan facilities obtained from PT Bank Central Asia Tbk and PT Bank Ekonomi Raharja Tbk based on the Security Sharing Agreement and additional collateral of inventories.

The Company and CPJF are required to maintain financial ratios as follows :

- Total debt to tangible net worth ratio shall not exceed 2x
- Current assets to current liabilities ratio shall be at least 1x
- EBITDA to interest payment ratio shall be at least 1.5x.

The loan agreements also require the Company and CPJF, among others, not enter into the following transactions, without the prior written consent from Bank Danamon :

- Sale, lease out, move or transfer most or all income or wealth, except to run the debtor's daily operation
- Declare or pay dividend more than 40% of net income after tax and extraordinary items, except as ruled by regulation
- Merge, consolidate, acquire, invest or purchase other company's share, except merger with related party company that has 50.1% shares ownership or more owned by Charoen Pokphand Group, that requires written notification to the creditor
- Issue bonds or marketable securities
- Make investment in their core business with more than Rp100.00 billion and outside of their core business with more than Rp10.00 billion, except to acquire CPJF. The Company sent a request letter to Bank Danamon to standardize of clause of investment limitation, subsequently, based on an Annual Review Extension dated November 4, 2008 from Bank Danamon, this clause was deleted.

In relation with the investments that exceeded the maximum amounts as stated in the above loan agreements, the Company and CPJF's management has received written waivers from Bank Danamon on April 4, 2008.

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8. SHORT-TERM BANK LOANS (Continued)

PT Bank CIMB Niaga Tbk (formerly PT Bank Niaga Tbk)

On June 20, 2008, the Company obtained a fixed loan facility from PT Bank CIMB Niaga Tbk (formerly PT Bank Niaga Tbk) (CIMB Niaga) for financing local purchases of raw material with maximum amount of Rp40.00 billion.

On April 7, 2004, the Company obtained an import loan facility and Letters of Credit (L/C) facility with the maximum limit of US\$ 5,000,000, which was amended on October 16, 2006 in relation to the additional facility in the form of a bank guarantee facility. These facilities have been amended several times with the latest amendment dated June 22, 2007 regarding the total maximum limit to become US\$ 22,000,000 or equivalent to the other currencies ("multi-currency") as agreed by the bank.

The above facilities have been extended until June 20, 2009. The above facility including the long-term loan facility obtained by the Company from the same Bank are secured by certain receivables and inventories of the Company and certain property, plant and equipment of the Company and CPJF.

The Company is required to maintain financial ratios as follows :

- Total debt to tangible net worth ratio shall not exceed 2.5x
- EBITDA to interest payment ratio shall be at least 2x
- Current assets to current liabilities ratio shall be at least 1x.

The related loan agreement imposes several restrictions to the Company not to enter into the following transactions, among others, without the prior written consent from CIMB Niaga :

- Provide loan or obtain loan from other parties, except for daily operating activities
- Change the business type and business activities
- Enter into consolidation, merger, liquidation or acquisition outside of core business
- Change the composition of management, shareholders and the shares value of the Company, except if Charoen Pokphand Group's is still have the majority ownership in the Company in which such case, the Company has to send a notification letter to the bank regarding the change.

On November 28, 2008, the Company has sent a notification letter to the bank in relation to the change in the composition of the Company's management. In addition, the Company has also informed the bank regarding the changes in the Company's shareholders.

PT Bank Ekonomi Raharja Tbk

On April 8, 2003, the Company and CPJF entered into a loan agreement with PT Bank Ekonomi Raharja Tbk (Bank Ekonomi) to obtain the revolving loan facilities with maximum limit of Rp 25.00 billion consisting of the Company's portion of Rp 18.75 billion and CPJF's portion of Rp 6.25 billion. The loan facility has been extended several times, with the last extension of which until April 8, 2009.

The loans are secured with the same collaterals used to secure the loan facilities obtained from PT Bank Central Asia Tbk and PT Bank Danamon Indonesia Tbk based on the Security Sharing Agreement.

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8. SHORT-TERM BANK LOANS (Continued)

PT Bank Ekonomi Raharja Tbk (Continued)

The Company and CPJF are required to maintain financial ratios as follows :

- Total debt to tangible net worth ratio shall not exceed 200%
- Current assets to current liabilities ratio shall be at least 100%
- EBITDA to interest payment ratio shall be at least 150%.

The related loan agreement imposes several restrictions to the Company and CPJF, among others, not to enter into the following transactions, without the prior written consent from Bank Ekonomi :

- Merge, consolidate, acquire, invest or purchase other company's share, except merger with Charoen Pokphand Group. In this case, the Company have to sent the prior written notification
- Declare or pay dividend more than 40% of net income after tax and extraordinary items, except as ruled by regulation
- Make any guarantee for other party's loan, except on the Subsidiary's loan in which percentage of guarantee amount shall not exceed the Company's ownership
- Sell, lease out, move or transfer most or all income or wealth, except to run the debtor's daily operation
- Change the composition of shareholders, except if changes are done to affiliated companies that are still owned by Charoen Pokphand Group more than 50.10% in which case, the Company has to send a notification letter to the bank at least 1 month before the change.
- Make investment outside the core business at more than Rp10.00 billion.

The Company has informed the Bank in relation with the change in the Company's shareholders.

PT Bank DBS Indonesia

On April 28, 2006, the Company obtained Letters of Credit (L/C), Trust Receipt and stock financing facilities with the total maximum facility amounted to US\$ 30,000,000 or equivalent to the other currencies as agreed by the bank, which was amended on January 25, 2008 to become Letters of Credit (L/C), Trust Receipt and Bank Guarantee facilities with the same maximum amount of facility.

The above facilities are secured by trade receivables and inventories of the Company and have been extended until July 16, 2009.

The Company is required to maintain financial ratios as follows :

- Total debt to EBITDA shall not exceed 3.75x
- EBITDA to interest expense ratio shall be at least 2x
- Debt to equity ratio shall not exceed 2x.

The related loan agreement imposes several restrictions to the Company such as, among others maintaining the Charoen Pokphand Group's ownership in the Company to be not less than 51% and to notify the bank if there is a change in the Articles of Association including changes in capital and the management structure of the Company. On November 28, 2008, the Company has sent a notification letter to the bank regarding changes in composition of director and commissioner in the Company.

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8. SHORT-TERM BANK LOANS (Continued)

Citibank N.A., Jakarta

On January 2, 2007, the Company obtained an import loan facility with a total maximum limit of US\$ 15,000,000 that can be used until January 2, 2010.

On September 12, 2000, the Company obtained an overdraft facility with a total maximum limit of Rp 5.8 billion that can be used until September 12, 2009. On January 20, 2009, the facility amount has been increased to Rp 20 billion.

PT Bank Chinatrust Indonesia

On April 14, 2004, the Company obtained a loan facility for the purchase of raw materials with maximum limit of US\$ 1,400,000, which was amended on February 14, 2007 to become US\$ 2,500,000. Based on the amendment of credit extension dated November 6, 2007, both parties agreed to decrease the credit facility to become US\$ 2,000,000 and to release the collateral of property, plant and equipment. This loan facility has been extended until April 14, 2009.

The above bank loans bear annual interest ranging from 14.50% to 16.50% and 10.50% to 11.50% for the period ended on March 31, 2009 and 2008, respectively.

9. ACCOUNTS PAYABLE - TRADE

This account consists of payables to :

	2009	2008
Third Parties :		
Foreign Suppliers :		
Cargill International Trading Pte.Ltd., Singapore	145,347	248,494
Peter Cremer, Singapore	80,292	46,815
Evonik Degussa GmbH, German	52,024	29,158
Agrotech Corporation Limited, Republic of Mauritius	35,230	78,314
Dolphins and Doves Pte.Ltd., India	15,660	-
Cobb Vantress Ltd., UK	6,176	180
Superior Jali International Inc., United States of America	5,240	-
Toepfer International - Asia Pte.Ltd., Singaore	4,775	11,944
PCS Sales (USA) Inc., United States of America	2,133	24,050
Novus International Pte.Ltd., Singapore	594	9,697
Bunge Agribusiness Singapore Pte.Ltd., Singapore	-	18,434
Others (below Rp5 billion each)	48,072	22,346
Sub-total Foreign Suppliers	395,543	489,432

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9. ACCOUNTS PAYABLE – TRADE (Continued)

	2009	2008
Local Suppliers:		
Irwan Sugianto	25,505	6,913
Untung	18,159	672
Kusnadi	17,297	-
PT Agung Niaga Perkasa	16,815	13,213
PT Budi Semesta Satria	8,340	19,299
Hariyono Tan	7,022	4,499
PT Indofood Sukses Makmur Tbk	6,764	-
Patrice	6,128	-
Adjes	5,925	-
PT Fugui Flour and Grain Indonesia	4,700	9,013
Sanusi	-	9,214
Others (below Rp5 billion each)	146,304	240,698
Sub-total Local Suppliers	262,959	303,521
Total Third Parties	658,502	792,953
Related Parties (Note 19)	27,685	23,833

On September 24, 2004, the Company entered into a stock financing agreement with Toepfer International - Asia Pte. Ltd., Singapore (“Toepfer”). The facility is used to finance the purchases of raw materials from Toepfer equivalent to 85% from purchased amount with a maximum limit of US\$ 10.00 million. This facility is secured by raw material inventories purchased from this facility.

10. TAXATION

Taxes payable consists of :

	2009	2008
Provision for Income Taxes	34,414	5,392
Income Taxes :		
Article 4	137	323
Article 21	2,998	4,028
Article 23	245	435
Article 25	305	305
Article 26	2,801	7,098
Article 29	41,370	2,231
Value Added Tax	8,431	8,609
Total	90,701	28,421

In accordance with Government Regulation No. 81 year 2007 regarding Reduction of the Income Tax Rate on Resident Corporate Tax Payers in the Form of Publicly - listed Companies dated December 28, 2007, resident corporate tax payer in the form of publicly - listed companies can avail tax reduction at 5% lower than the highest income tax rate if several criteria are met. The Company did not meet these criteria; therefore, could not benefit the above tax reduction.

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10. TAXATION (Continued)

In accordance with several letters all dated on August 7, 2006 from the Directorate of General Taxation (DGT), the Company's claims for input Value Added Tax totaling Rp58.69 billion in relation to the importation of raw materials of poultry feeds in 2003, 2004 and 2005 were disapproved by the DGT since the DGT treated these imported raw materials as subject to VAT. In a letter from DGT dated December 26, 2006, the DGT allowed VAT claims to be charged as expense in the corporate income tax calculation in the respective fiscal year. The Company charged all VAT claims in the 2006 consolidated statement of income that resulted to additional claim for corporate tax refund for 2006 by Rp 13.41 billion and also recognized claim for corporate income tax of Rp 4.2 billion for VAT claim for 2003 in the 2006 consolidated balance sheet.

On March 23, 2009, the Company sent a Request for Cancellation Letter to the Tax Office for the Tax Overpayment for 2003, 2004 and 2005.

Based on the Underpayment Tax Assessment Letter (SKPKB) No. 00016/206/06/092/08 dated September 23, 2008 for 2006, the Company has underpayment of Rp 46.81 billion instead of the reported claim of Rp 2.79 billion as submitted by the Company to the Tax Office. The Company objected portion of this underpayment of Rp 30.05 billion and the remaining balance amounting to Rp 16.75 billion was paid by the Company to the Tax Office. The payment to the Tax Office and the unrecognized claim totaling Rp 19.54 billion was recorded as tax expense in 2008. On December 19, 2008, the Company sent an objection letter No.021/CPI/XII/2008 to object the Rp 30.05 billion as mentioned above and sent an additional explanation letter No.004/CPI-Tax/III/2009 dated March 25, 2009 in relation with additional fiscal losses for VAT expense not yet reflected in 2004 and 2005 as expense in the related fiscal years. As of March 31, 2009, the Company has not yet received the response from the Tax Office for this objection.

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

11. LONG-TERM BANK LOANS

This account consists of :

	<u>2009</u>	<u>2008</u>
US Dollar Loans:		
Syndicated Loan (US\$ 64,571,714 in 2009 and US\$ 50,550,000 in 2008)	747,418	465,919
Rupiah Loans:		
Syndicated Loan	462,393	310,050
PT Bank Central Asia Tbk	103,215	135,000
PT Bank CIMB Niaga Tbk (formerly PT Bank Niaga Tbk)	87,721	-
Total	1,400,747	910,969
Current Portion	<u>(213,868)</u>	<u>(102,920)</u>
Long-term Portion	<u>1,186,879</u>	<u>808,049</u>

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11. LONG-TERM BANK LOANS (Continued)

Syndicated Loan

On June 21, 2007, the Company obtained a syndicated loan facility in which Citicorp International Ltd., Hong Kong acts as the Agent, and PT Rabobank International Indonesia acts as the Security Agent. The proceeds of the loan will be used for working capital, capital expenditures and loan financing purposes. The loan is collateralized by certain trade receivable, inventories and breeding flocks of CPJF, certain property, plant and equipment owned by the Company and certain Subsidiaries. The maximum amounts of this loan facility are US\$ 69,350,000 and Rp 500.85 billion.

The details of the loan facility based on the name of facilities as of March 31, 2009 and 2008 are as follows :

<u>Name of Facility</u>	<u>Outstanding Loan Balance</u>		<u>Due Date</u>
	<u>March 31, 2009</u>	<u>March 31, 2008</u>	
A1	US\$ 25,821,714	US\$ 18,942,857	2012
A2	Rp 271,543	Rp 191,905	2012
B1	US\$ 18,750,000	US\$ 11,607,143	2010
B2	Rp 190,850	Rp 118,145	2010
C	US\$ 20,000,000	US\$ 20,000,000	2010
Total	US\$ 64,571,714	US\$ 50,550,000	
	Rp 462,393	Rp 310,050	

The A1 and A2 loans are payable in 15 quarterly installments, while the B1, B2 and C loans facilities are payable in lump-sum on their respective due date.

The related loan agreement requires the Company to maintain financial ratios as follows :

- Total debt to tangible net worth ratio shall not exceed 2x
- Total debt to EBITDA ratio shall not exceed 3.75x
- EBITDA to interest expense ratio shall be at least 2x.

In addition, the loan agreement imposes several restrictions to the Company not to enter into the following transactions, among others, without the prior written consent from the lenders :

- Merge or restructuring of business, except included in the category of permitted merger
- Sale or transfer of assets, except includes in the category of permitted transfer assets
- Change in the Company's core business activities as well as overall group since date of the agreement
- Declare or pay dividend at more than 40% of the consolidated operating income.

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11. LONG-TERM BANK LOANS (Continued)

PT Bank Central Asia Tbk

On December 1, 2006, the Company obtained an installment loan facility amounted to Rp 150.00 billion. The loan is payable in 20 quarterly installments at Rp 1.88 billion each quarter for the first year, Rp 7.50 billion each quarter for the second year and Rp 9.38 billion each quarter for the remaining years. The loan has the same limitation and collateral with short-term loans obtained from the same bank.

PT Bank CIMB Niaga Tbk (formerly Bank Niaga Tbk)

On June 20, 2008, the Company obtained Pinjaman Transaksi Khusus (PTK) facility amounted to Rp 93.60 billion. This facility can be only used for financing the feed mill construction in Makasar. The loan is payable in 60 monthly installments at Rp 1.73 billion. The loan has the same limitation and collateral with short-term loans obtained from the same bank.

The above bank loans bear annual interest as follows :

	<u>2009</u>	<u>2008</u>
Rupiah	13.40 % - 14.24 %	11.00% - 11.25 %
US Dollar	4.37 % - 6.96 %	7.76 % - 8.08 %

12. BONDS PAYABLE

As of March 31, 2008, balance of bonds payable amounted to Rp499,509 consist of principal amount of Rp500,000 net of unamortized bond issuance costs of Rp491. The bonds payable were fully paid on June 27, 2008.

The Company issued bonds on July 2, 2003 under the name of "Obligasi Charoen Pokphand Indonesia I Tahun 2003 Dengan Tingkat Bunga Tetap" (Bonds) with nominal value of Rp500.00 billion denominated at Rp50.00 million each Bond and are payable in lump sum on July 2, 2008. The Company can buy back the Bonds. The Bonds had a fixed interest rate of 14% per year, which were payable every 3 (three) months, starting from October 2, 2003 until July 2, 2008. All the Bonds were registered in the Indonesia Stock Exchange effective on July 7, 2003.

Based on the Bonds Trustee Agreement with PT Bank Permata Tbk, the bonds trustee, the Bonds were collateralized by certain land and buildings including all the assets on the respective land and fiduciary of certain trade receivables, inventories, breeding flocks and certain property, plant and equipment representing 75% of nominal value of the Bonds.

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12. BONDS PAYABLE (Continued)

Based on Bonds Trustee Agreement, the Company and Subsidiary should obtain written approval from the bonds trustee on, among others, the following transactions :

- Merger or acquisition that will negatively impact the Company's and Subsidiary's going concern, unless such action is conducted to support the Company's business operations where the Company remains to be the surviving company
- Change in the Company's core business activities
- Sale or transfer of ownership in the Subsidiaries resulting in the percentage of the Company's ownership in a Subsidiary to become less than 50%, unless such transactions are conducted based on the fair market value
- Sales or transfer of more than 50% of the assets belonging to the Company and its Subsidiary through a transaction or collective of transactions during the Bonds period
- Declare and/or disburse cash dividend to the shareholders amounting to more than 40% of total net income per year
- Decrease the authorized, issued and fully paid share capital, other than that resulting from the buy back of shares in accordance with legitimate regulations.

In addition, the Company was required to maintain financial ratios as follows :

- Current assets to current liabilities ratio shall be at least 100%
- Total debt to equity ratio shall not exceed 250%
- EBITDA to adjusted interest expense ratio shall be at least 200%.

The Bonds obtained credit rating of idBBB+ (Triple B Plus; Stable Outlook) from PT Pemeringkat Efek Indonesia (Pefindo), an independent credit rating agency, in its reports No. 310/PEF-Dir/VI/2007 dated June 5, 2007.

13. SHARE CAPITAL

The share ownership of the Company as of March 31, 2009 and 2008 are as follows :

<u>Stockholders</u>	<u>2 0 0 9</u>		
	<u>Number of Shares Issued and Fully Paid</u>	<u>Percentage of Ownership</u>	<u>Amount</u>
PT Central Agromina	1,821,277,082	55.45 %	91,064
RBOC (Asia) Ltd., Singapore	365,889,168	11.14	18,294
UBS AG, Singapore	241,616,000	7.36	12,081
Public (ownership below 5% each)	855,779,158	26.05	42,789
Total	3,284,561,408	100.00 %	164,228

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13. SHARE CAPITAL (Continued)

<u>Stockholders</u>	<u>2 0 0 8</u>		
	<u>Number of Shares Issued and Fully Paid</u>	<u>Percentage of Ownership</u>	<u>Amount</u>
PT Cipta Pertiwi	1,817,827,082	55.34 %	90,891
RBOC (Asia) Ltd., Singapore	369,155,834	11.24	18,458
UBS AG, Singapore	327,493,166	9.97	16,375
Public (ownership below 5% each)	770,085,326	23.45	38,504
Total	<u>3,284,561,408</u>	<u>100.00 %</u>	<u>164,228</u>

In accordance with the Sales and Purchase Shares Agreement dated October 20, 2008 between PT Cipta Pertiwi (CP) and PT Central Agromina (CAM), the 1,817,827,082 shares or 55.34% ownership in the Company of CP were sold to CAM at Rp 380.00 (full amount) per share.

In the Extraordinary Shareholder's General Meeting held on September 11, 2007, the minutes of which were notarized by Deed No. 15 on the same date of Fathiah Helmi, S.H., the Company's shareholders agreed to change the par value of the share capital from Rp 100.00 (full amount) per share to Rp 50.00 (full amount) per share. This amendment was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia as stated in its Decision Letter No. C-05870 HT.01.04-TH.2007 dated September 2, 2008.

14. RETAINED EARNINGS

In the Annual Shareholders' General Meeting held on June 17, 2008, the minutes of which were notarized by Deed No. 61 on the same date of Fathiah Helmi, S.H., the Company's shareholders agreed to appropriate Rp1.00 billion for general reserve from the 2007 net income in compliance with Law No. 40 year 2007, "Limited Liability Company".

15. NET SALES

The details of net sales based on business segments are as follows :

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Feeds	2,378,666	2,299,936
Day-old Chicks	462,169	362,300
Processed Chicken	268,702	204,967
Poultry Equipment	4,942	6,532
Woven Bag	3,568	7,974
Total	<u>3,118,047</u>	<u>2,881,709</u>

There were no sales to customers that exceeded 10% of consolidated net sales.

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16. COST OF GOODS SOLD

The details of cost of goods sold are as follows :

	2 0 0 9	2 0 0 8
Raw Materials Used	2,061,977	2,173,612
Direct Labor	19,066	18,754
Factory Overhead and Depletion	368,113	331,465
Total Manufacturing Costs	2,449,156	2,523,831
Work-in-Process		
Balance at Beginning of Year	108,516	86,520
Balance at End of Year	(94,758)	(91,414)
Cost of Goods Manufactured	2,462,914	2,518,937
Finished goods		
Balance at Beginning of Year	169,655	134,529
Purchases	81,825	58,109
Balance at End of Year	(133,365)	(149,442)
Cost of Goods Sold	2,581,029	2,562,133

There were no purchases from suppliers that exceeded 10% of consolidated net sales.

17. OPERATING EXPENSES

The details of operating expenses are as follows :

	2 0 0 9	2 0 0 8
Selling Expenses		
Salaries, Wages and Employees' Welfare	16,624	19,729
Freight Out	8,156	9,645
Promotion and Advertising	5,692	10,771
Travel and Transportation	2,594	3,187
Professional Fees	2,353	1,590
Depreciation	1,783	2,105
Others	6,256	5,847
Total Selling Expenses	43,458	52,874

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17. OPERATING EXPENSES (Continued)

	2009	2008
General and Administrative Expenses		
Salaries, Wages and Employees' Welfare	54,548	60,801
Royalty Fee	37,131	33,490
Travel and Transportation	5,378	8,100
Taxes and Retribution	3,368	4,461
Depreciation	3,347	3,642
Meal and Transportation Allowance	3,174	3,985
Professional Fees	2,386	2,043
Telephone, Electricity, and Water	2,215	2,442
Others	11,186	8,937
Total General and Administrative Expenses	122,733	127,901
Total	166,191	180,775

18. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS

The Company and Subsidiaries provide employees' benefits in accordance with Labor Law No. 13/2003 dated March 25, 2003 ("UU No. 13/2003") for employees with retirement age of 55 years old. These pension benefits are not funded.

The estimated liability for employees' benefits as of March 31, 2009 and 2008 were determined based on the actuarial valuations performed by PT Eldridge Gunaprima Solution, an independent actuary, on their reports dated February 25, 2009 and February 12, 2008, respectively, using the "Projected Unit Credit" method.

The Company and Subsidiaries recorded estimated employee benefit for severance pay, gratuity and compensation to employees amounting to Rp 239.37 billion and Rp 217.36 billion as of March 31, 2009 and 2008. The cost charged amounted to Rp 10.66 billion and Rp 12.87 billion for the period ended March 31, 2009 and 2008, respectively, is presented as part of "Operating Expense - Salaries, wages and employees' welfare" account in consolidated statement of income.

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19. ACCOUNT BALANCES, TRANSACTIONS AND NATURE WITH RELATED PARTIES

The balances of accounts with related parties are as follows :

	Total		Percentage to Total Consolidated Assets Liabilities	
	2009	2008	2009	2008
Trade Receivables (Note 4)				
PT Centralpertiwi Bahari	15,133	15,341	0.29	0.31
PT Central Proteinaprima Tbk	-	22,211	-	0.45
PT Central Panganpertiwi	-	15,840	-	0.32
PT Windusejati Pertiwi	-	1,635	-	0.03
PT Central Agromina	-	1,167	-	0.03
Others (below Rp1 billion each)	91	751	-	0.02
Total	15,224	56,945	0.29	1.16
Due from Related Parties				
PT Central Proteinaprima Tbk	159,820	33,000	2.99	0.67
PT Central Panganpertiwi	38,490	40,250	0.72	0.82
PT Centralpertiwi Bahari	5,326	7,302	0.10	0.15
PT Centralwindu Sejati	3,055	3,054	0.06	0.06
PT Central Agromina	-	4,814	-	0.10
Others (below Rp1 billion each)	613	109	0.01	-
Total	207,304	88,529	3.88	1.80
Trade Payables (Note 9)				
PT SHS International	12,702	16,630	0.33	0.44
PT Indovetraco Makmur Abadi	6,865	6,992	0.18	0.19
PT Central Panganpertiwi	3,854	-	0.10	-
PT Central Proteinaprima Tbk	2,152	-	0.05	-
PT Central Agromina	1,886	-	0.05	-
Others (below Rp1 billion each)	226	211	0.01	-
Total	27,685	23,833	0.72	0.63
Due to Related Parties				
Charoen Pokphand International Group of Companies Ltd., British Virgin Islands	36,889	23,366	0.96	0.62
PT Central Agromina	14,012	18,377	0.36	0.49
PT Central Pertiwi	-	200,864	-	5.32
PT SHS International	-	6,882	-	0.18
PT Surya Hidup Satwa	-	2,021	-	0.05
Others(below Rp1 billion each)	-	457	-	0.01
Total	50,901	251,967	1.32	6.67

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19. ACCOUNT BALANCES, TRANSACTIONS AND NATURE WITH RELATED PARTIES (Continued)

Presented below are the Company's and Subsidiaries' transactions with related parties with amount of more than Rp1 billion :

	Total		Percentage to Total Consolidated Net Sales	
	2009	2008	2009	2008
Net Sales				
PT Central Agromina	22,076	18,738	0.71	0.65
PT Centralpertiwi Bahari	566	3,090	0.02	0.11
PT Central Proteinaprima Tbk	183	2,591	-	0.09
PT Central Panganpertiwi	-	11,997	-	0.41
Total	22,825	36,416	0.73	1.26
Purchases of Raw Materials and Others				
PT Central Agromina	59,362	31,912	1.90	1.11
PT SHS International	30,889	26,909	0.99	0.93
PT Indovetraco Makmur Abadi	16,419	14,348	0.53	0.50
PT Central Proteinaprima Tbk	2,628	25,275	0.08	0.88
PT Centralpertiwi Bahari	1,405	667	0	0.02
Total	110,703	99,111	3.55	3.44
Sales of Raw Materials				
PT Central Proteinaprima Tbk	64,216	56,052	2.06	1.95
PT Centralpertiwi Bahari	28,611	12,695	0.92	0.44
PT Central Panganpertiwi	11,262	4,919	0.36	0
Total	104,089	73,666	3.34	2.56
Sales of Eggs				
PT Central Agromina	27,906	12,683	0.89	0.44
Royalty fee				
Charoen Pokphand International Group of Companies Ltd., British Virgin Islands	37,131	33,490	1.19	1.16

Interest - Bearing Loans

- Due to PT Central Agromina (CAM) represents temporary loans of the following Subsidiaries :

PT Vista Agung Kencana

Rupiah loan that bears annual interest ranging 15% and 12% on March 31, 2009 and 2008. The outstanding loan as of March 31, 2009 amounting to Rp1.27 billion consists of principal amount of Rp1.25 billion and related interest payable of Rp16.15 million while the outstanding loan as of March 31, 2008 amounted to Rp8.59 billion consists of principal amount of Rp8.50 billion and related interest payable of Rp90.58 million.

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**19. ACCOUNT BALANCES, TRANSACTIONS AND NATURE WITH RELATED PARTIES
(Continued)**

Interest - Bearing Loans (Continued)

PT Satwa Utama Raya and PT Istana Satwa Borneo

Due to SUR and ISB initially represent loan to PT Central Proteinaprima Tbk. that subsequently transferred to CAM. This loan represents loan in US\$ currency that bears interest at 7.5% per year in 2009 and 2008. The outstanding balance of SUR's payable as of March 31, 2009 amounting to US\$ 605,594 consists of principal amount of US\$ 600,000 and related interest payable of US\$ 5,594 while outstanding balance as of March 31, 2008 amounting to US\$ 880,651 consists of principal amount of US\$ 875,000 and related interest payable of US\$ 5,651.

Payable of ISB as of March 31 2008 amounting to US\$ 181,163 consists of principal amount of US\$ 180,000 and related interest payable of US\$ 1,163. This loan was fully paid on August 14, 2008.

- Due to PT Surya Hidup Satwa (SHS)

Due to SHS represent temporary loan obtained by ISB in Rupiah currency that bears interest at 12% per year in 2008. The outstanding loan as of March 31, 2008 amounting to Rp 2.02 billion consists of principal amount of Rp 2.00 billion and related interest payable of Rp 20.67 million. This loan was fully paid on August 7, 2008.

Nature of relationship with related parties

The nature of the relationship of the Company and Subsidiaries with related parties is as follows:

- PT Indovetraco Makmur Abadi and PT SHS International are controlled by PT Cipta Pertiwi, the Company's majority shareholder in 2007. Since 2008, PT Cipta Pertiwi and the Company are controlled by the same entity.
- PT Citrawindu Pertala, PT Central Panganpertiwi, PT Suryawindu Pertiwi, PT Windusejati Pertiwi, PT Andalas Windumurni, PT Centralwindu Sejati, PT Centralpertiwi Bahari and PT Dipasena Citra Darmaja are controlled by PT Central Proteinaprima Tbk. (CPP), the Subsidiary of PT Surya Hidup Satwa, an affiliate.
- PT Reksa Finance, PT Central Agromina and PT Surya Hidup Satwa are controlled by PT Central Pertiwi (CP), PT Cipta Pertiwi's majority shareholder. Since 2008, PT Central Agromina are the Company's majority shareholder.
- PT Multi Sarana Indotani is controlled by PT BISI International Tbk., an affiliate company.
- Charoen Pokphand International Group of Companies Ltd., British Virgin Islands and CP Intertrade Co. Ltd., Thailand are directly or indirectly controlled by the affiliated parties of the Company and Subsidiaries' management.

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20. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of March 31, 2009, the Company and Subsidiaries have monetary assets and liabilities denominated in foreign currencies, as follows :

	<u>Foreign Currency</u>		<u>Rupiah Equivalent</u>
Asset			
Cash and Cash Equivalents	US\$	5,760,791	<u>66,682</u>
Total			<u>66,682</u>
Liabilities			
Short-term Bank Loans	US\$	39,995,112	462,944
Trade Payables	US\$	34,172,200	395,543
Other Payable	US\$	605,594	7,010
Long-term Bank Loans	US\$	64,571,714	<u>747,418</u>
Total			<u>1,612,915</u>
Liabilities - Net			<u>1,546,233</u>

21. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

The significant agreements, commitments and contingencies as of March 31, 2009 are as follows :

a. License Agreements

On December 30, 2005, the Company and CPJF entered into separate license agreement with Charoen Pokphand International Group of Companies Ltd., British Virgin Islands (CPIGCL), a related party, which further amended the license agreement dated January 1, 1990 including all its amendments. These agreements are for a period of five years and automatically renewable for another five years. Under these agreements, the Company and CPJF were granted licenses to use the Intellectual Proprietary Rights (IPR) and to produce, market, distribute and sell the products which are developed by using of the IPR. Based on the license agreement, the Company and CPJF agreed to pay royalty to CPIGCL at the following percentages of net sales: 1% for poultry feed, 3% for shrimp feeds, 2% for day-old chicks final and parent stocks and 1% for other feed. The rate of royalty may be reviewed from time to time with an increase per annum not be exceed than 1%.

In 2003, VG, CKM, ISB, SUR and VAK entered into a separate license agreement with CPIGCL, with the same terms and conditions above, except for the royalty fee of VG which is determined amounting to US\$ 1 million in 2007. On July 2, 2007, in relation to the acquisitions by CPJF, these licenses agreements have been amended to tailor with the license agreements between CPJF and CPIGCL including royalty expense to VG that has been changed to become 1% of net sales of poultry feeds, effective on July 1, 2007.

On June 1, 2006, CAP entered into a same separate license agreement with CPIGCL.

Royalty expense charged to operations of Rp 37.13 billion and Rp 33.49 billion for the 3-month periods ended March 31, 2009 and 2008, respectively, is presented in "General and Administrative Expenses" account. As of March 31, 2009 and 2008, the related royalty fee payable of Rp 36.89 billion and Rp23.37 billion, respectively, is presented as part of "Due to Related Parties" account.

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21. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (Continued)

b. Loan Facility Agreements

PT Bank Central Asia Tbk

The Company obtained an overdraft facility and foreign exchange facility with total maximum limit of Rp 20.00 billion and US\$ 3.00 million, respectively that can be used until November 12, 2009 and has the same collateral with the loan facility obtained from the same bank.

PT Bank CIMB Niaga Tbk (formerly PT Bank Niaga Tbk)

The Company obtained an overdraft facility with total maximum limit of US\$ 10.00 billion that can be used until June 20, 2009. The loan has the same limitation and collateral with the loan facility obtained from the same bank.

PT Bank Danamon Indonesia Tbk (Bank Danamon)

The Company obtained foreign exchange transaction facility with *Pre-Settlement Exposure Foreign Exchange (PSE-FX)* and *Settlement Risk (SR)* with maximum limits of US\$ 3,000,000 and US\$ 10,000,000, respectively. These facilities are used for purchases of raw materials and machinery and equipment and can be used until July 17, 2009.

c. Cross Currency Swap Contract – Derivative Instrument

On February 27, 2004, the Company entered into a cross currency swap contract with Citibank N.A., Jakarta, whereby the Company will receive fixed interest of 14% a year from the nominal value of Rp 300.00 billion and pay fixed interest of 6.95% a year from the nominal value of US\$ 35,608,309. The net settlement of interest is payable or receivable quarterly, from April 2, 2004 until maturity date on July 2, 2008. On maturity date, the Company received Rp 300.00 billion and paid US\$ 35,608,309 to Citibank N.A., Jakarta.

The net fair value of the above contract was calculated using discounted cash flow method. On March 31, 2008, net fair value of the derivative instrument contract of Rp 22.15 billion was presented as "Derivative Instrument Payable" in the consolidated balance sheet.

This derivative instrument contract was used to hedge the financing cost of the bonds payable. The change in fair value of the contract on March 31, 2008 amounting to Rp 2.25 billion is presented as part of "Loss on Foreign Exchange and Swap Gain (cost) - net" account. In addition, the Company recognized net interest income arising from the difference between the interest received and paid of Rp 4.57 billion for the period ended March 31, 2008.

In relation with the above contract, the Company placed deposit in Citibank N.A., Singapore as collateral with a minimum amount of US\$ 1,716,000 which can be adjusted based on the calculation as stated in the contract. As of March 31, 2008, the deposit placed as collateral amounting to US\$ 4,147,825 is presented as part of "Non-Current Assets - Others - net" account and was withdrawn on June 30, 2008.

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22. SEGMENT INFORMATION

The Company and Subsidiaries classify their segment report into business segment as primary segment and geographical segment as secondary segment. Business segment is determined based on products sold such as feeds, day-old chicks, processed chicken, poultry equipment and packaging. Geographical segment is determined based on location of business, such as Java Island, Sumatera Island, Bali Island and other Islands.

<u>2 0 0 9</u>	<u>Feeds *</u>	<u>Day-Old Chicks</u>	<u>Processed Chicken</u>	<u>Poultry Equipment</u>	<u>Packaging</u>	<u>Elimination</u>	<u>Consolidated</u>
Business Segment							
Information (Primary)							
Segment Sales							
External Sales	2,378,666	462,169	268,702	4,942	3,568	-	3,118,047
Inter-segment Sales	<u>217,923</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>7,956</u>	<u>(227,321)</u>	<u>-</u>
Total Segment Sales	<u>2,596,589</u>	<u>462,169</u>	<u>268,702</u>	<u>6,384</u>	<u>11,524</u>	<u>(227,321)</u>	<u>3,118,047</u>
Segment Results	<u>281,415</u>	<u>63,340</u>	<u>36,460</u>	<u>1,228</u>	<u>(365)</u>	<u>-</u>	<u>382,078</u>
Unallocated Corporate Expenses							<u>11,251</u>
Income from Operations							
							<u><u>370,827</u></u>
Segment Assets	3,888,850	1,265,878	355,058	25,432	24,849	(401,215)	5,158,852
Unallocated Corporate Assets							<u>177,986</u>
Consolidated Total Assets							
							<u><u>5,336,838</u></u>
Segment Liabilities	798,324	463,599	95,920	807	6,138	(361,326)	1,003,462
Unallocated Corporate Liabilities							<u>2,852,925</u>
Consolidated Total Liabilities							
							<u><u>3,856,387</u></u>
Capital Expenditures	38,527	23,014	4,356	147	22	-	66,066
Depreciation	13,874	14,288	3,720	174	24	-	32,080
Non-cash Expenses (Income) Other than Depreciation							
Depletion of Producing Flocks	-	94,592	-	-	-	-	94,592
Amortization of Deferred - Landrights Cost	22	-	-	-	-	-	22
Provision for Doubtful Accounts	-	-	8	-	-	-	8

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22. SEGMENT INFORMATION (Continued)

2 0 0 8	Feeds *	Day-Old Chicks	Processed Chicken	Poultry Equipment	Packaging	Elimination	Consolidated
Business Segment Information (Primary)							
Segment Sales							
External Sales	2,299,936	362,300	204,967	6,532	7,974	-	2,881,709
Inter-segment Sales	219,075	-	-	2,216	13,535	(234,826)	-
Total Segment Sales	<u>2,519,011</u>	<u>362,300</u>	<u>204,967</u>	<u>8,748</u>	<u>21,509</u>	<u>(234,826)</u>	<u>2,881,709</u>
Segment Results	<u>115,169</u>	<u>14,800</u>	<u>17,898</u>	<u>1,613</u>	<u>528</u>	<u>-</u>	<u>150,008</u>
Unallocated Corporate Expenses							11,207
Income from Operations							<u>138,801</u>
Segment Assets	3,846,645	1,157,439	346,329	26,436	29,955	(612,552)	4,794,252
Unallocated Corporate Assets							132,829
Consolidated Total Assets							<u>4,927,081</u>
Segment Liabilities	1,095,514	628,544	129,605	1,632	14,393	(538,477)	1,331,211
Unallocated Corporate Liabilities							2,446,181
Consolidated Total Liabilities							<u>3,777,392</u>
Capital Expenditures	54,060	23,172	8,603	-	15	-	85,850
Depreciation	11,265	13,558	3,451	176	34	-	28,484
Non-cash Expenses (Income) Other than Depreciation							
Depletion of Producing Flocks	-	91,796	-	-	-	-	91,796
Amortization of Deferred - Landrights Cost	22	-	-	-	-	-	22

* Consist of poultry, fish, shrimp and other feeds.

Information concerning the Company's and Subsidiaries' business segment is as follows :

Segment results represent allocated revenue less allocated cost of goods sold and operating expenses.

Information concerning the Company's and Subsidiaries' geographical segment is as follows :

	2 0 0 9	2 0 0 8
External Sales		
Java Island	1,959,232	2,015,897
Sumatera Island	756,831	700,189
Bali Island	394,914	289,923
Other Islands	177,571	66,866
Total	<u>3,288,548</u>	<u>3,072,875</u>
Elimination	(170,501)	(191,166)
Total	<u>3,118,047</u>	<u>2,881,709</u>

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22. SEGMENT INFORMATION (Continued)

	<u>2009</u>	<u>2008</u>
Segment Assets		
Java Island	3,854,243	3,835,076
Sumatera Island	925,136	857,854
Bali Island	122,211	193,456
Other Islands	<u>464,503</u>	<u>187,640</u>
Total	5,366,093	5,074,026
Elimination	<u>(29,255)</u>	<u>(146,945)</u>
Total	<u><u>5,336,838</u></u>	<u><u>4,927,081</u></u>