

## Investor Newsletter May 2006

## PT ADIRA DINAMIKA MULTI FINANCE Tbk.

### First Quarter 2006 Results

Management	
<b>Board of Commissioners</b>	
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
<b>Board of Directors</b>	
President Director	Stanley Setia Atmadja
Vice President Director	Ajit Ramesh Raikar
Director	Marwoto Soebiakno
Director	Erida Gunawan
Director	Serian Wijatno

Shareholders	31-Mar-05	31-Mar-06
PT Bank Danamon Indonesia Tbk.	75,0%	75,0%
Mega Value Profits Ltd	17,4%	17,4%
Public (< 5%)	7,6%	7,6%

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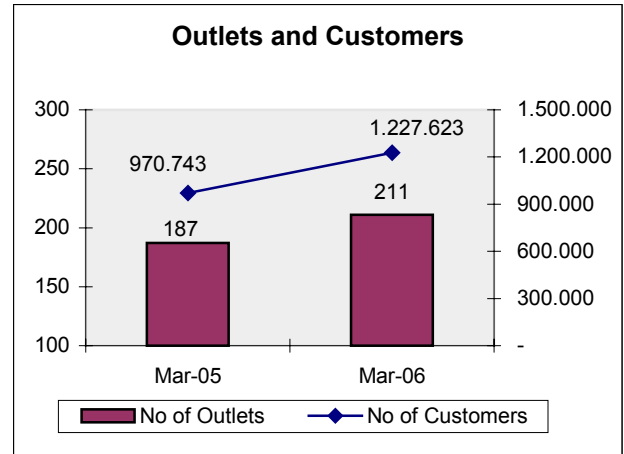
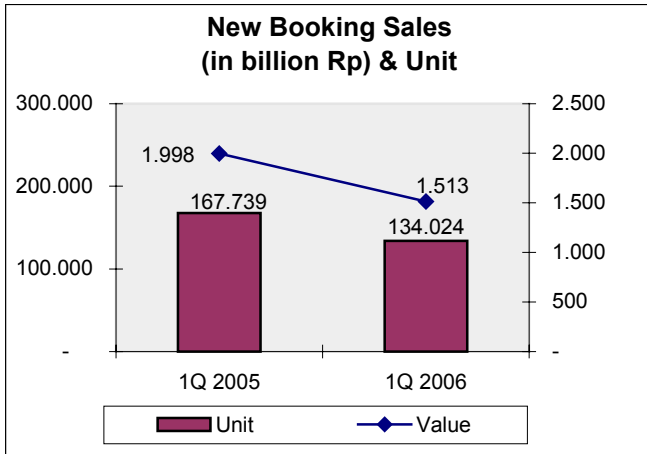
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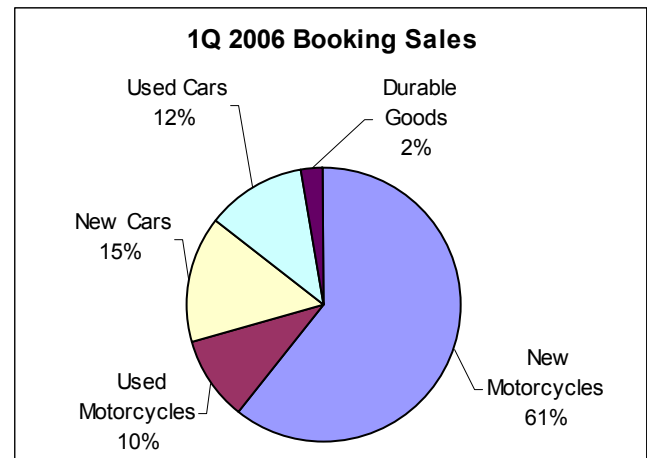
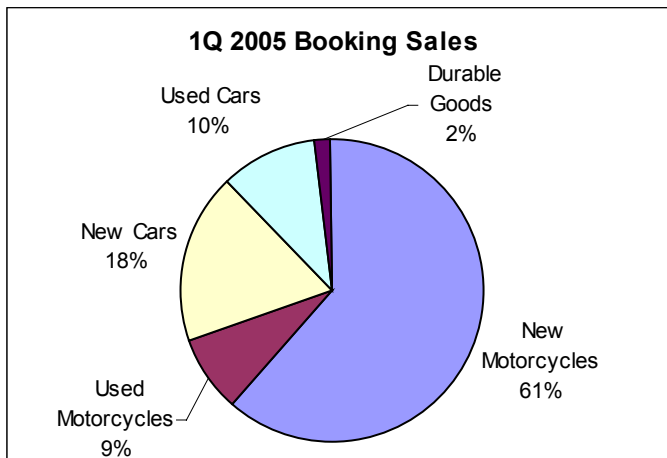
#### Highlights

- Net profit after tax rose by 5% from Rp. 111 billion in 1Q 2005 to Rp. 117 billion in 1Q 2006.
- New booking sales value decreased by 24% from Rp 1,998 billion to Rp. 1,513 billion while new booking sales unit went down 20% from 167,739 units to 134,024 units.
- Total financing receivables under management grew by 24% from Rp. 8,008 billion to Rp. 9,922 billion.
- Net interest margin decreased from 14.6% to 13.2%.
- March end NPL of the total financing receivables under management rose slightly from 1.2% to 1.6%.

<i>in Rp. billion</i>	1Q 2005	1Q 2006	Change
<b>BALANCE SHEET</b>			
Total Financing Receivables Managed	8.008	9.922	24%
On B/S Financing Receivables - net	823	860	4%
Deferred Expenses	314	380	21%
Total On-Balance Sheet Assets	1.620	1.858	15%
Total Liabilities	989	1.043	5%
Bank Borrowings & Bonds	718	711	-1%
Equity	631	815	29%
<b>INCOME STATEMENT</b>			
Gross Consumer Financing Income	543	691	27%
On B/S Consumer Financing Income	305	352	15%
Non-Financing Income	101	101	0%
Revenues	406	453	12%
Cost of Funds	28	22	-21%
Acquisition & Marketing Costs	62	97	56%
Operating Expenses	123	154	25%
Net Profit After Tax	111	117	5%
Earning per Share (Rp)	111	117	5%
<b>KEY FINANCIAL RATIOS (%)</b>			
Net Interest Margin	14,6%	13,2%	-1,4%
Net Profit Margin	27,4%	25,8%	-1,5%
Cost to Income	39,3%	46,9%	7,6%
Return on Average Assets	27,3%	27,0%	-0,4%
Return on Average Equity	94,8%	64,8%	-29,9%
Interest Bearing Debts/Equity	1,14	0,87	(0,27)



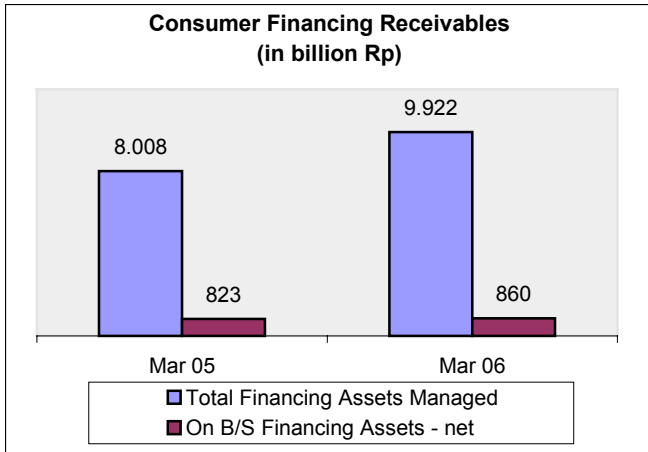
The industry new motorcycle sales fell by 24% y-o-y while industry new car sales decreased by 45% y-o-y following fuel price hike, high inflation pressure and high interest rates in last quarter of 2005. Consequently, the first quarter 2006 Adira Finance's booking sales value went down by 24% from Rp 1,998 billion to Rp. 1,513 billion while new booking sales unit went down by 20% from 167,739 units to 134,024 units. Nevertheless, Adira Finance's network continued to grow by 13% to 211 outlets. Correspondingly, the number of outstanding customers rose by 26% to over 1.2 million customers at the end of March 2006.



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. At the other hand, as industry new car was down more than new motorcycle, the contribution from motorcycle financing segment to total new booking sales remained dominant at 71% while car financing contribution at 27% in 1Q 2006. Contribution from durable goods remained small.

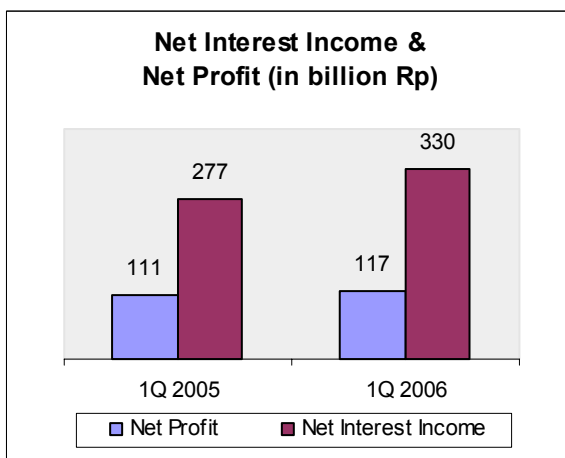
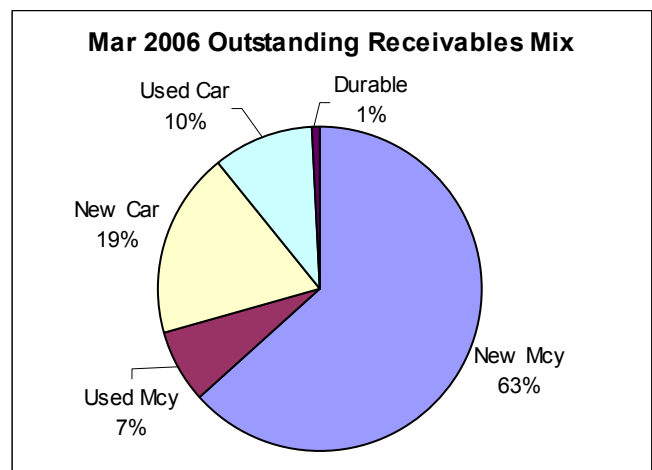
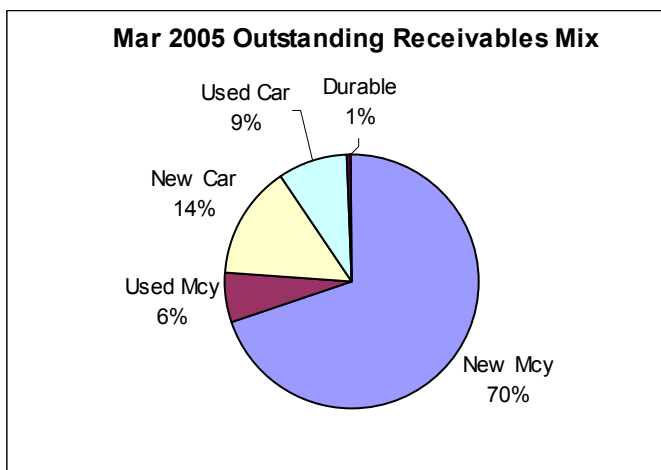
Market Share	1Q 2005	1Q 2006
New Motorcycles	10,8%	10,5%
New Cars	3,0%	3,2%

Adira Finance's market share in motorcycle financing dropped slightly to 10.5% in 1Q 2006 while increasing the market share in car financing to 3.2%. However, the monthly new motorcycle financing's market share has shown pleasing trend from 9.3% in January 2006 growing to 13.5% in March 2006.



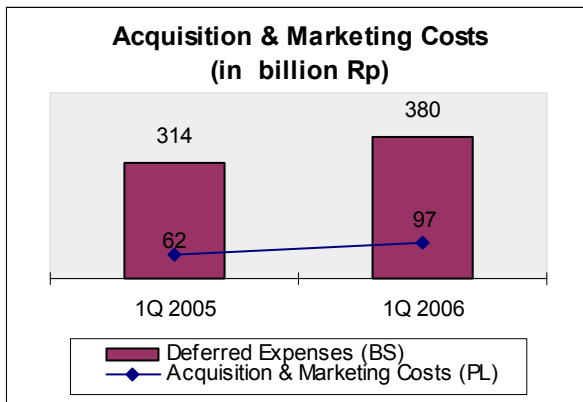
Despite difficult market environment, the total outstanding financing receivables under management escalated 24% to Rp. 9,922 billion, mainly accounted by new sales that were financed under joint financing scheme with the parent, Bank Danamon. Under this arrangement, Adira Finance only retained 1% of the receivables on its book while the 99% receivables were financed by Bank Danamon. This has led to a small on-balance sheet financing receivables of Rp. 860 billion at the end of March 2006.

The contribution from motorcycle financing segment, although has decreased, remained to be dominant at 70%. As sales contribution from car financing rose during the year, car financing segment has strengthened its importance to the total financing receivables mix from 23% for same period of last year to 29% in 1Q 2006.



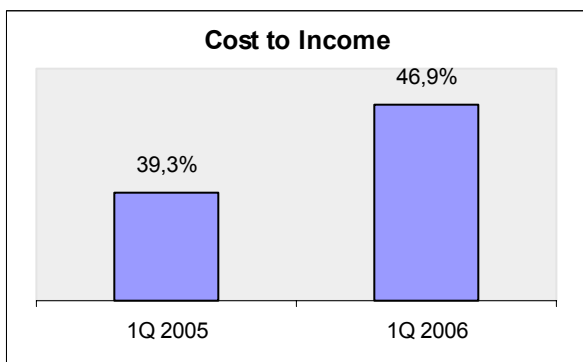
Adira Finance's net interest income was up 19% to Rp. 330 billion. The income from consumer financing grew 15% to Rp. 352 billion. On the other hand, the financing charges dropped 21% to Rp. 22 billion. This reflected the company's strategy to focus on joint financing scheme with Bank Danamon, that the 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 under management decreased from 14.6% to 13.2% as the result from decreased asset yield due to increased portion of lower yield car financing portfolio and higher financing charges following the rise in interest rates. Nonetheless, the net interest margin remained favorable and has contributed to the increase in net profit to Rp. 117 billion.

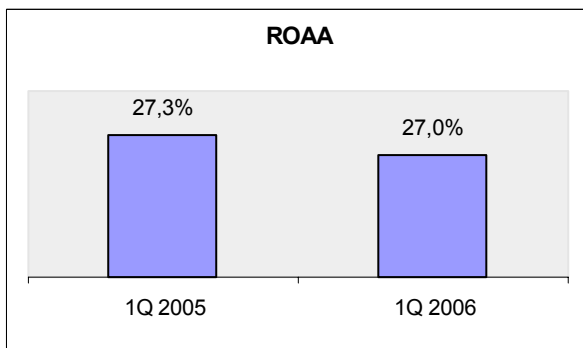


The net fee income (defined as non-financing income deducted with acquisition and marketing costs) reduced from Rp. 38 billion to 4 billion in 1Q 2006.

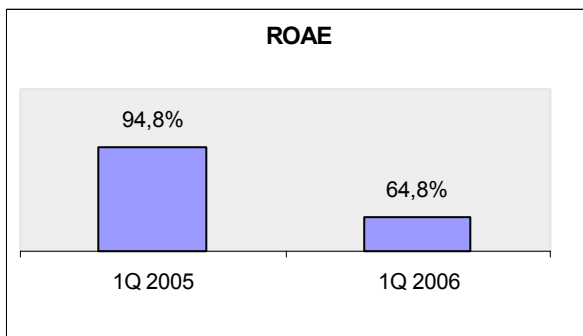
The non-financing income stayed flat as the same period last year at Rp. 101 billion while the acquisition and marketing costs rose from Rp. 62 billion to Rp. 97 billion. Adira Finance adopts accounting policy to recognize the acquisition costs (commission to dealers and discount to customers) over the contract life based on effective yield and to directly expense the unamortized costs when contracts become inactive. As the result, the acquisition cost in 1Q 2006 included acquisition cost amortization during 2003 to 2005. The unrecognized acquisition costs were recorded in the balance sheet as deferred expenses.

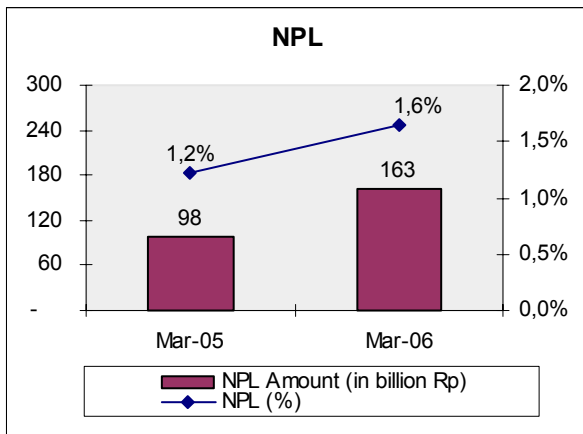


On the expenses side, the operating costs to income ratio rose to 46.9% from the same period of last year at 39.3% due to continuing network expansion to support the business growth, salary adjustments, additional senior management personnel and rise in internal incentive paid to front-liners. Nevertheless, the management intends to control the expenses by continuing the "cost efficiency" program and review individual network profitability to further managing the operating expenses. Several measures such as limiting the number of new recruits, postponing certain network opening and implementing "centralization" initiatives to process business more efficiently are employed.



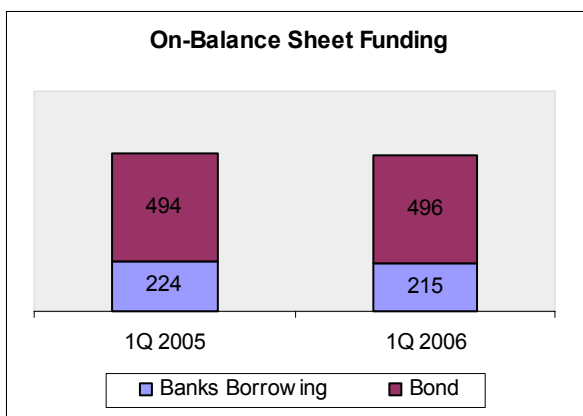
The ROAA (on-balance sheet) decreased slightly to 27.0% from the same period of last year at 27.3%, while the ROAE decreased from 94.8% to 64.8%.





Adira Finance continued to maintain its prudent lending practices to preserve the asset quality. The quality of the company's total financing 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) only rose slightly from 1.2% in March 2005 to 1.6% in 2006, remained in manageable level. Furthermore, compared to Dec 2006 NPL at 1.7%, the NPL on March 2008 has declined.

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 remained low compared to the value of financing disbursed. With the on-balance sheet funding remained relatively flat and the equities grew with strong internal generated capital, the leverage ratio fell from 1.14 to 0.87.

## UPDATES

- **Adira Bond II/2006 Issue**

Adira Finance has issued second bond issue amounting to Rp. 750 billion on 8 June 2006. Pefindo has assigned the respective bond "idA" rating with stable outlook. The bonds are bullet payment type consisting 3 series as follow:

Series	Nominal	Maturity Date	Coupon Rate
A	Rp. 570 billion	8 June 2009	14.4%
B	Rp. 90 billion	8 June 2010	14.5%
C	Rp. 90 billion	8 June 2011	14.6%

**PT ADIRA DINAMIKA MULTI FINANCE Tbk.**  
**BALANCE SHEET- UNAUDITED**  
**As at 31 March**

<i>In Rp. billion</i>	<b>1Q 2005</b>	<b>1Q 2006</b>
<b>ASSETS</b>		
Cash & Cash Equivalent		
Third Parties	98	201
Related Parties	70	178
Time Deposit - Third Party	2	2
Consumer Financing Receivables - Third Parties	823	860
Prepaid Expenses - Third Parties	50	49
Deferred Expenses - Net	314	380
Other Receivables and Assets		
Third Parties	29	29
Related Parties	48	4
Investments in Associated Company	37	-
Fixed Assets (net of accumulated depreciation)	126	144
Repossessed Assets - Net	22	12
<b>TOTAL ASSETS</b>	<b>1.620</b>	<b>1.858</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>LIABILITIES</b>		
Borrowings - Third Parties	224	215
Other Payables & Accrued Expenses		
Third Parties	117	154
Related Parties	30	25
Bond Payables - net	494	496
Taxes Payable	31	47
Deferred Tax Liabilities - net	92	106
<b>TOTAL LIABILITIES</b>	<b>989</b>	<b>1.043</b>
<b>EQUITY</b>		
Share Capital		
Paid Up Capital	100	100
General & Legal Reserve	5	8
Retained Earnings	526	708
<b>TOTAL EQUITY</b>	<b>631</b>	<b>815</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1.620</b>	<b>1.858</b>

**PT ADIRA DINAMIKA MULTI FINANCE Tbk.**  
**INCOME STATEMENT- UNAUDITED**  
**For the period ended 31 March**

<i>In Rp. billion</i>	<b>1Q 2005</b>	<b>1Q 2006</b>
<b>REVENUES</b>		
Consumer Financing	305	352
Fee & Administration	97	92
Interest Income	1	2
Others	3	6
<b>Total Revenues</b>	<b>406</b>	<b>453</b>
<b>EXPENSES</b>		
General & Administration	53	57
Salaries & Benefits	81	103
Acquisition cost of consumer financing	55	91
Interest & financing charges	28	22
Marketing	7	7
Others	16	7
<b>Total Expenses</b>	<b>240</b>	<b>286</b>
<b>Profit before Income Tax</b>	<b>165</b>	<b>167</b>
<b>Income Tax Expenses</b>		
Current	39	56
Deferred	15	(6)
<b>Total Income Tax</b>	<b>54</b>	<b>50</b>
<b>Net Profit</b>	<b>111</b>	<b>117</b>
<b>Earnings per Share (in Rupiah)</b>	<b>111</b>	<b>117</b>