



KANTOR AKUNTAN
JOHAN MALONDA ASTIKA & REKAN

Registered Public Accountants

A Member of **NEXIA INTERNATIONAL**

License No. : KEP-426/KM.6/2004



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INDEPENDENT AUDITOR'S REPORT

Report No. 335/05-A3

The Members of
THE SMERU RESEARCH INSTITUTE

We have audited the accompanying Statements of Financial Positions of **The SMERU Research Institute** for the years ended December 31, 2004 and 2003, and the related Statements of Activities and Fund Balances and Statements of Cash Flows for the years then ended. These Financial Statements are the responsibility of **The SMERU Research Institute's** management. Our responsibility is to express an opinion on these Financial Statements based on our audits.

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

As described in Note 3a, these Financial Statements were prepared based on the Modified Cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles applied in Indonesia.

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the Financial Positions of the **SMERU Research Institute** as of December 31, 2004 and 2003, and the Changes in its Fund Balances and its Cash Flows for the years then ended, in conformity with the basis of accounting described in Note 3a.

Our audits were made for the purpose of forming an opinion on the basic Financial Statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic Financial Statements. Such information has been subjected to the procedures applied in the audits of the basic Financial Statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic Financial Statements taken as a whole.

JOHAN MALONDA ASTIKA & REKAN

Licence No. KEP-426/KM.6/2004

Justinus A. Sidharta

Public Accountant Licence No. 98.1.0478

March 9, 2005

THE SMERU RESEARCH INSTITUTE
STATEMENTS OF FINANCIAL POSITIONS
DECEMBER 31, 2004 AND 2003

	<u>Notes</u>	<u>2 0 0 4</u> Rp	<u>2 0 0 3</u> Rp
A S S E T S			
CURRENT ASSETS			
Cash and Cash Equivalents	4	8,296,320,775	6,009,961,533
Employee Receivables		9,950,000	3,000,000
A d v a n c e		38,650,000	-
Total Current Assets		<u>8,344,920,775</u>	<u>6,012,961,533</u>
NON CURRENT ASSETS			
Equipment - Net of Accumulated Depreciation	5	<u>465,824,940</u>	<u>651,041,042</u>
TOTAL ASSETS		<u><u>8,810,745,715</u></u>	<u><u>6,664,002,575</u></u>
NET ASSETS AND LIABILITIES			
LIABILITIES			
Payable on Purchase of Equipment		-	54,545,000
Tax Payable	6	<u>35,634,455</u>	<u>67,533,000</u>
Total Liabilities		<u>35,634,455</u>	<u>122,078,000</u>
NET ASSETS			
Donated Capital	7	<u>380,457,675</u>	<u>380,457,675</u>
Fund Balances :	3d		
Restricted		547,224,640	669,960,062
Unrestricted		<u>7,847,428,945</u>	<u>5,491,506,838</u>
Total Fund Balances		<u>8,394,653,585</u>	<u>6,161,466,900</u>
Total Net Assets		<u>8,775,111,260</u>	<u>6,541,924,575</u>
TOTAL NET ASSETS AND LIABILITIES		<u><u>8,810,745,715</u></u>	<u><u>6,664,002,575</u></u>

See accompanying Notes to Financial Statements
which are an integral part of these Statements

THE SMERU RESEARCH INSTITUTE
STATEMENTS OF ACTIVITIES AND FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	Notes	2 0 0 4		2 0 0 3	
		Unrestricted Rp	Restricted Rp	Total Rp	Total Rp
R E V E N U E S					
Grants	8	3,996,004,950	2,631,074,362	6,627,079,312	3,347,165,211
Consultant Fees	9	1,221,253,624	-	1,221,253,624	574,740,500
Interest on Bank Current Accounts and Time Deposit		21,053,676	-	21,053,676	61,759,287
Exchange Rate Difference		481,297,170	-	481,297,170	-
Others	10	233,579,060	-	233,579,060	42,774,571
Total Revenues		5,953,188,480	2,631,074,362	8,584,262,842	4,026,439,569
E X P E N D I T U R E S					
The Ford Foundation		-	650,741,334	650,741,334	2,651,945,000
The Department For International Development		-	2,103,068,450	2,103,068,450	1,957,571,999
The World Bank		-	-	-	983,545,855
The Government of Australia (GOA) - AusAID		3,388,763,271	-	3,388,763,271	-
Depreciation		208,503,102	-	208,503,102	166,944,554
Exchange Rate Difference		-	-	-	451,661,660
Total Expenditures		3,597,266,373	2,753,809,784	6,351,076,157	6,211,669,068
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)					
		2,355,922,107	(122,735,422)	2,233,186,685	(2,185,229,499)
FUND BALANCE, BEGINNING		5,491,506,838	669,960,062	6,161,466,900	8,346,696,399
FUND BALANCE, ENDING		7,847,428,945	547,224,640	8,394,653,585	6,161,466,900

See accompanying Notes to Financial Statements
which are an integral part of these Statements

THE SMERU RESEARCH INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2 0 0 4</u>	<u>2 0 0 3</u>
	Rp	Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenues over Expenditures (Revenues over Expenditures)	2,233,186,685	(2,185,229,499)
Adjustments to Reconcile Excess of Revenues over Expenditure (Revenues over Expenditures) to Net Cash Provided by (Used in) Operating Activities :		
D e p r e c i a t i o n	208,503,102	166,944,554
Decrease (Increase) in :		
Employees Receivable	(6,950,000)	(250,000)
Cash Advances	(38,650,000)	-
Payable on Purchase of Equipment	(54,545,000)	54,545,000
Tax Payable	(31,898,545)	67,533,000
Net Cash Provided by (Used in) Operating Activities	<u>2,309,646,242</u>	<u>(1,896,456,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Equipment	<u>(23,287,000)</u>	<u>(431,978,046)</u>
NET INCREASE (DECREASE) IN CASH	2,286,359,242	(2,328,434,991)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>6,009,961,533</u>	<u>8,338,396,524</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>8,296,320,775</u></u>	<u><u>6,009,961,533</u></u>
NON CASH ACTIVITIES		
Donated Equipment	-	1,100,000
E q u i p m e n t	-	1,100,000

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