

PT MULTBREEDER ADIRAMA INDONESIA Tbk

ANNUAL REPORT

2001

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FINANCIAL HIGHLIGHTS

(in millions of rupiah)

DESCRIPTION	2001	2000	1999	1998	1997
Operational Activity in One Year					
Net Sales	329,637.7	328,861.0	333,417.8	271,646.6	93,626.1
Gross Profit	110,375.9	97,531.1	93,109.3	(2,925.2)	(3,681.5)
Operating Profit	49,242.5	50,722.3	54,687.4	(31,168.2)	(29,711.6)
Foreign Exchange Gain (Loss)	(58,601.6)	(174,202.5)	65,568.5	(170,167.2)	4,610.9
Net Profit before Tax	(5,1209.5)	(162,085.6)	64,472.5	(247,392.5)	(41,061.7)
Net Profit (Loss)	(40,997.4)	(127,934.8)	41,754.9	(174,812.6)	(41,354.7)
Profit (Loss) Rp per Share	(547)	(1,706)	557	(2,331)	(561)
At Year end					
Current Assets	182,091.3	142,070.3	133,275.1	143,618.6	80,256.4
Total Assets	562,974.0	525,568.8	482,347.0	531,291.6	410,092.5
Current Liabilities	792,956.9	313,577.7	234,914.1	301,086.9	128,831.4
Total Equity	(234,704.5)	(193,707.1)	(65,772.3)	(107,527.1)	69,391.3
Total Liabilities	797,668.4	719,621.3	548,109.3	638,724.3	340,691.3
Total Shares	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Financial Ratios					
Net Profit to Total Assets Ratio	-7.28%	-24.34%	8.66%	-32.90%	-13.75%
Current Ratio	0.23	0.45	0.57	0.48	0.62
Liabilities to Assets Ratio	1.42	1.37	1.14	1.20	0.83
Exchange rate (Rp per US\$)	10,400	9,595	7,100	8,025	5,100

SHARE TRADING INFORMATION

The Company shares are listed on the Jakarta Stock Exchange and Surabaya Stock Exchange. The share trading information below is from the Jakarta Stock Exchange.

QUARTER ENDED	2001				2000			
	SHARE PRICE			VOLUME (UNIT)	SHARE PRICE			VOLUME (UNIT)
HIGHEST (Rp)	LOWEST (Rp)	CLOSING (Rp)	HIGHEST (Rp)		LOWEST (Rp)	CLOSING (Rp)		
MARCH	150	150	150	5,000	500	375	425	28,000
JUNE	115	105	105	100,000	325	225	325	30,000
SEPTEMBER	120	110	110	151,500	270	270	270	2,500
DECEMBER	135	95	120	9,000	0	0	270	0

REPORT FROM COMMISSIONERS AND DIRECTORS

For PT Multibreeder Adirama Indonesia Tbk, the Year 2001 was indeed encouraging in the light of successes in its operational initiatives. These initiatives have improved the Company's operational performance against a backdrop of uncertainties. The Indonesian economy has shown little improvement, purchasing power remains low and the instability in the Rupiah exchange rate persists. As a result, the Company has continued with its approach to operate the business in a prudent and cautious manner.

Multibreeder directed its energies towards production efficiencies and quality. The focus on quality is reflected in the transformation of all its hen houses into the "closed house" system of farm management. The Company has also introduced the "single age" policy as well as implementing total quality management concepts in the field. The overall result was to substantially improve bio-security, hence increasing output and improving chick quality.

The Company also made efforts to improve the supply chain by focusing on a closer co-ordination between Production and Sales. This has enhanced delivery performance leading to higher levels of customer satisfaction.

The success of these initiatives is reflected in the improvement of Multibreeder's financial performance during 2001. The gross profit margin in particular has increased significantly to 33.5% in 2001. The Company has been able to maintain the upward trend of its gross profit margin from 29.7% in 2000 and from 27.9% in 1999.

In addition, the volume of DOCs sold increased by 19% over last year. Prices however had fallen which resulted in the Net Sales of Rp 329.6 billion being maintained at a similar level to the previous year. Gross Profit increased by 13% to Rp 110 billion while Operating Profit was kept at the year 2000 levels due to the higher operational costs arising from inflationary increases and accrued pension benefits due to new regulations.

The Company recorded a Net Loss for the year 2001 of Rp 41 billion, as compared to a net loss in 2000 of Rp 128 billion. The single major reason for the net loss, as was the case last year, was the decline in the value of the Rupiah which resulted in a foreign exchange loss of Rp 59 billion in the year 2001. The foreign exchange loss arises from the Company's USD denominated debt.

The process of restructuring the USD debt is still continuing. It is important for the Company to approach the restructuring process carefully and prudently so that it will be able to meet its obligations and commitments under the new restructured terms, especially as those terms will apply for a number of years going forward.

For the coming year, the Company hopes for greater economic and political stability. Multibreeder anticipates however that the unstable exchange rate environment will persist, business costs including taxes will increase, the work force will be less predictable and competitive pressure will increase.

Multibreeder intends to respond to these challenges by remaining lean and agile. The Company will continue to emphasize product and service quality, while at the same time keeping a tight control over costs. For the coming years, Multibreeder intends to cement its position as the Supplier of Choice of quality DOCs in the country.

Multibreeder takes this opportunity to thank its shareholders, employees, customers and suppliers for their patience, hard work and loyalty to the Company.

With the continuing support of all its stakeholders, even in these tough times, Multibreeder can strive to keep on improving its performance.

WAHONO SOEROSO, *President Director*

RADITYO HATARI, *President Commissioner*

KUSWANTO SUKOTJO, *Director*

TUKUL TRAJAN BOENTORO, *Commissioner*

YULIUS PUTUT DJAGIRI, *Director*

ANTONIUS HERWANTO SS, *Commissioner*,

MANAGEMENT AND OPERATIONAL ANALYSIS

The year 2001 has been another challenging year for PT Multibreeder Adirama Indonesia Tbk. Increases in labor and other relevant business costs were compounded by increased competition, as breeders who were non-active in previous years re-emerged, adding to market supply and driving down prices. For the Year 2001, Multibreeder's average DOC selling price decreased by 16% as compared to the Year 2000.

The reduction in selling prices combined with higher business costs was expected to result in reduced margins. However, despite these negative factors, Multibreeder was able to increase its Gross Profit margin from 29.6% in the Year 2000 to 33.5% in 2001.

The improvement in the gross profit margin was achieved through a focus on efficiencies as well as by a continuous effort to improve product and service quality.

Specific quality and production improvement initiatives implemented during 2001 include:

§ Conversion of all hen houses into a closed-house system. This allows for greater control over the environment within each breeding pen thus improving bio-security, reducing the incidence of disease, increasing output and improving chick quality.

§ Introduction of a single age policy which facilitates a closer monitoring of each breeding flock and the early detection of disease.

§ Improved supply chain co-ordination between production, sales and distribution leading to reduced wastage, better delivery performance and higher levels of customer satisfaction.

§ Increased technical skill-based and quality training for employees.

In addition to the above, in view of the growing global aversion towards the use of antibiotics, Multibreeder has introduced initiatives to replace antibiotics with probiotics instead.

These initiatives have enabled Multibreeder to produce an improved quality of chick at a lower cost, making its DOCs one of the most sought after in the country.

In the Year 2001, more than 168 million chicks were sold which is an increase of 19% over the Year 2000's 141 million chicks. The increase in volumes together with the decrease in prices resulted in Sales being kept level with the year 2000 results. Similarly, the 2001 Operating Profit of Rp 49.2 billion was in line with the previous year. Foreign exchange losses arising primarily from the USD denominated debt of Rp 58.6 billion resulted in a net loss for the year 2001 of Rp 41.0 billion.

Multibreeder is still in the process of restructuring its outstanding USD debt. This outstanding USD obligation has ensured that Multibreeder remains extremely prudent and cautious in managing its cash flows and exchange rate risks. Capital investments were considered only if they are absolutely necessary and could be funded by cash generated from existing operations.

Employee welfare has always been of importance. The Company has successfully implemented a program for the evaluation and rewarding of employees based in their individual performance. The Company has consistently maintained its compensation packages at a competitive level. In anticipation of an ever-changing business environment, the Company's in-house training department conducts programs to keep up with the latest trends in the industry. Consistent with the belief that people are one of its most precious resources, the Company maintains its efforts to attract and retain the best people available.

Multibreeder assists the community through its support of a number of prominent universities in the country. The Company also works closely and actively supports a number of government programs, especially those organized by the Department of Agriculture. Its employees also participate in a blood donor program on a regular quarterly basis organized by the Company.

AUDITED FINANCIAL STATEMENT

P.T. MULTIBREEDER ADIRAMA INDONESIA Tbk AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2001 AND 2000

	Notes	2001 Rp	2000 Rp
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2d,3	19,160,621,482	5,985,233,711
Trade accounts receivable	2e,4		
Related parties		7,670,389,586	8,328,312,396
Third parties		23,385,457,326	45,830,473,471
Other accounts receivable		2,273,862,931	1,643,021,977
Inventories	2f,5	121,747,799,126	75,802,559,192
Advances		4,163,097,831	1,266,311,261
Prepaid taxes	6	2,804,249,987	2,288,873,378
Prepaid expenses	2g	885,827,611	925,499,971
Total Current Assets		182,091,305,880	142,070,285,357
NONCURRENT ASSETS			
Restricted cash in bank	12	2,947,822,384	14,321,324,098
Accounts receivable from related parties	7,23	-	42,444,986
Deferred tax assets	2i,21	92,784,256,624	82,572,124,626
Property, plant and equipment - net of accumulated depreciation of Rp 117,191,852,497 in 2001 and Rp 99,345,344,058 in 2000	2h,8	284,384,855,352	285,921,382,639
Guarantee deposits		481,222,434	343,824,106
Deferred charges for landrights - net	2i	284,500,052	287,437,500
Total Noncurrent Assets		380,882,656,846	383,488,537,955
TOTAL ASSETS		562,973,962,726	525,558,823,312

P.T. MULTIBREEDER ADIRAMA INDONESIA Tbk AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2001 AND 2000 (Continued)

	Notes	2001 Rp	2000 Rp
LIABILITIES AND CAPITAL DEFICIENCY			
CURRENT LIABILITIES			
Trade accounts payable	9		
Related parties		-	2,610,924,502
Third parties		13,295,548,222	14,075,265,831
Other accounts payable		301,885,901	250,242,547
Taxes payable	21,10	1,637,571,561	2,873,842,394
Accrued expenses	11	47,063,671,166	31,901,587,427
Customers' deposits		3,329,204,098	9,976,232,127
Current maturities of long-term liabilities			
Bank loan	12	142,327,040,544	135,906,784,730
Notes payable	13	585,001,944,593	115,617,408,820
Total Current Liabilities		792,956,866,085	313,212,288,378
NONCURRENT LIABILITIES			
Employee benefits obligation	2k,22	4,711,566,000	365,369,693
Account payable to related party	7,23	-	6,432,650
Long-term notes payable - net of current maturities	13	-	405,671,790,506
Total Long-term Liabilities		4,711,566,000	406,043,592,849
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY			
		10,000,000	10,000,000
CAPITAL DEFICIENCY			
Capital stock - Rp 1,000 par value per share			
Authorized - 100,000,000 shares			
Subscribed and paid-up - 75,000,000 shares	14	75,000,000,000	75,000,000,000
Additional paid-in capital	15	9,104,080,000	9,104,080,000
Deficit		(318,808,549,359)	(277,811,137,915)
Total Capital Deficiency		(234,704,469,359)	(193,707,057,915)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY		562,973,962,726	525,558,823,312

P.T. MULTIBREEDER ADIRAMA INDONESIA Tbk AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	Notes	2001 Rp	2000 Rp
NET SALES	2j, 16, 23	329,637,663,460	328,850,998,708
COST OF GOODS SOLD	2j, 17, 23	<u>219,261,744,612</u>	<u>231,319,898,405</u>
GROSS PROFIT		<u>110,375,918,848</u>	<u>97,531,100,303</u>
OPERATING EXPENSES	2j, 18		
Selling		14,004,867,188	10,543,630,814
General and administrative		<u>47,128,552,315</u>	<u>36,265,129,847</u>
Total Operating Expenses		<u>61,133,419,503</u>	<u>46,808,760,661</u>
INCOME FROM OPERATIONS		<u>49,242,499,345</u>	<u>50,722,339,642</u>
OTHER INCOME (CHARGES)			
Loss on foreign exchange - net	2c	(58,601,555,781)	(174,202,473,954)
Interest expense and financing charges	19	(45,485,751,435)	(40,969,327,790)
Gain on sale of scrap		131,227,376	2,974,212,142
Interest expense	20	882,940,820	918,757,940
Others - net		<u>2,621,096,233</u>	<u>(1,529,121,496)</u>
Other Charges - Net		<u>(100,452,042,787)</u>	<u>(212,807,953,158)</u>
LOSS BEFORE TAX		(51,209,543,442)	(162,085,613,516)
TAX BENEFIT	2i, 21	<u>10,212,131,998</u>	<u>34,150,811,462</u>
NET LOSS		<u>(40,997,411,444)</u>	<u>(127,934,802,054)</u>
LOSS PER SHARE			
Basic	2m	(547)	(1,706)

P.T. MULTIBREEDER ADIRAMA INDONESIA Tbk AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	Paid-up Capital	Additional Paid-in Capital	Deficit	Total Capital Deficiency
	Rp	Rp	Rp	Rp
Balance as of January 1, 2000	75,000,000,000	9,104,080,000	(149,876,335,861)	(65,772,255,861)
Net loss for the year	-	-	(127,934,802,054)	(127,934,802,054)
Balance as of December 31, 2000	75,000,000,000	9,104,080,000	(277,811,137,915)	(193,707,057,915)
Net loss for the year	-	-	(40,997,411,444)	(40,997,411,444)
Balance as of December 31, 2001	<u>75,000,000,000</u>	<u>9,104,080,000</u>	<u>(318,808,549,359)</u>	<u>(234,704,469,359)</u>

P.T. MULTIBREEDER ADIRAMA INDONESIA Tbk AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001 Rp	2000 Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers and others	353,236,078,293	304,165,668,999
Cash paid to suppliers, employees and others	(312,824,004,477)	(272,288,723,747)
Cash generated from operations	40,412,073,816	31,876,945,252
Income tax paid	(642,288,968)	(1,605,840,088)
Net Cash Provided by Operating Activities	39,769,784,848	30,271,105,164
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from (payments to) related parties	36,012,336	(12,796,319,651)
Interest received	882,940,820	918,757,940
Proceeds from sale of property, plant and equipment	3,240,909,034	304,237,566
Acquisitions of property, plant and equipment	(20,997,543,494)	(7,297,096,851)
Guarantee deposits	(137,398,328)	(3,875,000)
Net Cash Used in Investing Activities	(16,975,079,632)	(18,874,295,996)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of long-term bank loan	(5,243,110,750)	(2,267,016,488)
Payments of notes payable	(15,729,332,249)	(8,102,965,560)
Cash Used in Financing Activities	(20,972,442,999)	(10,369,982,048)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,822,262,217	1,026,827,120
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Effect of foreign exchange rate changes	(20,376,160)	(52,666,955)
Restricted cash in bank	11,373,501,714	(14,321,324,098)
CASH AND CASH EQUIVALENTS AT END OF YEAR	19,160,621,482	5,985,233,711

BOARD OF COMMISSIONERS

SYAMSIR SIREGAR,

President Commissioner

Born in Pematang Siantar, Indonesia, in 1941. Finished education in National Military Academy and School of Army Staff Command (Seskoad) and had a military career. Joined PT Japfa Comfeed Indonesia Tbk since 1998 as President Commissioner.

OSA MASONG,

Vice President Commissioner

Born in Solo, Indonesia, in 1940. Hold a degree in Accounting from University of Indonesia. Worked as chief accountant for 10 years in PT PNI - a United States, Canada and Holland joint venture company. Completed extensive management training and financial studies in the United States and Canada. Served as Vice President Commissioner of PT Japfa Comfeed Indonesia Tbk since 1998.

HARIONO SOEMARSONO,

Commissioner

Born in Magetan, Indonesia, in 1936. Graduated from Technische Universitaet Dresden, Germany as Diplom Ingenieur in Mechanical Engineering and from the American World University Iowa, USA as Doctor of Philosophy in Human Resources Management. Previous experiences include Dean of Engineering Faculty ITS, Surabaya. Joined Group in 1981.

BOARD OF DIRECTORS

HANDOJO SANTOSA,

President Director

Born in Surabaya, Indonesia, in 1964. Educated at Pepperdine University, USA. Served as President Director of PT Japfa Comfeed Indonesia Tbk since 1997.

BAMBANG BUDI HENDARTO,

Vice President Director

Born in Bondowoso, Indonesia, in 1945. Graduated from Animal Husbandary from Brawijaya University Malang, Indonesia. Completed overseas training in Holland, Taiwan and The United States. Served as Director of PT Japfa Comfeed Indonesia Tbk since 1989 before serving as Vice President Director of PT Japfa Comfeed Indonesia Tbk since 1997.

IGNATIUS HERRY WIBOWO,

Director

Born in Tuban, Indonesia, in 1949. Hold graduated degree in Economics from University of Diponegoro Semarang, Indonesia. Experienced in Banking business since 1977, with last position as President Director. Served as Director of PT Japfa Comfeed Indonesia Tbk since 1998.