

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

ASSETS	NOTES	2008	2007 *)
CURRENT ASSETS			
Cash and cash equivalents	2c, 2l, 4, 24	4,221,793,046	6,295,823,440
Short-term investments	2d, 5	4,282,260,000	11,187,110,717
Trade receivables - net of allowance for doubtful accounts of Rp315,887,263 in 2008 (2007: Rp366,017,801)	2e		
- Third parties	2l, 6, 24	18,830,281,549	22,111,998,734
Prepaid taxes	2n, 14a	431,215,273	298,944,795
Other receivables		2,779,855,658	274,222,510
Inventories	2g, 7	19,475,268,282	21,436,558,620
Prepaid expenses and advances	8	62,746,300,187	3,287,980,063
Pledged deposit	12	9,530,002,605	-
		<u>122,296,976,600</u>	<u>64,892,638,879</u>
NON-CURRENT ASSETS			
Receivables from related parties	2f, 23	261,091,053	268,847,281
Investments in associates	2h, 9	3,134,250,000	3,919,640,600
Fixed assets - less accumulated depreciation of Rp22,406,826,089 in 2008 (2007: Rp21,024,334,916)	2i, 10	12,324,769,748	12,592,551,836
Intangible assets - less accumulated amortization of Rp340,468,903 in 2008 (2007: Rp267,119,516)	2j, 11	1,975,892,166	2,049,241,553
Deferred tax assets	2n, 14d	770,782,000	1,200,274,351
Other assets		-	3,020,000
		<u>18,466,784,967</u>	<u>20,033,575,621</u>
TOTAL ASSETS	25	<u>140,763,761,567</u>	<u>84,926,214,500</u>

*) Refer to Note 3

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

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CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

LIABILITIES	NOTES	2008	2007 *)
CURRENT LIABILITIES			
Bank loans	12, 24	33,340,259,704	1,617,252,378
Trade payables	2l, 13, 24		
- Third parties		5,528,227,755	10,205,657,415
- Related parties	2f, 23	3,918,050,862	5,701,521,785
Taxes payable	2n, 14b	1,266,666,633	1,156,994,203
Other payables		1,461,192,334	1,153,778,675
Dividends payable		169,477,859	161,222,119
Accrued expenses	15	1,061,200,723	818,100,638
Advances from customers		285,405,815	351,515,398
		<u>47,030,481,685</u>	<u>21,166,042,611</u>
NON-CURRENT LIABILITIES			
Bank loans	12, 24	11,234,141,416	-
Provision for post-employment benefits	2k, 16	2,599,942,936	2,864,068,974
		<u>13,834,084,352</u>	<u>2,864,068,974</u>
Total Liabilities		<u>60,864,566,037</u>	<u>24,030,111,585</u>
MINORITY INTEREST IN SUBSIDIARY		<u>20,879,116,327</u>	<u>55,387,746</u>
STOCKHOLDERS' EQUITY			
Capital stock - par value of Rp50 per share			
Authorized capital - 800,000,000 shares			
Issued and fully paid - 559,020,000 shares	17a	27,951,000,000	27,951,000,000
Additional paid-in capital - share premium	18	7,126,240,000	7,126,240,000
Foreign exchange difference on paid-in capital	19	(2,610,614,368)	-
Foreign exchange difference on translation		2,455,589,039	-
Unrealized differences in value of securities	2d, 5	(4,236,224,262)	917,715,738
Unappropriated retained earnings		28,334,088,794	24,845,759,431
Total Stockholders' Equity		<u>59,020,079,203</u>	<u>60,840,715,169</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>140,763,761,567</u>	<u>84,926,214,500</u>

*) Refer to Note 3

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an integral part of the consolidated financial statements

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

	<u>NOTES</u>	<u>2008</u>	<u>2007 *)</u>
NET SALES	2f, 2m, 20, 23, 25	182,649,786,429	146,912,072,369
COST OF GOODS SOLD	2f, 2m, 21, 25	<u>(148,837,922,493)</u>	<u>(121,052,676,883)</u>
GROSS PROFIT		<u>33,811,863,936</u>	<u>25,859,395,486</u>
OPERATING EXPENSES	2m, 22		
Marketing		(13,335,253,114)	(11,475,427,114)
General and administrative		<u>(11,287,831,648)</u>	<u>(8,973,980,943)</u>
		<u>(24,623,084,762)</u>	<u>(20,449,408,057)</u>
INCOME FROM OPERATIONS	25	<u>9,188,779,174</u>	<u>5,409,987,429</u>
OTHER INCOME (EXPENSES)			
Loss on foreign exchange - net		(1,984,863,701)	(366,203,940)
Interest expense		(1,616,312,764)	(60,942,188)
Interest income		157,119,192	314,314,087
Rental income		21,000,000	126,000,000
Gain on sale of shares		-	126,946,575
Miscellaneous - net		<u>1,126,105,420</u>	<u>867,294,347</u>
		<u>(2,296,951,853)</u>	<u>1,007,408,881</u>
INCOME BEFORE INCOME TAX	25	<u>6,891,827,321</u>	<u>6,417,396,310</u>
INCOME TAX EXPENSE	2n, 14c	<u>(3,226,019,651)</u>	<u>(2,195,403,629)</u>
INCOME BEFORE MINORITY INTEREST		3,665,807,670	4,221,992,681
MINORITY INTEREST		<u>940,561,693</u>	<u>11,075,662</u>
NET INCOME		<u><u>4,606,369,363</u></u>	<u><u>4,233,068,343</u></u>
BASIC NET INCOME PER SHARE	2o	<u>8.24</u>	<u>7.57</u>

*) Refer to Note 3

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P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

	Capital Stock	Additional Paid-in Capital	Foreign Exchange Difference on Paid-in Capital	Foreign Exchange Difference on Translation	Unrealized Differences in Value of Securities	Unappropriated Retained Earnings	Total
Balance at December, 2006	27,951,000,000	7,126,240,000	-	-	508,166,811	22,289,751,088	57,875,157,899
Unrealized loss - available for sale securities	-	-	-	-	409,548,927	-	409,548,927
Net income	-	-	-	-	-	4,233,068,343	4,233,068,343
Cash dividends (Note 17b)	-	-	-	-	-	(1,677,060,000)	(1,677,060,000)
Balance at December, 2007 *)	27,951,000,000	7,126,240,000	-	-	917,715,738	24,845,759,431	60,840,715,169
Foreign exchange difference on subsidiary's paid-in capital (Note 19)	-	-	(2,610,614,368)	-	-	-	(2,610,614,368)
Foreign exchange difference on translation (Note 2b)	-	-	-	2,455,589,039	-	-	2,455,589,039
Unrealized loss - available for sale securities	-	-	-	-	(5,153,940,000)	-	(5,153,940,000)
Net income	-	-	-	-	-	4,606,369,363	4,606,369,363
Cash dividends (Note 17b)	-	-	-	-	-	(1,118,040,000)	(1,118,040,000)
Balance at December, 2008	27,951,000,000	7,126,240,000	(2,610,614,368)	2,455,589,039	(4,236,224,262)	28,334,088,794	59,020,079,203

*) Refer to Note 3

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an integral part of the consolidated financial statements

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

	<u>2008</u>	<u>2007 *)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	185,865,394,032	139,972,958,105
Cash received from (payment for/to)		
Suppliers	(211,427,139,383)	(116,259,682,106)
Operating expenses	(26,118,001,150)	(17,292,677,671)
Taxes	(2,912,851,949)	(3,451,251,142)
Interest income (expense) - net	(1,523,967,041)	278,495,169
Others - net	(990,703,535)	674,747,433
Net Cash Flows Provided by (Used in) Operating Activities	<u>(57,107,269,026)</u>	<u>3,922,589,788</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in short-term investments	1,750,910,718	(827,898,390)
Additions to fixed assets	(1,678,485,680)	(2,215,554,738)
Proceeds from sale of fixed assets	242,933,333	94,166,666
Additions to construction in progress	-	(328,048,600)
Investments in associates	-	(785,390,600)
Net Cash Flows Provided by (Used in) Investing Activities	<u>315,358,371</u>	<u>(4,062,725,662)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans	42,957,148,742	1,617,252,378
Proceeds from issue of shares of subsidiary	20,909,208,131	5,000,000
Pledged deposit	(9,530,002,605)	-
Dividends paid	(1,109,784,260)	(1,669,219,886)
Net Cash Flows Provided by (Used in) Financing Activities	<u>53,226,570,008</u>	<u>(46,967,508)</u>
Effect on exchange rate	<u>1,491,310,253</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	<u>(2,074,030,394)</u>	<u>(187,103,382)</u>
Cash and Cash Equivalents at Beginning of Year	<u>6,295,823,440</u>	<u>6,482,926,822</u>
Cash and Cash Equivalents at End of Year	<u><u>4,221,793,046</u></u>	<u><u>6,295,823,440</u></u>
SUPPLEMENTAL DISCLOSURES		
Investing activities which do not affect cash flows:		
Unrealized gain (loss) on available for sale securities	(5,153,940,000)	409,548,927

*) Refer to Note 3

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

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

1. GENERAL

PT Ekadharma International Tbk (the Company) was established in Jakarta in 1981 as PT Ekadharma Tape Industries Tbk. In 2006, the Company changed its name to PT Ekadharma International Tbk.

The Company was incorporated on November 20, 1981 based on deed No. 71 of Notary Raden Santoso in Jakarta. This deed of establishment was approved by the Minister of Justice of the Republic of Indonesia in his decision letter No. J.A.5/12/12 dated June 5, 1982 and registered in the Jakarta Court on September 23, 1982. To comply with requirements of initial public offerings, the Company's articles of association were amended by deed No. 279 dated June 9, 1990 of Siti Pertiwi Henny Shidki, SH, Notary in Jakarta, approved by the Minister of Justice of the Republic of Indonesia in his decision letter No. C2-3608.H.T.01.04 Th. 1990 dated June 21, 1990 and published in State Gazette No. 65 dated August 14, 1990.

The Company's articles of association were amended several times, most recently by deed No. 165 dated May 28, 2008 of Notary Dr Irawan Soerodjo, SH, MSi, regarding the change of the Company's articles of association to comply with the provisions of Company Law No. 40 Year 2007. This amendment was approved by the Minister of Law and Human Rights of the Republic of Indonesia based on decision letter No. AHU-56940.AH.01.02.Th.2008 dated August 29, 2008.

Approximately 75% of the Company's shares are owned by the founding stockholders, and the remaining balances are owned by the public and were listed in the Indonesian Stock Exchanges on August 14, 1990.

The Company owns 99% of the issued capital of PT Dunia Cartridge Indonesia (DCI), a limited liability company incorporated in Jakarta on December 2, 2005. The Company also owns 59.95% of the issued capital of Visko Industries Sdn Bhd (Visko), a limited liability company incorporated in Malaysia on July 11, 2007.

According to the articles of association, the Company is primarily engaged in manufacturing of self adhesive tapes and related materials, as well as general trading. The Company has branches in Jakarta, Medan, Surabaya, Semarang, Bandung, Cikarang, Denpasar and Makassar. DCI is primarily engaged in the printer cartridge refill servicing and trading of computer accessories. Visko is primarily engaged in manufacturing and marketing of self adhesive tapes.

As of December 31, 2008, the composition of the Company's Board of Commissioners and Directors is as follows:

President Commissioner	Tjiptono Darmadji
Commissioner	Ronny Kusuma Moentoro
Commissioner	Rudy Kurniawan Leonardi
President Director	Judi Widjaja Leonardi
Director	Lie Phing
Director	Christian Tedjawidjaja

As of December 31, 2008, total employees of the Company are 348 (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and practices in Indonesia, which are Statements of Financial Accounting Standards (PSAK), the Capital Market and Financial Institution Supervisory Board (Bapepam and LK) regulations and the Guidelines for Financial Statements Presentation and Disclosures circularized by Bapepam and LK for manufacturing companies which offer their shares to the public.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis for preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis of accounting, except for investments in securities classified as “for trading” and “available for sale” which are valued at fair value and inventories which are stated at the lower of cost or net realizable value.

The consolidated financial statements have also been prepared on the accrual basis except for the statements of cash flows.

The consolidated statements of cash flows have been prepared using the direct method by classifying cash flows on the basis of operating, investing and financing activities.

b. Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries in which the Company directly or indirectly has ownership of more than 50% of voting rights, or if equal to or less than 50%, the Company has the ability to control the entity. The subsidiaries are consolidated from the date on which effective control is transferred to the Company and is no longer consolidated from the date of disposal.

The effect of all transactions and balances between the Company and its subsidiaries has been eliminated in preparing the consolidated financial statements.

The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the subsidiaries unless otherwise stated.

The financial statements of subsidiary domiciled outside of Indonesia are translated into Rupiah currency based on the following basis:

- Asset and liability accounts are translated into Rupiah currency at the exchange rates prevailing at the balance sheet date.
- Profit and loss accounts are translated into Rupiah currency at average exchange rates during the year.
- Exchange differences arising from the translation of financial statements are recorded in balance sheet as “Foreign Exchange Difference on Translation” under the equity section.

c. Cash equivalents

Time deposits with maturities of three months or less at the time of placement and not pledged are considered as “Cash Equivalents”.

d. Short-term investments

Short-term investments consist of debt, equity and mutual fund securities classified in the following categories:

1. Debt and equity securities that are purchased and held principally for the purpose of selling them in the near future are classified as for trading securities and carried at fair value, with unrealized gains and losses recognized in the statements of income.
2. Debt securities are classified as held to maturity when the Company has the intention and ability to hold the securities to maturity. Held to maturity securities are stated at cost net of unamortized discount or premium.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Short-term investments (continued)

3. Debt and equity securities not classified as either held to maturity securities or trading securities are classified as available for sale securities and carried at fair value, with unrealized gains and losses reported as a separate component of equity.
4. Mutual funds are stated at net asset value at balance sheet date. Unrealized gains or losses from changes in net asset value at balance sheet date are credited or charged to current operations.

e. Allowance for doubtful accounts

The Company provides allowance for doubtful accounts based on a review of the collectibility of the individual receivable accounts.

f. Transactions with related parties

The Company has transactions with related parties. The definition of related parties used is in accordance with PSAK 7 "Related Party Disclosure".

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

g. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is generally determined by the average method.

h. Investments in associates

Investments in shares of companies in which the Company has less than 20% interest are stated at the lower of cost or net realizable value.

Investments in shares of companies in which the Company has 20% to 50% of the voting rights, and over which the Company exerts significant influence, but which it does not control, are accounted for by the equity method. Based on this method, the cost of investment is added or deducted by the Company's share in the net income (losses) of the associate from the date of acquisition and deducted by dividend received. Once the investment's carrying value has been reduced to zero, further losses are taken up if the Company has committed to provide financial support to or have guaranteed the obligations of the associates.

i. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The Company has adopted Statement of Financial Accounting Standard (PSAK) 16 (Revised 2007) "Fixed Assets" which become effective from January 1, 2008. PSAK 16 (Revised 2007) allows entities to choose between cost and revaluation model as the accounting policy, and it should be applied consistently to all fixed assets in the same category. The Company has chosen the cost model as its accounting policy. The adoption of this revised PSAK has no significant effects to the Company's consolidated financial statements.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Fixed assets (continued)

Fixed assets are depreciated to their estimated residual value using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings	15 - 25
Machinery	5 - 10
Motor vehicles	5
Installation	5
Office equipment	5
Furniture and fixtures	5
Factory equipment	5

The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. Expenditures that extend the future life of assets or provide further economic benefits by increasing capacity or quality of production are capitalized and depreciated based on applicable depreciation rates.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, which is determined as the higher of net selling price or value in use.

When assets are retired or otherwise disposed of, their costs and the related accumulated depreciation are written off in the consolidated financial statements, and any resulting gains or losses are recognized in the current year consolidated statement of income.

j. Intangible assets

Franchise fee is capitalized on the basis of the costs incurred to acquire and amortized using the straight-line method over a period of 30 years based on the period of the agreement made between the subsidiary and the franchisor.

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized using the straight-line method over their estimated useful lives (4 - 5 years).

Expenses related to the legal processing of land rights are deferred and amortized using the straight-line method over a period of 15 years.

k. Provision for post-employment benefits

The Company recognizes provision for defined post-employment benefits for its employees in accordance with Labor Law No. 13 Year 2003. No funding has been made to this defined benefit plan.

The cost of providing post-employment benefits is determined using the Projected Unit Credit Method. The accumulated unrecognized actuarial gains and losses that exceed 10% of the present value of the Company's defined benefit obligations is recognized on a straight-line basis over the expected average remaining working lives of the participating employees.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Provision for post-employment benefits (continued)

Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise, is amortized on a straight-line basis over the average period until the benefits become vested.

The balance of defined benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

l. Foreign currency transactions and balances

Transactions involving foreign currencies are recorded based on 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 translated to rupiah to reflect the rates of exchange prevailing at that date and the resulting gains or losses are credited or charged to operations of the current year. The main exchange rates used as of December 31, 2008 and 2007 are as follows:

	2008	2007
United States Dollar (US\$)	10.950,00	9.419,00
Malaysian Ringgit (RM)	3.153,36	-

m. Revenue and expense recognition

Revenues from sales and services are recognized at the time when goods are delivered to and rendering of services are performed for customers Expenses are recognized as incurred on an accrual basis.

n. Taxation

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

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

o. Basic net income per share

Basic net income per share is computed by dividing the net income by the weighted-average number of ordinary shares outstanding during the year. The weighted-average number of ordinary shares in 2008 and 2007 is 559,020,000 shares, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Use of estimates

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

3. CONSOLIDATION

As disclosed in Note 1, in 2007 the Company established Visko Industries Sdn Bhd (Visko) which is a 59.95% owned subsidiary of the Company. Since Visko commenced operations in 2008, the 2008 consolidated financial statements represent the consolidated financial statements of the Company, DCI and Visko, while the 2007 consolidated financial statements represent the consolidated financial statements of the Company and DCI alone.

4. CASH AND CASH EQUIVALENTS

	<u>2008</u>	<u>2007</u>
Rupiah		
Cash on hand	94,768,566	210,756,457
Bank Mandiri	1,640,180,088	3,502,231,742
Citibank	1,057,446,803	1,034,605,000
Bank Central Asia	75,414,069	157,779,296
Bank Panin	57,206,189	-
Bank Danamon	8,893,486	59,614,496
Others	89,556,692	42,459
United States Dollar		
Cash on hand	19,088,623	5,680,368
Bank Mandiri	132,780,247	1,160,173,463
Citibank	-	116,372,310
Bank Internasional Indonesia	-	48,567,849
Ringgit Malaysia	1,046,458,283	-
	<u>4,221,793,046</u>	<u>6,295,823,440</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
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5. SHORT-TERM INVESTMENTS

	<u>2008</u>	<u>2007</u>
Available for sale securities - shares		
PT Asahimas Flat Glass Tbk	7,452,598,705	7,452,598,705
PT Bina Danatama Tbk	1,065,885,557	1,065,885,557
	<u>8,518,484,262</u>	<u>8,518,484,262</u>
Available for sale securities - Rupiah mutual fund	-	1,750,910,717
Add unrealized gain (loss) on securities	<u>(4,236,224,262)</u>	<u>917,715,738</u>
	<u><u>4,282,260,000</u></u>	<u><u>11,187,110,717</u></u>

The fair value of securities is based on quoted market prices of these securities in the Indonesia Stock Exchange on the closest day to the balance sheet date.

6. TRADE RECEIVABLES

	<u>2008</u>	<u>2007</u>
Third parties		
Rupiah	19.091.763.012	22.417.951.842
United States Dollar	54.405.800	60.064.693
	<u>19.146.168.812</u>	<u>22.478.016.535</u>
Allowance for doubtful accounts	<u>(315.887.263)</u>	<u>(366.017.801)</u>
	<u><u>18.830.281.549</u></u>	<u><u>22.111.998.734</u></u>

Details of aging of receivables computed from invoice dates are as follows:

	<u>2008</u>	<u>2007</u>
Up to 30 days	13.647.275.134	16.079.479.912
> 30 days - 60 days	4.781.920.121	5.910.020.152
> 60 days - 90 days	542.548.991	351.473.301
> 90 days	174.424.566	137.043.170
	<u><u>19.146.168.812</u></u>	<u><u>22.478.016.535</u></u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

6. TRADE RECEIVABLES (continued)

Changes in the amounts of allowance for doubtful accounts are as follows:

	<u>2008</u>	<u>2007</u>
Beginning balance	366.017.801	258.390.325
Changes in the current period		
Increase in allowance	24.696.935	139.516.135
Accounts written-off	(74.827.473)	(31.888.659)
	<u>315.887.263</u>	<u>366.017.801</u>

Based on the result of a review of each account status at the end of the year, management is of the opinion that the amount of allowance for doubtful accounts provided is sufficient to cover any possible loss derived from uncollectible accounts.

The Company's accounts receivable amounting to Rp22,000,000,000 are pledged as collateral for the Company's bank loans (Note 12).

7. INVENTORIES

	<u>2008</u>	<u>2007</u>
Finished goods	10.581.566.735	10.740.499.087
Merchandise inventories	817.784.243	1.097.590.840
Work in process	939.223.166	1.654.964.765
Raw materials	5.094.774.973	5.474.579.728
Packing materials	1.305.190.332	1.601.644.944
Spare parts	736.728.833	797.935.465
Goods in transit	-	69.343.791
	<u>19.475.268.282</u>	<u>21.436.558.620</u>

The Company's inventories amounting to Rp25,000,000,000 are pledged as collateral for the Company's bank loans (Note 12).

Inventories owned by the Company are covered by insurance against losses by fire and other risks with a total amount of Rp29,332,000,000 which in the opinion of management is adequate to cover any possible losses.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

8. PREPAID EXPENSES AND ADVANCES

	<u>2008</u>	<u>2007</u>
Purchase advances of fixed assets and raw materials	61,594,339,252	2,100,000,000
Prepaid rents	988,794,496	908,242,797
Prepaid expenses	40,570,758	229,617,131
Others	122,595,681	50,120,135
	<u>62,746,300,187</u>	<u>3,287,980,063</u>

9. INVESTMENTS IN ASSOCIATES

	<u>2008</u>	
	<u>Acquisition and Ending Balance</u>	<u>Percentage of Ownership</u>
PT Sliontec Ekadharna Indonesia (US\$1,050,000)	<u>3.134.250.000</u>	15%
		Cost method
	<u>2007</u>	
	<u>Acquisition and Ending Balance</u>	<u>Percentage of Ownership</u>
PT Sliontec Ekadharna Indonesia (US\$1,050,000)	3.134.250.000	15%
Visko Industries Sdn Bhd (US\$86,700)	<u>785.390.600</u>	51%
		Cost method
	<u>3.919.640.600</u>	

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

10. FIXED ASSETS (continued)

	2007			Ending Balance
	Beginning Balance	Additions	Disposals	
Accumulated depreciation				
Buildings	2.719.243.179	404.824.703	-	3.124.067.882
Machinery	10.424.600.075	220.223.862	-	10.644.823.937
Motor vehicles	2.727.347.758	553.424.794	86.908.007	3.193.864.545
Installation	648.185.376	22.014.223	-	670.199.599
Office equipment	1.362.943.996	322.586.756	6.245.511	1.679.285.241
Furniture and fixtures	412.473.080	223.108.254	414.989	635.166.345
Factory equipment	1.053.953.125	22.974.242	-	1.076.927.367
	<u>19.348.746.589</u>	<u>1.769.156.834</u>	<u>93.568.507</u>	<u>21.024.334.916</u>
Book value	<u>12.202.462.195</u>			<u>12.592.551.836</u>

Depreciation for the years ended December 31, 2008 and 2007, was charged to operations as follows:

	2008	2007
Manufacturing overhead	392.614.744	441.519.915
Marketing expense	921.979.566	1.018.422.876
General and administrative expenses	378.976.200	309.214.043
	<u>1.693.570.510</u>	<u>1.769.156.834</u>

The Company's certain lands and buildings are pledged as collateral for the Company's bank loans (Note 12).

Fixed assets, except for land, are covered by insurance against losses by fire and other risks with a total amount of Rp28,439,810,000. In the opinion of management, the amount is considered adequate to cover any possible losses.

11. INTANGIBLE ASSETS

	2008			Ending Balance
	Beginning Balance	Additions	Disposals	
Cost				
Franchise fee	1,725,170,000	-	-	1,725,170,000
Software licenses	135,407,069	-	-	135,407,069
Land rights	455,784,000	-	-	455,784,000
	<u>2,316,361,069</u>	<u>-</u>	<u>-</u>	<u>2,316,361,069</u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

11. INTANGIBLE ASSETS (continued)

	2008			Ending Balance
	Beginning Balance	Additions	Disposals	
Accumulated amortization				
Franchise fee	115,011,333	57,505,667	-	172,517,000
Software licenses	135,407,069	-	-	135,407,069
Land rights	16,701,114	15,843,720	-	32,544,834
	<u>267,119,516</u>	<u>73,349,387</u>	-	<u>340,468,903</u>
Book value	<u>2,049,241,553</u>			<u>1,975,892,166</u>
	2007			Ending Balance
	Beginning Balance	Additions	Disposals	
Cost				
Franchise fee	1,725,170,000	-	-	1,725,170,000
Software licenses	135,407,069	-	-	135,407,069
Land rights	81,748,000	374,036,000	-	455,784,000
	<u>1,942,325,069</u>	<u>374,036,000</u>	-	<u>2,316,361,069</u>
Accumulated amortization				
Franchise fee	57,505,668	57,505,665	-	115,011,333
Software licenses	101,555,308	33,851,761	-	135,407,069
Land rights	7,091,313	9,609,801	-	16,701,114
	<u>166,152,289</u>	<u>100,967,227</u>	-	<u>267,119,516</u>
Book value	<u>1,776,172,780</u>			<u>2,049,241,553</u>

Amortization for the years ended December 31, 2008 and 2007, was charged to operations as follows:

	2008	2007
Manufacturing overhead	12.467.868	6.233.934
Marketing expense	59.637.041	76.562.931
General and administrative expenses	1.244.478	18.170.362
	<u>73.349.387</u>	<u>100.967.227</u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

12. BANK LOANS

	<u>2008</u>	<u>2007</u>
Rupiah		
Bank Mandiri	5,814,335,384	-
Citibank	1,048,281,102	-
United States Dollar		
Bank Mandiri	7,385,210,746	1,617,252,378
Citibank	2,839,926,738	-
Malaysian Ringgit	27,486,647,150	-
	<u>44,574,401,120</u>	<u>1,617,252,378</u>
Current portion	<u>33,340,259,704</u>	<u>1,617,252,378</u>
Non-current portion	<u>11,234,141,416</u>	<u>-</u>

On May 8, 2007, the Company obtained Revolving Working Capital (KMK) credit facilities from Bank Mandiri which consist of loan in Rupiah with maximum limit of Rp15,500,000,000 and loan in US Dollar with maximum limit of US\$200,000. The loans will due in 12 month period since the date of agreement and bear annual interest of 13,00% for loan in Rupiah and 8,00% for loan in US Dollar.

On February 26, 2008, the Company has renewed the Revolving Working Capital credit facilities which previously obtained from Bank Mandiri. The renewed loans will due in 12 month period since the date of agreement and bear annual interest of 12% - 14.5% for loan in Rupiah and 8.00% - 10% for loan in US Dollar.

On August 28, 2008, the Company obtained additional Letter of Credit (LC) and Trust Receipt (TR) facilities from Bank Mandiri amounting to US\$1,500,000. The loans will due in 12 month period since the date of agreement and bear annual interest of 1% above KMK rate for TR facility.

On November 24, 2008, the Company converted its LC and TR facilities to Revolving Working Capital facility amounting to Rp11,500,000,000. The loan will due in 12 month period since the date of agreement and bears annual interest of 14.25%.

The above-mentioned loans are guaranteed by the Company's trade receivables, inventories and certain land and buildings (Notes 6, 7 and 10).

The loans in Malaysian Ringgit are loans obtained by Visko (subsidiary) and guaranteed by fixed deposit placed in the bank.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

13. TRADE PAYABLES

	<u>2008</u>	<u>2007</u>
Third parties		
Rupiah	3.224.397.358	6.115.778.889
United States Dollar	2.303.830.397	4.089.878.526
	<u>5.528.227.755</u>	<u>10.205.657.415</u>
Related parties		
Rupiah		
PT Sliontec Ekadharna Indonesia	2.841.094.483	3.929.951.904
PT Caturinti Dharmalestari	566.437.397	1.157.279.844
United States Dollar		
PT Sliontec Ekadharna Indonesia	510.518.982	614.290.037
	<u>3.918.050.862</u>	<u>5.701.521.785</u>
	<u>9.446.278.617</u>	<u>15.907.179.200</u>

Payables of up to 30 days computed from invoice dates amounted to Rp9,446,278,617 as of December 31, 2008 (2007: Rp15,907,179,200).

14. TAXATION

a. Prepaid taxes

	<u>2008</u>	<u>2007</u>
The Company		
Corporate income tax overpayment 2008	132,603,314	-
Corporate income tax overpayment 2007	148,378,285	148,378,285
	<u>280,981,599</u>	<u>148,378,285</u>
Subsidiaries		
Corporate income tax overpayment 2008	15,328,586	-
Corporate income tax overpayment 2007	18,640,089	18,640,089
Corporate income tax overpayment 2006	-	20,834,666
Value added tax	116,264,999	111,091,755
	<u>150,233,674</u>	<u>150,566,510</u>
	<u>431,215,273</u>	<u>298,944,795</u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

14. TAXATION (continued)**b. Taxes payable**

	<u>2008</u>	<u>2007</u>
The Company		
Income tax article 21	339,676,931	341,845,286
Income tax article 23	15,823,379	3,537,766
Income tax article 25	-	151,319,869
Value added tax	884,714,071	641,076,149
	<u>1,240,214,381</u>	<u>1,137,779,070</u>
Subsidiaries		
Income tax article 21	13,790,356	18,551,963
Income tax article 23	877,500	663,170
Income tax article 26	11,784,396	-
	<u>26,452,252</u>	<u>19,215,133</u>
	<u><u>1,266,666,633</u></u>	<u><u>1,156,994,203</u></u>

c. Income tax benefit (expense)

	<u>2008</u>	<u>2007</u>
The Company		
Current tax	(2,796,527,300)	(2,461,137,500)
Deferred tax	(429,492,351)	265,733,871
	<u>(3,226,019,651)</u>	<u>(2,195,403,629)</u>
Subsidiaries		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u><u>(3,226,019,651)</u></u>	<u><u>(2,195,403,629)</u></u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

14. TAXATION (continued)

c. Income tax benefit (expense) (continued)

The reconciliation between income tax which is computed using the tax rate of 30% of the accounting income before income tax, and income tax as shown in the consolidated statements of income for the years ended December 31, 2008 and 2007, is as follows:

	<u>2008</u>	<u>2007</u>
Income before income tax as shown in the consolidated statements of income	6.891.827.321	6.417.396.310
Add loss before income tax of subsidiaries	<u>3.332.423.846</u>	<u>1.107.566.255</u>
Income before income tax of the Company	10.224.251.167	7.524.962.565
Income tax using the enacted tax rate	3.049.775.350	2.239.988.769
Tax effect of permanent differences		
Interest income already subjected to final tax	(23.734.828)	(93.215.467)
Gain on sale of shares already subjected to final tax	-	(38.083.972)
Rental income already subjected to final tax	(6.300.000)	(37.800.000)
Impact of the changes in tax rate	55.055.861	-
Others	<u>151.223.268</u>	<u>124.514.299</u>
Income tax as shown in the consolidated statements of income	<u><u>3.226.019.651</u></u>	<u><u>2.195.403.629</u></u>

In September 2008, Law No. 7 Year 1983 "Income Tax" has been amended for the fourth times with Law No. 36 Year 2008. The amended Law stipulates changes in corporate tax rate from multiple tier tax rates to a single tax rate of 28% for fiscal year 2009 and 25% for fiscal year 2010 onwards. The Company recorded the impact of the changes in tax rate as part of tax expense in the current year operations.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

14. TAXATION (continued)

c. Income tax benefit (expense) (continued)

The reconciliation between income before income tax of the Company and taxable income of the Company for the years ended December 31, 2008 and 2007, is as follows:

	<u>2008</u>	<u>2007</u>
Income before income tax of the Company	10,224,251,167	7,524,962,565
Add (deduct) permanent differences		
Interest income already subjected to final tax	(79,116,095)	(310,718,222)
Gain on sale of shares already subjected to final tax	-	(126,946,575)
Rental income already subjected to final tax	(21,000,000)	(126,000,000)
Others	504,077,720	415,048,173
	<u>403,961,625</u>	<u>(148,616,624)</u>
Add (deduct) temporary differences		
Post-employment benefits	(264,126,038)	523,357,201
Fixed assets depreciation	(906,676,218)	272,551,140
Gain on sale of fixed assets	(27,188,837)	(17,756,248)
Allowance for doubtful accounts	(50,130,539)	107,627,476
	<u>(1,248,121,632)</u>	<u>885,779,569</u>
Taxable income of the Company	<u><u>9,380,091,160</u></u>	<u><u>8,262,125,510</u></u>

The amount of taxable income based on the above calculation is in agreement with the taxable income reported in the Company's annual tax return.

The calculation of current tax expense and tax payable (overpayment) is as follows:

	<u>2008</u>	<u>2007</u>
The Company		
Taxable income (rounded)	<u>9.380.091.000</u>	<u>8.262.125.000</u>
Current tax expense	<u>2.796.527.300</u>	<u>2.461.137.500</u>
Prepayments of income taxes		
Income tax article 22	(1.456.089.791)	(950.515.675)
Income tax article 25	(1.473.040.823)	(1.659.000.110)
	<u>(2.929.130.614)</u>	<u>(2.609.515.785)</u>
Income tax overpayment	<u><u>(132.603.314)</u></u>	<u><u>(148.378.285)</u></u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

14. TAXATION (continued)**c. Income tax benefit (expense) (continued)**

	<u>2008</u>	<u>2007</u>
Subsidiaries		
Fiscal loss	<u>(948.497.092)</u>	<u>(1.117.995.276)</u>
Current tax expense	<u>-</u>	<u>-</u>
Prepayments of income taxes		
Income tax article 22	(6.010.039)	(18.640.089)
Income tax article 23	<u>(9.318.547)</u>	<u>-</u>
	<u>(15.328.586)</u>	<u>(18.640.089)</u>
Income tax overpayment	<u>(15.328.586)</u>	<u>(18.640.089)</u>

d. Deferred income tax

The calculation of deferred income tax on temporary differences, using the maximum tax rate of 30%, for the years ended December 31, 2008 and 2007, is as follows:

	<u>2008</u>	<u>2007</u>
The Company		
Tax effect on temporary differences		
Provision for post-employment benefits	(79.237.811)	157.007.160
Fixed assets depreciation	(280.159.517)	76.438.468
Allowance for doubtful accounts	(15.039.162)	32.288.243
Impact of the changes in tax rate	<u>(55.055.861)</u>	<u>-</u>
Deferred tax benefit (expense)	<u>(429.492.351)</u>	<u>265.733.871</u>
Subsidiaries	<u>-</u>	<u>-</u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

14. TAXATION (continued)**d. Deferred income tax (continued)**

The tax effect on significant temporary differences between financial reporting and income tax purposes is as follows:

	<u>2008</u>	<u>2007</u>
The Company		
Deferred tax assets (liabilities)		
Provision for post-employment benefits	727.984.022	859.220.692
Fixed assets depreciation	(45.650.453)	231.248.319
Allowance for doubtful accounts	88.448.431	109.805.340
	<u>770.782.000</u>	<u>1.200.274.351</u>
Subsidiaries	<u>-</u>	<u>-</u>
Deferred tax assets - net	<u><u>770.782.000</u></u>	<u><u>1.200.274.351</u></u>

15. ACCRUED EXPENSES

	<u>2008</u>	<u>2007</u>
Bonus	559.419.544	509.557.690
Salaries and wages	59.310.740	63.705.445
Manpower insurance	12.007.961	46.589.633
Others	430.462.478	198.247.870
	<u>1.061.200.723</u>	<u>818.100.638</u>

16. PROVISION FOR POST-EMPLOYMENT BENEFIT

The Company recorded provision for post-employment benefits amounting to Rp2,599,942,936 as of December 31, 2008 (2007: Rp2,864,068,974). The related provision charged to the statements of income amounting to Rp1,200,704,517 for the years ended December 31, 2008 (2007: Rp823,389,504).

As of December 31, 2008, the Company accrued a provision for employee benefits based on an actuarial calculation prepared by PT RAS Actuarial Consulting, an independent actuary, whose report dated February 11, 2009. As of December 31, 2007, the Company accrued a provision for employee benefits based on an actuarial calculation prepared by Drs Tugendar Mitrasupena, MSc, FSAI, an independent actuary, whose report dated February 25, 2008.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

16. PROVISION FOR POST-EMPLOYMENT BENEFITS (continued)

Provision for post-employment benefits is calculated using the Projected Unit Credit method under the following assumptions:

	<u>2008</u>	<u>2007</u>
Discount rate	11%	11%
Salary increase rate	6%	6%
Mortality rate	CSO 1980 Table	CSO 1980 Table
Retirement age	56 year	56 year

The provision for post-employment benefits is as follows:

	<u>2008</u>	<u>2007</u>
Present value of post-employment benefit obligations	4.901.238.945	4.355.960.313
Unrecognized actuarial loss	(1.877.890.787)	(1.038.724.806)
Unrecognized past service cost - non vested	(423.405.222)	(453.166.533)
	<u>2.599.942.936</u>	<u>2.864.068.974</u>

The change in the provision for post-employment benefits is as follows:

	<u>2008</u>	<u>2007</u>
Beginning balance	2.864.068.974	2.340.711.773
Post-employment benefit expense in current year	1.200.704.517	823.389.505
Benefits paid	(1.464.830.555)	(300.032.304)
	<u>2.599.942.936</u>	<u>2.864.068.974</u>

Total post-employment benefit expense is as follows:

	<u>2008</u>	<u>2007</u>
Current service cost	299.374.247	268.243.288
Interest cost	479.155.634	378.205.546
Unrecognized actuarial loss	392.413.325	147.179.360
Amortization of past service cost - non vested	29.761.311	29.761.311
	<u>1.200.704.517</u>	<u>823.389.505</u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

17. CAPITAL STOCK AND DIVIDENDS

a. Capital stock

The composition of stockholders and paid-up capital amounts with par value of Rp50 per share as of December 31, 2008 is as follows:

<u>Stockholders</u>	<u>Number of Shares</u>	<u>%</u>	<u>Amount</u>
PT Ekadharna Inti Perkasa	421.760.580	75,45	21.088.029.000
Public (less than 5% each)	137.259.420	24,55	6.862.971.000
	<u>559.020.000</u>	<u>100,00</u>	<u>27.951.000.000</u>

The composition of stockholders and paid-up capital amounts with par value of Rp50 per share as of December 31, 2007 is as follows:

<u>Stockholders</u>	<u>Number of Shares</u>	<u>%</u>	<u>Amount</u>
PT Ekadharna Inti Perkasa	415.760.580	74,37	20.788.029.000
Philippe Debnicki	27.990.752	5,01	1.399.537.600
Public (less than 5% each)	115.268.668	20,62	5.763.433.400
	<u>559.020.000</u>	<u>100,00</u>	<u>27.951.000.000</u>

b. Dividends

During the Stockholders' Annual General Meeting held on May 28 2008 as documented in deed No. 163 of Notary Dr Irawan Soerodjo, SH, MSi, the Company's stockholders ratified the distribution of cash dividends of Rp2 per share with a total amount of Rp1,118,040,000.

During the Stockholders' Annual General Meeting held on May 28 2007 as documented in deed No. 300 of Notary Dr Irawan Soerodjo, SH, MSi, the Company's stockholders ratified the distribution of cash dividends of Rp3 per share with a total amount of Rp1,677,060,000.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

18. ADDITIONAL PAID-IN CAPITAL

	<u>2008</u>	<u>2007</u>
Share premium from initial public offering in 1990	5,500,000,000	5,500,000,000
Bonus stocks distributed in 1992	(5,082,000,000)	(5,082,000,000)
Stock dividends distributed in 1999	2,795,100,000	2,795,100,000
Stock dividends distributed in 2006	6,708,240,000	6,708,240,000
Bonus stocks distributed in 2006	(2,795,100,000)	(2,795,100,000)
	<u>7,126,240,000</u>	<u>7,126,240,000</u>

19. FOREIGN EXCHANGE DIFFERENCE ON PAID-IN CAPITAL

Foreign exchange difference on paid-in capital represents loss on foreign exchange of Visko (subsidiary) which arises due to capitalization of advances from stockholders denominated in United States Dollar to paid-in capital of Visko denominated in Malaysian Ringgit. Pursuant to PSAK 11 "Accounting for Equity", the Company records such loss on foreign exchange as "Foreign Exchange Difference on Paid-In Capital" account in the equity section.

20. NET SALES

	<u>2008</u>	<u>2007</u>
Domestic	177.638.536.288	142.756.468.521
Export	5.131.091.260	4.550.722.680
	<u>182.769.627.548</u>	<u>147.307.191.201</u>
Sales returns	(110.348.566)	(384.255.863)
Sales discounts	(9.492.553)	(10.862.969)
	<u>182.649.786.429</u>	<u>146.912.072.369</u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

21. COST OF GOODS SOLD

	<u>2008</u>	<u>2007</u>
Raw and packing materials used	134.134.216.412	106.807.699.403
Direct labors	3.296.258.810	2.818.773.326
Manufacturing overhead	10.171.223.242	10.174.003.971
Total manufacturing cost	147.601.698.464	119.800.476.700
Beginning work in process	1.654.964.763	2.840.213.031
Ending work in process	(939.223.166)	(1.654.964.763)
Cost of goods manufactured	148.317.440.061	120.985.724.968
Beginning finished goods	11.919.414.910	11.986.366.825
Ending finished goods	(11.398.932.478)	(11.919.414.910)
	<u>148.837.922.493</u>	<u>121.052.676.883</u>

Details of suppliers having transactions of more than 10% of total consolidated purchases:

<u>Suppliers</u>	<u>Amount</u>		<u>Percentage of Total Purchases</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			%	%
Third parties				
PT Rohm & Haas	45,850,469,666	30,897,207,170	34.97	28.16
Formosa Industries Corporation	44,698,688,506	20,788,273,539	34.09	18.95
Related party				
PT Sliontec Ekadharna Indonesia	20,950,568,942	18,001,517,820	15.98	16.41
	<u>111,499,727,114</u>	<u>69,686,998,529</u>	<u>85.04</u>	<u>63.52</u>

22. OPERATING EXPENSES

	<u>2008</u>	<u>2007</u>
Marketing		
Salaries and wages	7.461.065.655	5.963.045.141
Expedition	1.996.224.091	1.604.429.498
Depreciation	921.979.566	1.018.422.876
Rent	481.429.582	439.123.129
Sales commission	434.103.504	465.911.474
Repairs and maintenance	349.947.206	228.322.534
Telephone, telex and facsimile	322.953.521	344.602.169

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

22. OPERATING EXPENSES (continued)

	<u>2008</u>	<u>2007</u>
Representation and entertainment	279.594.660	207.177.800
Electricity and water	258.973.715	253.650.929
Traveling	207.218.231	221.422.757
Insurance	200.316.891	189.495.013
Documentation	122.947.424	136.589.269
Promotion	67.533.180	23.397.023
Amortization	59.637.041	76.562.931
Others	171.328.847	303.274.571
	<u>13.335.253.114</u>	<u>11.475.427.114</u>
General and administrative		
Salaries and wages	6.890.891.886	5.991.334.343
Post-employment benefits	1.200.704.517	823.389.504
Bank charges	504.229.038	200.774.412
Professional fees	458.380.353	261.109.482
Depreciation	378.976.200	309.214.043
Documentation	303.009.576	291.715.822
Telephone, telex and facsimile	242.172.429	191.269.762
Electricity and water	174.269.827	134.684.691
Insurance	127.471.852	121.332.922
Annual general stockholders meeting, public expose and advertising	117.426.100	67.694.135
Doubtful accounts	24.696.936	139.516.135
Amortization	1.244.478	18.170.362
Others	864.358.456	423.775.330
	<u>11.287.831.648</u>	<u>8.973.980.943</u>
	<u>24.623.084.762</u>	<u>20.449.408.057</u>

23. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

The nature of relationship with related parties

- a. PT Sliontec Ekadharna Indonesia is an associate in which the Company has 15% of share ownership.
- b. PT Caturinti Dharmalestari and PT Srikandi Citra Bakti are companies owned by key management personnel of the Company.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

23. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES
(continued)

	<u>2008</u>	<u>2007</u>
Sales of goods		
PT Srikandi Citra Bakti	16,137,990	20,690,400
Percentage to total sales of goods	0.01%	0.01%
Purchases of goods		
PT Sliontec Ekadharna Indonesia	20,950,568,942	4,539,362,711
PT Caturinti Dharmalestari	6,237,683,951	1,155,387,623
	<u>27,188,252,893</u>	<u>5,694,750,334</u>
Percentage to total purchases of goods	20.73%	5.19%
Assets		
Receivables from related parties	261,091,053	268,847,281
Total assets from related parties	<u>261,091,053</u>	<u>268,847,281</u>
Percentage to total assets	0.19%	0.32%
Liabilities		
Trade payables to related parties	3,918,050,862	5,701,521,785
Total liabilities to related parties	<u>3,918,050,862</u>	<u>5,701,521,785</u>
Percentage to total liabilities	6.43%	23.72%

24. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

	<u>2008</u>		
	<u>US\$</u>	<u>RM</u>	<u>Thousand Rupiah</u>
Assets			
Cash and cash equivalents	13.869	331.855	1.198.323
Trade receivables	4.968	-	54.406
Pledged deposit	-	3.022.174	9.530.003
	<u>18.837</u>	<u>3.354.029</u>	<u>10.782.732</u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

24. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES (continued)

	2008		
	US\$	RM	Thousand Rupiah
Liabilities			
Bank loans	933,802	8,716,622	37,711,779
Trade payables	257,018	-	2,814,349
	<u>1,190,820</u>	<u>8,716,622</u>	<u>40,526,128</u>
Net liabilities	<u>(1,171,983)</u>	<u>(5,362,593)</u>	<u>(29,743,396)</u>
	2007		
	US\$	RM	Thousand Rupiah
Assets			
Cash and cash equivalents	139,791	-	1,316,691
Trade receivables	7,279	-	60,064
	<u>147,070</u>	<u>-</u>	<u>1,376,755</u>
Liabilities			
Bank loans	171,701	-	1,617,251
Trade payables	499,434	-	4,704,168
	<u>671,135</u>	<u>-</u>	<u>6,321,419</u>
Net liabilities	<u>(524,065)</u>	<u>-</u>	<u>(4,944,664)</u>

25. SEGMENT INFORMATION

	2008	2007
Information based on product type		
Net sales of self adhesive tapes	180.920.988.760	145.394.057.635
Net sales of printer cartridge refill service and computer accessories	<u>1.728.797.669</u>	<u>1.518.014.734</u>
	<u>182.649.786.429</u>	<u>146.912.072.369</u>

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

25. SEGMENT INFORMATION (continued)

Information based on geographic segmentation

2008:

	Tangerang	Surabaya	Medan	Semarang	Bandung	Sunter	Malaysia	Others	Elimination	Consolidation
Net sales	25.889.140.714	25.630.166.674	23.033.660.308	24.188.823.987	16.138.561.510	41.363.989.602	-	26.405.443.634	-	182.649.786.429
Cost of goods sold	21.668.422.348	20.937.322.333	18.141.737.184	19.414.756.815	12.991.086.690	33.778.818.443	1.265.770.103	20.640.008.577	-	148.837.922.493
Income (loss) from operating	(7.749.769.436)	2.947.209.152	3.207.618.189	3.299.984.868	2.448.783.436	5.832.484.078	(2.801.515.348)	2.003.984.235	-	9.188.779.174
Income (loss) before income tax	(12.973.578.515)	2.936.949.748	3.218.899.804	3.302.044.002	2.452.456.871	5.837.419.904	(2.323.271.332)	2.049.044.687	2.391.862.152	6.891.827.321
Identifiable assets	62.421.956.563	5.872.103.250	4.188.760.273	3.992.105.442	3.682.896.038	5.701.600.592	74.505.871.499	10.570.139.471	(30.171.671.561)	140.763.761.567

2007:

	Tangerang	Surabaya	Medan	Semarang	Bandung	Sunter	Others	Elimination	Consolidation
Net sales	16,717,130,432	22,244,554,871	20,523,516,919	19,424,763,515	12,289,798,337	35,168,858,335	20,543,449,960	-	146,912,072,369
Cost of goods sold	14,686,871,584	19,355,729,485	16,355,109,631	15,702,043,926	10,070,306,246	28,802,210,275	16,080,405,736	-	121,052,676,883
Income (loss) from operating	(7,799,071,112)	1,388,847,450	2,625,977,262	2,477,992,209	1,533,767,073	4,615,348,733	567,125,814	-	5,409,987,429
Income (loss) before income tax	(8,059,770,507)	1,382,237,930	2,651,157,365	2,479,837,770	1,532,872,089	4,625,046,855	709,524,216	1,096,490,592	6,417,396,310
Identifiable assets	48,828,257,338	7,057,342,202	6,336,728,617	4,665,593,501	3,838,820,141	7,360,675,879	12,322,183,635	(5,483,386,813)	84,926,214,500

26. PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

The Indonesian Institute of Accountants has issued the following revised Statements of Financial Accounting Standards (PSAK) which are applicable for financial statements covering periods beginning on or after January 1, 2009:

- PSAK 50 (Revised 2006) "Financial Instruments: Presentation and Disclosures"
- PSAK 55 (Revised 2006) "Financial Instruments: Recognition and Measurement"

On December 30, 2008, the Indonesian Institute of Accountants has announced the postponement of PSAK 50 (Revised 2006) and PSAK 55 (Revised 2006) for a year, therefore both revised statements of financial accounting standards will be applicable for financial statements covering periods beginning on or after January 1, 2010.

The Company has not been able to determine the possible impact of these revised standards on the consolidated financial statements.

P.T. EKADHARMA INTERNATIONAL TBK. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Expressed in Rupiah, except otherwise stated)

27. GLOBAL ECONOMIC CRISIS

Starting in the second semester of 2008, many markets in various parts of the world experienced adverse economic condition. This condition was triggered by, among others, the housing and mortgage loans crisis in the United States of America. The volatility in the US markets coupled with the sharp appreciation in the US Dollar and a series of corporate bankruptcies and takeovers enabled the crisis to spread to other parts of the world.

The global economic crisis has affected the Indonesian economy and caused the capital and financial market to collapse as reflected in the decrease of the Composite Index, depreciation of the Rupiah against the US Dollar and tight liquidity. The worsening economic condition is estimated to have further impact on various industries and real industries sectors in 2009.

Up to this time, the Company has not significantly suffered from such global economic crisis. In spite of the adverse economic condition, management believes that the Company will continue to operate as a going concern.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue to operate as a going concern.

28. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the consolidated financial statements for the year ended December 31, 2007 have been reclassified to conform with the presentation of the consolidated financial statements for the year ended December 31, 2008.

29. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the consolidated financial statements that were completed on February 26, 2009.