

**PT CHAROEN POKPHAND INDONESIA Tbk.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 3-MONTH PERIODS ENDED MARCH 31, 2010 AND 2009**

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2010 AND 2009
(Expressed in Millions of Rupiah, Except Par Value Per Share)

	<u>Notes</u>	<u>2 0 1 0</u> <u>(Unaudited)</u>	<u>2 0 0 9</u> <u>(Unaudited)</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	347,742	636,151
Accounts receivable			
Trade	5, 19		
Third parties - net of allowance for doubtful accounts of Rp 12,355 in 2010 and Rp 12,858 in 2009		967,971	712,110
Related parties		3,250	15,224
Others - third parties		26,112	54,307
Inventories	6	1,254,612	1,252,377
Breeding flocks - net	7	355,469	361,485
Prepaid expenses and advances		159,073	208,876
Total Current Assets		<u>3,114,229</u>	<u>3,240,530</u>
NON-CURRENT ASSETS			
Due from related parties - net of allowance for doubtful account of Rp 40,274 in 2010	19	197,339	207,304
Deferred tax assets - net		25,137	12,265
Property, plant and equipment - net of accumulated depreciation of Rp 1,105,339 in 2010 and Rp 980,657 in 2009	8	1,672,538	1,686,936
Claims for tax refund		167,031	147,116
Others - net		52,753	42,687
Total Non-Current Assets		<u>2,114,798</u>	<u>2,096,308</u>
TOTAL ASSETS	22	<u>5,229,027</u>	<u>5,336,838</u>

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

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
MARCH 31, 2010 AND 2009
(Expressed in Millions of Rupiah, Except Par Value Per Share)

	<u>Notes</u>	<u>2 0 1 0</u> <u>(Unaudited)</u>	<u>2 0 0 9</u> <u>(Unaudited)</u>
LIABILITIES AND EQUITY			
LIABILITIES			
SHORT-TERM LIABILITIES			
Short-term bank loans	9	30,000	1,153,394
Accounts payable			
Trade	10, 19		
Third parties		341,943	658,502
Related parties		45,343	27,685
Others - third parties		112,539	117,471
Taxes payable	11	286,815	90,701
Accrued expenses		68,717	89,834
Current portion of long-term debts			
Bank loans	12	337,732	213,868
Finance lease obligations		470	4,632
Total Short-Term Liabilities	22	1,223,559	2,356,087
LONG-TERM LIABILITIES			
Due to related parties	19	38,444	50,901
Deferred tax liabilities - net		8,109	21,930
Long-term debts - net of current portion			
Bank loans	12	304,667	1,186,789
Finance lease obligations		200	1,308
Estimated liability for employees' benefits	18	256,592	239,372
Total Long-Term Liabilities	22	608,012	1,500,300
Minority Interest in Net Assets of Subsidiaries		16,748	16,365
EQUITY			
Share capital - Rp50 par value			
Authorized - 8,000,000,000 shares			
Issued and fully paid - 3,284,561,408 shares	13	164,228	164,228
Additional paid-in capital		147,259	147,259
Other equity		(10,856)	(10,856)
Difference in value of restructuring transactions of entities under common control		(15,006)	(15,006)
Retained earnings			
Appropriated		8,000	7,000
Unappropriated		3,087,083	1,171,461
Total Equity		3,380,708	1,464,086
TOTAL LIABILITIES AND EQUITY		5,229,027	5,336,838

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

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE 3-MONTH PERIODS ENDED MARCH 31, 2010 AND 2009
(Expressed in Millions of Rupiah, Except Basic Earnings Per Share)

	<u>Notes</u>	<u>2 0 1 0</u> <u>(Unaudited)</u>	<u>2 0 0 9</u> <u>(Unaudited)</u>
NET SALES	15, 22	3,457,787	3,118,047
COST OF GOODS SOLD	16	2,748,875	2,581,029
GROSS PROFIT		708,912	537,018
OPERATING EXPENSES	17		
Selling		47,338	43,458
General and administrative		114,077	122,733
Total Operating Expenses		161,415	166,191
INCOME FROM OPERATIONS	22	547,497	370,827
OTHER INCOME (CHARGES)			
Financing cost		(16,145)	(82,683)
Gain (Loss) on foreign exchange		24,604	(100,800)
Interest income		2,080	6,678
Miscellaneous - net		4,700	27,943
Other Income (Charges) - Net		15,239	(148,862)
INCOME BEFORE INCOME TAX		562,736	221,965
INCOME TAX BENEFIT (EXPENSE)			
Current		(121,340)	(75,197)
Deferred		6,405	(660)
Income Tax Expense - Net		(114,935)	(75,857)
INCOME BEFORE MINORITY INTEREST OF NET INCOME OF SUBSIDIARIES		447,801	146,108
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES		(113)	(2,331)
NET INCOME		447,688	143,777
Basic earnings per Share		136	44

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

PT CHAROEN POKPHAND INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 3-MONTH PERIODS ENDED MARCH 31, 2010 AND 2009
(Expressed in Millions of Rupiah)
(UNAUDITED)

	Issued and Fully Paid Share Capital	Additional Paid-in Capital	Other Equity	Difference in Value of Restructuring Transactions of Entities Under Common Control	Retained Earnings		Total Equity
					Appropriated	Unappropriated	
Balance, January 1, 2010	164,228	147,259	(10,856)	(15,006)	8,000	2,639,395	2,933,020
Net income	-	-	-	-	-	447,688	447,688
Balance, March 31, 2010	164,228	147,259	(10,856)	(15,006)	8,000	3,087,083	3,380,708
Balance, January 1, 2009	164,228	147,259	(10,856)	(15,006)	7,000	1,027,684	1,320,309
Net income	-	-	-	-	-	143,777	143,777
Balance, March 31, 2009	164,228	147,259	(10,856)	(15,006)	7,000	1,171,461	1,464,086

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

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 3-MONTH PERIODS ENDED MARCH 31, 2010 AND 2009
(Expressed in Millions of Rupiah)

	<u>Notes</u>	<u>2 0 1 0</u> <u>(Unaudited)</u>	<u>2 0 0 9</u> <u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers		3,337,341	3,143,020
Cash paid to suppliers and employees		<u>(2,986,180)</u>	<u>(2,500,739)</u>
Cash provided by operating activities		351,161	642,281
Receipts from (Payments for) :			
Interest income		1,929	6,542
Financing cost		(10,716)	(35,493)
Income taxes		<u>(174,902)</u>	<u>(80,071)</u>
Net Cash Provided by Operating Activities		<u>167,472</u>	<u>533,259</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment	8	34,112	426
Acquisitions of property, plant and equipment		<u>(56,907)</u>	<u>(65,397)</u>
Net Cash Used in Investing Activities		<u>(22,795)</u>	<u>(64,971)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of :			
Finance lease obligations		(640)	(2,598)
Cash dividend by Subsidiaries to minority shareholders		(2,021)	-
Short-term bank loans		(10,000)	(168,263)
Long-term bank loans	12	(172,270)	(54,039)
Due to related party		<u>-</u>	<u>(4,217)</u>
Net Cash Used in Financing Activities		<u>(184,931)</u>	<u>(229,117)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(40,254)</u>	<u>239,171</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>387,996</u>	<u>396,944</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>347,742</u>	<u>636,115</u>
ACTIVITY NOT AFFECTING CASH FLOWS			
Acquisition of leased assets through incurrence of finance lease obligations	8	-	669

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
For The 3-Month Periods Ended March 31, 2010 and 2009
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL

a. Establishment of the Company and General Information

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

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

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

b. Movements of the Company's Shares

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

Year	Description	Outstanding Shares After the Transaction
1991	Initial public offering of its 2,500,000 shares with par value of Rp 1,000 (full amount) per share	52,500,000
1994	Conversion of the Company's convertible bond of Rp 25,000 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 Rp 1,000 (full amount) to Rp 500 (full amount)	225,227,068
1997	Issuance of bonus shares, whereby each shareholder holding four shares was entitled to receive one new share	281,533,835
2000	Change in par value per share from Rp 500 (full amount) to Rp 100 (full amount)	1,407,669,175
2007	Limited public offering III with Pre-emptive Rights	1,642,280,704
2007	Change in par value per share from Rp 100 (full amount) to Rp 50 (full amount)	3,284,561,408

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

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2010 and 2009
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL (Continued)

c. Employees, Directors, Commissioners and Audit Committee

As of March 31, 2010, 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. 53 dated May 19, 2009 of Fathiah Helmi, S.H., are as follows:

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

As of March 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. 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 : - Jiaccio Jiaravanon	Vice President Directors : - Peraphon Prayooravong
	- Vinai Rakphongphairoj
Commissioner : - Heri Tjusanto	Directors : - Ong Mei San
Independent Commissioners : - Agussalim Nasution	- Jemmy
- Ping Perdana Kusuma	- Eddy Dharmawan
	- Fiece Kosasih

As of March 31, 2010 and 2009, the members of the Company's audit committee are as follows:

	2010	2009
Ketua :	Agussalim Nasution	Agussalim Nasution
Anggota :	Herman Sugianto	Ping Perdana Kusuma
Anggota :	Rudy Dhama Kusuma	Rudy Dhama Kusuma
Anggota :	Petrus Julius	Petrus Julius

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

Salaries and other compensation benefits incurred for the Company's and Subsidiaries' directors and commissioners amounted to Rp 5,465 and Rp 6,505 for the 3-month periods ended March 31, 2010 and 2009, respectively.

The Company and Subsidiaries had 4,098 and 5,673 permanent employees as of March 31, 2010 and 2009, respectively.

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2010 and 2009
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

1. GENERAL (Continued)

d. The Structure of the Company and Subsidiaries

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

Subsidiaries	Principal Activity	Domicile	Start of Commercial Operations	Establishment Year	Percentage of Ownership	Total Assets	
						2010	2009
Direct ownership							
PT Charoen Pokphand Jaya Farm (CPJF)	Poultry farming	Jakarta	1972	1972	99.99	1,111,234	1,092,804
PT Primafood International (PFI)	Trading of processed chicken	Jakarta	2000	2000	99.96	121,977	159,008
PT Vista Grain (VG)	Production and distribution of poultry feed	Lampung	1982	1980	99.92	124,862	120,534
PT Poly Packaging Industry (Poly)	Production of plastic product	Tangerang	2003	2003	99.99	29,947	25,824
PT Feprotama Pertiwi (Fepro)	Production and distribution of chicken feather meal	Tangerang	1994	1992	99.32	20,753	17,499
PT Agrico International (AI)	Trading	Tangerang	2009	2008	99.90	19,764	9,595
Indirect ownership through CPJF							
PT Centralavian Pertiwi (CAP)	Poultry farming	Jakarta	1991	1991	100.00	195,856	182,556
PT Satwa Utama Raya (SUR)	Poultry farming	Surabaya	1987	1980	99.98	113,182	112,856
PT Vista Agung Kencana (VAK)	Poultry farms	Palembang	1986	1980	99.96	72,352	78,618
PT Istana Satwa Borneo (ISB)	Poultry farms	Balikpapan	1989	1983	99.96	42,475	53,986
PT Cipta Khatulistiwa Mandiri (CKM)	Poultry farms	Pontianak	1989	1983	50.00	44,791	38,335
PT Agrico International (AI)	Trading	Tangerang	2009	2008	0.10	19,764	9,595

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The basis of measurement in the preparation of the consolidated financial statements is historical cost, except for inventories that are valued at the lower of cost or net realizable value.

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

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

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

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2010 and 2009
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Principles of Consolidation

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

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

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

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

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

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

c. Cash Equivalents

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

d. Allowance for Doubtful Accounts

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

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2010 and 2009
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Transactions with Related Parties

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

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

f. Inventories

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

g. Breeding Flocks

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

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2010 and 2009
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Property, Plant and Equipment

Direct ownership

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

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

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

	<u>Years</u>
Land Improvements	5
Transportation equipment, office equipment, wells and waterlines, laboratory equipment	4-5
Poultry Equipment	2-5
Buildings	20
Machinery and equipment	12

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

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

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

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2010 and 2009
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Property, Plant and Equipment (Continued)

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

The Company and Subsidiaries, as leases, 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 shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in profit and loss. Capitalized leased assets (presented under the account of property, plant and equipment) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Company and Subsidiaries will obtain ownership by the end of the lease term.
- ii) Under an operating lease, the Company and Subsidiaries recognized lease payments as an expense on a straight-line basis over the lease term.

k. Impairment of Assets Value

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

PT CHAROEN POKPHAND INDONESIA Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The 3-Month Periods Ended March 31, 2010 and 2009
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Revenue and Expense Recognition

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

m. Foreign Currency Transactions and Balances

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

n. Segment Information

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

o. Estimated Liability for Employees' Benefits

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

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

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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 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 be differ from those estimates.

s. Standards issued but not yet effective

Accounting Standards issued by the Indonesian Accounting Standard Board (DSAK) up to the date of completion of the Company and Subsidiary Consolidated Financial Statements but not yet effective are summarized below:

Effective on or after January 1, 2010:

1. PSAK No. 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.
2. PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures"
Contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed.

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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)

3. PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement", Establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.
4. 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:

5. 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.
6. 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
7. 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 investment in subsidiaries, jointly controlled entities, and associates when separate financial statements are presented as additional information
8. 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.
9. 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".
10. 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.
11. 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

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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)

12. PSAK 57 (Revised 2009) "Provision, Contingent Liabilities and Contingent Assets"
Aim 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.
13. PSAK No 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.
14. 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 its Subsidiary are presently evaluating and has not determined the effects of these revised and new standards, Interpretation and Standards Revocation on their Consolidated Financial Statements.

3. INVESTMENT ACTIVITIES

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 Rp 10,000.

The difference between the acquisition cost and the fair value of the asset amounting to Rp 76 is recorded in "Miscellaneous – net" as part of "Other Income (Charges)" in the Consolidated Statement of Income since the amounts is not considered significant.

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4. CASH AND CASH EQUIVALENTS

This account consists of:

	<u>2010</u>	<u>2009</u>
Cash on hand	12,977	3,604
Cash in banks		
Rupiah	94,310	120,485
US Dollar (US\$ 5,138,810 in 2010 and US\$ 1,460,791 in 2009)	46,840	16,909
European Euro (EUR 1,757)	21	-
Cash equivalents		
Rupiah	160,780	445,380
US Dollar (US\$ 3,600,000 in 2010 and US\$ 4,300,000 in 2009)	32,814	49,773
Total	<u>347,742</u>	<u>636,151</u>

The cash equivalents bear annual interest rates ranging as follows:

	<u>2010</u>	<u>2009</u>
	%	%
Rupiah	4.75	5.75 - 12.00
US Dollar	0.01	0.01 - 3.25

5. ACCOUNTS RECEIVABLE - TRADE

This account consists of:

	<u>2010</u>	<u>2009</u>
Third parties:		
PT Surya Unggas Mandiri	63,657	19,132
PT Sumber Ternak Pratama	30,412	6,924
PT Multi Sarana Pakanindo	25,687	35,601
PT Tiara Tunggal Mandiri	25,106	10,744
PT Sinar Inti Mustika	24,010	15,731
PT Semesta Mitra Sejahtera	22,662	13,166
PT Bintang Sejahtera Bersama	21,768	7,889
PT Mitra Sinar Jaya	21,342	770
PT Indah Ternak Mandiri	19,982	8,677
PT Cemerlang Unggas Lestari	19,033	14,836
Hijau Farm	17,640	4,663
PT Fast Food Indonesia Tbk.	17,201	3,435

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5. ACCOUNTS RECEIVABLE – TRADE (Continued)

	<u>2010</u>	<u>2009</u>
PT Sinar Ternak Sejahtera	15,324	6,399
PD Sinar Usaha Jaya	14,953	1,058
PT Carrefour Indonesia	13,944	11,915
PT Citra Kalimantan Sejahtera	12,696	12,023
PT Sumber Unggas Cemerlang	12,318	3,548
Hamidah	11,666	7,711
PT Prospek Karyatama	11,559	2,963
PT Pesona Ternak Gemilang	10,606	-
Atiek Farm	9,956	-
Cilacap Indah	8,603	-
PT Satwa Karya Prima	8,467	4,807
PT Cahaya Mitra Lestari	8,079	-
PT Hero Supermarket Tbk.	7,838	7,511
PT Tohpati Poultry	7,024	9,106
Unggas Jaya Farm	6,884	604
Citra Farm	6,883	1,193
PT Sahabat Ternak Abadi	6,655	4,086
PT Sarana Ternak Utama	6,612	5,361
PT Jennio Mandiri	6,083	7,387
PT Rajawali Feed Centre	5,392	5,197
PT Cipta Usaha Sejahtera	5,316	540
PT Sinar Sarana Sentosa	2,225	12,454
PT Surya Gemilang Pratama	2,287	16,890
PT Karya Prospeksatwa	1,731	8,825
ITB Farm	-	11,110
Aldi Ajahari	-	8,265
PT Satwa Miramaraya	-	6,725
Janu Putro	-	6,318
Others (below Rp5 billion each)	468,725	421,404
Total third parties	980,326	724,968
Allowance for doubtful accounts	(12,355)	(12,858)
Net	967,971	712,110
Related parties (Note 19)	3,250	15,224

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5. ACCOUNTS RECEIVABLE – TRADE (Continued)

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

	2 0 1 0	2 0 0 9
Third parties :		
Less than 31 days	809,934	576,351
31 - 60 days	115,614	65,501
61 - 90 days	31,940	17,254
91 - 180 days	8,752	13,955
Over 180 days	14,086	51,907
Total	980,326	724,968
Allowance for doubtful account	(12,355)	(12,858)
Net	967,971	712,110
	2 0 1 0	2 0 0 9
Related parties:		
Less than 31 days	3,179	419
31 - 60 days	2	255
61 - 90 days	69	-
Over 180 days	-	14,550
Total	3,250	15,224

All accounts receivable - trade are in Rupiah currency.

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

As of March 31, 2010, accounts receivable - trade of the Company and certain Subsidiaries of Rp 440,000 are used as collaterals for bank loans obtained by the Company.

6. INVENTORIES

This account represents inventories based on business segments as follows:

	2 0 1 0	2 0 0 9
Feeds	1,012,256	1,039,182
Day-old chicks	135,523	136,111
Processed chicken	91,861	63,416
Poultry equipment	8,510	8,185
Packaging	5,389	5,483
Others	1,073	-
Total	1,254,612	1,252,377

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6. INVENTORIES (Continued)

As of March 31, 2010, inventories (except for certain goods in-transit) and breeding flocks, are covered by insurance against losses from damage, disasters, fire and other risks under blanket policies amounting to Rp 965,637, which in management's opinion is adequate to cover possible losses arising from such risks.

As of March 31, 2010, inventories of the Company and certain Subsidiaries and breeding flocks of Rp 800,000 are used as collateral for bank loans obtained by the Company and CPJF.

7. BREEDING FLOCKS

Breeding flocks consist of:

	2010	2009
Producing flocks	340,652	295,658
Growing flocks	131,492	160,419
Total	472,144	456,077
Less accumulated depletion of producing flocks	(116,675)	(94,592)
Net	355,469	361,485

8. PROPERTY, PLANT AND EQUIPMENT

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

	2010				
	Beginning Balance	Addition	Reclassification	Deduction	Ending Balance
<u>Cost</u>					
<u>Direct Ownership</u>					
Land	283,759	7,773	-	5,888	285,644
Land improvements	66,948	-	276	-	67,224
Buildings	778,838	7,310	7,713	7,467	786,394
Machinery and equipment	802,691	15,034	6,331	19,411	804,645
Transportation equipment	71,473	227	5	828	70,877
Office equipment	148,693	3,337	-	1,065	150,965
Wells and waterlines	53,712	661	243	31	54,585
Poultry equipment	269,278	1,719	3,076	793	273,280
Laboratory equipment	8,664	17	-	-	8,681
Total	2,484,056	36,078	17,644	35,483	2,502,295
<u>Construction in Progress</u>					
Land	137	383	-	-	520
Building and land improvements	99,875	13,052	(6,172)	2,499	104,256
Machinery and equipment	150,475	7,222	(3,827)	3,290	150,580
Wells and waterlines	198	301	(65)	-	434
Poultry equipment	10,378	953	(528)	-	10,803
Total	261,063	21,911	(10,592)	5,789	266,593

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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2 0 1 0				Ending Balance
	Beginning Balance	Addition	Reclassification	Deduction	
<u>Leased Assets</u>					
Machinery	9,718	-	(5,869)	-	3,849
Transportation equipment	1,438	-	-	-	1,438
Poultry equipment	4,885	-	(1,183)	-	3,702
Total	16,041	-	(7,052)	-	8,989
Total Cost	2,761,160	57,989	-	41,272	2,777,877
<u>Accumulated Depreciation</u>					
<u>Direct Ownership</u>					
Land improvements	50,909	1,199	-	-	52,108
Buildings	278,702	8,950	232	402	287,482
Machinery and equipment	370,171	12,989	198	2,637	380,721
Transportation equipment	57,574	1,080	-	610	58,044
Office equipment	109,349	2,361	-	585	111,125
Wells and waterlines	32,862	1,214	-	21	34,055
Poultry equipment	168,569	6,351	584	711	174,793
Laboratory equipment	5,443	186	-	-	5,629
Total	1,073,579	34,330	1,014	4,966	1,103,957
<u>Leased Assets</u>					
Machinery	237	54	(145)	-	146
Transportation equipment	308	30	-	-	338
Poultry equipment	1,666	101	(869)	-	898
Total	2,211	185	(1,014)	-	1,382
Total Accumulated Depreciation	1,075,790	34,515	-	4,966	1,105,339
Net Book Value	1,685,370				1,672,538

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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2 0 0 9				Ending Balance
	Beginning Balance	Addition	Reclassification	Deduction	
<u>Cost</u>					
<u>Direct Ownership</u>					
Land	272,899	-	-	-	272,899
Land improvements	58,359	37	1,085	-	59,481
Buildings	698,643	899	35,079	-	734,621
Machinery and equipment	717,412	5,959	34,178	1,263	756,286
Transportation equipment	72,200	88	696	562	72,422
Office equipment	142,664	514	283	93	143,368
Wells and waterlines	45,859	1,479	1,151	-	48,489
Poultry equipment	237,515	1,902	1,043	3	240,457
Laboratory equipment	7,757	628	-	-	8,385
Total	2,253,308	11,506	73,515	1,921	2,336,408
<u>Construction in Progress</u>					
Land	137	-	-	-	137
Building and land improvements	149,940	29,887	(44,517)	79	135,231
Machinery and equipment	171,728	21,807	(27,979)	1,870	163,686
Wells and waterlines	198	42	-	-	240
Poultry equipment	10,378	783	(323)	-	10,838
Total	332,381	52,519	(72,819)	1,949	310,132
<u>Leased Assets</u>					
Machinery	13,728	-	-	-	13,728
Transportation equipment	2,467	669	(696)	-	2,440
Poultry equipment	4,885	-	-	-	4,885
Total	21,080	669	(696)	-	21,053
Total Cost	2,606,769	64,694	-	3,870	2,667,593
<u>Accumulated Depreciation</u>					
<u>Direct Ownership</u>					
Land improvements	46,549	968	-	-	47,517
Buildings	244,536	8,032	-	-	252,568
Machinery and equipment	321,789	11,878	-	634	333,033
Transportation equipment	54,568	1,218	365	504	55,647
Office equipment	101,198	2,787	-	51	103,934
Wells and waterlines	28,114	1,158	-	-	29,272
Poultry equipment	145,887	5,345	-	3	151,229
Laboratory equipment	4,696	167	-	-	4,863
Total	947,337	31,553	365	1,192	978,063

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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2 0 0 9				Ending Balance
	Beginning Balance	Addition	Reclassification	Deduction	
<u>Leased Assets</u>					
Machinery	319	191	-	-	510
Transportation equipment	992	76	(309)	-	759
Poultry equipment	1,121	260	(56)	-	1,325
Total	2,432	527	(365)	-	2,594
Total Accumulated Depreciation	949,769	32,080	-	1,192	980,657
Net Book Value	1,657,000				1,686,936

(a) Depreciation is charged as follows:

	2 0 1 0	2 0 0 9
Cost of goods sold and growing flocks	30,236	26,950
General and administrative expenses	2,906	3,347
Selling expenses	1,373	1,783
Total	34,515	32,080

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

	2 0 1 0	2 0 0 9
Proceeds	34,322	1,038
Net book value	33,662	533
Gain on sale of property and equipment - net	660	505

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

(c) As of March 31, 2010, property, plant and equipment, excluding land and transportation equipment, are covered by insurance against losses from damage, disasters, fire and other risks under blanket policies for US\$ 270,916,193, which in management's opinion is adequate to cover possible losses arising from such risks.

(d) Additions in property, plant and equipment represent acquisitions related to expansion and modification of feed manufacturing capacity; additions to poultry feed supporting facilities such as silo, raw materials and finished goods' to build feedmill in Makassar and additions to breeding farm facilities.

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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (e) From the financial point of view, the average percentage of completion of construction in progress as of March 31, 2010 is 61%.
- (f) Land under Hak Guna Bangunan (Building Utilization Rights) are located in certain areas in Indonesia with a total area of 8,976,063 square meters. The related landrights will expire in various dates between 2010 and 2038, and the management believes that these rights can be renewed upon their expiry.
- (g) Based on the condition of the property, plant and equipment and the results of the above appraisals, the management believes that there is no indication of impairment of assets value in the Company and Subsidiaries' property, plant and equipment as of March 31, 2010.
- (h) The Company and CPJF revalued their certain assets on December 31, 1997 as appraised by PT Aditya Appraisal Bhakti, an independent appraiser. The related total revaluation increment in property, plant and equipment of the Company and CPJF amounted to Rp 68,491 and Rp 52,836, 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 consolidated balance sheets.

As discussed, the Company and Subsidiary have chosen the cost model as the accounting policy for the measurement of their property, plant and equipment in accordance with PSAK No. 16 (Revised 2007), "Fixed Assets", and reclassified the balances of revaluation increment in property, plant and equipment and difference in equity transaction of Subsidiary derived from revaluation of property, plant and equipment in CPJF totaling to Rp 121,327 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.

9. SHORT-TERM BANK LOANS

This account consists of:

	2010	2009
Revolving loans:		
Rupiah		
PT Bank Central Asia Tbk.	30,000	290,000
PT Bank Danamon Indonesia Tbk.	-	100,000
PT Bank CIMB Niaga Tbk.	-	40,000
PT Bank Ekonomi Raharja Tbk.	-	21,250

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9. SHORT-TERM BANK LOANS (Continued)

	2 0 1 0	2 0 0 9
Import loans:		
Rupiah		
PT Bank CIMB Niaga Tbk	-	204,693
PT Bank Danamon Indonesia Tbk.	-	34,471
US Dollar		
PT Bank DBS Indonesia (US\$ 24,758,390)	-	286,579
Citibank N.A., Jakarta (US\$ 14,328,320)	-	165,850
PT Bank CIMB Niaga Tbk. (US\$ 908,402)	-	10,515
Overdraft - Rupiah :		
PT Bank Rakyat Indonesia (Persero)	-	36
Total	30,000	1,153,394

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 maximum limit of Rp 260,000 consisting of the Company's portion of Rp 200,000 and CPJF's portion of Rp 60,000. These loan facilities have maturity period of one year.

Based on second amendment of the loan agreement with BCA dated April 14, 2003, the TRL facility of Rp 20,000 was converted into an overdraft facility.

Based on the letter from BCA dated December 1, 2006, the Company's TRL facility with maximum limit of Rp 180,000 has been increased to become Rp 230,000.

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

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

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

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

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9. SHORT-TERM BANK LOANS (Continued)

PT Bank Central Asia Tbk. (Continued)

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

- Make any guarantee to or for other party's loan or assets, except on CPJF's loan in which percentage of guarantee amount shall not exceed the Company's ownership and guarantee given to CPB
- Obtain new loan facility from third party including from related party, except for operational matters and are not in breach of the financial covenants required by the bank
- Make investment in amount exceeding Rp 50,000 per year (for the Company and CPJF)
- Merge or acquire all or substantial part of the assets or share capital of any other companies, except merger between the Company and CPJF with a related party company which has at least 50.1% shares ownership by Charoen Pokphand Group that requires written notification to the creditor
- Declare or pay dividend above the maximum permitted amount representing of 40% of net income after tax and extraordinary items.

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

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

PT Bank Danamon Indonesia Tbk

On September 6, 2002, the Company and CPJF entered into separate loan agreements with PT Bank Danamon Indonesia Tbk. (Bank Danamon) to obtain revolving loan facilities with maximum limits of Rp 100,000 and Rp 30,000. These loan facilities have maturity period of 1 year.

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

The loan facilities expired on November 5, 2009. The loan secured with the same collaterals used to secure the loan facilities obtain from PT Bank Central Asia Tbk. and PT Bank Ekonomi Raharja Tbk. based on Security Sharing Agreement and additional collateral of inventories.

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

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

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9. SHORT-TERM BANK LOANS (Continued)

PT Bank Danamon Indonesia Tbk. (Continued)

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

- Sale, lease out, move or transfer most or all income or wealth, except to run the debtor's daily operation
- Declare or pay dividend more than 40% of net income after tax and extraordinary items, except as ruled by regulation
- Merge, consolidate, acquire, invest or purchase other company's share, except merger with related party company that has 50.1% shares ownership or more owned by Charoen Pokphand Group, that requires written notification to the creditor
- Issue bonds or marketable securities
- Make investment in their core business with more than Rp 100,000 and outside of their core business with more than Rp 10,000, except to acquire CPJF. The Company sent a request letter to Bank Danamon to standardize of clause of investment limitation, subsequently, based on an Annual Review Extension dated November 4, 2008 from Bank Danamon, this clause was deleted.

In 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 material with maximum amount of Rp 40,000.

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 regarding the total maximum limit to become US\$ 22,000,000 or equivalent to the other currencies ("multi-currency") as agreed by the bank.

The above facilities have been extended until November 20, 2010. The above facility including the long-term loan facility obtained by the Company from the same Bank are secured by certain receivables and inventories of the Company and certain property, plant and equipment of the Company and CPJF.

The Company is required to maintain financial ratios as follows:

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

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9. SHORT-TERM BANK LOANS (Continued)

PT Bank CIMB Niaga Tbk. (Continued)

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

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

On March 8, 2010, the Company has sent a notification letter to the bank regarding its acquisition of shares in PT Agrico International.

In 2010, all outstanding loans to CIMB Niaga were settled by the Company.

PT Bank Ekonomi Raharja Tbk

On April 8, 2003, the Company and CPJF entered into a loan agreement with PT Bank Ekonomi Raharja Tbk. (Bank Ekonomi) to obtain the revolving loan facilities with maximum limit of Rp 25,000 consisting of the Company's portion of Rp 18,750 and CPJF's portion of Rp 6,250. The loan facility has been extended several times, with the last extension of which until April 8, 2010.

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

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

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

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

- Merge, consolidate, acquire, invest or purchase other company's share, except merger with Charoen Pokphand Group. In this case, the Company have to sent the prior written notification
- Declare or pay dividend more than 40% of net income after tax and extraordinary items, except as ruled by regulation
- Make any guarantee for other party's loan, except on the Subsidiary's loan in which percentage of guarantee amount shall not exceed the Company's ownership
- Sell, lease out, move or transfer most or all income or wealth, except to run the debtor's daily operation

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9. SHORT-TERM BANK LOANS (Continued)

PT Bank Ekonomi Raharja Tbk. (Continued)

- Change the composition of shareholders, except if changes are done to affiliated companies that are still owned by Charoen Pokphand Group more than 50.10% in which case, the Company has to send a notification letter to the bank at least 1 month before the change.
- Make investment outside the core business at more than Rp 10,000.

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

PT Bank DBS Indonesia

On April 28, 2006, the Company obtained Letters of Credit (L/C), Trust Receipt and stock financing facilities with the total maximum facility amounted to US\$ 30,000,000 or equivalent to the other currencies as agreed by the bank, which was amended on July 30, 2009 to become Letters of Credit (L/C), Trust Receipt and Bank Guarantee facilities with the same maximum amount of facility.

The above facilities are secured by trade receivables and inventories of the Company and have been extended until July 16, 2010.

The Company is required to maintain financial ratios as follows:

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

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

As of March 31, 2010, there is no outstanding loan to DBS Bank.

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 and has been increased on December 3, 2009 to US\$ 25,000,000.

On September 12, 2000, the Company obtained an overdraft facility with a total maximum limit of Rp 5.8 billion that can be used until January 2, 2010. On January 20, 2009, the facility amount has been increased to Rp 20,000.

The above loan facilities are available until January 2, 2010. The Company has sent the extension letter for these loan facilities.

As of March 31, 2010 there is no outstanding loan to Citibank N.A., Jakarta.

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9. SHORT-TERM BANK LOANS (Continued)

PT Bank Chinatrust Indonesia

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

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

The above bank loans bear annual interest ranging from 11.00% to 11.25% and 14.50% to 16.50% for the period ended March 31, 2010 and 2009, respectively.

10. ACCOUNTS PAYABLE - TRADE

This account consists of payables to:

	2010	2009
Third parties:		
Foreign suppliers:		
Sumitomo Chemical Singapore Pte.Ltd., Singapore	36,414	1,852
Chia Thai Feedmill Pte.Ltd., Singapore	30,101	-
Evonik Degussa GmbH, Germany	12,448	52,024
PCS Sales (USA) Inc., USA	10,140	2,133
Cobb Vantress Ltd., United Kingdom	3,365	6,176
Cargill International Trading Pte.Ltd., Singapore	-	145,347
Peter Cremer, Singapore	-	80,292
Agrotech Corporation Ltd, Republic of Mauritius	-	35,230
Dolphins and Doves Pte.Ltd., India	-	15,660
Superior Jali International Inc., USA	-	5,240
Others (below Rp5 billion each)	7,511	51,589
Sub-total foreign suppliers	99,979	395,543

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10. ACCOUNTS PAYABLE – TRADE (Continued)

	2010	2009
Local suppliers:		
PT FKS Multi Agro Tbk..	24,477	-
PT Cheil Jedang Indonesia	14,082	-
PT Sumber Ternak Pratama	13,466	-
PT Tiara Tunggal Mandiri	7,689	-
PT Fugui Flour and Grain Indonesia	5,018	4,700
Untung	2,642	18,159
Patrice	971	6,128
PT Indofood Sukses Makmur Tbk.	28	6,764
Irwan Sugianto	-	25,505
Kusnadi	-	17,297
PT Agung Niaga Perkasa	-	16,815
PT Budi Semesta Satria	-	8,340
Hariyono Tan	-	7,022
Adjes	-	5,925
Others (below Rp5 billion each)	173,591	146,304
Sub-total local suppliers	241,964	262,959
Total third parties	341,943	658,502
Related parties (Note 19)	45,343	27,685

On September 24, 2004, the Company entered into a stock financing agreement with Toepfer International - Asia Pte. Ltd., Singapore ("Toepfer"). The facility is used to finance the purchases of raw materials from Toepfer equivalent to 85% from purchased amount with a maximum limit of US\$ 10,000,000. This facility is secured by raw material inventories purchased from this facility.

11. TAXES PAYABLE

Taxes payable consists of:

	2010	2009
Estimated income tax payable - net	47,774	34,414
Income taxes :		
Article 4	418	137
Article 21	2,693	2,998
Article 23	540	245
Article 25	404	305
Article 26	1,287	2,801
Article 29	224,474	41,370
Value-Added Tax	9,225	8,431
Total	286,815	90,701

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11. TAXES PAYABLE (Continued)

In accordance with several letters all dated on August 7, 2006 from the Directorate of General Taxation (DGT), the Company's claims for input Value Added Tax totaling Rp58.69 billion in relation to the importation of raw materials of poultry feeds in 2003, 2004 and 2005 were disapproved by the DGT since the DGT treated these imported raw materials as subject to VAT. In a letter from DGT dated December 26, 2006, the DGT allowed VAT claims to be charged as expense in the corporate income tax calculation in the respective fiscal year. The Company charged all VAT claims in the 2006 consolidated statement of income that resulted to additional claim for corporate tax refund for 2006 by Rp 13,411 and also recognized claim for corporate income tax of Rp 4,195.

On March 20, 2009, the Company sent a request letter for cancellation of the overpayment corporate tax assessment letter of year 2003, 2004 and 2005 to the Tax Office. The request was rejected by the DGT through its letter 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, claim for corporate income tax that come from charge of VAT claims for 2003, 2004 and 2005 totaling Rp 17,606 were charged to the expense in 2009.

Based on the Underpayment Tax Assessment Letter (SKPKB) No. 00016/206/06/092/08 dated September 23, 2008 for 2006, the Company has underpayment of Rp 46,811 instead of the reported claim of Rp 2,789 as submitted by the Company to the Tax Office. The Company objected portion of this underpayment of Rp 30,056 and the remaining balance amounting to Rp 16,754 was paid by the Company to the Tax Office. The payment to the Tax Office and the unrecognized claim totaling Rp 19,543 was recorded as tax expense in 2008. On December 19, 2008, the Company sent an objection letter No.021/CPI/XII/2008 to object the Rp 30,056 as mentioned above and sent an additional explanation letter No.004/CPI-Tax/III/2009 dated March 25, 2009 in relation with additional fiscal losses for VAT expense not yet reflected in 2004 and 2005 as expense in the related fiscal years.

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 PT SKPKB, which was made by the Company on December 9, 2009 in the amount of Rp 6,882 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 Rp 9,174 and Rp 14,000 on January 15, 2010 and February 17, 2010, respectively.

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11. TAXES PAYABLE (Continued)

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 for 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.

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.

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

12. LONG-TERM BANK LOANS

This account consists of:

	2010	2009
US Dollar loans:		
Syndicated Loan (US\$ 30,029,431 in 2010 and US\$ 64,571,714 in 2009)	273,718	747,418
Rupiah loans:		
Syndicated Loan	261,103	462,393
PT Bank Central Asia Tbk.	56,250	103,125
PT Bank CIMB Niaga Tbk.	51,328	87,721
Total	642,399	1,400,657
Current portion	(337,732)	(213,868)
Long-term portion	304,667	1,186,789

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12. LONG-TERM BANK LOANS (Continued)

Syndicated Loan

On June 21, 2007, the Company obtained a syndicated loan facility in which Citicorp International Ltd., Hong Kong acts as the Agent, and PT Rabobank International Indonesia acts as the Security Agent. The proceeds of the loan will be used for working capital, capital expenditures and loan financing purposes. The loan is collateralized by certain trade receivable, inventories and breeding flocks of CPJF, certain property, plant and equipment owned by the Company and certain Subsidiaries. The maximum amounts of this loan facility are US\$ 69,350,000 and Rp 500,850 billion.

The details of the loan facility based on the name of facilities as of March 31, 2010 and 2009 are as follows:

<u>Name of facility</u>	<u>Outstanding loan balance</u>		<u>Due date</u>
	<u>March 31, 2010</u>	<u>March 31, 2009</u>	
A1	US\$ 18,779,431	US\$ 25,821,714	2012
A2	Rp 197,486	Rp 271,543	2012
B1	US\$ 6,250,000	US\$ 18,750,000	2010
B2	Rp 63,617	Rp 190,850	2010
C	US\$ 5,000,000	US\$ 20,000,000	2010
Total	US\$ 30,029,431	US\$ 64,571,714	
	Rp 261,103	Rp 462,393	

The A1 and A2 loans are payable in 15 quarterly installments, while the B1, B2 and C loans facilities are payable in lump-sum on their respective due date. 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 Rp 127,233, respectively. During 2010, the Company settled the C loan facility amounted to US\$ 15,000,000.

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

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

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

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

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12. LONG-TERM BANK LOANS (Continued)

PT Bank Central Asia Tbk

On December 1, 2006, the Company obtained an installment loan facility amounted to Rp 150,000. The loan is payable in 20 quarterly installments at Rp 1,880 each quarter for the first year, Rp 7,500 each quarter for the second year and Rp 9,375 each quarter for the remaining years. In 2000, the Company made an early repayment on the amounts stated in the schedule totaling Rp 18,750. The loan has the same limitation and collateral with short-term loans obtained from the same bank.

PT Bank CIMB Niaga Tbk

On June 20, 2008, the Company obtained Pinjaman Transaksi Khusus (PTK) facility with a maximum limit of Rp 93,600. 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 Rp 1,733 each month. In 2009, the Company made an early repayment of the loan totaling Rp 20,796 from the stated schedule. The loan has the same limitation and collateral as the short-term loans obtained from the same bank.

In March 31, 2010, the Company has complied with all requirements and restrictions in accordance with the bank loan covenants.

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

	<u>2010</u>	<u>2009</u>
	%	%
Rupiah	9.47 - 9.42	13.40 - 14.24
US Dollar	3.18 - 3.14	4.37 - 6.96

13. SHARE CAPITAL

The share ownership of the Company as of March 31, 2010 and 2009 is as follows:

<u>Shareholders</u>	<u>2010</u>		
	<u>Number of Shares Issued and Fully Paid</u>	<u>Percentage of Ownership</u>	<u>Amount</u>
PT Central Agromina	1,821,277,082	55.45 %	91,064
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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13. SHARE CAPITAL (Continued)

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

14. RETAINED EARNINGS

In the Annual Shareholders' General Meeting held on May 19, 2009, the minutes of which were notarized by Deed No. 53 on the same date of Fathiah Helmi, S.H., the Company's shareholders agreed to appropriate Rp 1,000 for general reserve from the 2008 net income in compliance with Law No. 40 year 2007, "Limited Liability Company".

15. NET SALES

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

	<u>2 0 1 0</u>	<u>2 0 0 9</u>
Feeds	2,707,842	2,378,666
Day-old chicks	433,714	462,169
Processed chicken	304,224	268,702
Poultry equipment	3,917	4,942
Packaging	4,471	3,568
Others	3,619	-
Total	3,457,787	3,118,047

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

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16. COST OF GOODS SOLD

The details of cost of goods sold are as follows:

	<u>2010</u>	<u>2009</u>
Raw materials used	2,324,616	2,061,977
Direct labor	21,367	19,066
Factory overhead and depletion	<u>413,581</u>	<u>368,113</u>
Total manufacturing costs	2,759,564	2,449,156
Work-in-process		
Balance at beginning of year	107,655	108,516
Balance at end of period	<u>(107,781)</u>	<u>(94,758)</u>
Cost of goods manufactured	2,759,438	2,462,914
Finished goods		
Balance at beginning of year	157,030	169,655
Purchases	41,923	81,825
Balance at end of period	<u>(209,516)</u>	<u>(133,365)</u>
Cost of goods sold	<u>2,748,875</u>	<u>2,581,029</u>

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

17. OPERATING EXPENSES

The details of operating expenses are as follows:

	<u>2010</u>	<u>2009</u>
Selling Expenses		
Salaries, wages and employees' welfare	16,418	16,624
Freight-out	9,388	8,158
Promotion and advertising	8,085	5,692
Rent	2,682	1,458
Professional fees	2,495	2,353
Travel and transportation	2,392	2,594
Depreciation	1,373	1,783
Telephone, electricity and water	1,020	1,001
Others	<u>3,485</u>	<u>3,795</u>
Total Selling Expenses	<u>47,338</u>	<u>43,458</u>

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17. OPERATING EXPENSES (Continued)

	2010	2009
General and Administrative Expenses		
Salaries, wages and employees' welfare	50,076	54,548
Royalty fee	39,112	37,131
Travel and transportation	4,140	5,378
Telephone, electricity and water	3,786	2,215
Meal and transportation allowance	3,174	3,174
Depreciation	2,906	3,347
Professional fees	2,715	2,386
Insurance	1,415	1,554
Research and development	1,396	1,822
Taxes	840	3,368
Rent	750	1,002
Retribution	298	1,860
Donation	106	1,483
Others	3,363	3,465
Total General and Administrative Expenses	114,077	122,733
Total	161,415	166,191

18. ESTIMATED LIABILITY FOR EMPLOYEES' BENEFITS

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

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

The Company and Subsidiaries recorded estimated employee benefit for severance pay, gratuity and compensation to employees amounting to Rp 256,592 and Rp 239,372 as of March 31, 2010 and 2009. The cost charged amounted to Rp 11,833 and Rp 10,659 for the period ended March 31, 2010 and 2009, respectively, is presented as part of "Operating Expense - Salaries, wages and employees' welfare" account in consolidated statement of income.

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19. ACCOUNT BALANCES, TRANSACTIONS AND NATURE WITH RELATED PARTIES

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

The balances of accounts with related parties are as follows:

	Total		Percentage of Consolidated Total Assets/Liabilities	
	2010	2009	2010	2009
<u>Accounts receivables - trade (Note 5)</u>				
PT Central Agromina	3,240	-	0.06	-
PT Centralpertiwi Bahari	-	15,133	-	0.29
Others (below Rp1,000 each)	10	91	0.00	0.00
Total	3,250	15,224	0.06	0.29
<u>Due from related parties</u>				
PT Central Proteinaprima Tbk.	150,623	159,820	2.88	2.99
PT Central Panganpertiwi	42,035	38,490	0.80	0.72
PT Centralpertiwi Bahari	29,815	5,326	0.57	0.10
PT Central Agromina	12,009	-	0.23	-
PT Centralwindu Sejati	3,054	3,055	0.06	0.06
Others (below Rp1,000 each)	77	613	0.00	0.01
Total	237,613	207,304	4.54	3.88
Allowance for doubtful account	(40,274)	-	(0.77)	-
Total	197,339	207,304	3.77	3.88
<u>Accounts payables - trade (Note 10)</u>				
PT Centralpertiwi Bahari	18,430	-	1.01	-
PT SHS International	11,773	12,702	0.64	0.33
PT Central Panganpertiwi	7,673	3,854	0.42	0.10
PT Indovetraco Makmur Abadi	4,617	6,865	0.25	0.18
PT Central Proteinaprima Tbk.	2,772	2,152	0.15	0.05
PT Central Agromina	-	1,886	-	0.05
Others (below Rp1,000 each)	78	226	0.01	0.01
Total	45,343	27,685	2.48	0.72
<u>Due to related parties</u>				
Charoen Pokphand International Group of Companies Ltd., Republic of Seychelles	38,155	-	2.08	-
Charoen Pokphand International Group of Companies Ltd., British Virgin Islands	-	36,889	-	0.96
PT Central Agromina	-	14,012	-	0.36
Others (below Rp1,000 each)	289	-	0.02	-
Total	38,444	50,901	2.10	1.32

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

Presented below are the Company's and Subsidiaries' transactions with related parties with amount of more than Rp 1,000:

	Total		Percentage to Total Consolidated Net Sales	
	2010	2009	2010	2009
<u>Net Sales</u>				
PT Central Agromina	18,654	22,076	0.54	0.71
<u>Purchases of raw materials and others</u>				
PT Central Agromina	46,654	59,362	1.35	1.90
PT SHS International	28,641	30,889	0.83	0.99
PT Indovetraco Makmur Abadi	14,917	16,419	0.43	0.53
PT Centralpertiwi Bahari	6,851	1,405	0.20	0.05
PT Central Proteinaprima Tbk.	128	2,628	0.00	0.08
Total	97,191	110,703	2.81	3.55
<u>Sales of raw materials</u>				
PT Central Panganpertiwi	566	11,262	0.02	0.36
PT Central Proteinaprima Tbk.	35	64,216	0.00	2.06
PT Centralpertiwi Bahari	10	28,611	0.00	0.92
Total	611	104,089	0.02	3.34
<u>Sales of eggs</u>				
PT Central Agromina	41,830	27,906	1.21	0.89
<u>Royalty fee</u>				
Charoen Pokphand International Group of Companies Ltd., Republic of Seychelles	39,112	-	1.13	-
Charoen Pokphand International Group of Companies Ltd., British Virgin Islands	-	37,131	-	1.19

Interest - Bearing Loans

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

PT Vista Agung Kencana

Rupiah loan bears annual interest at 15% per year for the period ended March 31, 2009. The outstanding loan as of March 31, 2009 amounting to Rp 1,266 consists of principal amount of Rp 1,250 and related interest payable of Rp 16. This loan was settled in May 2009.

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

Interest - Bearing Loans (Continued)

PT Satwa Utama Raya

Due to SUR initially represent loan to PT Central Proteinaprima Tbk. that subsequently transferred to CAM. This loan represents loan in US\$ currency that bears interest at 7.5% per year for the period ended March 31, 2009. The outstanding balance of SUR's payable as of March 31, 2009 amounting to US\$ 605,594 consists of principal amount of US\$ 600,000 and related interest payable of US\$ 5,594. This loan was settled 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 and PT SHS International, PT Pentastar Foodprima and Reksa Finance are directly or indirectly controlled by PT Cipta Pertiwi.
- PT Centralwindu Sejati, PT Andalas Windumurni, PT Citrawindu Pertala, PT Suryawindu Pertiwi, PT Windusejati Pertiwi, PT Central Panganpertiwi and PT Centralpertiwi Bahari are controlled by PT Central Proteinaprima Tbk. (CPP), 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.

20. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of March 31, 2010, the Company and Subsidiaries have monetary assets and liabilities denominated in foreign currencies, as follows:

	Foreign Currency	Rupiah Equivalent
Assets		
Cash and cash equivalents	US\$ 8,738,810	79,654
	EUR 1,757	21
Total		79,675
Liabilities		
Accounts payable - trade	US\$ 11,685,302	106,512
Long-term bank loans	US\$ 30,029,431	273,718
Total		380,230
Liabilities - Net		300,555

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21. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

The significant agreements, commitments and contingencies as of March 31, 2010 are as follows:

a. License Agreements

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

VG, CKM, ISB, SUR and VAK entered into a separate license agreement with CPIGCL, with the same terms and conditions 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 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 of Rp 39,112 and Rp 37,131 for the period ended March 31, 2010 and 2009, respectively, is presented in "General and Administrative Expenses" account. As of March 31, 2010 and 2009, the royalty payable amounting to Rp 38,155 and Rp 36,889, respectively, is presented as part of "Due to Related Parties" account.

b. Loan Facility Agreements

PT Bank Central Asia Tbk

The Company obtained an overdraft facility and foreign exchange facility with total maximum limit of Rp 20,000 that can be used until November 12, 2010 and the forex line facility of US\$ 3,000,000 to be available based on the notification letter for providing credit issues by the bank from time to time. This facility has the collateral with the loan facility obtained from the same bank.

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

The Company obtained an overdraft facility with total maximum limit of Rp 10,000 that can be used until September 20, 2010. The loan has the same restrictions and collateral with the loan facility obtained from the same bank.

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22. SEGMENT INFORMATION

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

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

2 0 1 0	Feed *	Day-Old Chicks	Processed Chicken	Poultry Equipment	Packaging	Others	Elimination	Consolidated
Business Segment								
Information (Primary)								
Segment sales								
External sales	2,707,842	433,714	304,224	3,917	4,471	3,619	-	3,457,787
Inter-segment sales	240,039	-	-	1,325	10,860	1,765	(253,989)	-
Total segment sales	2,947,881	433,714	304,224	5,242	15,331	5,384	(253,989)	3,457,787
Segment results	494,988	(1,049)	64,112	687	(417)	(502)	-	557,819
Unallocated corporate expenses								10,322
Income from operations								547,497
Segment assets	3,570,061	1,272,958	382,208	24,774	27,149	19,665	(294,633)	5,002,182
Unallocated corporate assets								226,845
Consolidated total assets								5,229,027
Segment liabilities	479,969	317,495	115,318	980	9,472	9,314	(242,631)	689,917
Unallocated corporate liabilities								1,141,654
Consolidated total liabilities								1,831,571
Capital expenditures	9,636	6,091	41,180	-	-	-	-	56,907
Depreciation	14,658	15,390	4,168	172	23	104	-	34,515
Non-cash expenses other than depreciation								
Depletion of producing flocks	-	116,675	-	-	-	-	-	116,675
Amortization of deferred - landrights cost	22	37	-	-	-	-	-	59
Provision for doubtful accounts	-	14	-	-	-	-	-	14

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22. SEGMENT INFORMATION (Continued)

2 0 0 9	Feed *	Day-Old Chicks	Processed Chicken	Poultry Equipment	Packaging	Elimination	Consolidated
Business Segment Information (Primary)							
Segment sales							
External sales	2,378,666	462,169	268,702	4,942	3,568	-	3,118,047
Inter-segment sales	217,923	-	-	1,442	7,956	(227,321)	-
Total segment sales	2,596,589	462,169	268,702	6,384	11,524	(227,321)	3,118,047
Segment results	281,415	63,340	36,460	1,228	(365)	-	382,078
Unallocated corporate expenses							11,251
Income from operations							370,827
Segment assets	3,888,850	1,265,878	355,058	25,432	24,849	(401,215)	5,158,852
Unallocated corporate assets							177,986
Consolidated total assets							5,336,838
Segment liabilities	798,324	463,599	95,920	807	6,138	(361,326)	1,003,462
Unallocated corporate liabilities							2,852,925
Consolidated total liabilities							3,856,387
Capital expenditures	38,527	23,014	4,356	147	22	-	66,066
Depreciation	13,874	14,288	3,720	174	24	-	32,080
Non-cash expenses other than depreciation							
Depletion of producing flocks	-	94,592	-	-	-	-	94,592
Amortization of deferred - landrights cost	22	-	-	-	-	-	22
Provision for doubtful accounts	-	-	8	-	-	-	8

* Consist of poultry, swine and other feed.

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

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

	2 0 1 0	2 0 0 9
External Sales		
Java Island	2,200,246	1,959,232
Sumatera Island	774,471	756,831
Bali Island	468,844	394,914
Other Islands	210,088	177,571
Total	3,653,649	3,288,548
Elimination	(195,862)	(170,501)
Total	3,457,787	3,118,047

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22. SEGMENT INFORMATION (Continued)

	2010	2009
Segment Assets		
Java Island	3,669,319	3,854,243
Sumatera Island	893,522	925,136
Bali Island	156,329	122,211
Other Islands	541,794	464,503
Total	5,260,964	5,366,093
Elimination	(31,937)	(29,255)
Total	5,229,027	5,336,838