

**PT Charoen Pokphand Indonesia Tbk.
and Subsidiaries**

Consolidated financial statements
with independent auditors' report
years ended December 31, 2009 and 2008

These consolidated financial statements are originally issued in Indonesian language.

**PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2009 AND 2008**

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This report is originally issued in Indonesian language.

Independent Auditors' Report

Report No. RPC-11212

The Shareholders, Boards of Commissioners and Directors PT Charoen Pokphand Indonesia Tbk.

We have audited the consolidated balance sheets of PT Charoen Pokphand Indonesia Tbk. (the "Company") and Subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Charoen Pokphand Indonesia Tbk. and Subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles in Indonesia.

Purwantono, Sarwoko & Sandjaja



Peter Surja
Public Accountant License No. 05.1.0976

March 9, 2010

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

These consolidated financial statements are originally issued in Indonesian language.

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

	Notes	2009	2008
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2c,2m,4,24	387,996	396,944
Accounts receivable	2d		
Trade	5,10,13		
Third parties - net of allowance for doubtful accounts of Rp12,355 in 2009 and Rp12,858 in 2008		857,286	724,002
Related parties	2e,23	156	25,026
Others - third parties		11,791	23,929
Inventories - net of allowance for decline in value of inventories of Rp4,634 in 2009 and Rp117 in 2008	2f,6,10, 13	1,575,018	1,447,561
Breeding flocks - net	2g,6,7, 10,13	396,759	363,728
Prepaid expenses and advances	2h	52,269	128,407
Total Current Assets		3,281,275	3,109,597
NON-CURRENT ASSETS			
Due from related parties – net of allowance for doubtful accounts of Rp40,274 in 2009	2d,2e,23	187,568	203,567
Deferred tax assets - net	2p,21	22,176	12,631
Property, plant and equipment - net of accumulated depreciation of Rp1,075,790 in 2009 and Rp949,769 in 2008	2e,2i,2j,8, 10,13,23	1,685,370	1,657,000
Claims for tax refund	2p,9,21	134,664	146,963
Others - net	2h,2i	38,322	48,782
Total Non-Current Assets		2,068,100	2,068,943
TOTAL ASSETS	2n,26	5,349,375	5,178,540

The accompanying notes form an integral part of these consolidated financial statements.

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

	Notes	2009	2008
LIABILITIES AND EQUITY			
LIABILITIES			
SHORT-TERM LIABILITIES			
Short-term bank loans	10,13	40,000	1,286,554
Accounts payable	2m,24		
Trade	11		
Third parties		688,602	558,627
Related parties	2e,23	46,729	29,713
Others - third parties	2m,24	83,785	90,555
Customer advance		39,909	14,097
Taxes payable	2p,12,21	333,527	90,252
Accrued expenses	2m,24	62,111	91,618
Current portion of long-term debts			
Bank loans	2m,13,24	508,917	209,466
Finance lease obligations	2e,2j,8,23	1,820	9,311
Total Short-Term Liabilities	2n,26	1,805,400	2,380,193
LONG-TERM LIABILITIES			
Due to related parties	2e,23,25a	14,831	19,714
Deferred tax liabilities - net	2p,21	11,552	9,195
Long-term debts - net of current portion			
Bank loans	2m,13,24	318,103	1,203,200
Finance lease obligations	2e,2j,8,23	781	1,990
Estimated liability for employees' benefits	2o,22	247,034	229,906
Total Long-Term Liabilities	2n,26	592,301	1,464,005
Minority Interest in Net Assets of Subsidiaries	2b	18,656	14,034
EQUITY			
Share capital - Rp50 par value			
Authorized - 8,000,000,000 shares			
Issued and fully paid - 3,284,561,408 shares	1b,14	164,228	164,228
Additional paid-in capital	15	147,259	147,259
Other equity	2b	(10,856)	(10,856)
Difference in value of restructuring transactions			
of entities under common control	2b	(15,006)	(15,006)
Retained earnings	16		
Appropriated		8,000	7,000
Unappropriated	2i	2,639,393	1,027,683
Total Equity		2,933,018	1,320,308
TOTAL LIABILITIES AND EQUITY		5,349,375	5,178,540

The accompanying notes form an integral part of these consolidated financial statements.

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PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2009 and 2008
(Expressed in Millions of Rupiah Except Basic Earnings Per Share)

	Notes	2009	2008
NET SALES	2e,2l,2n, 17,23,26	14,559,005	13,311,141
COST OF GOODS SOLD	2e,2l,2o, 18,23	11,689,920	11,567,718
GROSS PROFIT		2,869,085	1,743,423
OPERATING EXPENSES	2l,2o,19		
Selling		199,328	210,562
General and administrative	2e,23,25a	612,876	573,927
Total Operating Expenses		812,204	784,489
INCOME FROM OPERATIONS	2n,26	2,056,881	958,934
OTHER INCOME (CHARGES)	20		
Gain (loss) on foreign exchange	2m	229,435	(372,012)
Interest income		14,503	4,082
Financing cost	2e,23	(201,916)	(259,282)
Tax expenses	9	(20,115)	(22,152)
Miscellaneous - net	2e,2i,2l,23	81,608	66,019
Other Income (Charges) - Net		103,515	(583,345)
INCOME BEFORE INCOME TAX		2,160,396	375,589
INCOME TAX BENEFIT (EXPENSE)	2p,21		
Current		(548,520)	(85,887)
Deferred		7,542	(32,631)
Income Tax Expense - Net		(540,978)	(118,518)
INCOME BEFORE MINORITY INTEREST OF NET INCOME OF SUBSIDIARIES		1,619,418	257,071
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES	2b	(6,708)	(3,094)
NET INCOME		1,612,710	253,977
Basic Earnings per Share	2q,14	491	77

The accompanying notes form an integral part of these consolidated financial statements.

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PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2009 and 2008
(Expressed in Millions of Rupiah)

	Notes	Issued and Fully Paid Share Capital	Additional Paid-in Capital	Revaluation Increment in Property, Plant and Equipment	Other Equity	Difference in Value of Restructuring Transactions of Entities Under Common Control	Retained Earnings		Total Equity
							Appropriated	Unappropriated	
Balance, January 1, 2008		164,228	147,259	68,491	41,980	(15,006)	6,000	653,379	1,066,331
Reclassification of revaluation increment in property, plant and equipment to adopt PSAK No. 16 (Revised 2007), "Fixed Assets"	2i,8h	-	-	(68,491)	(52,836)	-	-	121,327	-
Appropriation for general reserve	16	-	-	-	-	-	1,000	(1,000)	-
Net income for current year		-	-	-	-	-	-	253,977	253,977
Balance, December 31, 2008		164,228	147,259	-	(10,856)	(15,006)	7,000	1,027,683	1,320,308
Appropriation for general reserve	16	-	-	-	-	-	1,000	(1,000)	-
Net income for current year		-	-	-	-	-	-	1,612,710	1,612,710
Balance, December 31, 2009		164,228	147,259	-	(10,856)	(15,006)	8,000	2,639,393	2,933,018

The accompanying notes form an integral part of these consolidated financial statements.

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PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008
(Expressed in Millions of Rupiah)

	Notes	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers		14,450,164	13,273,517
Cash paid to suppliers and employees		(12,154,007)	(12,331,051)
Cash provided by operating activities		2,296,157	942,466
Receipts from (payments for):			
Interest income		14,503	4,082
Income taxes		(357,872)	(174,036)
Financing cost		(217,499)	(252,394)
Other operating activities		120,257	(275,381)
Net Cash Provided by Operating Activities		1,855,546	244,737
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment	8b	2,890	7,462
Acquisitions of property, plant and equipment		(153,093)	(378,504)
Acquisition of a Subsidiary - net		(3,198)	-
Withdrawals of restricted deposits		-	37,159
Net Cash Used in Investing Activities		(153,401)	(333,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term bank loans		1,023,020	2,405,294
Proceeds from long-term bank loans		-	490,579
Payments of:			
Short-term bank loans		(2,233,772)	(1,967,706)
Long-term bank loans		(490,928)	(68,850)
Finance lease obligations		(9,335)	(5,158)
Cash dividend by a Subsidiary to minority shareholders		(78)	(754)
Bonds payable		-	(500,000)
Net Cash Provided by (Used in) Financing Activities		(1,711,093)	353,405
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(8,948)	264,259
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	396,944	132,685
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	387,996	396,944
ACTIVITIES NOT AFFECTING CASH FLOWS			
Settlement of trade receivables through property and equipment		2,543	2,597
Trade receivables written-off		2,488	440
Acquisition of leased assets through incurrence of finance lease obligations	8,23	637	1,950

The accompanying notes form an integral part of these consolidated financial statements.

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 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 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 of the Republic Indonesia 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 have been amended several times, most recently through Notarial Deed No. 64 dated June 17, 2008 of Fathiah Helmi, S.H., to comply with 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 other things, the manufacture and sale of poultry 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 Sidoarjo, Medan, Tangerang, Balaraja, Serang, Lampung, Denpasar, 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 Rp1,000 (full amount) per share	52,500,000
1994	Conversion of the Company's convertible bond of Rp25,000 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 Rp1,000 (full amount) to Rp500 (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 Rp500 (full amount) to Rp100 (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 Rp100 (full amount) to Rp50 (full amount)	3,284,561,408

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

c. Employees, Directors, Commissioners and Audit Committee

As of December 31, 2009, 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.53 dated May 19, 2009 of Fathiah Helmi, S.H., are as follows:

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
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Years Ended December 31, 2009 and 2008
(Expressed in Millions of Rupiah Unless Otherwise Stated)

1. GENERAL (continued)

c. Employees, Directors, Commissioners and Audit Committee (continued)

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

As of December 31, 2008, 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:	- Jiapiro Jiaravanon	Vice President Directors:	- Peraphon Prayooravong
	- Jialipto Jiaravanon		- Vinai Rakphongphairoj
Commissioner:	- Hery Tjusanto	Directors:	- Ong Mei Sian
Independent Commissioners:	- Agussalim Nasution		- Jemmy
	- Ping Perdana Kusuma		- Eddy Dharmawan
			- Fiece Kosasih

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

	2009	2008
Chairman	Agussalim Nasution	Agussalim Nasution
Member	Herman Sugianto	Ping Perdana Kusuma
Member	Rudy Dharma Kusuma	Rudy Dharma Kusuma
Member	Petrus Julius	Petrus Julius

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

The salaries and other compensation benefits incurred for the Company's directors and commissioners amounted to Rp76,336 and Rp38,173 in 2009 and 2008, respectively.

The Company and Subsidiaries had 4,186 and 5,930 permanent employees as of December 31, 2009 and 2008, respectively.

d. Group Structure

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

Subsidiaries	Principal Activity	Domicile	Start of Commercial Operations	Year of Incorporation	Percentage of Ownership	Total Assets	
						2009	2008
<u>Direct ownership</u>							
PT Charoen Pokphand Jaya Farm (CPJF)	Poultry farming	Jakarta	1972	1972	99.99	1,098,539	1,053,423
PT Primafood International	Trading of processed chicken	Jakarta	2000	2000	99.96	179,318	141,639
PT Vista Grain	Production and distribution of poultry feed	Lampung	1982	1980	99.92	108,150	118,644
PT Poly Packaging Industry	Production of plastic product	Tangerang	2003	2003	99.99	26,522	28,682

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PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in Millions of Rupiah Unless Otherwise Stated)

1. GENERAL (continued)

d. Group Structure (continued)

Subsidiaries	Principal Activity	Domicile	Start of Commercial Operations	Year of Incorporation	Percentage of Ownership	Total Assets	
						2009	2008
<u>Direct ownership (continued)</u>							
PT Feprotama Pertiwi	Production and distribution of chicken feather meal	Tangerang	1994	1992	99.32	20,282	17,241
PT Agrico International (Note 3)	Trading	Tangerang	2009	2008	99.90	13,752	5,002
<u>Indirect ownership through CPJE</u>							
PT Centralavian Pertiwi	Poultry farming	Jakarta	1991	1991	100.00	192,267	179,072
PT Satwa Utama Raya	Poultry farming	Surabaya	1987	1980	99.98	113,087	122,698
PT Vista Agung Kencana	Poultry farming	Palembang	1986	1980	99.96	73,141	82,516
PT Istana Satwa Borneo	Poultry farming	Kalimantan	1989	1983	99.96	44,105	51,069
PT Cipta Khatulistiwa Mandiri	Poultry farming	Kalimantan	1989	1983	50.00	46,598	34,277
PT Agrico International (Note 3)	Trading	Tangerang	2009	2008	0.10	13,752	5,002

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 consolidated financial statements are prepared on the historical cost concept, except for inventories that are valued at the lower of cost or net realizable values.

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, which classifies the cash flows into operating, investing and financing activities.

The reporting currency used in the consolidated financial statements is the 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 are 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 "Other Equity" in the equity section.

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

Acquisitions of companies from third parties are accounted under the purchase method in accordance with PSAK No. 22 "Accounting for Business Combination". Under this standard, assets and liabilities of the acquired entities are measured at their fair values at the date of acquisition. The results of operations of an acquired business are included in the consolidated financial statements of the acquirer as from the date of acquisition.

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 of entities under common control 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 group 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

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

d. Allowance for Doubtful Accounts

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

e. Transactions with Related Parties

The Company and Subsidiaries have transactions with certain related parties as defined in 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

Prior to January 1, 2009, inventories were recorded on the basis of PSAK No. 14 (1994). Effective January 1, 2009, the Company and Subsidiaries have applied PSAK No. 14 (Revised 2008), "Inventories", which supersedes PSAK No. 14 (1994), "Inventories". The adoption of this revised PSAK did not have in a significant effect on the consolidated financial statements.

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 of completion and the estimated costs necessary to make the sale. Cost is determined by the weighted-average method. Allowance for any decline in the value of inventories, if any, is provided through a review of the condition of the inventories at the end of the year.

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 production period. Depletion is computed using the declining balance method based on the estimated productive lives of the producing flocks from the start of the production period after taking into account their salvage values. The depletion period is normally 42 weeks. The start of the production period is determined on the basis of management's assessment and experience. Breeding flocks can normally start producing after 24 weeks.

h. Prepaid Expenses

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

i. Property, Plant and Equipment

Direct ownership

Effective January 1, 2008, the Company and Subsidiaries have applied PSAK No. 16 (Revised 2007), "Fixed Assets", which 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 property, plant and equipment. If an entity has revalued its property, plant and equipment before the application of this Standard and chooses the cost model in recording its property, plant and equipment, then the previous revalued value is considered as deemed cost and the related revaluation increment on property, plant and equipment 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 was prospectively reclassified to retained earnings in 2008.

Property, plant and equipment are 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 met. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred.

Depreciation, except for land which is not depreciated, is computed using the straight-line method, after taking into account the salvage values at a 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	5
Transportation equipment, office equipment, wells and waterlines and laboratory equipment	4-5
Poultry equipment	2-5
Buildings	20
Machinery and equipment	12

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Property, Plant and Equipment (continued)

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 from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

The asset's residual value, useful life and method of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Costs incurred in connection with the acquisition or renewal of legal titles of the land are deferred and amortized over the lower of legal terms of the related landrights or economic life of the land. The deferred charges are 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

Effective January 1, 2008, 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.

The Company and Subsidiaries, as lessees, account their leasing activities under finance and operating leases:

- i) Under a finance lease, the Company and Subsidiaries 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 are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are 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 recognize lease payments as an expense on a straight-line basis over the lease term.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Impairment in Asset Value

The Company and Subsidiaries conduct a review to determine whether there is any indication of asset 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 of 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), chicken dung and other by-products is recognized net of the related expenses incurred, and is presented as Other Income. Expenses are recognized when incurred.

m. 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 the middle rate of exchange on the balance sheet date. The resulting gains or losses are credited or charged to operations of the current year.

As of December 31, 2009 and 2008, the exchange rates used are as follows (full amounts):

	<u>2009</u>	<u>2008</u>
EUR1	13,510	15,432
US\$1	9,400	10,950

n. Segment Information

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

o. Estimated Liability for Employees' Benefits

The Company and Subsidiaries recognize estimated benefit liability for employee 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 compensation benefits if certain conditions in 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 exceed 10% of the present value of the defined benefit obligation at that date. These actuarial gains or losses are recognized on a straight-line basis 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. 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 amounts of deferred tax assets and liabilities due to a change in tax rates are 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.

q. Basic Earnings per Share

Basic earnings per share is computed by dividing the consolidated net income by the weighted-average number of the shares outstanding during the year, which is 3,284,561,408 shares.

r. 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 differ from those estimates.

s. Standards issued but not yet effective

Accounting Standards issued by the Indonesian Accounting Standards Board (DSAK) up to the date of completion of the Company and Subsidiaries' consolidated financial statements but not yet effective are summarized below:

Effective on or after January 1, 2010:

- PSAK 26 (Revised 2008) "Borrowing Costs"
Prescribes for the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset.
- PSAK 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.
- PSAK 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Standards issued but not yet effective (continued)

Effective on or after January 1, 2010 (continued):

- PPSAK 5 “Revocation of ISAK 6: Interpretation of Paragraphs 12 and 16 of PSAK 55 (1999) on Embedded Derivative Instruments in Foreign Currency”

Effective on or after January 1, 2011:

- PSAK 1 (Revised 2009) “Presentation of Financial Statements”
Prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.
- PSAK 2 (Revised 2009) “Statement of Cash Flows”
Requires the provision of information about the historical changes in cash and cash equivalents by means of a statement of cash flows which classifies cash flows during the period into operating, investing and financing activities.
- PSAK 4 (Revised 2009) “Consolidated and Separate Financial Statements”
Shall be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent and in accounting for investments in subsidiaries, jointly controlled entities, and associates when separate financial statements are presented as additional information.
- PSAK 5 (Revised 2009) “Operating Segments”
Segment information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages in and the economic environments in which it operates.
- PSAK 15 (Revised 2009) “Investments in Associates”
Shall be applied in accounting for investments in associates. Supersedes PSAK 15 (1994) “Accounting for Investments in Associates” and PSAK 40 (1997) “Accounting for Changes in Equity of Subsidiaries/Associates”.
- PSAK 25 (Revised 2009) “Accounting Policies, Changes in Accounting Estimates and Errors”
Prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.
- PSAK 48 (Revised 2009) “Impairment of Assets”
Prescribes the procedures applied to ensure that assets are recorded at no more than their recoverable amount and if the assets are impaired, an impairment loss should be recognized.
- PSAK 57 (Revised 2009) “Provisions, Contingent Liabilities and Contingent Assets”
Aims to provide the appropriate recognition criteria and measurement bases for estimated liabilities, contingent liabilities and contingent assets and to ensure that sufficient information have been disclosed in the notes to the financial statements to enable users to understand the nature, timing and amount related to the information.
- PSAK 58 (Revised 2009) “Non-Current Assets, Held for Sale and Discontinued Operations”
Aims to specify the accounting for assets held for sale, as well as the presentation and disclosure of discontinued operations.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Standards issued but not yet effective (continued)

Effective on or after January 1, 2011 (continued):

- SAK ETAP - Entities Without Public Accountability
 Applicable for entities without public accountability, such as those which do not have significant public accountability and publish general purpose financial statements for external users.

The Company and Subsidiaries are presently evaluating and have not determined the effects of these revised and new Standards, Interpretations and Standards Revocation on their consolidated financial statements.

3. ACQUISITION

On October 1, 2009, the Company and PT Charoen Pokphand Jaya Farm (CPJF), a subsidiary, entered into a sale and purchase of shares agreement with PT Multi Sarana Pakanindo and Ardiansyah Gunawan Tjoe, both third parties, to purchase 9,990 and 10 shares, respectively representing 100% ownership in PT Agrico International with a total purchase price of Rp10,000.

The difference between the acquisition cost and the fair value of the asset amounting to Rp76 is recorded in "Miscellaneous - net" as part of "Other Income (Charges)" in the consolidated statement of income (Note 20) since the amount is not considered significant.

4. CASH AND CASH EQUIVALENTS

This account consists of:

	2009	2008
Cash on hand	4,593	2,548
Cash in banks		
Rupiah	135,100	126,861
US Dollar (US\$1,767,795 in 2009 and US\$6,649,304 in 2008)	16,617	72,810
Cash equivalents		
Rupiah	146,000	134,500
US Dollar (US\$8,900,000 in 2009 and US\$5,500,000 in 2008)	83,660	60,225
European Euro (EUR150,000)	2,026	-
Total	387,996	396,944

The cash equivalents bear annual interest rates ranging as follows:

	2009	2008
Rupiah	4.75% - 8.49%	2.25% -14.00%
US Dollar	0.01%	0.01% - 4.00%
European Euro	0.08%	-

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5. ACCOUNTS RECEIVABLE - TRADE

This account consists of:

	2009	2008
Third parties:		
PT Surya Unggas Mandiri	40,237	32,688
PT Multi Sarana Pakanindo	22,620	43,341
PT Semesta Mitra Sejahtera	21,304	18,775
PT Sinar Sarana Sentosa	19,966	18,331
PT Bintang Sejahtera Bersama	19,793	9,848
PT Cemerlang Unggas Lestari	18,897	17,876
PT Fast Food Indonesia Tbk.	18,836	15,404
PT Mitra Sinar Jaya	17,360	7,920
PT Indah Ternak Mandiri	16,862	8,587
PT Tiara Tunggal Mandiri	15,361	13,590
PT Sumber Ternak Pratama	13,363	10,978
PT Citra Kalimantan Sejahtera	13,017	1,643
Hamidah	11,545	7,484
PT Gemilang Unggas Prima	10,917	2,060
PT Carrefour Indonesia	10,271	6,068
Sinar Inti Mustika	9,312	1,563
PT Sinar Ternak Sejahtera	9,207	5,864
PT Sumber Unggas Cemerlang	8,878	-
PT Prospek Karyatama	8,614	4,202
Tohpati Poultry	8,421	7,566
Jennio	7,594	5,858
PT Satwa Karya Prima	7,474	6,942
PT Sahabat Ternak Abadi	6,814	10,757
PD Sinar Usaha Jaya	6,769	179
Tunas Mekar Farm	6,627	4,842
TJM Farm	6,627	-
Unggas Jaya	6,431	2,849
Janu Putro	6,211	30
Budi Wijaya	5,684	3,019
PT Manyar Mandiri	5,414	1,097
Paulus Kusuma	5,263	2,295
Hijau Farm	5,171	3,079
PT Sarana Ternak Utama	4,463	5,509
Kerjasama PS	3,937	5,519
PT Patriot Intan Abadi	3,000	5,364
PT Surya Gemilang Pratama	2,445	18,693
PT Karya Prospek Satwa	1,496	7,623
Male Farm	177	6,760
PT Satwa Miramaraya	-	7,995
Aldi Ajahari	-	7,316
Rudi	-	6,151
Others (below Rp5,000 each)	463,263	391,195
Total third parties	869,641	736,860
Allowance for doubtful accounts	(12,355)	(12,858)
Net	857,286	724,002
Related parties (Note 23)	156	25,026

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5. ACCOUNTS RECEIVABLE – TRADE (continued)

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

	2009	2008
Third parties:		
Less than 31 days	727,932	567,476
31 - 60 days	88,006	89,246
61 - 90 days	15,206	11,651
91 - 180 days	7,484	25,638
Over 180 days	31,013	42,849
Total	869,641	736,860
Allowance for doubtful accounts	(12,355)	(12,858)
Net	857,286	724,002
Related parties:		
Less than 31 days	152	188
31 - 60 days	4	559
61 - 90 days	-	1,934
91 - 180 days	-	4,217
Over 180 days	-	18,128
Total	156	25,026

The movements of allowance for doubtful accounts are as follows:

	2009	2008
Balance at beginning of year	12,858	4,241
Provision during the year	2,214	9,437
Write-off/collection of accounts receivable	(2,717)	(820)
Balance at end of year	12,355	12,858

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.

Accounts receivable - trade of the Company and certain Subsidiaries of Rp440,000 and Rp582,500 as of December 31, 2009 and 2008, respectively, are used as collateral for short-term and long-term bank loans obtained by the Company (Notes 10 and 13).

6. INVENTORIES

This account represents inventories based on business segments as follows:

	2009	2008
Feeds	1,338,457	1,215,155
Day-old chicks	158,803	157,233

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6. INVENTORIES (continued)

	2009	2008
Processed chicken	69,065	62,220
Poultry equipment	8,349	7,927
Packaging	4,862	5,143
Others	116	-
Total	1,579,652	1,447,678
Allowance for decline in value of inventories	(4,634)	(117)
Net	1,575,018	1,447,561

As of December 31, 2009, inventories (except for certain goods in-transit) and breeding flocks (Note 7) are covered by insurance against losses from damage, disasters, fire and other risks under blanket policies amounting to Rp965,637. Management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

Inventories of the Company and certain Subsidiaries and breeding flocks (Note 7) of Rp800,000 and Rp1,061,000 as of December 31, 2009 and 2008, respectively, are used as collateral for short-term and long-term bank loans obtained by the Company and CPJF (Notes 10 and 13).

The movements of allowance for declining value of inventories are as follows:

	2009	2008
Balance at beginning of year	117	5,726
Provision during the year	4,517	72
Reversal of allowance during the year	-	(5,681)
Balance at end of year	4,634	117

Based on the review of the condition of the inventories at the end of the year, the management believes that the allowance for decline in value of inventories is adequate to cover possible losses from the decline in value of these inventories.

7. BREEDING FLOCKS

Breeding flocks consist of:

	2009	2008
Producing flocks:		
Beginning balance	204,769	188,855
Reclassification from growing flocks	561,046	502,553
Accumulated depletion	(390,922)	(378,410)
Culled birds	(115,272)	(108,229)
Ending balance	259,621	204,769
Elimination	(15,945)	(3,269)
Balance after elimination	243,676	201,500
Growing flocks:		
Beginning balance	164,882	168,104
Cost incurred during growing phase	563,865	499,331
Reclassification to producing flocks	(561,046)	(502,553)

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7. BREEDING FLOCKS (continued)

	2009	2008
Ending balance	167,701	164,882
Elimination	(14,618)	(2,654)
Balance after elimination	153,083	162,228
Total	396,759	363,728

Elimination represents unrealized profit on sales of feed and day-old chicks between the Company and certain Subsidiaries that are eliminated for consolidation purposes.

8. PROPERTY, PLANT AND EQUIPMENT

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

	2009					
	Beginning Balance	Addition	Beginning Balance of PT Agrico International	Reclassification	Deduction	Ending Balance
Cost						
Direct Ownership						
Land	272,899	647	5,592	4,621	-	283,759
Land improvements	58,359	854	-	7,755	20	66,948
Buildings	698,643	3,578	3,302	73,616	301	778,838
Machinery and equipment	717,412	16,291	1,975	69,881	2,868	802,691
Transportation equipment	72,200	558	-	1,700	2,985	71,473
Office equipment	142,664	6,202	51	2,300	2,524	148,693
Wells and waterlines	45,859	3,689	454	3,934	224	53,712
Poultry equipment	237,515	17,053	-	16,479	1,769	269,278
Laboratory equipment	7,757	907	-	-	-	8,664
Total	2,253,308	49,779	11,374	180,286	10,691	2,484,056
Construction in Progress						
Land	137	-	-	-	-	137
Building and land improvements	149,940	75,841	-	(125,884)	22	99,875
Machinery and equipment	171,728	27,473	-	(48,726)	-	150,475
Wells and waterlines	198	-	-	-	-	198
Poultry equipment	10,378	-	-	-	-	10,378
Total	332,381	103,314	-	(174,610)	22	261,063
Leased Assets						
Machinery	13,728	-	-	(4,010)	-	9,718
Transportation equipment	2,467	637	-	(1,666)	-	1,438
Poultry equipment	4,885	-	-	-	-	4,885
Total	21,080	637	-	(5,676)	-	16,041
Total Cost	2,606,769	153,730	11,374	-	10,713	2,761,160
Accumulated Depreciation						
Direct Ownership						
Land improvements	46,549	4,372	-	(2)	10	50,909
Buildings	244,536	34,179	25	2	40	278,702
Machinery and equipment	321,789	50,072	16	549	2,255	370,171
Transportation equipment	54,568	4,586	-	942	2,522	57,574
Office equipment	101,198	10,263	3	-	2,115	109,349
Wells and waterlines	28,114	4,940	6	-	198	32,862
Poultry equipment	145,887	23,662	-	308	1,288	168,569
Laboratory equipment	4,696	747	-	-	-	5,443
Total	947,337	132,821	50	1,799	8,428	1,073,579
Leased Assets						
Machinery	319	775	-	(857)	-	237
Transportation equipment	992	258	-	(942)	-	308
Poultry equipment	1,121	545	-	-	-	1,666
Total	2,432	1,578	-	(1,799)	-	2,211
Total Accumulated Depreciation	949,769	134,399	50	-	8,428	1,075,790
Net Book Value	1,657,000					1,685,370

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8. PROPERTY, PLANT AND EQUIPMENT (continued)

	2008				
	Beginning Balance	Addition	Reclassification	Deduction	Ending Balance
Cost					
<u>Direct Ownership</u>					
Land	271,409	925	565	-	272,899
Land Improvements	52,069	1,775	4,567	52	58,359
Building	623,398	6,438	70,854	2,047	698,643
Machinery and equipment	580,507	18,847	119,951	1,893	717,412
Transportation equipment	70,946	4,714	787	4,247	72,200
Office equipment	129,602	9,743	4,433	1,114	142,664
Wells and waterlines	37,155	3,915	4,799	10	45,859
Poultry equipment	192,459	23,565	22,300	809	237,515
Laboratory equipment	6,750	1,026	-	19	7,757
Total	1,964,295	70,948	228,256	10,191	2,253,308
<u>Construction in Progress</u>					
Land	-	8,145	(8,008)	-	137
Buildings and land improvements	133,619	124,973	(107,668)	984	149,940
Machinery and equipment	119,786	163,862	(111,920)	-	171,728
Wells and waterlines	-	198	-	-	198
Poultry equipment	-	10,378	-	-	10,378
Total	253,405	307,556	(227,596)	984	332,381
<u>Leased Assets</u>					
Machinery	11,983	1,950	-	205	13,728
Transportation equipment	3,127	-	(660)	-	2,467
Poultry equipment	4,885	-	-	-	4,885
Total	19,995	1,950	(660)	205	21,080
Total Cost	2,237,695	380,454	-	11,380	2,606,769
<u>Accumulated Depreciation</u>					
<u>Direct Ownership</u>					
Land improvements	42,960	3,636	-	47	46,549
Buildings	214,789	29,686	66	5	244,536
Machinery and equipment	281,483	41,124	-	818	321,789
Transportation equipment	51,422	6,017	580	3,451	54,568
Office equipment	88,836	13,101	-	739	101,198
Wells and waterlines	23,908	4,275	(66)	3	28,114
Poultry equipment	126,670	19,696	-	479	145,887
Laboratory equipment	3,731	998	-	33	4,696
Total	833,799	118,533	580	5,575	947,337
<u>Leased Assets</u>					
Machinery	-	319	-	-	319
Transportation equipment	1,065	507	(580)	-	992
Poultry equipment	564	557	-	-	1,121
Total	1,629	1,383	(580)	-	2,432
Total Accumulated Depreciation	835,428	119,916	-	5,575	949,769
Net Book Value	1,402,267				1,657,000

(a) Depreciation is charged as follows:

	2009	2008
Cost of goods sold and growing flocks	115,473	97,602
General and administrative expenses (Note 19)	12,567	14,290
Selling expenses (Note 19)	6,359	8,024
Total	134,399	119,916

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8. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2009	2008
Net proceeds	2,890	7,462
Net book value	2,285	5,805
Gain on sale of property and equipment - net	605	1,657

Gain on sale and loss on write-off of property and equipment is presented in "Miscellaneous - net" account as part of "Other Income (Charges)" account in the consolidated statements of income (Note 20).

- (c) As of December 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 of US\$270,916,193. Management believes that the insurance is adequate to cover possible losses arising from such risks.
- (d) Additions in property, plant and equipment represent acquisition costs related to expansion and modification of feed manufacturing capacity; additions to poultry feed supporting facilities such as silo, raw materials and finished goods' warehouses, specifically for constructing a feedmill in Makassar; and additions to slaughter house facility.
- (e) From the financial perspective, the percentage of completion of construction in progress as of December 31, 2009 ranges from 62% to 90%.
- (f) Land under Hak Guna Bangunan is located in certain areas in Indonesia with a total area of 8,968,410 square meters. The related landrights will expire on various dates between 2010 and 2038. Management believes that these rights are renewable upon their expiry.
- (g) Based on the condition of the property, plant and equipment, the management believes that there is no indication of impairment of asset value in the Company and Subsidiaries' property, plant and equipment as of December 31, 2009.
- (h) The Company and CPJF had 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 Rp68,491 and Rp52,836, 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 the consolidated balance sheets.

The Company and Subsidiaries 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 of the difference in equity transaction of a Subsidiary derived from revaluation of property, plant and equipment in CPJF totaling Rp121,327 to retained earnings in 2008.

- (i) Certain land, land improvement, building, machinery and equipment and construction in progress (building and machinery and equipment) owned by the Company and certain Subsidiaries are used as collateral for short-term and long-term bank loans obtained by the Company and CPJF (Notes 10 and 13).

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9. CLAIMS FOR TAX REFUND

This account represents an overpayment of corporate income tax from:

	2009	2008
Company:		
2008 (Note 21)	125,043	125,043
2006	6,882	13,411
2003	-	4,195
Total	131,925	142,649
Subsidiaries		
2009 (Note 21)	1,485	-
2008 (Note 21)	804	804
2007	450	3,510
Total	2,739	4,314
Total	134,664	146,963

In accordance with several letters all dated August 7, 2006 from the Directorate General of Taxation (DGT), the Company's claims for input Value Added Tax (VAT) totaling Rp58,687 in relation to the importation of raw materials of poultry feed 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 the DGT dated December 26, 2006, the DGT allowed VAT claims to be deductible in the corporate income tax calculation in the respective taxable year. Accordingly, the Company charged all VAT claims to the 2006 consolidated statement of income resulting in an additional claim for a corporate tax refund for 2006 by Rp13,411. In addition, the Company recognized claim for corporate income tax year 2003 by Rp4,195.

On March 20, 2009, the Company sent a Request for Cancellation Letter to the Tax Office for the Letter of Tax Overpayment of corporate income tax for 2003, 2004 and 2005. This request was rejected by the DGT through its letters No. S-1072/WPJ.19/KP.0209/2009, S-1071/WPJ.19/KP.0209/2009 and S-1070/WPJ.19/KP.0209/2009 all dated December 29, 2009. As a result, claims for corporate income tax that came from charge of VAT claims for 2003, 2004 and 2005 totaling Rp17,606 were charged to tax expense in 2009.

On September 23, 2008, the Company received a tax assessment on claim for corporate income tax for 2006 as stated in the Letter of Tax Underpayment (SKPKB) No. 00016/206/06/092/08 amounting to Rp46,811 from the reported claim of Rp2,789 as submitted by the Company to the Tax Office. The Company did not agree with the assessment and sent an objection letter for the Rp30,056 with the remaining balance of Rp16,754 being paid by the Company to the Tax Office. The payment to the Tax Office and the total claim totaling Rp19,543 were recognized as tax expense in 2008. On December 19, 2008, the Company sent an objection letter No.021/CPI/XII/2008 to object the Rp30,056 as mentioned above and sent an explanation letter No.004/CPI-Tax/III/2009 dated March 25, 2009 in relation to the additional tax losses for VAT expense not yet reflected in the 2004 and 2005 corporate income taxes as deductible expenses in the related taxable years.

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9. CLAIMS FOR TAX REFUND (continued)

On December 16, 2009, the Company received letter No. KEP-206/PJ/2009 from the DGT regarding the DGT's objection to the Company's Letter No.021/CPI/XII/2008 in relation to the Company's objection to the SKPKB on 2006 corporate income tax. As a result of this DGT decision, on February 25, 2010, the Company submitted an appeal to the Tax Court through its Letter No.002/CPI-Tax/II/2010. Based on the tax regulation, the Company has to settle in advance the underpayment of tax for 2006 in accordance with the SKPKB, which was made by the Company on December 9, 2009 in the amount of Rp6,882 and recognized as "Claims for Tax Refund" year 2006 in the 2009 consolidated financial statements. In addition, the Company paid the remaining balance of SKPKB of Rp9,174 and Rp14,000 on January 15, 2010 and February 17, 2010, respectively.

10. SHORT-TERM BANK LOANS

This account consists of:

	2009	2008
Revolving loans:		
Rupiah		
PT Bank Central Asia Tbk.	30,000	290,000
PT Bank Danamon Indonesia Tbk.	-	130,000
PT Bank CIMB Niaga Tbk.	-	40,000
PT Bank Ekonomi Raharja Tbk.	-	21,250
Import Loans:		
Rupiah		
PT Bank CIMB Niaga Tbk.	10,000	62,439
PT Bank Danamon Indonesia Tbk.	-	53,471
PT Bank DBS Indonesia	-	7,340
US Dollar		
PT Bank DBS Indonesia (US\$23,656,814)	-	259,042
PT Bank CIMB Niaga Tbk. (US\$15,562,233)	-	170,406
Citibank N.A., Jakarta (US\$14,691,792)	-	160,875
PT Bank Danamon Indonesia Tbk. (US\$6,327,167)	-	69,282
PT Bank Chinatrust Indonesia (US\$2,000,000)	-	21,900
Overdraft:		
Rupiah		
Citibank N.A., Jakarta	-	549
Total	40,000	1,286,554

PT Bank Central Asia Tbk.

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 a maximum limit of Rp260,000, consisting of the Company's portion of Rp200,000 and CPJF's portion of Rp60,000. These loan facilities have a maturity period of one year.

Based on the second amendment of the loan agreement with BCA dated April 14, 2003, part of the TRL facility of Rp20,000 was converted into an overdraft facility.

Based on the letter from BCA dated December 1, 2006, the Company's TRL facility with a maximum limit of Rp180,000 had been increased to Rp230,000.

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10. SHORT-TERM BANK LOANS (continued)

PT Bank Central Asia Tbk. (continued)

The availability of the above facilities has been extended several times with the most recent extension being up to November 12, 2010.

The above loan facilities and the long-term loan facilities obtained by the Company from the same bank (Note 13) 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 (Notes 5, 6, 7 and 8). The above collateral is 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 2 times
- Current assets to current liabilities ratio shall be at least 1 time
- EBITDA to interest payment ratio shall be at least 2 times

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

- Make any guarantee to or for other party's loan or assets, except for CPJF's loan in which the guarantee amount should not exceed the Company's percentage of ownership and the guarantee given to CPB
- Obtain new loan facilities from third parties including from related parties, except for operational matters and are not in breach of the financial covenants required by the bank
- Make investments in amounts exceeding Rp50,000 per year (for the Company and CPJF)
- Merge or acquire all or a substantial part of the assets or share capital of any other companies, except a merger between the Company and CPJF with a related party company which has at least 50.1% share ownership by the Charoen Pokphand Group that requires written notification to the creditor
- Declare or pay dividend above the maximum permitted amount representing 40% of net income after tax and extraordinary items.

Based on the amendment of the loan agreement dated February 18, 2009, certain clauses in the loan agreement were amended such as, the additional requirement to maintain liabilities to EBITDA ratio not in excess of 3.75 times. In addition, the Company and CPJF are not allowed to make any investment, except if it is within the Company and CPJF's line of business.

On March 8, 2010, the Company and CPJF sent a written explanation to BCA regarding their acquisition of shares in PT Agrico International (Note 3).

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 Rp100,000 and Rp30,000, respectively. These loan facilities have a maturity period of one year.

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

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10. SHORT-TERM BANK LOANS (continued)

PT Bank Danamon Indonesia Tbk. (continued)

The loan facilities expired on November 5, 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 (Note 6).

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

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

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

- Sale, lease out, move or transfer part or all income or wealth, except to run the debtor's daily operation
- Declare or pay dividend for an amount 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 shares, except merger with a related party company that has 50.1% or more of its shares owned by Charoen Pokphand Group, that requires prior written notification to the creditor
- Issue bonds or marketable securities
- Make investments in their core business of more than Rp100,000 and outside of their core business of more than Rp10,000, except to acquire CPJF. The Company sent a letter of request to Bank Danamon to standardize the investment limitation clause but, subsequently, based on an Annual Review Extension dated November 4, 2008 from Bank Danamon, this clause was deleted.

In 2009, the Company and CPJF settled all their outstanding loans.

PT Bank CIMB Niaga Tbk.

On June 20, 2008, the Company obtained a fixed loan facility from PT Bank CIMB Niaga Tbk. (CIMB Niaga) for financing local purchases of raw materials with a maximum amount of Rp40,000.

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 concerning the total maximum limit becoming US\$22,000,000 or its equivalent in the other currencies (multi-currency) as agreed by CIMB Niaga.

The availability of the above loan facilities has been extended until September 20, 2010. The above loan facility together with the long-term loan facility obtained by the Company from the same Bank (Note 13) are secured by certain trade receivables and inventories of the Company and certain property, plant and equipment of the Company and CPJF (Notes 5, 6 and 8).

The Company is required to maintain financial ratios as follows:

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

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10. SHORT-TERM BANK LOANS (continued)

PT Bank CIMB Niaga Tbk. (continued)

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

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

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

On March 8, 2010, the Company sent a written explanation to CIMB Niaga regarding its acquisition of shares in PT Agrico International (Note 3).

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 revolving loan facilities with a maximum limit of Rp25,000 consisting of the Company's portion of Rp18,750 and CPJF's portion of Rp6,250. The availability of the loan facilities has been extended several times, with the most recent extension being up to April 8, 2010.

These loan facilities are secured with the same collateral 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.

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 also imposes several restrictions on the Company and CPJF to obtain a written consent from Bank Ekonomi prior to entering into the following transactions:

- Merge, consolidate, acquire, invest or purchase of other company's share, except merger with Charoen Pokphand Group, in which case, the Company has to send prior written notification
- Declare or pay dividend equivalent to more than 40% of net income after tax and extraordinary items, except as ruled by regulation
- Make any guarantee for loans of other parties, except for the Subsidiary's loan in which the maximum guarantee amount shall not exceed the percentage of the Company's ownership
- Sale, lease out, move or transfer part or all of its income or wealth, except to run the debtor's daily operation
- Change the composition of shareholders, except if changes are established to affiliated companies that are still owned by Charoen Pokphand Group at more than 50.1% in which case, the Company has to send a notification letter to the bank at least one month before the changes are made
- Make investments outside the core business of more than Rp10,000.

In 2008 the Company informed Bank Ekonomi in relation to the change in the Company's shareholders.

In 2009, the Company and CPJF settled all their outstanding loans with Bank Ekonomi.

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10. SHORT-TERM BANK LOANS (continued)

PT Bank DBS Indonesia

On April 28, 2006, the Company obtained Letter of Credit (L/C), Trust Receipt and stock financing facilities with the total maximum facility amounting to US\$30,000,000 or its equivalent in the other currencies as agreed by the bank, which was subsequently amended to become Letters of Credit (L/C), Trust Receipt, Account Payable Financing and Bank Guarantee facilities with the same maximum amount of facility based on a loan agreement dated July 30, 2009.

The above facilities are secured by trade receivables and inventories of the Company (Notes 5 and 6) and the availability has been extended until July 16, 2010.

The Company is required to maintain financial ratios as follows:

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

The related loan agreement imposes several conditions on the Company such as, maintaining Charoen Pokphand Group's ownership in the Company at not less than 51% and notifying the bank of any change in the Articles of Association including changes in capital and the management structure of the Company. On November 28, 2008, the Company sent a notification letter to PT Bank DBS Indonesia (Bank DBS) regarding changes in the composition of directors and commissioners in the Company.

In 2009, the Company settled all its outstanding loan with Bank DBS.

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, which was subsequently increased to US\$25,000,000 on December 3, 2009.

On September 12, 2000, the Company obtained an overdraft facility with a total maximum limit of Rp5,800, which was subsequently increased to Rp20,000 based on the amendment agreement dated January 20, 2009.

The above loan facilities are available until January 2, 2010. Up to the date of completion of the financial statements, the Company has not yet received the extension of the loan facility.

In 2009, the Company settled all its outstanding loan with Citibank N.A., Jakarta.

PT Bank Chinatrust Indonesia

On April 14, 2004, the Company obtained a loan facility for the purchase of raw materials with a maximum limit of US\$1,400,000. Based on the latest amendment dated November 6, 2007, both parties agreed to decrease the credit facility to US\$2,000,000 and to release the collateral of property, plant and equipment. This loan facility expired on April 14, 2009.

In 2009, the Company settled all its outstanding loan with PT Bank Chinatrust Indonesia.

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10. SHORT-TERM BANK LOANS (continued)

As of December 31, 2009, the Company and CPJF have complied with all the requirements and restrictions in accordance with the bank loan covenants.

The above bank loans bear annual interest rates ranging as follows:

	<u>2009</u>	<u>2008</u>
Rupiah	10.00% - 16.72%	10.50% - 16.50%
US Dollar	3.49% - 10.87%	4.66% - 10.85%

11. ACCOUNTS PAYABLE - TRADE

This account consists of payables to:

	<u>2009</u>	<u>2008</u>
Third parties:		
Foreign suppliers:		
Cargill International Trading Pte. Ltd., Singapore	285,011	90,590
Sumitomo Chemical Singapore Pte. Ltd., Singapore	41,252	20,039
Agrotech Corporation Ltd., Republic of Mauritius	36,666	7,603
Spring Leaves Pte. Ltd., Singapore	28,257	-
PCS Sales (USA) Inc., United States of America	13,977	6,623
Profaith Trading Ltd., Singapore	9,887	2,178
Josmart Ltd., Singapore	8,543	-
AG Processing Inc., United States of America	7,550	-
Bunge Agribusiness Singapore Pte. Ltd., Singapore	5,986	9,578
Cobb Vantress Inc., United States of America	5,825	-
Taminco NV., Belgium	5,039	-
Degussa A.G., Germany	4,362	69,609
Toepfer International - Asia Pte. Ltd., Singapore	174	28,630
North Star Grain International LLC, United States of America	28	8,903
CTG Rendered, New Zealand	24	19,006
Peter Cremer, Singapore	-	33,256
Innoressources Pte. Ltd., Singapore	-	22,418
Aviagen Ltd., United Kingdom	-	6,041
Others (below Rp5,000 each)	28,974	18,234
Sub-total foreign suppliers	<u>481,555</u>	<u>342,708</u>
Local suppliers:		
PT Cheil Jedang Indonesia	20,750	-
Farid	11,079	5,701
PT Global Interinti Industry	7,695	154
CV Subur Makmur	6,717	-
PT Sinar Unigrain Indonesia	6,408	684
PT Sutomo Agrindo Mas	6,257	-
PT Sahabat Ternak Abadi	6,231	-
Lahardja Suparline	6,160	-
Adjes	5,836	3,828
PT FKS Multiagro	3,035	5,847

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11. ACCOUNTS PAYABLE - TRADE (continued)

	2009	2008
Third parties (continued):		
Local suppliers (continued):		
PT Fugui Flour and Grain Indonesia	2,260	7,672
PT Budi Semesta Satria	670	7,274
Kusnadi	229	20,346
PT Agung Niaga Perkasa	-	33,721
Hariyono Tan	-	8,142
PT Sinar Jaya Inti Mulia	-	6,599
Others (below Rp5,000 each)	123,720	115,951
Sub-total local suppliers	207,047	215,919
Total third parties	688,602	558,627
Related parties (Note 23)	46,729	29,713

Accounts payable - trade include payables denominated in foreign currency of US\$53,465,711 and EUR7,219 (equivalent to Rp502,675) and US\$35,747,932 (equivalent to Rp391,440) as of December 31, 2009 and 2008, respectively.

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% of purchased amount with a maximum limit of US\$10,000,000. This facility is secured by raw material inventories purchased from this facility (Note 6). As of December 31, 2009, there was no facility used whereas as of December 31, 2008, the total facility used by the Company amounted to US\$2,412,239.

12. TAXES PAYABLE

Taxes payable consists of:

	2009	2008
Income taxes		
Article 29 (Note 21)	224,995	50,851
Article 4	766	430
Article 21	28,396	19,838
Article 23	4,033	750
Article 25	25,581	2,665
Article 26	28,977	7,716
Value-Added Tax	20,779	8,002
Total	333,527	90,252

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13. LONG-TERM BANK LOANS

This account consists of:

	2009	2008
US Dollar loans:		
Syndicated Loan (US\$46,790,000 in 2009 and US\$66,332,286 in 2008)	439,826	726,339
Rupiah loans:		
Syndicated Loan	279,616	480,907
PT Bank Central Asia Tbk.	56,250	112,500
PT Bank CIMB Niaga Tbk.	51,328	92,920
Total	827,020	1,412,666
Current portion	(508,917)	(209,466)
Long-term portion	318,103	1,203,200

Syndicated Loan

On June 21, 2007, the Company obtained a syndicated loan facility with Citicorp International Ltd., Hong Kong, acts as the Agent, and PT Rabobank International Indonesia acts as the Security Agent for working capital, capital expenditure and loan financing purposes. The loan is collateralized with certain trade receivables, inventories and breeding flocks of CPJF, and certain property, plant and equipment owned by the Company and by certain Subsidiaries (Notes 5, 6, 7 and 8). The maximum amounts of this loan facility are US\$69,350,000 and Rp500,850.

The outstanding loan balances from these facilities as of December 31, 2009 and 2008 are as follows:

Name of facility	Outstanding loan balance		Due date
	December 31, 2009	December 31, 2008	
A1	US\$20,540,000	US\$27,582,286	2012
A2	Rp216,000	Rp290,057	2012
B1	US\$6,250,000	US\$18,750,000	2010
B2	Rp63,616	Rp190,850	2010
C	US\$20,000,000	US\$20,000,000	2010
Total	US\$46,790,000 Rp279,616	US\$66,332,286 Rp480,907	

The A1 and A2 loan facilities are payable in 15 quarterly installments, while the B1, B2 and C loan facilities are payable in lump-sum amounts on their respective due dates. In 2009, the Company made early payments of the B1 and B2 loans from the amounts stated in the schedule totaling US\$12,500,000 and Rp127,233, respectively.

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

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

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13. LONG-TERM BANK LOANS (continued)

Syndicated Loan (continued)

In addition, the loan agreement imposes several restrictions on the Company, including not being able to enter into the following transactions, without prior written consent from the creditors:

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

PT Bank Central Asia Tbk.

On December 1, 2006, the Company obtained an installment loan amounting to Rp150,000. This loan is payable in 20 quarterly installments of Rp1,880 each quarter for the first year, Rp7,500 each quarter for the second year and Rp9,375 each quarter for the remaining years. In 2009, the Company made an early repayment of the amounts stated in the schedule totaling Rp18,750. The loan has the same limitation and collateral as the short-term loans obtained from the same bank (Note 10).

PT Bank CIMB Niaga Tbk.

On June 20, 2008, the Company obtained a Pinjaman Transaksi Khusus (PTK) facility with a maximum limit of Rp93,600. This facility was intended to be used to finance the construction of a feedmill in Makassar. The loan is payable in 60 monthly installments at Rp1,733 each month. In 2009, the Company made an early repayment of the loan totaling Rp20,796 from the stated schedule. The loan has the same limitation and collateral as the short-term loans obtained from the same bank (Note 10).

As of December 31, 2009, the Company has complied with all the requirements and restrictions in accordance with the bank loan covenants.

The above bank loans bear annual interest rates ranging as follows:

	2009	2008
Rupiah	9.47% - 15.00%	10.94% - 12.57%
US Dollar	3.18% - 8.41%	5.55% - 8.40%

14. SHARE CAPITAL

The share ownership of the Company as of December 31, 2009 and 2008 is as follows:

Shareholders	2009		
	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Central Agromina	1,821,277,082	55.45	91,064
Public (below 5% ownership each)	1,463,284,326	44.55	73,164
Total	3,284,561,408	100.00	164,228

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14. SHARE CAPITAL (continued)

Shareholders	2008		
	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
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 (below 5% ownership each)	855,779,158	26.05	42,789
Total	3,284,561,408	100.00	164,228

In accordance with the Sale and Purchase of Shares Agreement dated October 20, 2008 between PT Cipta Pertiwi (CP) and PT Central Agromina (CAM), the 1,817,827,082 shares representing 55.34% ownership of the Company by CP were sold to CAM at Rp380 (full amount) per share or totaling Rp690,774.

15. ADDITIONAL PAID - IN CAPITAL

The details of the additional paid-in capital balance are as follows:

	Amount
Excess of proceeds over par value	183,941
Share issuance cost	(8,529)
Bonus shares	(28,153)
	147,259

16. RETAINED EARNINGS

In the Annual Shareholders' General Meeting held on May 19, 2009, the minutes of which were notarized on the same date by Deed No. 53 of Fathiah Helmi, S.H., the Company's shareholders agreed to appropriate Rp1,000 for a general reserve from the 2008 net income in compliance with Law No. 40 year 2007 on "Limited Liability Companies".

In the Annual Shareholders' General Meeting held on June 17, 2008, the minutes of which were notarized on the same date by Deed No. 61 of Fathiah Helmi, S.H., the Company's shareholders agreed to appropriate Rp1,000 for a general reserve from the 2007 net income in compliance with Law No. 40 year 2007 on "Limited Liability Companies".

17. NET SALES

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

	2009	2008
Feed	11,119,822	10,310,462
Day-old chicks	2,192,585	1,895,753
Processed chicken	1,202,626	1,044,816

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17. NET SALES (continued)

	2009	2008
Poultry equipment	18,654	26,178
Packaging	18,576	33,932
Others	6,742	-
Total	14,559,005	13,311,141

In 2009 and 2008, there were no sales to any customer that exceeding 10.00% of consolidated net sales.

18. COST OF GOODS SOLD

The details of cost of goods sold are as follows:

	2009	2008
Raw materials used	10,200,804	10,764,196
Direct labor	59,469	60,576
Factory overhead and depletion	684,670	761,086
Total manufacturing costs	10,944,943	11,585,858
Work-in-process		
Balance at beginning of year	108,516	86,520
Balance at end of year	(107,655)	(108,516)
Cost of goods manufactured	10,945,804	11,563,862
Finished goods		
Balance at beginning of year	169,655	134,529
PT Agrico International at acquisition	6,437	-
Purchases	725,054	38,982
Balance at end of year	(157,030)	(169,655)
Cost of goods sold	11,689,920	11,567,718

In 2009 and 2008, there were no purchases from any supplier that exceeding 10.00% of consolidated net sales.

19. OPERATING EXPENSES

The details of operating expenses are as follows:

	2009	2008
Selling Expenses		
Salaries, wages and employees' welfare (Note 22)	76,560	80,461
Freight-out	37,294	39,494
Promotion and advertising	30,206	33,869
Travel and transportation	11,227	13,762
Professional fees	11,145	7,440
Rent	6,932	7,465
Depreciation (Note 8a)	6,359	8,024
Telephone, electricity and water	4,638	5,311
Others (below Rp5,000 each)	14,967	14,736
Total Selling Expenses	199,328	210,562

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19. OPERATING EXPENSES (continued)

	2009	2008
General and Administrative Expenses		
Salaries, wages and employees' welfare (Note 22)	281,663	273,149
Royalty fee (Notes 23 and 25a)	168,114	153,547
Provision for doubtful accounts	42,488	9,437
Taxes and dues	26,584	25,726
Travel and transportation	20,660	32,394
Telephone, electricity and water	12,752	9,931
Depreciation (Note 8a)	12,567	14,290
Professional fees	10,509	11,601
Research and development	7,847	6,960
Insurance	6,334	7,001
Repairs and maintenance	4,007	5,274
Rent	3,970	3,384
Donation	3,687	7,293
Office supplies	2,760	3,277
Others (below Rp3,000 each)	8,934	10,663
Total General and Administrative Expenses	<u>612,876</u>	<u>573,927</u>
Total	<u>812,204</u>	<u>784,489</u>

20. OTHER INCOME (CHARGES)

This account consists of:

	2009	2008
Gain (loss) on foreign exchange:		
Bank loans	125,519	(236,719)
Trade and other accounts payable	103,702	(116,830)
Derivative instruments	-	10,724
Others	214	(29,187)
Total	<u>229,435</u>	<u>(372,012)</u>
Interest income:		
Deposit on call	10,992	2,276
Current accounts	3,511	1,699
Others	-	107
Total	<u>14,503</u>	<u>4,082</u>
Financing cost:		
Bank loans	(183,470)	(212,320)
Bonds payable	-	(35,000)
Others (Note 23)	(18,446)	(11,962)
Total	<u>(201,916)</u>	<u>(259,282)</u>
Tax expenses	<u>(20,115)</u>	<u>(22,152)</u>

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20. OTHER INCOME (CHARGES) (continued)

	2009	2008
Miscellaneous - net (Notes 3 and 8b)	81,608	66,019
Other Income (charges) - net	103,515	(583,345)

Miscellaneous - net represents income from sales of culled birds, used sacks, raw materials (except premix), chicken dung, by-products, gain on sale of property and equipment and rental income.

21. INCOME TAX

Income tax benefit (expense) consists of:

	2009	2008
Current	(548,520)	(85,887)
Deferred	7,542	(32,631)
Total	(540,978)	(118,518)

Current

The reconciliation between income before income tax, as shown in the consolidated statements of income, and taxable income for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Income before income tax per consolidated statements of income	2,160,396	375,589
Add (deduct):		
Elimination of transactions with Subsidiaries	30,526	3,030
Income before income tax of Subsidiaries	(587,080)	(370,513)
Income before income tax attributable to the Company	1,603,842	8,106
Temporary differences:		
Provision for doubtful accounts - net	40,845	9,046
Provision for employees' benefits - net	16,277	9,474
Gain on sale of property and equipment	590	402
Depreciation	(24,991)	(16,812)
Finance lease - net	(2,963)	(2,453)
Amortization of:		
Deferred landrights cost	(521)	(111)
Rent	-	32
Bonds issuance costs	-	(1,348)
Permanent differences:		
Taxes and penalties	17,606	22,088
Interest expense not subject to withholding tax	15,952	5,944
Gifts and donations	4,325	6,816
Income already subject to final tax:		
Interest	(12,774)	(3,304)
Rent	(194)	-
Taxable income of the Company	1,657,994	37,880

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21. INCOME TAX (continued)

Current (continued)

The Company's taxable income for the year ended December 31, 2008 was consistent with the Annual Corporate Income Tax Return submitted to the Tax Office. The above taxable income for the year ended December 31, 2009 will be reported in the 2009 Annual Corporate Income Tax Return.

The computation of income tax is as follows:

	2009	2008
Taxable income		
Company	1,657,994	37,880
Subsidiaries	600,989	249,052
Total	2,258,983	286,932
Income tax - current		
Company	381,339	11,346
Subsidiaries	167,181	74,541
Total	548,520	85,887

The computation of claims for tax refund (income tax payable) is as follows:

	2009	2008
Income tax - current		
Company	381,339	11,346
Subsidiaries	167,181	74,541
Total	548,520	85,887
Claims for tax refund (income tax payable)		
Company	(145,879)	125,043
Subsidiaries		
Claims for tax refund	1,485	804
Income tax payable	(79,116)	(50,851)

In accordance with Section 2 of the Ministry of Finance Rule No. 238/PMK.03/2008 (PMK No. 238/2008) dated December 30, 2008, effective January 1, 2008, regarding the "Guidelines on the Implementation and Supervision on the Tariff Reduction for Domestic Tax Payers in the Form of Public Companies", domestic taxpayers can enjoy a tax reduction of 5% lower than the highest income tax rate in the same manner as stated in subsection (1) b of Article 17 of Law No. 7 Year 1983 regarding "Income Tax". The tariff reduction will be granted if the following criteria are met:

1. The total publicly-owned shares is 40% or more than the total paid-up shares and such shares are owned by at least 300 (three hundred) parties.
2. Each of the above-mentioned parties owns less than 5% share ownership from the total paid-up shares.
3. The above-mentioned criteria should be fulfilled by the taxpayer within 6 months in 1 (one) fiscal year.

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21. INCOME TAX (continued)

Current (continued)

In addition, the taxpayer should attach the Declaration Letter from the Securities Administration Agency to the Annual Income Tax Return of the Taxpayer using Form X.H.1-6 as stated in Bapepam-LK Regulation No. X.H.1 for the relevant fiscal year.

On January 15, 2010, the Company obtained the Declaration Letter from the Securities Administration Agency to comply with the above criteria; accordingly, the Company has applied the tax reduction rate in the 2009 income tax calculation. In 2008, the Company did not meet the above criteria and therefore could not enjoy the tax reduction rate mentioned above.

Deferred

	2009	2008
Income tax - deferred (effect of temporary differences at maximum tax rate of 28% in 2009 and 30% in 2008)		
Company		
Provisions for doubtful accounts - net	11,437	2,714
Provision for employees' benefits - net	4,558	2,842
Gain on sale of property and equipment	165	121
Depreciation	(6,998)	(5,044)
Finance lease - net	(830)	(736)
Amortization of:		
Deferred landrights cost	(146)	(33)
Rent	-	10
Bonds issuance costs	-	(404)
Effect on reduction of tax rates based on Law No.36/2008	1,534	(960)
Total	9,720	(1,490)
Subsidiaries	(2,178)	(31,141)
Deferred income tax benefit (expense) - net	7,542	(32,631)

The reconciliation between income tax calculated by applying the applicable tax rate to the income before income tax and the income tax expense as shown in the consolidated statements of income for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Income before income tax per consolidated statements of income	2,160,396	375,589
Add (deduct):		
Elimination of transactions with Subsidiaries	30,526	3,030
Income before income tax of Subsidiaries	(587,080)	(370,513)
Income before income tax attributable to the Company	1,603,842	8,106
Income tax with applicable tax rate	(449,075)	(2,414)

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21. INCOME TAX (continued)

Deferred (continued)

	2009	2008
Tax effects of permanent differences:		
Income already subject to final tax:		
Interest	3,577	991
Rent	54	-
Taxes and penalties	(4,930)	(6,626)
Interest expense not subject to withholding tax	(4,467)	(1,783)
Gifts and donations	(1,211)	(2,045)
Effect on reduction of tax rate based on Law No.36/2008	1,534	(960)
Effect on reduction of tax rate based on PMK No. 238/2008	82,900	-
Income tax - Company	(371,618)	(12,837)
Income tax - Subsidiaries	(169,360)	(105,681)
Income tax expense per consolidated statements of income	(540,978)	(118,518)

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 also stipulates changes in the 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. The Company and Subsidiaries recorded the impact of the changes in tax rates which amounted to Rp1,264 and Rp2,720 in 2009 and 2008, respectively, as part of tax expense.

The deferred tax assets and liabilities as of December 31, 2009 and 2008 are as follows:

	2009	2008
Deferred tax assets (liabilities) - net		
Company		
Estimated liability for employees' benefits	41,539	38,714
Allowance for doubtful accounts	13,128	3,002
Property, plant and equipment	(32,490)	(29,834)
Leased assets	(2,073)	(1,647)
Deferred landrights cost	(358)	(228)
	19,746	10,007
Subsidiaries - net		
Deferred tax assets	2,430	2,624
Deferred tax liabilities	(11,552)	(9,195)
Deferred Tax Assets - net	22,176	12,631
Deferred Tax Liabilities - net	(11,552)	(9,195)

The management believes that the deferred tax assets can be fully recovered through future taxable income.

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22. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS

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

The estimated liability for employees' benefits as of December 31, 2009 and 2008 were determined based on the actuarial valuations performed by PT Eldridge Gunaprima Solution, an independent actuary, in their reports dated February 17, 2010 and February 25, 2009, respectively, using the "Projected Unit Credit" method. The significant assumptions used in the valuations are as follows:

	<u>2009</u>	<u>2008</u>
Interest rate	10.50% per year	12.00% per year
Salary (wage) increase rate	10.00% per year	10.00% per year
Pension age	55 years old	55 years old
Mortality rate	TMI II	CSO-1980 table

The details of employee benefits expense recognized in the consolidated statements of income are as follows:

	<u>2009</u>	<u>2008</u>
Current service cost	18,281	15,480
Interest cost	24,992	25,813
Amortization of unrecognized past service cost	2,462	2,462
Amortization of actuarial losses (gains)	(341)	2,094
Employees' benefits expense	45,394	45,849

The details of estimated liability for employees' benefits recognized in the consolidated balance sheets are as follows:

	<u>2009</u>	<u>2008</u>
Present value of benefit obligation	273,374	231,100
Liability for employees transferred to other companies	73	3,637
Unrecognized past service costs	(22,757)	(25,219)
Unrecognized actuarial losses (gains)	(3,656)	20,388
Estimated liability for employees' benefits	247,034	229,906

The movements of the estimated liability for employees' benefits are as follows:

	<u>2009</u>	<u>2008</u>
Balance at beginning of year	229,906	210,834
Beginning balance of PT Agrico International	255	-
Provisions during the year	45,394	45,849
	275,555	256,683
Liability for transferred employees-net	(1,440)	3,637
Payments during the year	(27,081)	(30,414)
Balance at end of year	247,034	229,906

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22. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS (continued)

Liability for transferred employees represents the net benefit obligations of certain employees that were transferred from or to the other affiliated companies that are not consolidated.

23. ACCOUNT BALANCES, TRANSACTIONS AND NATURE WITH RELATED PARTIES

In the normal course of business, the Company and Subsidiaries conduct transactions with prices, terms and conditions agreed upon with the related parties.

The balances of accounts receivable and payable with related parties are as follows:

	Total		Percentage of Consolidated Total Assets/Liabilities	
	2009	2008	2009	2008
<u>Accounts receivable - trade (Note 5)</u>				
PT Centralpertiwi Bahari	-	19,155	-	0.37
PT Central Proteinaprima Tbk.	-	5,830	-	0.11
Others (below Rp1,000 each)	156	41	0.00	0.00
Total	156	25,026	0.00	0.48
<u>Due from related parties</u>				
PT Central Proteinaprima Tbk.	152,924	157,733	2.86	3.05
PT Central Panganpertiwi	41,364	36,883	0.77	0.71
PT Centralpertiwi Bahari	29,864	5,206	0.56	0.10
PT Centralwindu Sejati	3,055	3,054	0.06	0.06
Others (below Rp1,000 each)	635	691	0.01	0.01
	227,842	203,567	4.26	3.93
Allowance for doubtful account	(40,274)	-	(0.75)	-
Total	187,568	203,567	3.51	3.93
<u>Accounts payable - trade (Note 11)</u>				
PT Centralpertiwi Bahari	15,274	-	0.64	-
PT SHS International	10,975	14,702	0.46	0.38
PT Central Panganpertiwi	7,506	3,546	0.31	0.09
PT Indovetraco Makmur Abadi	6,547	6,643	0.27	0.17
PT Central Agromina	5,052	4,705	0.21	0.12
Others (below Rp1,000 each)	1,375	117	0.06	0.00
Total	46,729	29,713	1.95	0.76
<u>Due to related parties</u>				
Charoen Pokphand International Group of Companies Ltd., Republic of Seychelles (Note 25a)	11,657	-	0.49	-
PT Central Agromina	542	11,914	0.02	0.31
Charoen Pokphand International Group of Companies Ltd., British Virgin Islands (Note 25a)	-	7,670	-	0.20
Others (below Rp1,000 each)	2,632	130	0.11	0.00
Total	14,831	19,714	0.62	0.51
<u>Finance lease obligation</u>				
PT Reksa Finance	2,601	11,301	0.11	0.29

These consolidated financial statements are originally issued in Indonesian language.

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23. ACCOUNT BALANCES, TRANSACTIONS AND NATURE WITH RELATED PARTIES (continued)

	Total		Percentage of Consolidated Total Assets/Liabilities	
	2009	2008	2009	2008
<u>Purchases of property and equipment</u> (Note 8)				
PT Reksa Finance	637	1,950	0.01	0.04

Presented below are the Company's and Subsidiaries' transactions with related parties with amounts above Rp1,000:

	Total		Percentage of Consolidated Net Sales	
	2009	2008	2009	2008
<u>Net Sales</u>				
PT Central Agromina	190,347	174,311	1.31	1.31
PT Centralpertiwi Bahari	1,248	39,747	0.01	0.30
PT Central Proteinaprima Tbk.	1,124	72,557	0.01	0.55
PT Pentastar Foodprima	1,004	-	0.01	-
PT Central Panganpertiwi	121	24,017	0.00	0.18
Total	193,844	310,632	1.34	2.34
<u>Purchases of raw materials and others</u>				
PT Central Agromina	249,201	184,183	1.71	1.38
PT SHS International	64,764	34,834	0.44	0.26
PT Indovetraco Makmur Abadi	44,806	67,288	0.31	0.51
PT Surya Hidup Satwa	21,923	81,963	0.15	0.62
PT Central Proteinaprima Tbk.	19,911	43,773	0.14	0.33
PT Centralpertiwi Bahari	18,887	1,545	0.13	0.01
PT Central Panganpertiwi	8,254	8,586	0.06	0.06
Total	427,746	422,172	2.94	3.17
<u>Sales of raw materials</u>				
PT Central Proteinaprima Tbk.	16,917	93,097	0.12	0.70
PT Centralpertiwi Bahari	12,952	9,132	0.09	0.07
PT Central Panganpertiwi	10,175	7,762	0.07	0.06
Total	40,044	109,991	0.28	0.83
<u>Interest expense (Note 20)</u>				
PT Reksa Finance	982	1,368	0.01	0.01
PT Central Agromina	295	1,450	0.00	0.01
PT Central Pertiwi	-	2,992	-	0.02
Total	1,277	5,810	0.01	0.04
<u>Royalty fee (Notes 19 and 25a)</u>				
Charoen Pokphand International Group of Companies Ltd., British Virgin Islands	93,680	153,547	0.64	1.15
Charoen Pokphand International Group of Companies Ltd., Republic of Seychelles	74,434	-	0.51	-
Total	168,114	153,547	1.15	1.15

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23. ACCOUNT BALANCES, TRANSACTIONS AND NATURE WITH RELATED PARTIES (continued)

Interest Bearing Loans

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

PT Vista Agung Kencana

Represents a loan in Rupiah that bears an annual interest rate of 15.00% in 2009 and ranged from 12.00% to 15.00% in 2008. The outstanding loan as of December 31, 2008 amounting to Rp2,276 consists of principal of Rp2,250 and related interest payable of Rp26. This loan was fully paid in May 2009.

PT Satwa Utama Raya

Originally represents loan to PT Central Proteinprima Tbk. which was subsequently assigned to CAM. This loan represents a loan in US Dollar currency that bears an annual interest rate at 7.50% in 2009 and 2008, respectively. The outstanding loan as of December 31, 2008 amounting to US\$879,795 (equivalent to Rp9,634) consists of principal of US\$875,000 and related interest payable of US\$4,795. This loan was fully paid in April 2009.

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, PT SHS International, PT Pentastar Foodprima and PT Reksa Finance are directly or indirectly controlled by PT Central Pertiwi.
- PT Central Agromina is the Company's majority shareholder.
- PT Central Panganpertiwi, PT Centralwindu Sejati and PT Centralpertiwi Bahari are controlled by PT Central Proteinprima Tbk., the Subsidiary of PT Surya Hidup Satwa.
- PT Central Pertiwi, PT Surya Hidup Satwa and PT Central Agromina are controlled by the same entity.
- Charoen Pokphand International Group of Companies Ltd., Republic of Seychelles and Charoen Pokphand International Group of Companies Ltd., British Virgin Islands are directly or indirectly controlled by the affiliated parties of the Company and Subsidiaries' management.

24. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of December 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>
Assets		
Cash and cash equivalents	US\$ 10,667,795	100,277
	EUR 150,000	2,026
Liabilities		
Accounts payable		
Trade		
Related parties	US\$ 377,876	3,552
Third parties	US\$ 53,087,835	499,026
	EUR 7,219	97
Others - third parties	US\$ 74,600	701

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24. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (continued)

	Foreign Currency	Rupiah Equivalent
Liabilities (continued)		
Accrued expenses	US\$ 207,828	1,954
Long-term bank loans	US\$ 46,790,000	439,826
Total		945,156
Net Liabilities		842,853

If the net monetary liabilities in foreign currencies of the Company and Subsidiaries as of December 31, 2009 are reflected into Indonesian Rupiah using Bank Indonesia's middle rates as of March 9, 2010, the net monetary liabilities will decrease by Rp18,015.

25. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

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

a. License Agreements

On December 30, 2005, the Company and CPJF entered into a separate license agreement with Charoen Pokphand International Group of Companies Ltd., British Virgin Islands (CPIGCL-BVI), a related party, which is the extension of the license agreement dated January 1, 1990 including all its amendments. These license agreements are for a period of five years and are 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 from IPR. Based on the license agreement, the Company and CPJF agreed to pay royalty to CPIGCL-BVI at the following percentages of net sales: 1% for poultry feed and 2% for day-old chicks. The rate of royalty may be reviewed from time to time with an increase in the tariff per annum not exceeding 1%.

VG, CKM, ISB, SUR, VAK and CAP entered into a separate license agreements with CPIGCL-BVI, with the same terms and conditions as above.

In relation to the business restructuring or internal reorganization within Charoen Pokphand Group of Companies, the licensee rights of IPR which were originally granted to the companies in Indonesia have been assigned from CPIGCL-BVI to Charoen Pokphand International Group of Companies Ltd., Republic of Seychelles (CPIGCL-SEY). On August 3, 2009, the Company and CPJF, VG, CKM, ISB, SUR, VAK and CAP, Subsidiaries entered into a new license agreement with CPIGCL-SEY, which was an extension of the agreement with CPIGCL-BVI. The license agreement has the same terms and conditions as the license agreement between the Company and CPIGCL-BVI.

Royalty expense charged to operations amounting to Rp168,114 and Rp153,547 in 2009 and 2008, respectively, is presented in the "General and Administrative Expenses" account (Note 19). As of December 31, 2009 and 2008, the related royalty payable amounting to Rp11,657 and Rp7,670, respectively, is presented as part of "Due to Related Parties" account (Note 23).

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25. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

b. Loan Facility Agreements

PT Bank Central Asia Tbk.

The Company obtained an overdraft facility with a maximum limit of Rp20,000 available until November 12, 2010 and a forex line facility of US\$3,000,000 to be available based on the notification letter for providing credit issued by the bank from time to time. This facility has the same collateral as the loan facility obtained from the same bank (Notes 10 and 13).

PT Bank CIMB Niaga Tbk.

The Company obtained an overdraft facility with a total maximum limit of Rp10,000 available until September 20, 2010. This facility has the same limitation and collateral as the loan facility obtained from the same bank (Notes 10 and 13).

26. SEGMENT INFORMATION

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

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26. SEGMENT INFORMATION (continued)

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

2009	Feed *	Day-Old Chicks	Processed Chicken	Poultry Equipment	Packaging	Others	Elimination	Consolidated
Business Segment Information (Primary)								
Segment sales								
External sales	11,119,822	2,192,585	1,202,626	18,654	18,576	6,742	-	14,559,005
Inter-segment sales	1,722,439	-	797,171	4,175	40,499	24,379	(2,588,663)	-
Total segment sales	12,842,261	2,192,585	1,999,797	22,829	59,075	31,121	(2,588,663)	14,559,005
Segment results	1,694,524	320,043	165,038	3,924	215	(453)	-	2,183,291
Unallocated corporate expenses								126,410
Income from operations								2,056,881
Segment assets	3,721,537	1,270,857	387,401	26,514	22,889	13,752	(246,335)	5,196,615
Unallocated corporate assets								152,760
Consolidated total assets								5,349,375
Segment liabilities	1,068,784	400,521	129,313	1,641	6,250	3,873	(200,183)	1,410,199
Unallocated corporate liabilities								987,502
Consolidated total liabilities								2,397,701
Capital expenditures	70,858	55,667	25,716	60	285	507	-	153,093
Depreciation	57,992	59,834	15,479	307	691	96	-	134,399
Non-cash expenses other than depreciation								
Depletion of producing flocks	-	390,922	-	-	-	-	-	390,922
Provision for doubtful accounts	40,885	289	1,314	-	-	-	-	42,488
Amortization of deferred - landrights cost	90	-	1	-	-	-	-	91
Provision of inventories	-	4,460	-	-	57	-	-	4,517

* consists of poultry, swine and other feed.

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26. SEGMENT INFORMATION (continued)

2008	Feed *	Day-Old Chicks	Processed Chicken	Poultry Equipment	Packaging	Elimination	Consolidated
Business Segment Information (Primary)							
Segment sales							
External sales	10,310,462	1,895,753	1,044,816	26,178	33,932	-	13,311,141
Inter-segment sales	1,534,802	-	599,774	10,765	54,590	(2,199,931)	-
Total segment sales	11,845,264	1,895,753	1,644,590	36,943	88,522	(2,199,931)	13,311,141
Segment results	766,098	176,287	91,547	2,034	5,057	-	1,041,023
Unallocated corporate expenses							82,089
Income from operations							958,934
Segment assets	3,948,133	1,253,039	357,676	28,903	28,662	(591,986)	5,024,427
Unallocated corporate assets							154,113
Consolidated total assets							5,178,540
Segment liabilities	817,102	651,444	121,518	886	8,785	(439,775)	1,159,960
Unallocated corporate liabilities							2,684,238
Consolidated total liabilities							3,844,198
Capital expenditures	198,830	144,201	35,224	214	35	-	378,504
Depreciation	48,884	55,834	14,147	701	350	-	119,916
Non-cash expenses (income) other than depreciation							
Depletion of producing flocks	-	378,410	-	-	-	-	378,410
Provision for doubtful accounts	9,046	255	136	-	-	-	9,437
Amortization of deferred - landrights cost	90	-	-	-	-	-	90
Provision (reversal allowance) of inventories	-	(5,681)	-	-	72	-	(5,609)

* consists of poultry, swine and other feed.

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26. SEGMENT INFORMATION (continued)

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:

	2009	2008
External Sales		
Java Island	10,747,601	9,976,504
Sumatera Island	3,544,422	3,283,338
Bali Island	1,876,458	1,821,666
Other Islands	979,187	429,564
Total	17,147,668	15,511,072
Elimination	(2,588,663)	(2,199,931)
Total	14,559,005	13,311,141
Segment Assets		
Java Island	4,236,183	4,170,356
Sumatera Island	894,727	891,962
Bali Island	203,988	151,463
Other Islands	519,160	421,855
Total	5,854,058	5,635,636
Elimination	(504,683)	(457,096)
Total	5,349,375	5,178,540

27. RECLASIFICATION OF ACCOUNTS

"Cost of goods sold" account totaling Rp99,104 in the 2008 consolidated financial statements had been reclassified to income accounts to conform with the 2009 consolidated financial statement presentation.

28. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company and Subsidiaries is responsible for the preparation of these consolidated financial statements that were completed on March 9, 2010.