



KANTOR AKUNTAN
JOHAN MALONDA ASTIKA & REKAN
Certified Public Accountants
License No. : KEP-426/KM.6/2004

Jl. Pluit Raya 200 Blok V No. 1-5 **Jakarta - 14450** Indonesia
Tel. : (62-21) 661-7155 Fax. : (62-21) 663-0455
E-mail: jmjkt@johanmalonda.com www.johanmalonda.com
With Offices in **Surabaya, Medan** and **Bali**



www.bakertillyinternational.com

INDEPENDENT AUDITOR'S REPORT

Report No. 9379-A3/JMA5.JAS1

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, 2008 and 2007, 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 Certified Public 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, 2008 and 2007, 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.

As stated in Note 3h, in 2008, the management changed the classification of its Long Term Investment in Mutual Fund from "For Sale" to "Available for Sale", therefore Unrealized Gain (Loss) on Investment will be recorded under Net Assets. The Financial Statements for the year ended December 31, 2007 were restated to conform to the presentation of the 2008 Financial Statements.

JOHAN MALONDA ASTIKA & REKAN
Licence No. KEP-426/KM.6/2004


Justinus A. Sidharta, CPA
Public Accountant Licence No. 98.1.0478

June 10, 2009

THE SMERU RESEARCH INSTITUTE
STATEMENTS OF FINANCIAL POSITIONS
AS OF DECEMBER 31, 2008 AND 2007

A S S E T S			
	Notes	2 0 0 8	2 0 0 7
		Rp	Restated
			Rp
CURRENT ASSETS			
Cash and Cash Equivalents	5	15,767,974,554	14,257,818,298
A d v a n c e s		-	122,950,000
Employee Receivables		69,844,105	11,000,000
Prepaid Expenses	6	381,063,710	374,042,588
Total Current Assets		<u>16,218,882,369</u>	<u>14,765,810,886</u>
NON CURRENT ASSETS			
Long Term Investment	3d & 7	2,509,333,828	3,388,013,649
Equipment - Net of Accumulated Depreciation	3b & 8	191,819,773	260,193,051
Total Non Current Assets		<u>2,701,153,601</u>	<u>3,648,206,700</u>
TOTAL ASSETS		<u><u>18,920,035,970</u></u>	<u><u>18,414,017,586</u></u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Tax Payable	9	62,994,127	69,530,415
Other Payable		9,400,000	-
Accrued Expenses		46,852,840	55,763,428
Total Liabilities		<u>119,246,967</u>	<u>125,293,843</u>
NET ASSETS			
Donated Capital	10	380,457,675	380,457,675
Unrealized Gain (Loss) on Investment	3d	(218,576,328)	683,606,787
Fund Balances :	3e		
Temporarily Restricted		-	280,440,457
U n r e s t r i c t e d		18,638,907,656	16,944,218,824
Total Fund Balances		<u>18,638,907,656</u>	<u>17,224,659,281</u>
Total Net Assets		<u>18,800,789,003</u>	<u>18,288,723,743</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>18,920,035,970</u></u>	<u><u>18,414,017,586</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, 2008 AND 2007

	Notes	2 0 0 8			2 0 0 7
		Unrestricted	Temporarily Restricted	Total	Restated Total
		Rp	Rp	Rp	Rp
REVENUES					
Grants/Contributions	11	5,263,161,300	-	5,263,161,300	4,444,180,800
Consultant Fees	12	4,295,835,105	-	4,295,835,105	4,136,518,992
Interests on Bank Current Accounts and Time Deposits		218,974,239	-	218,974,239	191,576,855
Exchange Rate Difference	13	1,560,518,495	-	1,560,518,495	490,189,942
Realized Gain on Investment		23,503,294	-	23,503,294	14,406,862
Others	14	33,603,865	-	33,603,865	17,651,335
Total Revenues		<u>11,395,596,298</u>	<u>-</u>	<u>11,395,596,298</u>	<u>9,294,524,786</u>
EXPENDITURES					
Salaries		6,409,927,068	-	6,409,927,068	5,700,871,773
Travelling		50,052,301	-	50,052,301	44,945,690
Office Expenses		776,950,800	-	776,950,800	721,475,346
Publication		194,647,790	-	194,647,790	214,709,612
Miscellaneous		17,582,342	-	17,582,342	37,045,896
Workshop		2,421,621,531	-	2,421,621,531	1,337,496,255
Bank Fee		6,377,813	-	6,377,813	5,158,004
Depreciation		104,188,278	-	104,188,278	121,160,799
Total Expenditures		<u>9,981,347,923</u>	<u>-</u>	<u>9,981,347,923</u>	<u>8,182,863,375</u>
EXCESS OF REVENUES OVER EXPENDITURES		1,414,248,375	-	1,414,248,375	1,111,661,411
RECLASSIFICATION	15	280,440,457	(280,440,457)	-	-
FUND BALANCE, BEGINNING		<u>16,944,218,824</u>	<u>280,440,457</u>	<u>17,224,659,281</u>	<u>16,112,997,870</u>
FUND BALANCE, ENDING		<u>18,638,907,656</u>	<u>-</u>	<u>18,638,907,656</u>	<u>17,224,659,281</u>

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, 2008 AND 2007

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
	Rp	Restated Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenues over Expenditures	1,414,248,375	1,111,661,411
Adjustments to Reconcile Excess of Revenues over Expenditures to Net Cash Provided by Operating Activities :		
D e p r e c i a t i o n	104,188,278	121,160,799
Decrease (Increase) in :		
A d v a n c e	122,950,000	(122,950,000)
Employees Receivable	(58,844,105)	(4,100,000)
Prepaid Expenses	(7,021,122)	230,255,588
Increase (Decrease) in :		
Tax Payable	(6,536,288)	39,431,244
Accrued Expenses	(8,910,588)	12,381,345
Other Payables	9,400,000	(42,305,939)
Net Cash Provided by Operating Activities	<u>1,569,474,550</u>	<u>1,345,534,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Long Term Investment	878,679,821	(3,388,013,649)
Acquisition of Equipment	(35,815,000)	(139,768,680)
Unrealized Gain (Loss) on Investment	(902,183,115)	683,606,787
Net Cash Used in Investing Activities	<u>(59,318,294)</u>	<u>(2,844,175,542)</u>
NET INCREASE (DECREASE) IN CASH	1,510,156,256	(1,498,641,094)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>14,257,818,298</u>	<u>15,756,459,392</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>15,767,974,554</u></u>	<u><u>14,257,818,298</u></u>

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