
Drs. ARSYAD
REGISTERED PUBLIC ACCOUNTANTS

YAYASAN EKOTURISME INDONESIA

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2002 AND 2001
AND
INDEPENDENT AUDITORS' REPORT**

THE ARSYAD
[Address]

Dr. Arsyad
[Address]

January 2003

THE ACCOUNTANTS' REPORT IS LIMITED TO THE INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS AND DOES NOT
CONSTITUTE AN ASSURANCE ON THE ACCURACY OF THE INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.

Drs. ARSYAD
Registered Public Accountants

INDEPENDENT AUDITORS' REPORT

Report No. 01.049/KAP/04

The Organs of Foundation
Yayasan Ekoturisme Indonesia

We have audited the financial position of Yayasan Ekoturisme Indonesia as of December 31, 2002 and 2001 and the related statements of activities and cash flows for the years then ended. These financial statements are responsibility of the Foundation's executives. Our responsibility is to express an opinion on these financial statements based on our audits.

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

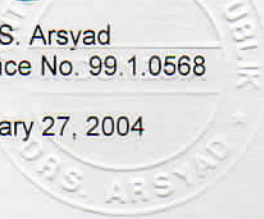
In our opinion, the financial statements referred to above present fairly, in all material respect the financial position of Yayasan Ekoturisme Indonesia as of December 31, 2002 and 2001 and the results of its activities, and its cash flow for the years then ended in conformity with generally accepted accounting principles.

Drs. ARSYAD
Licence No. 99.2.0290



Drs. S. Arsyad
Licence No. 99.1.0568

January 27, 2004



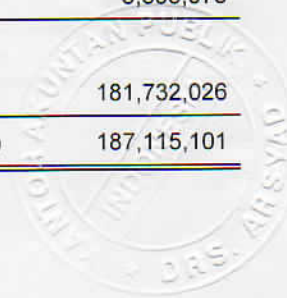
NOTICE TO READERS

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

YAYASAN EKOTURISME INDONESIA
STATEMENTS OF FINANCIAL POSITIONS
DECEMBER 31, 2002 AND 2001

	Notes	2002	2001
ASSETS			
CURRENT ASSETS			
Cash and banks	2,3,10	Rp 282,379,897	Rp 119,438,873
Other current assets	2,4	15,992,140	-
Total Current Assets		298,372,037	119,438,873
NON CURRENT ASSETS			
Due from related parties	2,5	5,674,138	1,603,780
Property and equipment - net of accumulated depreciation	2,6,9	264,094,095	66,072,448
Total Non Current Assets		269,768,233	67,676,228
TOTAL ASSETS		Rp 568,140,270	Rp 187,115,101
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accrued expenses	2	Rp 7,914,988	Rp 3,979,295
Tax payable	2,7	4,174,138	1,403,780
Total Liabilities		12,089,126	5,383,075
NET ASSETS			
Unrestricted		556,051,144	181,732,026
TOTAL LIABILITIES AND NET ASSETS		Rp 568,140,270	Rp 187,115,101

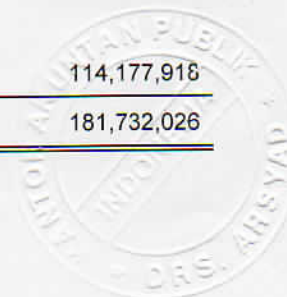
See accompanying Notes to Financial Statements which are an integral part of the financial statements.



YAYASAN EKOTURISME INDONESIA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	Notes	2002	2001
REVENUE - Unrestricted			
Donations	2,8	Rp 1,319,985,303	Rp 668,292,582
Others		18,754,870	5,508,622
Total Revenue		1,338,740,173	673,801,204
EXPENSES - Unrestricted			
Project expenses:			
Education program		200,542,315	169,722,393
Water supply program		109,499,453	-
Infrastructure program		67,806,863	33,140,821
Agriculture program		46,793,803	32,909,417
Health program		40,705,992	74,548,552
Animal husbandry program		-	5,109
General and administrative	6,9	484,069,362	263,032,349
Others		15,003,267	32,888,454
Total Expenses		964,421,055	606,247,096
NET INCREASE IN UNRESTRICTED NET ASSETS		374,319,118	67,554,108
UNRESTRICTED NET ASSETS			
AT BEGINNING OF YEAR		181,732,026	114,177,918
UNRESTRICTED NET ASSETS AT END OF YEAR		Rp 556,051,144	Rp 181,732,026

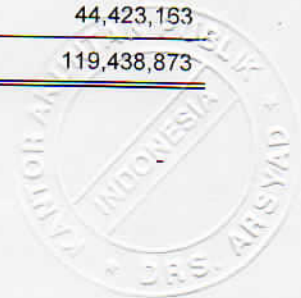
*See accompanying Notes to Financial Statements which
are an integral part of the financial statements.*



YAYASAN EKOTURISME INDONESIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donations	Rp 1,169,985,303	Rp 668,292,582
Cash paid for project expenses	(480,351,693)	(343,214,747)
Cash received from operations	689,633,610	325,077,835
Cash received from interest	14,219,121	3,710,592
Cash paid for general and administration expenses	(280,804,207)	(142,381,555)
Cash paid for salaries and others	(153,902,750)	(88,623,662)
Net Cash Provided by Operating Activities	269,145,774	97,783,210
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(106,204,750)	(22,767,500)
NET INCREASE IN CASH AND BANKS	162,941,024	75,015,710
CASH AND BANKS AT BEGINNING OF YEAR	119,438,873	44,423,153
CASH AND BANKS AT END OF YEAR	Rp 282,379,897	Rp 119,438,873
Activity not affecting cash flows:		
Acquisition of property and equipment from donations	Rp 150,000,000	Rp

*See accompanying Notes to Financial Statements which
are an integral part of the financial statements.*



**YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2002 and 2001**

1. GENERAL

Yayasan Ekoturisme Indonesia (the Foundation) was established based on notarial deed No. 96 of Meijane Halimatussjadiah, S.H. dated July 25, 1998. The deed of establishment was registered at the Denpasar Public Court in its Report List No. 26 dated August 11, 1998. The Foundation's Articles of Association has been amended by notarial deed No. 2 dated September 5, 2002 of Meiyane Halimatussyadiah, S.H., to conform with Law No. 16 year 2001 regarding Foundation. The amendment deed was registered at the Denpasar Public Court in its Report List No. 91 dated October 1, 2002 and still in progress to has approval by the Ministry of Justice and Human Rights.

The purposes and objectives of the Foundation are to be active in the social sector, particularly improving the welfare of village communities through information that can improve the knowledge and awareness of these communities, of their village potential and the community potential, in a voluntary and non-profit manner.

The Foundation has two Secretariats : one is located in Jalan Tunjung Sari No. 2YZ Padangsambian, Denpasar, and the other in Dusun Cut-cut, Ban Village, Kecamatan Kubu, Karangasem, Bali Province, Indonesia.

As of December 31, 2002, the members of the organs of the Foundation are as follows:

Patrons

Chairman : Ketut Arthana
Member : Endang Husnaeni

Executives

Chairman : David John Booth
Secretary : Gede Ngurah Indraguna Pinatih
Treasurer : I Gusti Ngurah Adi Suputra

Supervisor

: John Scott Younger

The Foundation has approximately 33 and 17 employees in 2002 and 2001, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The Foundation adopted the accounting policies and presented the financial statements based on the Statement of Financial Accounting Standards (PSAK) No. 45, "Financial Reporting for Non Profit Organizations", and the principles and practices generally accepted in Indonesia.

The financial statements have been prepared on the historical cost basis of accounting. The basic assumption for financial statements preparation is accrual basis. The statement of cash flows present cash received and payments classified into operating, investing and financing activities. The cash flows from operating activities are presented using the direct method.

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



YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Years Ended December 31, 2002 and 2001

Transactions with Related Parties

The Foundation has transactions with certain parties, which are regarded as having special relationship, as defined under PSAK No. 7, "Related Parties Disclosures".

All significant transactions with related parties, whether or not conducted under similar price, term and conditions as those with third parties, are disclosed in the notes to financial statements.

Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on a review of the collectibility of the receivable accounts at the end of the year.

Prepaid Expenses

Prepaid expenses (presented in Other Current Assets) are amortized over periods benefited using the straight-line method.

Property and Equipment

Property and equipment are stated at cost, except for property and equipment from donations, which is stated at estimated cost, less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Years</u>
Office equipment	4 - 8
Vehicles	4

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

The cost of maintenance and repairs is charged in the statements of activities as incurred; significant renewals and betterments, which extend their useful lives or result in an increase in the future economic benefits are capitalized. When assets are retired or otherwise disposed of, their cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

Revenue and Expense Recognition

Revenue from donations is recognized when received from donors. Expenses are recognized as incurred (accrual basis).

Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, assets and liabilities denominated in foreign currencies are adjusted to reflect the average buying and selling rates prevailing at such date as published by Bank Indonesia and any resulting gains or losses are credited or charged to current operations.

As of December 31, 2002, the exchange rate used for US\$ 1 is Rp 8,940.



YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Years Ended December 31, 2002 and 2001

Provision for Income Tax

The Foundation uses the deferred income tax method in accounting for income tax, in accordance with PSAK No. 46, "Accounting for Income Taxes", which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of assets and liabilities and for the carry forward of fiscal losses. The tax effects of temporary differences and fiscal loss carry forwards, which individually are either assets or liabilities, are shown at the applicable net amounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires executives 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 financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could be different from these estimates.

3. CASH AND BANKS

This account consists of the following:

	2002	2001
Cash on hand	Rp 13,299,686	Rp 3,476,873
Cash in bank:		
<u>Rupiah account</u>		
PT Bank Negara Indonesia (Persero)	251,238,474	115,962,000
<u>US Dollar account</u>		
ABN - AMRO Bank, N.V. (US\$ 1,995.72)	17,841,737	-
	<u>269,080,211</u>	<u>115,962,000</u>
Total	<u>Rp 282,379,897</u>	<u>Rp 119,438,873</u>

There was no restriction on the usage of the Foundation's funds or either in banks.

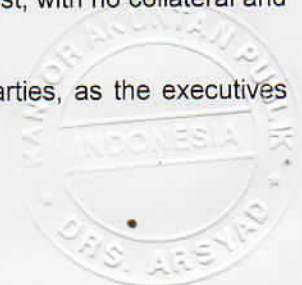
4. OTHER CURRENT ASSETS

This account mainly represents prepaid rent for office building.

5. DUE FROM RELATED PARTIES

This account represents receivables from employees which bear no interest, with no collateral and no payment schedule.

No allowance for doubtful account was provided on due from related parties, as the executives believe that all such receivables are collectible.



YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Years Ended December 31, 2002 and 2001

6. PROPERTY AND EQUIPMENT

The details of property and equipment are as follows:

	2002			
	Beginning Balance	Additions	Deductions	Ending Balance
<u>Carrying Value</u>				
Office equipment	Rp 62,029,000	Rp 78,009,750	Rp -	Rp 140,038,750
Vehicles	52,921,950	178,195,000	-	231,116,950
Total Carrying Value	114,950,950	256,204,750	-	371,155,700
<u>Accumulated Depreciation</u>				
Office equipment	28,940,958	22,699,059	-	51,640,017
Vehicles	19,937,544	35,484,044	-	55,421,588
Total Accumulated Depreciation	48,878,502	58,183,103	-	107,061,605
Net Book Value	Rp 66,072,448			Rp 264,094,095

	2001			
	Beginning Balance	Additions	Deductions	Ending Balance
<u>Carrying Value</u>				
Office equipment	Rp 39,611,500	Rp 22,417,500	Rp -	Rp 62,029,000
Vehicles	52,571,950	350,000	-	52,921,950
Total Carrying Value	92,183,450	22,767,500		114,950,950
<u>Accumulated Depreciation</u>				
Office equipment	15,732,345	13,208,613	-	28,940,958
Vehicles	7,270,688	12,666,856	-	19,937,544
Total Accumulated Depreciation	23,003,033	25,875,469	-	48,878,502
Net Book Value	Rp 69,180,417			Rp 66,072,448

Depreciation for the years ended December 31, 2002 and 2001 was charged to operations amounting to Rp 58,183,103 and Rp 25,875,469 (see Note 9), respectively.

Based on the executives' assessment, there are no events or changes in circumstances, which may indicate impairment in value of property and equipment as of December 31, 2002 and 2001.



YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Years Ended December 31, 2002 and 2001

7. TAX PAYABLE

This account represents Income Tax payable article 21.

The reconciliation between net increase in unrestricted net assets, as shown in the statements of activities, and the estimated fiscal loss for the years ended December 31, 2002 and 2001 are as follows:

	2002	2001
Net increase in unrestricted net assets	Rp 374,319,118	Rp 67,554,108
Permanent differences:		
Professional fees	10,572,496	11,048,550
Rental	10,450,000	7,000,000
Donations received	(1,319,985,303)	(668,292,582)
Interest income already subjected to final tax	(18,276,630)	(5,508,622)
Estimated fiscal loss before fiscal loss carryforward	(942,920,319)	(588,198,546)
Fiscal loss carryforward	(588,198,546)	-
Estimated fiscal loss	(Rp 1,531,118,865)	(588,198,546)

In accordance to Law No. 17 Year 2000, donations to recipient parties are not tax objects as long as the donations are not received under relations of business, ownership or controlling relations between relevant parties.

In 2002 and 2001, the Foundation did not recognize deferred tax assets on fiscal losses amounting to Rp 459,335,660 and Rp 176,459,565, respectively, because the fiscal losses are considered unrecoverable.

8. DONATIONS

This account represents unrestricted donations received from donor. The details of this account are as follows:

	2002	2001
Private:		
Operational	Rp 476,473,777	Rp 212,410,530
Water supply program	301,571,200	-
Agriculture program	219,326,498	26,280,000
Education program	199,294,137	323,406,655
Infrastructure program	75,485,516	30,932,500
Health program	23,859,600	47,553,423
Regional institutions	8,000,000	2,100,000
Others	15,974,575	25,609,474
Total	Rp 1,319,985,303	Rp 668,292,582



YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Years Ended December 31, 2002 and 2001

9. GENERAL AND ADMINISTRATIVE

This account consists of the following:

	2002		2001
Salaries and employee benefits	Rp 153,936,922	Rp	95,980,150
Office supplies	109,574,639		44,512,784
Depreciation (see Note 6)	58,183,103		25,875,469
Media and communication	50,808,921		37,244,267
Advertising	32,705,065		17,630,239
Transportation	28,672,802		13,208,769
Professional fees	10,572,496		11,048,550
Rental	10,450,000		7,000,000
Electricity	10,128,020		3,171,100
Others	19,037,394		7,361,021
Total	<u>Rp 484,069,362</u>	Rp	<u>263,032,349</u>

10. ASSETS IN FOREIGN CURRENCY

As of December 31, 2002, the Foundation has cash in bank denominated in foreign currency amounting to US\$ 1,995.72, which is equivalent Rp 17,841,737.

