

Investor Newsletter February 2006

PT ADIRA DINAMIKA MULTI FINANCE Tbk.

Full Year 2005 Results

| | |
|-------------------------------|--------------------------|
| Management | |
| Board of Commissioners | |
| President Commissioner | Theodore Permadi Rachmat |
| Vice Pres. Commissioner | Lam Kun Kin |
| Commissioner (Independent) | Djoko Sudyatmiko |
| Commissioner (Independent) | Marwoto Hadi Soesastro |
| Commissioner | Vera Eve Lim |
| Commissioner | Sng Eng Chua |
| Board of Directors | |
| President Director | Stanley Setia Atmadja |
| Vice President Director | Ajit Ramesh Raikar |
| Director | Marwoto Soebiakno |
| Director | Erida Gunawan |
| Director | Serian Wijatno |

| | | |
|------------------------|------------------|------------------|
| Shareholders | 31-Dec-04 | 31-Dec-05 |
| PT Bank Danamon Tbk. | 75,0% | 75,0% |
| Mega Value Profits Ltd | 17,4% | 17,4% |
| Public (< 5%) | 7,6% | 7,6% |

| | | |
|---------------------|-------------|-------------|
| Market Share | 2004 | 2005 |
| New Motorcycles | 12,5% | 10,5% |
| New Cars | 2,4% | 3,7% |

Hafid Hadeli, CFA
hafid.hadeli@adira.co.id

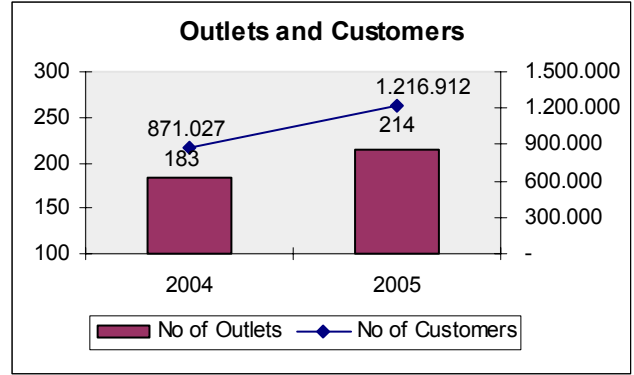
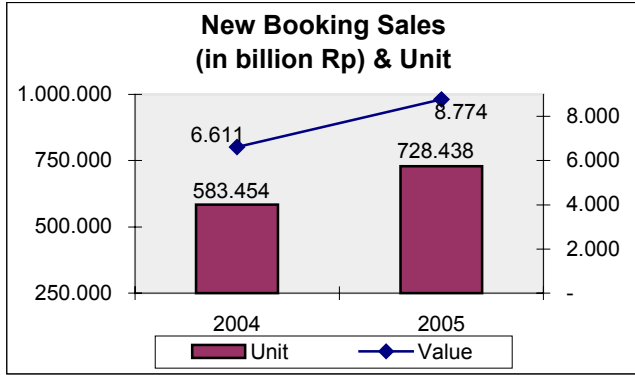
Jenny Widjaja, CFA
jenny.widjaja@adira.co.id

Graha Adira 10th – 12th floor
Menteng Raya No. 21
Jakarta 10340
Ph : 391-8686, 392-4825 (hunting)
Fax : 392-4827

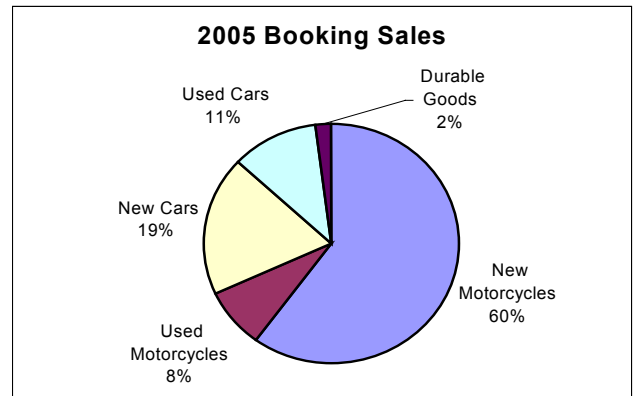
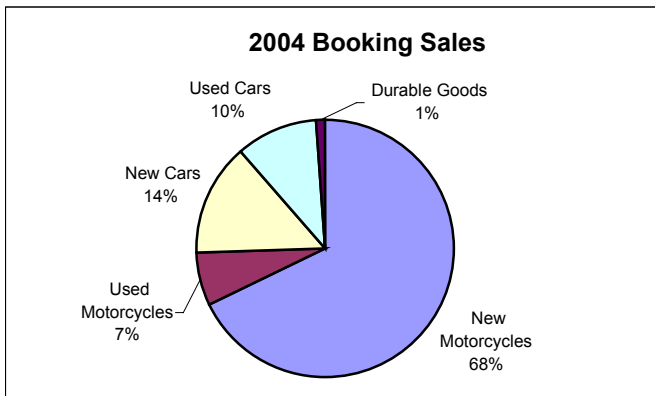
Highlights

- Net profit after tax rose by 58% from Rp. 301 billion in 2004 to Rp. 476 billion in 2005.
- New booking sales value increased by 33% from Rp 6,611 billion to Rp. 8,774 billion while new booking sales unit went up by 25% from 583,454 units to 728,438 units.
- Total financing receivables under management grew by 42% from Rp. 7,175 billion to Rp. 10,173 billion.
- Net interest margin increased from 13.3% to 13.8% on the back of lower blended cost of fund in 2005 compared to 2004.
- The year-end NPL of the total financing receivables under management rose from 1.1% to 1.7%.

| <i>in Rp. billion</i> | 2004 | 2005 | Change |
|-------------------------------------|-------------|-------------|---------------|
| BALANCE SHEET | | | |
| Total Financing Receivables Managed | 7.175 | 10.173 | 42% |
| On B/S Financing Receivables - net | 855 | 740 | -13% |
| Deferred Expenses | 257 | 407 | 58% |
| Total On-Balance Sheet Assets | 1.598 | 1.633 | 2% |
| Total Liabilities | 1.078 | 935 | -13% |
| Bank Borrowings & Bonds | 796 | 495 | -38% |
| Equity | 520 | 698 | 34% |
| INCOME STATEMENT | | | |
| Gross Consumer Financing Income | 1.560 | 2.497 | 60% |
| On B/S Consumer Financing Income | 852 | 1.330 | 56% |
| Non-Financing Income | 294 | 469 | 59% |
| Revenues | 1.147 | 1.798 | 57% |
| Cost of Funds | 148 | 97 | -34% |
| Acquisition & Marketing Costs | 134 | 383 | 186% |
| Operating Expenses | 302 | 542 | 79% |
| Net Profit After Tax | 301 | 476 | 58% |
| Earning per Share (Rp) | 301 | 476 | 58% |
| KEY FINANCIAL RATIOS (%) | | | |
| Net Interest Margin | 13,3% | 13,8% | 0,5% |
| Net Profit Margin | 26,3% | 26,5% | 0,2% |
| Cost to Income | 38,6% | 41,6% | 3,0% |
| Return on Average Assets | 19,0% | 29,5% | 10,5% |
| Return on Average Equity | 69,8% | 78,3% | 8,4% |
| Interest Bearing Debts/Equity | 1,53 | 0,71 | (0,82) |



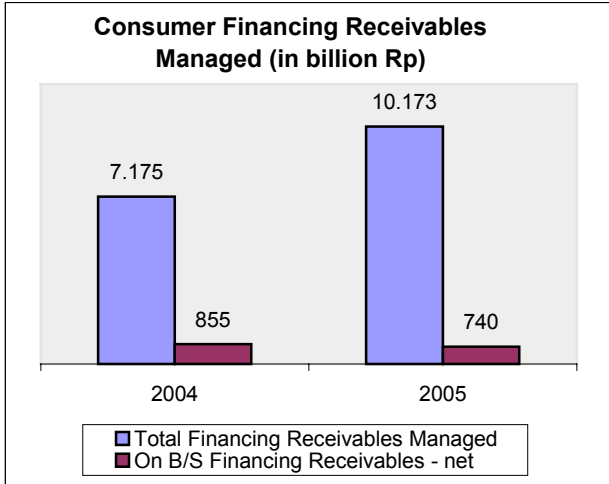
The additional 31 new outlets opened by Adira Finance in 2005 supported the tremendous y-o-y sales performance. Adira Finance's booking sales value went up by 33% from Rp 6,611 billion to Rp. 8,774 billion while new booking sales unit surged by 25% from 583,454 units to 728,438 units. Correspondingly, the number of outstanding customers also rose significantly by 40% to over 1.2 million customers at the end of 2005.



Adira continued to focus on high margin business in motorcycle financing although it has continued to diversify the portfolio to further penetrate car financing business with the intention to reduce heavy reliance in motorcycle segment. Accordingly, contribution from motorcycle financing segment to total new booking sales fell from 75% in 2004 to 68% in 2005 while car financing contribution increased from 24% in 2004 to 30% in 2005. Contribution from durable goods remained small.

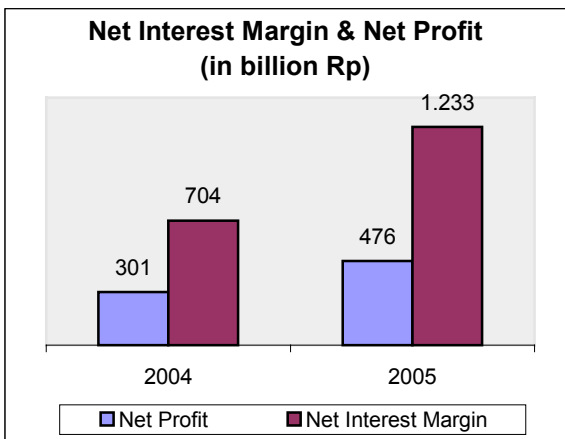
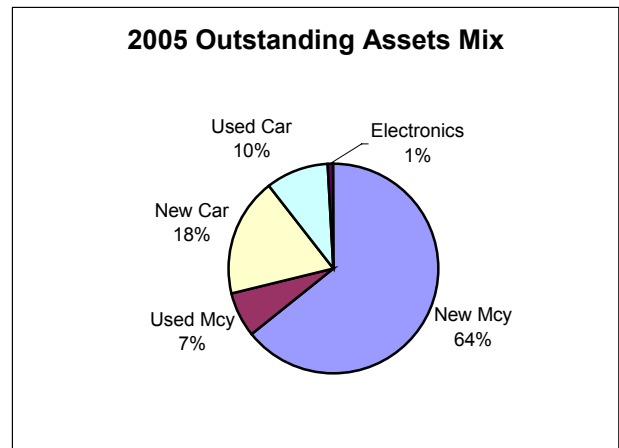
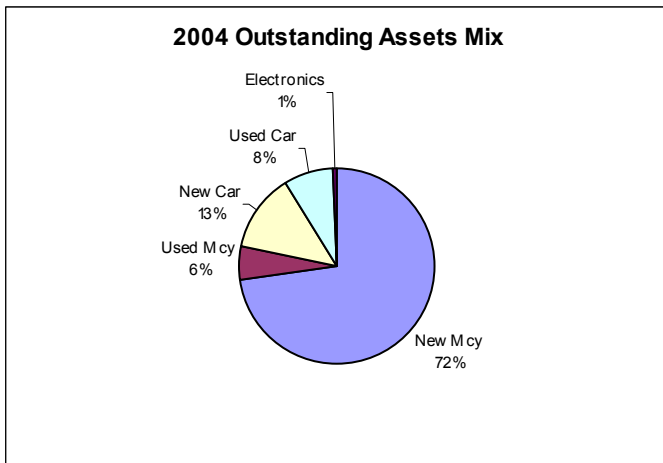
| Market Share | 2004 | 2005 |
|-----------------|-------|-------|
| New Motorcycles | 12,5% | 10,5% |
| New Cars | 2,4% | 3,7% |

During 2005, Adira Finance's market share for new motorcycle financing dropped from 12.5% last year to 10.5% in 2005. This was because Adira Finance chose to preserve its prudent lending criteria for maintaining the asset quality in the environment where many finance companies engaged in high-risk programs such as low down payment requirement. In the car financing segment, the company managed to increase market share from 2.4% to 3.7%.



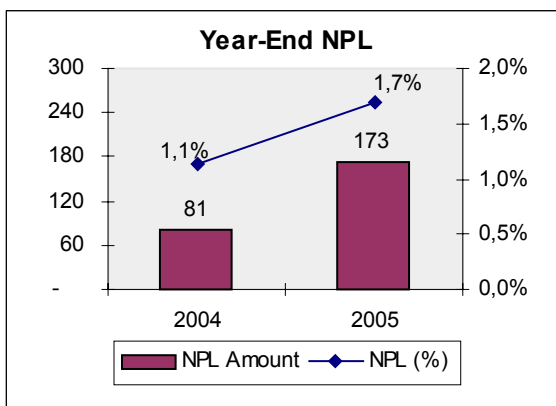
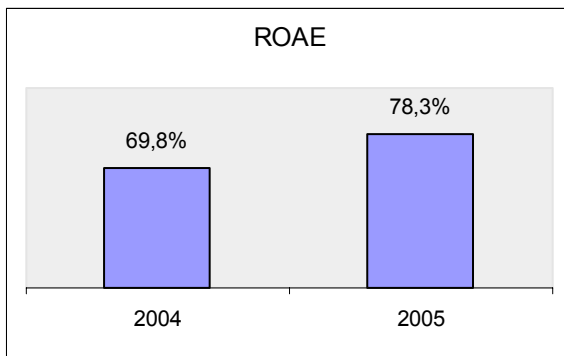
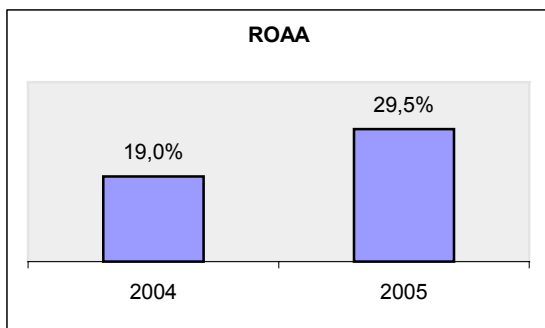
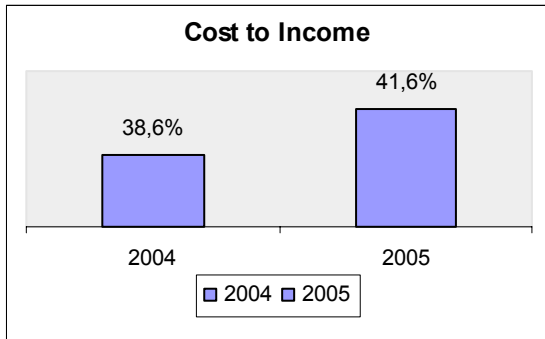
The total outstanding financing receivables under management escalated 42% to Rp. 10,173 billion, mainly accounted by new sales that were financed under joint financing scheme with its parent, Bank Danamon. Under this arrangement, Adira Finance only retained 1% of the receivables on its book while the 99% receivables was financed by Bank Danamon. This has led to a small on-balance sheet financing receivables of Rp. 740 billion at the end of year 2005.

The contribution from motorcycle financing segment, although has decreased, remained to be dominant at 71%. As the sales contribution from car financing rose substantially during the year, car financing segment has strengthened its importance to the total asset mix from 21% last year to 28% in 2005.



Adira Finance's net interest margin was up by 75% to Rp. 1,233 billion. The interest income from consumer financing grew 56% to Rp. 1,330 billion, mainly came from substantial growth in the financing assets. On the other hand, the financing charges dropped by 34% to Rp. 97 billion. This demonstrated the company's strategy to focus on joint financing scheme, primarily with Bank Danamon, that the financing income recorded on the book was predominantly the interest spread from the joint financing cooperation.

The net interest margin as the percentage of average financing receivables increased from 13.3% to 13.8% as the result from lower blended cost of fund in 2005 compared to 2004. The substantial growth in net interest margin has led the net profit to increase by 58% to Rp. 476 billion.



The non-financing income grew by 59% to Rp. 469 billion from Rp. 294 billion last year. This was due to higher administration, insurance provision and other income coming from the new sales generation. The non-financing incomes were used to compensate the rise in the acquisition cost due to the more intense competition in the financing industry in 2005.

Acquisition costs are the costs directly incurred for acquiring new business such as commission to dealers and discount to customers while marketing costs are indirect costs in relation to business acquisition and maintenance. Adira Finance adopts accounting policy to recognize the acquisition costs over the contract life based on effective yield and to directly expense the unamortized costs when contracts become inactive. As the result, the acquisition and marketing costs in 2005 rose substantially from Rp. 134 billion to Rp. 383 billion with large bulk of 2005 costs included acquisition costs amortization during 2003 to 2005. The unrecognized acquisition costs were recorded in the balance sheet as deferred expenses.

On the expenses side, the operating costs (including internal incentive paid to employees in relation to sales generation) to income ratio rose to 41.6% from last year 38.6% due to continuing network expansion to support the business growth and the rise in internal incentive paid to front-liners following substantial new sales growth. Excluding the variable effect of the internal incentive from the operating costs, the cost to income ratio stood at 37.6% in 2005. Nevertheless, the management intends to control the expenses by continuing the "cost efficiency" program to further managing the operating expenses.

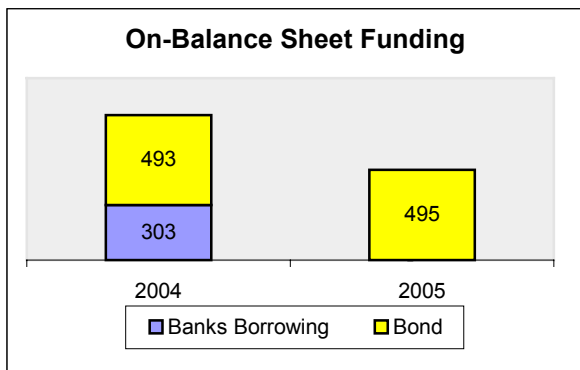
The profitability ratios improved significantly. The ROAA (on-balance sheet) surged to 29.5% while the ROAE boosted to 78.3%.

The robust internal generated capital has further strengthened the equities. Despite Adira Finance's 99% dividend payout in 2005, the equities still increased by 34% to Rp. 698 billion.

While stiffened competition in the financing industry has driven many finance companies to high-risk business offering, as reflected by lower down payment requirement, reduction in lending rate and easy credit approval, Adira Finance continued to maintain its prudent lending practices to preserve the asset quality.

The quality of the company's total receivables under management (including joint financing receivables belong to the partner banks) remained sound. Despite pressure from fuel price hike that has increased the cost of living, the Non-Performing Loan (overdue over 90 days) remained manageable.

Adira's year-end NPL rose from 1.1% to 1.7%. Under joint financing scheme with Bank Danamon, Adira retained 1% of the financing receivables and passed the remaining 99% of the assets' benefits and risks to the Bank. This arrangement explained the low provisioning on the balance sheet and the low capital requirement in Adira Finance.



Adira Finance's funding source essentially came from the parent, Bank Danamon with joint financing facility. Therefore, the on-balance sheet funding continued to fall. The bank borrowing declined from Rp. 303 billion to nil at end of year 2005. Correspondingly, the leverage ratio fell from 1.53 to 0.71.

PT ADIRA DINAMIKA MULTI FINANCE Tbk.
BALANCE SHEET- AUDITED
As at 31 December

| <i>In Rp. billion</i> | 2004 | 2005 |
|--|--------------|--------------|
| ASSETS | | |
| Cash & Cash Equivalent | | |
| Third Parties | 155 | 195 |
| Related Parties | 22 | 67 |
| Time Deposit - Third Party | 2 | 2 |
| Consumer Financing Receivables - Third Parties | 855 | 740 |
| Prepaid Expenses - Third Parties | 50 | 51 |
| Deferred Expenses - Net | | |
| Third Parties | 246 | 396 |
| Related Parties | 11 | 11 |
| Other Receivables and Assets | | |
| Third Parties | 12 | 23 |
| Related Parties | 52 | - |
| Investments in Associated Company | 36 | - |
| Fixed Assets (net of accumulated depreciation) | 121 | 144 |
| Repossessed Assets - Net | 38 | 4 |
| TOTAL ASSETS | 1.598 | 1.633 |
| LIABILITIES & EQUITY | | |
| LIABILITIES | | |
| Bank Borrowings - Third Parties | 303 | - |
| Other Payables & Accrued Expenses | | |
| Third Parties | 146 | 200 |
| Related Parties | 35 | 23 |
| Taxes Payable | 25 | 105 |
| Deferred Tax Liabilities - net | 77 | 112 |
| Bond Payables - net | 493 | 495 |
| TOTAL LIABILITIES | 1.078 | 935 |
| EQUITY | | |
| Share Capital | | |
| Paid Up Capital | 100 | 100 |
| General & Legal Reserve | 5 | 8 |
| Retained Earnings | 415 | 590 |
| TOTAL EQUITY | 520 | 698 |
| TOTAL LIABILITIES & EQUITY | 1.598 | 1.633 |

PT ADIRA DINAMIKA MULTI FINANCE Tbk.
INCOME STATEMENT- AUDITED
For the years ended 31 December

| <i>In Rp. billion</i> | 2004 | 2005 |
|--|--------------|--------------|
| REVENUES | | |
| Consumer Financing | 852 | 1.330 |
| Fee & Administration | 273 | 448 |
| Interest Income | 11 | 5 |
| Others | 10 | 16 |
| Total Revenues | 1.147 | 1.798 |
| EXPENSES | | |
| General & Administration | 175 | 229 |
| Salaries & Benefits | 175 | 358 |
| Acquisition cost of consumer financing | 93 | 345 |
| Interest & financing charges | 148 | 97 |
| Marketing | 41 | 38 |
| Others | 79 | 55 |
| Total Expenses | 711 | 1.122 |
| Profit before Income Tax | 436 | 676 |
| Income Tax Expenses | | |
| Current | 71 | 164 |
| Deferred | 64 | 35 |
| Total Income Tax | 134 | 199 |
| Net Profit | 301 | 476 |
| Earnings per Share (in Rupiah) | 301 | 476 |

Note:

Comparative figures in the financial statements for the year ended 31 December 2004 have been amended to conform with the basis on which the financial statements for the year ended 31 December 2005 have been presented..