

30 SEPTEMBER 2010

FINANCE

ADIRA PT Adira Dinamika Multi Finance, Tbk FINANCE

Keep The Bottom Line Growing

Country

INDONESIA

Country Rating

| | | |
|---------|-----------|-----|
| S & P | (LTLocal) | BB |
| Moody's | (LTLocal) | Ba2 |
| Fitch | (LTLocal) | BB+ |

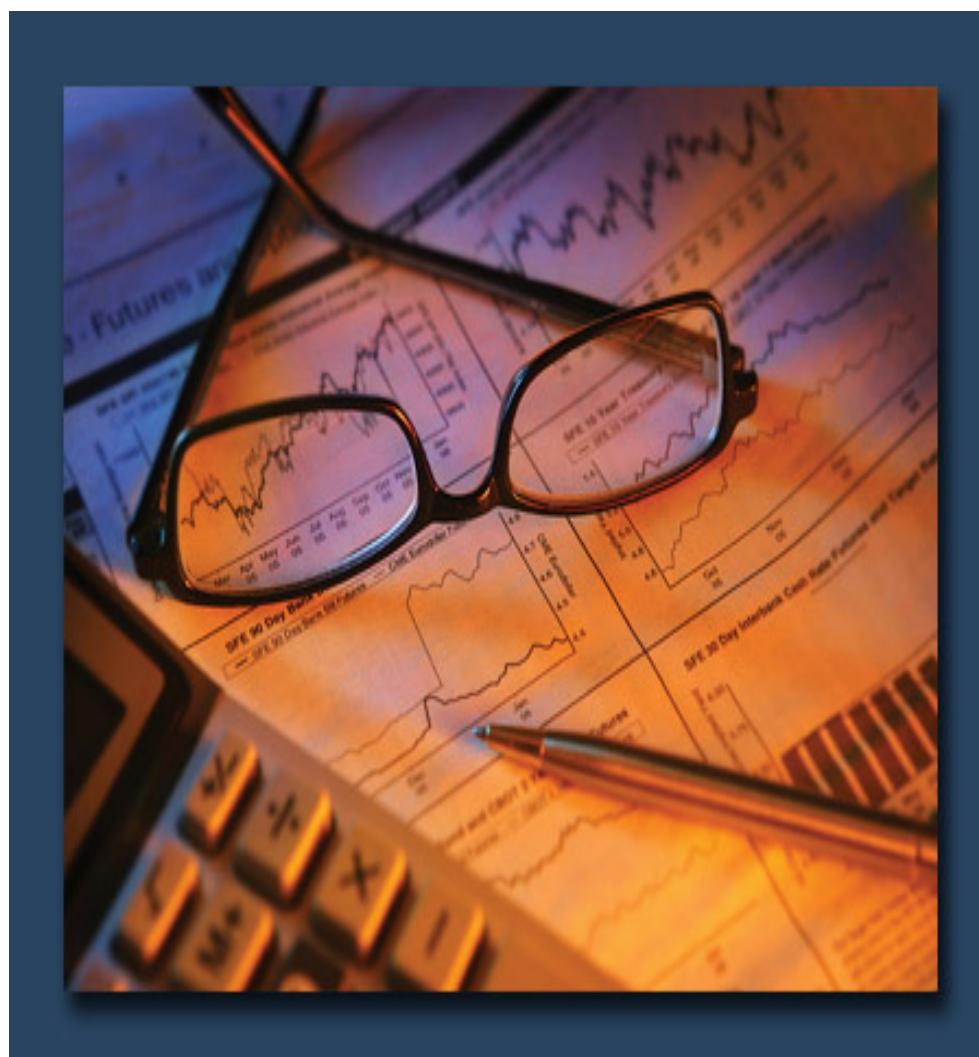
Company Rating

| | |
|---------|------|
| Pefindo | idAA |
|---------|------|

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Please read important disclosure at the back of this report.



PT Adira Dinamika Multi Finance Tbk, which was established in 1990, has become the largest financing company for a variety of auto brands in Indonesia. With the full support from the majority shareholders, Bank Danamon, which is owned by Singapore's Temasek Group, the company has been able to expand its business and create added-value in Indonesia's financing industry.

Investment Thesis

PT Adira Dinamika Multi Finance Tbk (“Perusahaan”) yang didirikan pada tahun 1990 telah menjadi perusahaan pembiayaan terbesar untuk berbagai merek otomotif di Indonesia. Dengan dukungan penuh dari pemegang saham mayoritas, Bank Danamon, yang dimiliki oleh Grup Temasek dari Singapura, Perusahaan mampu mengembangkan usahanya dengan mempertajam keunggulan kompetitif di industri perusahaan pembiayaan Indonesia.

Pembiayaan Otomotif *Multi-Brand*

Kegiatan Perusahaan yang memberikan pembiayaan otomotif *multi-brand* dibandingkan yang *single-brand*, dipandang Perusahaan lebih menguntungkan. Hal ini dikarenakan kinerja Perusahaan tidak harus mengikuti kinerja salah satu merek yang dibiayai. Kinerja Perusahaan tidak akan begitu terpengaruh besar ketika kinerja penjualan merek tertentu menurun.

Rasio NPL yang Rendah

Kecilnya rasio NPL Perusahaan menunjukkan bahwa Perusahaan telah menerapkan kebijakan manajemen risiko yang baik dengan melakukan praktik pembiayaan yang hati-hati sebagai salah satu faktor sukses dalam kegiatan pembiayaan konsumsi. Hasilnya, sejak 2006, rasio NPL aset piutang pembiayaan yang dikelola Perusahaan (termasuk piutang pembiayaan bersama) mampu dijaga di sekitar 1%.

Profitabilitas yang Terjaga

Dalam periode tahun 2006 sampai 2009, Perusahaan berhasil membukukan peningkatan Laba Bersih dari Rp463,94 miliar di 2006 menjadi Rp1,21 triliun di 2009, atau dengan CAGR sebesar 37,7%. Sementara itu, rasio Imbal Hasil terhadap Rata-rata Aset (ROAA) Perusahaan mengalami sedikit kenaikan dari 29.6% di 2008 menjadi 30,6% di 2009. Kenaikan ROAA berlanjut di 1H10 ke 30,5%.

Kapasitas Pemenuhan Utang yang Baik

Kemampuan Perusahaan untuk memenuhi kewajibannya sangat baik. Hal ini tercermin dari turunnya rasio *Net Gearing* dari 0,19X di 2008 menjadi 0,16X di 2009, rating Perusahaan **idAA** dari Pefindo dan dukungan dari Bank Danamon sebagai pemegang saham mayoritas. Oleh karena itu, kami percaya bahwa kemampuan perusahaan dalam memenuhi kewajibannya tidak akan terganggu dengan penerbitan obligasi Perusahaan keempat di tahun ini.

PT Adira Dinamika Multi Finance Tbk (“The company”), which was established in 1990, has become the largest financing company for a variety of auto brands in Indonesia. With the full support from the majority shareholders, Bank Danamon, which is owned by Singapore’s Temasek Group, the company has been able to expand its business and create added-value in Indonesia’s financing industry.

Automotive Multi-brand Financing

The management believes that a finance company which provides automotive financing for the purchase of a number of different brands has more advantages than a company which only provides financing for a single brand. By financing different brands, Adira is not excessively exposed to any one automotive producer. This is an advantage in the event that one of the automotive producers doesn’t show good performance.

Low NPLs Ratio

The low NPL ratio is indicative of good risk management. Indeed, the company practices a prudent financing policy as one of its key success factors in its consumer financing business. As a result, the NPL ratio for the company’s consumer financing receivables (including joint financing) has been kept at about 1% since 2006.

Maintained Profitability

In the period 2006 to 2009, the company’s Net Income increased from Rp463.94 billion in 2006 to Rp1.21 trillion in 2009, or 37.7% CAGR. The company’s Return on Average Assets (ROAA) ratio hiked slightly to 30.6% in 2009 from 29.6% in 2008. It continued to improve in 1H10 to 30.5%.

Good Debt Servicing Indicators

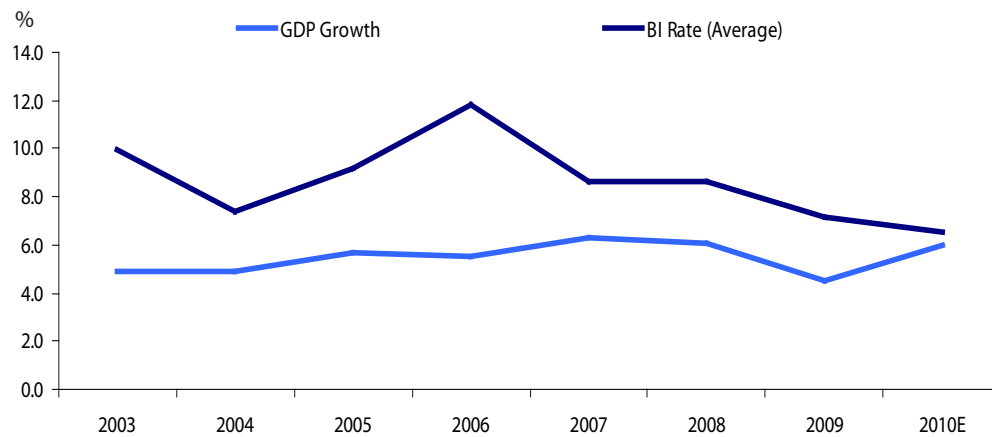
The company’s debt servicing indicators are in good shape. It is reflected from the company’s net gearing ratio which fell from 0.19X in 2008 to 0.16X in 2009, the **idAA** company rating assigned by Pefindo and full support from the majority shareholders, Bank Danamon. Hence, we don’t believe that the company’s ability to service its debt will be adversely affected by the upcoming bond issuance.

Business Overview

Pertumbuhan ekonomi Indonesia yang tinggi di tahun 2007 dan 2008 yakni sebesar 6,3% dan 6,01% telah mendorong pertumbuhan di industri otomotif nasional. Di tahun 2009, akibat dampak krisis finansial yang melanda banyak negara di dunia, ekonomi Indonesia hanya tumbuh 4,6%. Namun demikian, angka ini masih jauh lebih baik dibandingkan dengan pertumbuhan ekonomi negara-negara kawasan Asia Tenggara: Malaysia, Singapura dan Thailand yang mengalami kontraksi.

Brisk economic growth of 6.3% in 2007 and 6.1% in 2008 helped to push growth in Indonesia's automotive industry in those years. In 2009, however, Indonesia's economic growth pace slowed to 4.6% on the back of the global financial crisis. Nonetheless, Indonesia's economy still grew at a brisker pace than other economies in the region such as those of Malaysia, Singapore and Thailand - which actually experienced economic contraction.

Exhibit 1. Indonesian GDP Growth Rate and the BI Rate



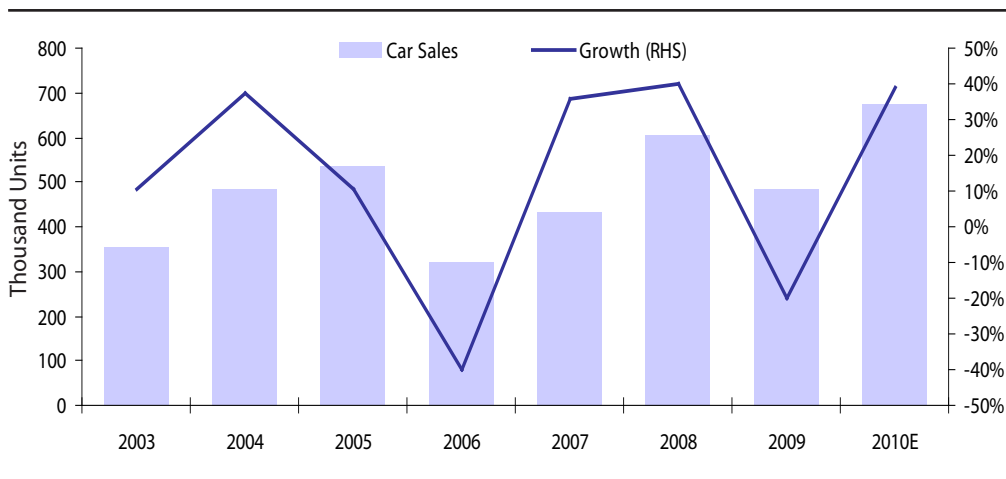
Source : DRI (Danareksa Research Institute)

Seiring perekonomian yang tinggi di tahun 2007 dan 2008, penjualan mobil baru tumbuh sangat cepat yakni masing-masing sebesar 35,9% dan 39,3%. Pada tahun 2009, disebabkan dampak dari krisis finansial, penjualan mobil baru nasional menunjukkan penurunan sebesar 19,9% menjadi 483 ribu unit. Dengan pertumbuhan ekonomi yang kembali meningkat dan tingkat suku bunga yang masih rendah, pada 2010, Gaikindo memperkirakan jumlah penjualan mobil nasional untuk 2010 adalah berkisar antara 650 sampai 700 ribu unit.

With the domestic economy growing strongly in 2007 and 2008, national new car sales grew by a brisk 35.9% and 39.3%, respectively. In 2009, however, national new car sales declined 19.9% to 483 thousand units. But as the Indonesian economy has since picked up its growth pace, supported by record low interest rates, Gaikindo expects national new car sales of between 650-700 thousand units in 2010.

Business Overview

Exhibit 2. National Car Sales

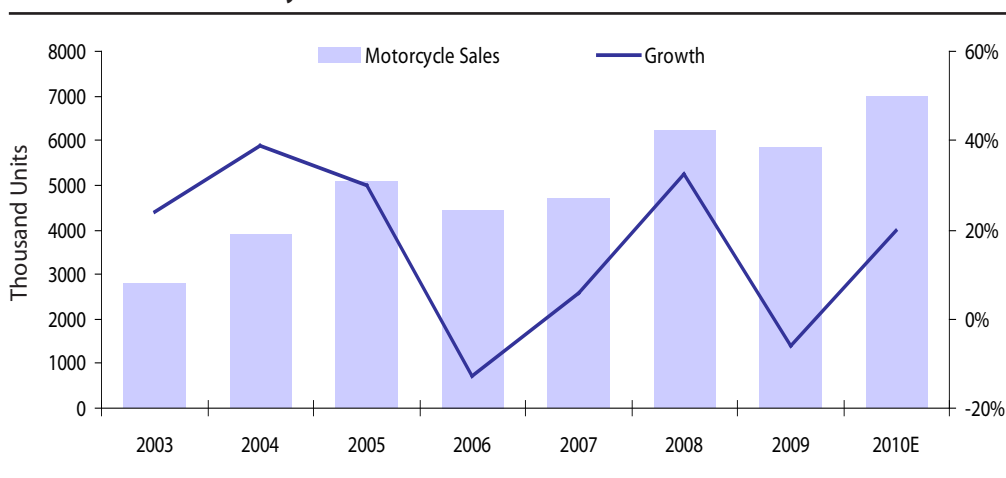


Source : Gaikindo and Danareksa Estimates

Sebagaimana halnya penjualan mobil, penjualan sepeda motor bersinar di tahun 2007 dan 2008, yakni masing-masing sebesar 4.688 ribu dan 6.216 ribu unit. Namun pada tahun 2009, pertumbuhan penjualan sepeda motor menurun menjadi 5.852 ribu unit yang terjual secara nasional atau dengan penurunan sebesar 5,9% dibandingkan dengan level tahun sebelumnya. Pada tahun ini, AISI memperkirakan pertumbuhan penjualan sepeda motor nasional akan meningkat sekitar 19,6% atau dengan total penjualan sepeda motor sekitar 7 juta unit.

National sales of motorcycles also showed strong growth in 2007 and 2008, reaching 4,688 thousand and 6,216 thousand units, respectively. In 2009, however, national motorcycle sales dropped to 5,852 thousand units or down 5.9% compared to sales in the previous year. For 2010, AISI is forecasting strong growth in national motorcycle sales of 19.6% to about 7 million units.

Exhibit 3. National Motorcycle Sales



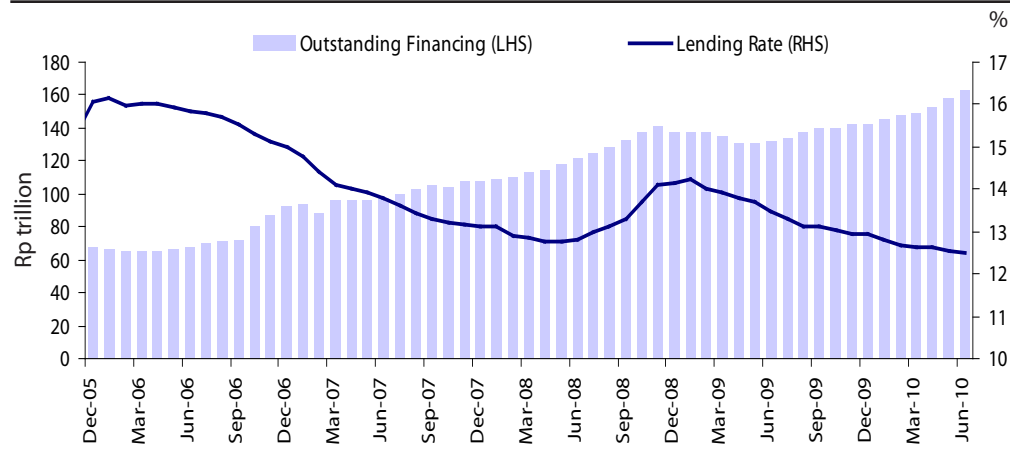
Source : Astra and Danareksa Estimates

Business Overview

Dengan industri otomotif yang bersinar pada tahun 2007 dan 2008, jumlah pembiayaan yang disalurkan oleh perusahaan pembiayaan mengalami trend peningkatan. Hal ini didukung oleh kecepatan persetujuan pinjaman dan prosedur yang fleksibel yang dimiliki oleh perusahaan pembiayaan dibandingkan dengan pembiayaan melalui perbankan. Meningkatnya suku bunga pinjaman pada 2H08 dan 1Q09 berdampak pada turunnya jumlah pembiayaan di 4Q08 dan 1Q09. Namun, seiring dengan penurunan suku bunga pinjaman sejak awal tahun 2009, jumlah pembiayaan yang disalurkan industri pembiayaan menunjukkan kenaikan sejak April 2009. Per Juni 2010, jumlah pembiayaan yang disalurkan mencapai Rp163,21 triliun. Kami percaya, prospek sektor pembiayaan di tahun ini akan kembali cerah.

With the automotive industry performing well in 2007 and 2008, the total outstanding financing provided by the country's finance companies showed an increasing trend, supported by faster loan approval and the less stringent procedures of financial companies compared to banks. Yet because of hikes in lending rates in 2H08 and 1Q09, the total amount of outstanding financing actually dropped in 4Q08 and 1Q09. However, as lending rates have downtrended since early 2009, the total amount of outstanding financing provided by the financing industry has shown an increasing trend since April 2009. And as of June 2010, the total amount of outstanding financing reached Rp163.21 trillion. Looking ahead, we believe the outlook for the financing industry remains bright.

Exhibit 4. Outstanding Financing of Finance Industry



Source :CEIC

Company Overview

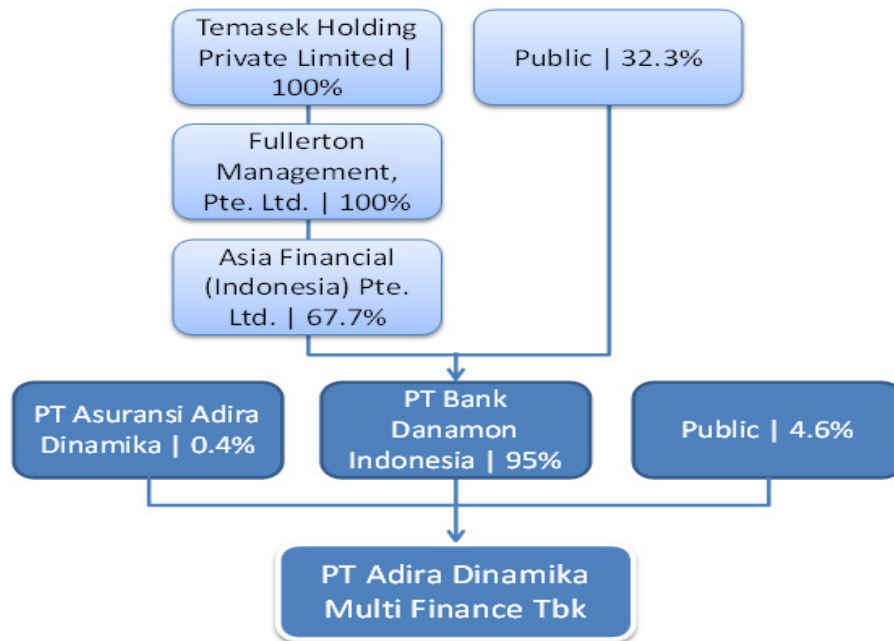
PT Adira Dinamika Multi Finance Tbk yang didirikan pada tahun 1990 telah menjadi perusahaan pembiayaan terbesar untuk berbagai merek otomotif di Indonesia. Perusahaan melakukan penawaran umum saham perdana pada tahun 2004 yang diikuti dengan pengalihan 75% kepemilikan pemegang saham lama melalui penempatan terbatas ke PT Bank Danamon Indonesia Tbk (Bank Danamon).

Pada bulan Juli 2009, Bank Danamon mengeksekusi opsi beli atas saham Perusahaan sebesar 20% kepemilikan saham dari *Mega Value Profits Limited* sehingga kepemilikan saham Bank Danamon terhadap Adira Finance menjadi sebesar 95%. Total modal disetor Perusahaan per 31 Desember 2010 adalah sebesar Rp100 miliar. Dengan dukungan penuh dari pemegang saham mayoritas, Bank Danamon, yang dimiliki oleh Grup Temasek dari Singapura, Perusahaan mampu mengembangkan usahanya dengan mempertahankan keunggulan kompetitif yang dapat menghasilkan nilai yang tinggi di industri perusahaan pembiayaan Indonesia.

PT Adira Dinamika Multi Finance Tbk, which was established in 1990, has become the largest financing company for a variety of auto brands in Indonesia. The company conducted an Initial Public Offering in 2004 which was followed by the sale of a 75% shareholding in the company from the previous shareholders to PT Bank Danamon Indonesia Tbk (Bank Danamon) through a private placement.

In July 2009, Bank Danamon exercised its option to purchase a further 20% shareholding in Adira Finance from Mega Value Profit Limited. As a result, Bank Danamon's ownership in Adira Finance increased to 95%. The company's paid-up capital as of December 31, 2010 was Rp100 billion. With the full support from the majority shareholders, Bank Danamon, which is owned by Singapore's Temasek Group, the company has been able to expand its business and create added-value in Indonesia's financing industry.

Exhibit 5. Shareholders



Source : Company

Company Overview

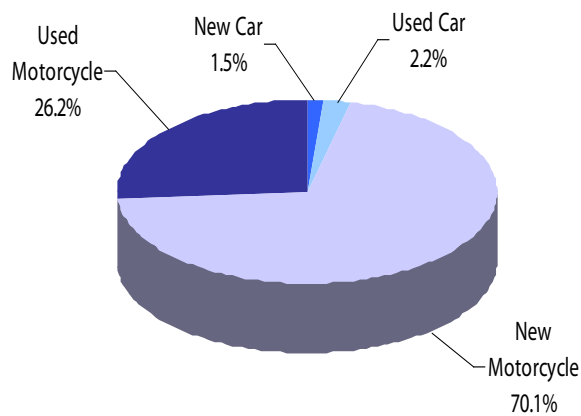
Ruang lingkup kegiatan Perusahaan, sesuai izin yang dimiliki adalah dalam bidang perusahaan pembiayaan meliputi sewa guna usaha, anjak piutang, pembiayaan konsumen dan usaha kartu kredit. Pada saat ini, Perusahaan hanya bergerak dalam bidang pembiayaan konsumen.

Dalam menjalankan bisnisnya, kegiatan Perusahaan berfokus pada pembiayaan konsumen untuk kendaraan bermotor roda dua (sepeda motor) dan roda empat (mobil). Tidak hanya kendaraan baru, Perusahaan juga memberikan pembiayaan untuk kendaraan bekas. Pada tahun 2009, komposisi pembiayaan Perusahaan didominasi oleh sepeda motor baru dan sepeda motor bekas yang masing-masing sebesar 70,1% dan 26,2%. Kemudian diikuti oleh pembiayaan mobil baru dan mobil bekas yang masing-masing sebesar 1,5% dan 2,2% dari total unit pembiayaan.

The company is licensed to engage in financing activities that include leasing, factoring, consumer financing and credit cards. At the present time, the company is only involved in consumer financing.

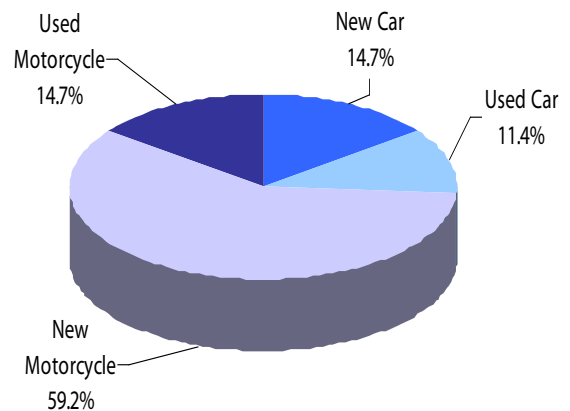
In running its consumer financing business, the company focuses on the financing of both two wheelers (motorcycles) and four wheelers (cars). Financing is not only provided for the purchase of new vehicles but also for used vehicles. In 2009, the financing composition in terms of total units was dominated by financing for new motorcycles (70.1%) and used motorcycles (26.2%). By comparison, financing for new cars and used cars amounted to just 1.5% and 2.2% of the total unit financing, respectively.

Exhibit 6. Financing Mix Units



Source : Company

Exhibit 7. Financing Mix Value



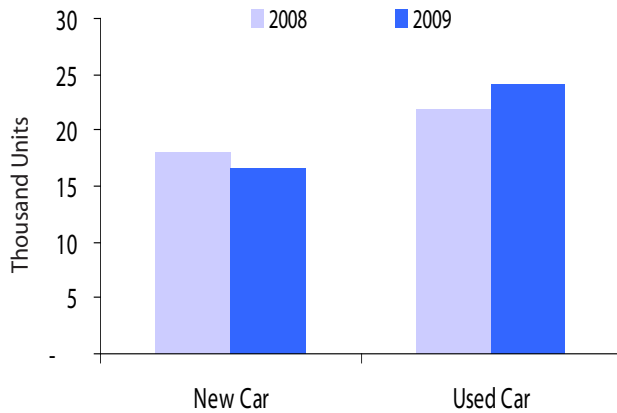
Source : Company

Seiring dengan penurunan penjualan otomotif di tahun 2009, Perusahaan juga mengalami penurunan jumlah pembiayaan otomotif sebesar 3,5% dari unit pembiayaan tahun sebelumnya. Penurunan kemampuan membeli masyarakat membuat konsumen menunda pembelian kendaraan baru dan memilih kendaraan bekas. Pembiayaan Perusahaan untuk mobil bekas dan sepeda motor bekas di tahun 2009 masing-masing naik 11,6% dan 10,4% sedangkan pembiayaan mobil baru dan motor baru turun 8,4% dan 8,1%. Meskipun terjadi penurunan jumlah kendaraan yang dibiayai di tahun 2009, Perusahaan masih mampu membukukan nilai pembiayaan yang lebih besar dari tahun sebelumnya yakni sebesar 3,8%.

As automotive sales declined in 2009, the company's automotive financing dropped 3.5% from its level in the previous year. It was the case that the financial crisis hit consumer purchasing power, encouraging consumers to purchase used vehicles instead of new ones. Hence, the company's financing for used cars and used motorcycles rose 11.6% and 10.4%, respectively, in 2009. In contrast, financing for new cars and new motorcycles dropped by 8.4% and 8.1%, respectively. But while the number of units financed by the company experienced a decline in 2009, the financing value was actually 3.8% higher in 2009 than it was in 2008.

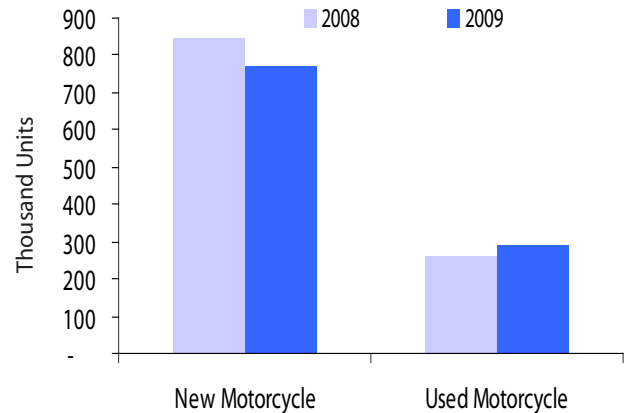
Company Overview

Exhibit 8. New Financing Units : Car



Source : Company

Exhibit 9. New Financing Units : Motorcycle



Source : Company

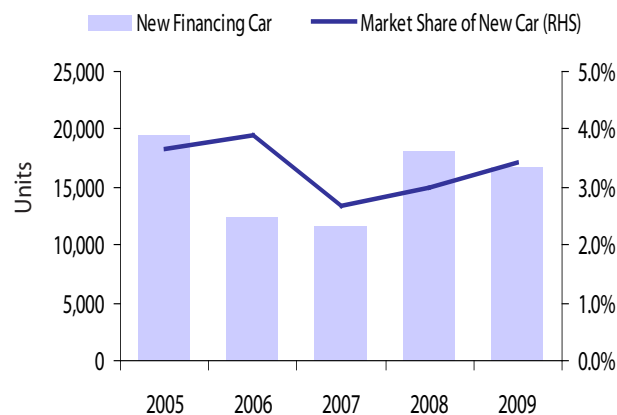
Pangsa pasar Perusahaan untuk pembiayaan mobil baru terhadap penjualan mobil baru nasional mengalami fluktuasi sejak tahun 2005. Kenaikan harga BBM di 4Q05 mengakibatkan menurunnya pembiayaan untuk mobil baru namun pangsa pasar Perusahaan mengalami kenaikan dari 3,7% di 2005 menjadi 3,9% di 2006. Pangsa pasar pembiayaan mobil baru Perusahaan di tahun 2009 adalah sebesar 3,4%

The company's market share of new car financing has been fluctuating since 2005. In 4Q05, hikes in fuel prices dented the company's new car financing. Yet by 2006, the company's market share in new car financing had risen to 3.9% from 3.7% in 2005. In 2009, the company's market share in new car financing was 3.4%.

Berbeda dengan pangsa pasar mobil, pangsa pasar sepeda motor baru Perusahaan terhadap penjualan sepeda motor baru nasional mengalami kenaikan dari 2005 ke 2007. Namun pangsa pasar mengalami penurunan dalam dua tahun terakhir. Seiring dengan penurunan penjualan sepeda motor baru nasional, pangsa pasar pembiayaan sepeda motor di tahun 2009 sedikit turun menjadi 13,2% dari 13,6% di 2008.

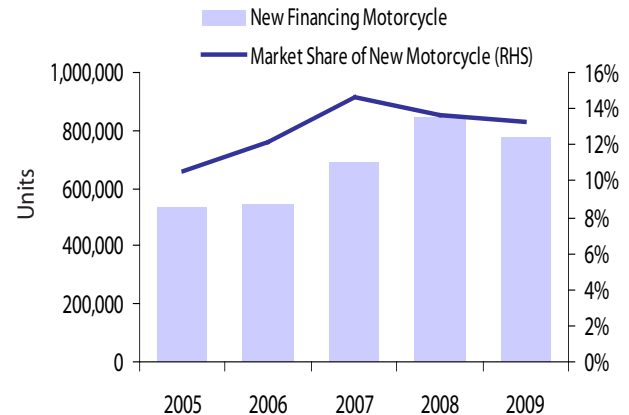
In contrast, however, the company's market share for new motorcycle financing increased in the period from 2005 to 2007. Yet in the last two years, its market share has declined. As sales of new motorcycles fell in 2009, the company's market share of motorcycle financing fell slightly to 13.2% in 2009 from 13.6% in 2008.

Exhibit 10. Market Share of New Car



Source : Danareksa Estimates

Exhibit 11. Market Share of New Motorcycle



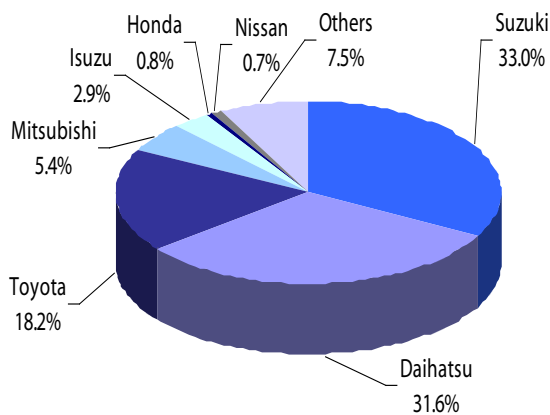
Source : Danareksa Estimates

Company Overview

Pembiayaan Perusahaan pada tahun 2009 masih didominasi oleh kendaraan yang bermerek Jepang. Untuk pembiayaan mobil baru, Perusahaan menyalurkan pembiayaan terbesar untuk mobil merek Suzuki yakni sebesar 33,0% dari total pembiayaan tahun 2009. Kemudian disusul oleh pembiayaan untuk mobil merek Daihatsu yang sebesar 31,6%. Sedangkan mobil merek Toyota menempati urutan ke-tiga terbesar yang dibiayai oleh Perusahaan meskipun penjualan mobil merek Toyota adalah yang terbanyak secara nasional. Besarnya porsi mobil merek Suzuki membuat pangsa pasar Perusahaan untuk mobil tersebut merupakan yang tertinggi dibandingkan dengan mobil merek lainnya, yakni sebesar 8,3% dari total penjualan mobil merek Suzuki secara nasional.

Japanese brands still accounted for the bulk of new vehicle financing in 2009. For new car financing, financing for the purchase of Suzuki cars accounted for 33.0% of the company's total car financing in 2009. In second place was Daihatsu which accounted for 31.6% of the company's total car financing in 2009. Toyota followed in third place even though sales of Toyota cars are the highest nationally. With Suzuki cars accounting for a third of the company's total car financing in 2009, the company had an 8.3% share of the total national sales of Suzuki cars in 2009.

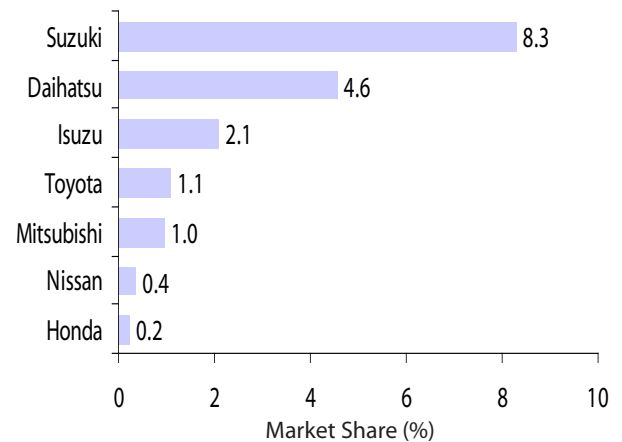
Exhibit 12. Car's Financing Mix by Brand



Source : Company and Danareksa Estimates

Sama halnya dengan pembiayaan mobil, sepeda motor merek Jepang juga mendominasi pembiayaan sepeda motor di tahun 2009. Pembiayaan sepeda motor Perusahaan untuk merek Yamaha merupakan yang terbesar (45,2%), menggeser pembiayaan untuk sepeda merek Honda yang sebesar 34,5%. Namun demikian, pangsa pasar terbesar pembiayaan sepeda motor Perusahaan terhadap total penjualan secara nasional per merek adalah sepeda motor merek Kawasaki yakni mencapai 17,6% di tahun 2009 meskipun proporsi pembiayaan motor tersebut hanya 1,4% dari total pembiayaan Perusahaan.

Exhibit 13. Car's Market Share Company by Brand

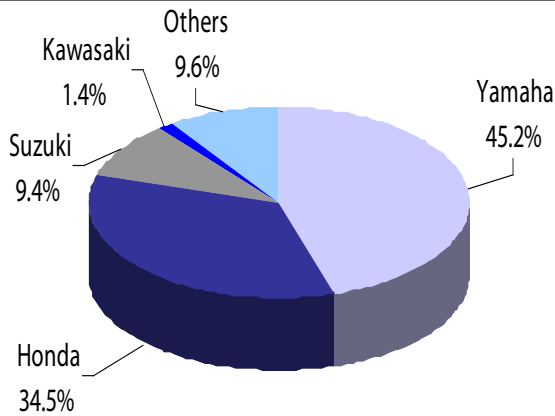


Source : Company and Danareksa Estimates

Similarly, Japanese brands also accounted for the bulk of the company's motorcycle financing in 2009. Indeed, financing for the purchase of Yamaha brand motorcycles accounted for the largest proportion (45.2%) of the company's total motorcycle financing. Pushed into second place was Honda which accounted for 34.5% of the company's total motorcycle financing in 2009. Meanwhile, financing of Kawasaki motorcycles only amounted to 1.4% of the company's total motorcycle financing, yet this still represented a 17.6% share of the total national sales of this niche brand in 2009.

Company Overview

Exhibit 14. Motorcycle's Financing Mix by Brand



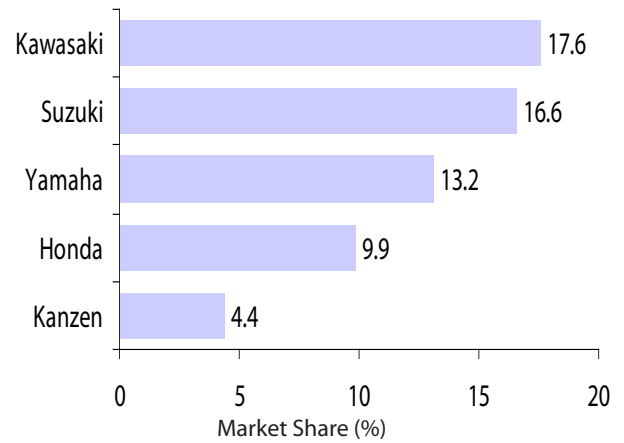
Source : Company and Danareksa Estimates

Kegiatan Perusahaan yang memberikan pembiayaan *multi-brand* dibandingkan yang *single-brand*, dipandang Perusahaan lebih menguntungkan. Hal ini dikarenakan kinerja Perusahaan tidak harus mengikuti kinerja salah satu merek yang dibiayai. Kinerja Perusahaan tidak akan begitu terpengaruh besar ketika kinerja penjualan merek tertentu menurun.

Membaiknya ekonomi masyarakat mendorong kenaikan penjualan sepeda motor dalam beberapa tahun terakhir. Akibatnya rasio populasi sepeda motor terhadap penduduk Indonesia terus mengecil. Data Perusahaan menunjukkan perbandingan sepeda motor dan penduduk mengecil dari sekitar 1:8 di 2008 menjadi sekitar 1:7 di 2009. Atau dengan kata lain, satu dari tujuh orang di Indonesia memiliki satu sepeda motor.

Dengan semakin kecilnya rasio populasi sepeda motor terhadap penduduk dan semakin ketatnya persaingan di pasar sepeda motor, ke depan Perusahaan memfokuskan kegiatannya pada pembiayaan mobil namun Perusahaan akan tetap menjaga pangsa pasar pembiayaan sepeda motor terhadap penjualan motor baru nasional. Perusahaan memandang perekonomian yang membaik dan semakin terjangkaunya harga mobil, akan mendorong kenaikan daya beli masyarakat untuk memiliki mobil sebagaimana terjadinya *booming* terhadap penjualan sepeda motor pada beberapa tahun terakhir. Di tahun 2008, rasio populasi mobil terhadap penduduk adalah sebesar 1 mobil berbanding 23 penduduk.

Exhibit 15. Motorcycle's Market Share Company by Brand



Source : Company and Danareksa Estimates

The management believes that a finance company which provides financing for the purchase of a number of different brands has more advantages than a company which only provides financing for a single brand. By financing different brands, Adira is not excessively exposed to any one automotive producer. This is an advantage in the event that one of the automotive producers doesn't show good performance.

On the back of continued economic recovery, motorcycle sales have increased in the last few years. Consequently, the ratio of motorcycles to people in Indonesia has declined. The company's data show that the ratio of motorcycles to people has fallen dramatically from about 1:8 in 2008 to about 1:7 in 2009. What this simply means is that one out of every seven people in Indonesia now has a motorcycle.

With the low ratio of motorcycles to people, coupled with tight competition in the motorcycle market, the company intends to focus more on car financing going forward. Nonetheless, the company still aims to maintain its market share of motorcycle financing. In regard to the prospects for car financing, the company believes that continued economic recovery and the greater affordability of cars will lead to stronger demand for cars – as has been the case for motorcycles in recent years. In 2008, the ratio of the population of cars to people was about 1:23.

Financial Overview

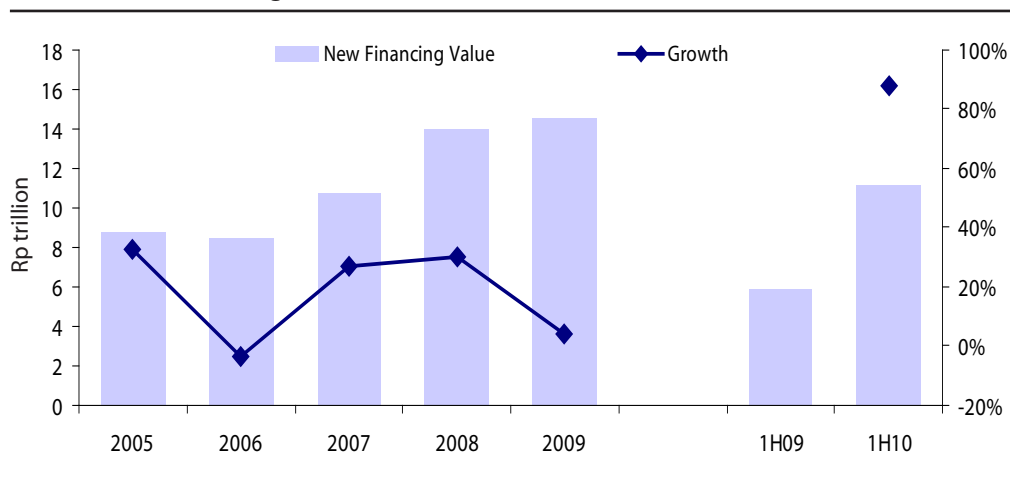
Pembiayaan

Nilai pembiayaan Perusahaan mengalami trend peningkatan sejak tahun 2006 sampai tahun 2009. Terjadinya sedikit penurunan nilai pembiayaan baru tahun 2006 merupakan dampak dari kenaikan BBM pada 4Q05. Dibandingkan tahun 2008, nilai pembiayaan di tahun 2009 masih mengalami peningkatan 3,8% dari Rp14,01 triliun ke Rp14,54 triliun meskipun jumlah unit pembiayaan baru pada tahun 2009 mengalami penurunan 3,5% dari tahun sebelumnya. Nilai pembiayaan kembali meningkat di 1H10 sebesar 87,9% menjadi Rp11,1 triliun dari Rp5,91 triliun di 1H09 sejalan dengan pertumbuhan yang kuat atas penjualan mobil dan sepeda motor secara nasional.

Financing

The value of the company's new financing was in an uptrend from 2006 to 2009. Nonetheless, in 2006, the value of the company's new financing fell slightly due to increases in fuel prices in 4Q05. However, in 2009, the value of new financing rose 3.8% to Rp14.54 trillion from Rp14.01 trillion in 2008 even though in unit terms the new financing actually declined 3.5% in 2009 from the figure in the previous year. As a result of the strong growth in national new car and motorcycle sales, the value of the company's new financing rose strongly in 1H10 by 87.9% to Rp11.1 trillion from Rp5.91 trillion in 1H09.

Exhibit 16. New Financing Value



Source : Company

Rata-rata nilai pembiayaan per unit yang diberikan Perusahaan mengalami trend kenaikan. Pada tahun 2009, rata-rata nilai pembiayaan per unit adalah sebesar Rp13,17 juta, naik 7,6% dari tahun sebelumnya yang sebesar Rp12,25 juta. Sementara pada 1H10, rata-rata nilai pembiayaan per unit adalah sebesar Rp14,78 juta.

Lebih detail, rata-rata nilai pembiayaan per unit untuk mobil baru dan mobil bekas di tahun 2009 adalah masing-masing sebesar Rp129,52 juta dan Rp68,75 juta. Angka ini mengalami kenaikan dari tahun sebelumnya yang masing-masing sebesar Rp108,44 juta (mobil baru) dan Rp64,62 juta (mobil bekas).

Hal yang sama terjadi untuk rata-rata nilai pembiayaan sepeda motor per unit. Pada tahun 2009, rata-rata nilai pembiayaan per unit sepeda motor baru dan sepeda motor bekas adalah masing-masing sebesar Rp11,13 juta dan Rp7,36 juta. Angka tersebut mengalami kenaikan dari tahun sebelumnya yang sebesar Rp10,38 juta untuk sepeda motor baru dan Rp7,18 juta untuk sepeda motor bekas.

The average value of the company's new financing is in an uptrend. In 2009, the average value of new financing was Rp13.17 million, or up 7.6% from the figure in the previous year of Rp12.25 million. In 1H10, the figure increased further to stand at Rp14.78 million.

More detailed data shows that the average value of the company's new financing for new cars and used cars in 2009 reached Rp129.52 million and Rp68.75 million, respectively. These figures represent an increase from 2008's figures of Rp108.44 million (for new cars) and Rp64.62 million (for used cars).

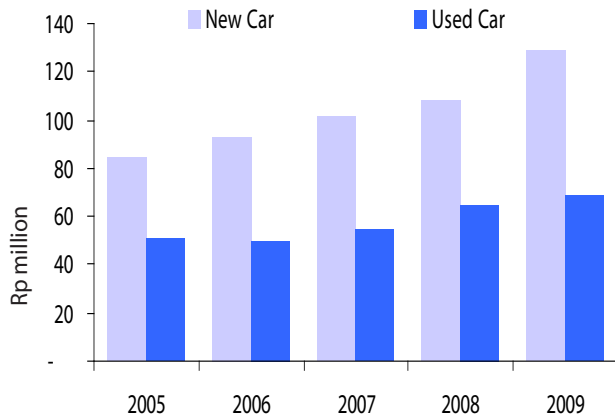
The average value of the company's new financing for motorcycles has also increased. The average value of new financing for new and used motorcycles reached Rp11.13 million and Rp7.36 million, respectively. These figures represent an increase from 2008's figures of Rp10.38 million for new motorcycles and Rp7.18 million for used motorcycles.

Financial Overview

Hal yang sama terjadi untuk rata-rata nilai pembiayaan sepeda motor per unit. Pada tahun 2009, rata-rata nilai pembiayaan per unit sepeda motor baru dan sepeda motor bekas adalah masing-masing sebesar Rp11,13 juta dan Rp7,36 juta. Angka tersebut mengalami kenaikan dari tahun sebelumnya yang sebesar Rp10,38 juta untuk sepeda motor baru dan Rp7,18 juta untuk sepeda motor bekas.

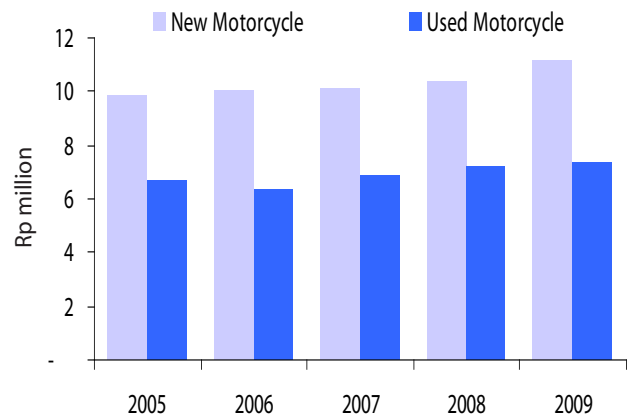
The average value of the company's new financing for motorcycles has also increased. The average value of new financing for new and used motorcycles reached Rp11.13 million and Rp7.36 million, respectively. These figures represent an increase from 2008's figures of Rp10.38 million for new motorcycles and Rp7.18 million for used motorcycles.

Exhibit 17. New Car Financing Value per Unit



Source : Company

Exhibit 18. New Motorcycle Financing Value per Unit



Source : Company

Kualitas Aset Terjaga

Rasio kredit bermasalah atau rasio NPL industri pembiayaan untuk pembiayaan konsumsi menurun 9bps dari 1,90% di akhir 2009 menjadi 1,81% pada akhir April 2010. Demikian juga rasio NPL Perusahaan mengalami penurunan dengan rasio NPL yang lebih baik. Pada akhir 1H10, rasio NPL Perusahaan adalah sebesar 1,0%. Sebelumnya di akhir tahun 2009 dan akhir 1H09, rasio NPL Perusahaan tercatat masing-masing sebesar 0,9% dan 1,1%. Perusahaan mengklasifikasikan aset piutangnya sebagai kredit bermasalah jika angsuran pembayaran pembiayaan konsumen menunggak lebih dari 90 hari.

Kecilnya rasio NPL Perusahaan menunjukkan bahwa Perusahaan telah menerapkan kebijakan manajemen risiko yang baik dengan melakukan praktik pembiayaan yang hati-hati sebagai salah satu faktor sukses dalam kegiatan pembiayaan konsumsi. Perusahaan menerapkan syarat dan penilaian yang ketat untuk setiap pengajuan kredit. Hasilnya, sejak 2006, rasio NPL aset piutang pembiayaan yang dikelola Perusahaan (termasuk piutang pembiayaan bersama) mampu dijaga di sekitar 1%.

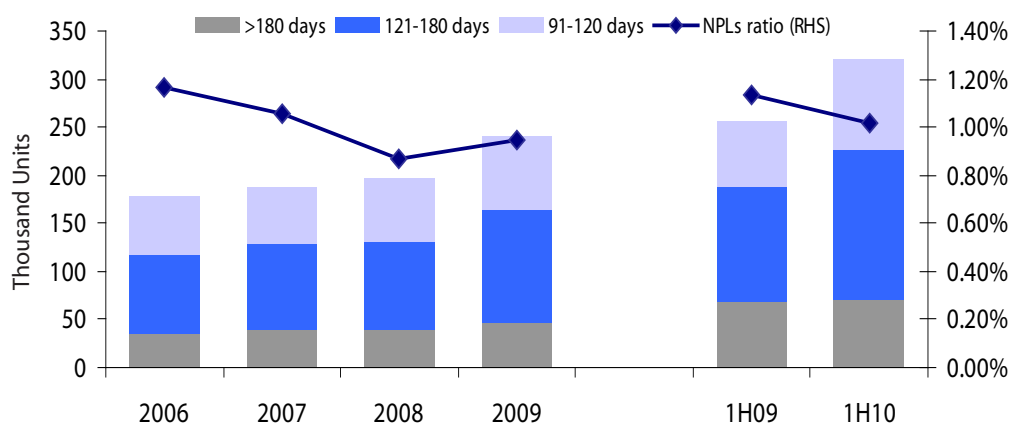
Manageable Assets Quality

The NPL ratio in the finance industry for consumer finance has fallen by 9bps from 1.90% at the end of 2009 to 1.81% in April 2010. For Adira itself, its NPL ratio has also declined. At the end of 1H10, the company's NPL ratio was 1.0%. This compares to 0.9% at the end of 2009 and 1.1% at the end of 1H09. Note that the company classifies its receivable assets as NPLs when the installments are overdue for more than 90 days.

The low NPL ratio is indicative of good risk management. Indeed, the company practices a prudent financing policy as one of its key success factors in its consumer financing business. The terms and conditions on all credit proposals are also strictly enforced. As a result, the NPL ratio for the company's consumer financing receivables (including joint financing) has been kept at about 1% since 2006.

Financial Overview

Exhibit 19. NPLs



Source : Company

Profitabilitas

Dalam periode tahun 2006 sampai 2009, Perusahaan berhasil membukukan peningkatan Laba Bersih dari Rp463,94 miliar di 2006 menjadi Rp1,21 triliun di 2009, atau dengan CAGR sebesar 37,7%. Laba Bersih Perusahaan di 2009 mengalami peningkatan 18,8% dibandingkan Laba Bersih di 2008 yang sebesar Rp1,02 triliun. Peningkatan laba bersih ini disebabkan oleh naiknya Pendapatan Pembiayaan Konsumsi yang meningkat 19,2% dari Rp2,33 triliun di 2008 menjadi Rp2,78 triliun di 2009. Meskipun Beban Operasi di 2009 mengalami peningkatan sebesar 14,5% dibandingkan di 2008, Perusahaan masih mampu meningkatkan Marjin Pendapatan Bunga Bersih (NPM) dari 30,2% di 2008 menjadi 30,8% di 2009.

Sementara pada 1H10, Perusahaan membukukan Laba Bersih sebesar Rp711 miliar. Angka ini meningkat 21,6% dari Laba Bersih di 1H09 yang sebesar Rp584 miliar. Peningkatan laba bersih ini disebabkan oleh naiknya pendapatan dari pembiayaan konsumsi yang meningkat 17,2% dari Rp1,32 triliun di 1H09 menjadi Rp1,56 triliun di 1H10.

Sejak tahun 2006, Perusahaan berhasil meningkatkan Marjin Pendapatan Bunga Bersih (NIM) dari 11,9% menjadi 15,2% di 2009. Dengan menerapkan aturan akuntansi baru PSAK No. 50/55, di mana Pendapatan Pembiayaan Konsumsi telah dikurangi Amortisasi dari Beban Perolehan Pembiayaan Konsumen sebesar Rp551 miliar, di 1H10 NIM Perusahaan turun menjadi 9,2%. Jika menggunakan aturan PSAK sebelumnya, NIM Perusahaan adalah sebesar 14,8% di 1H10 dibandingkan 15,1% pada periode yang sama di tahun sebelumnya.

Profitability

In the period 2006 to 2009, the company's Net Income increased from Rp463.94 billion in 2006 to Rp1.21 trillion in 2009, or 37.7% CAGR. In 2009, the company's Net Income was up 18.8% from Rp1.02 trillion in 2008. The higher Net Income came on the back of higher Consumer Financing revenues which rose 19.2% from Rp2.33 trillion in 2008 to Rp2.78 trillion in 2009. Although the Operating Expenses increased by 14.5% in 2009, the company's Net Profit Margin (NPM) edged up to 30.8% in 2009 from 30.2% in 2008.

In 1H10, the company booked Rp711 billion of Net Income. This is 21.6% higher compared to the Net Income of Rp548 billion in 1H09 and owes to higher Consumer Financing revenues which rose 17.2% to Rp1.56 trillion in 1H10 from Rp1.32 trillion in 1H09.

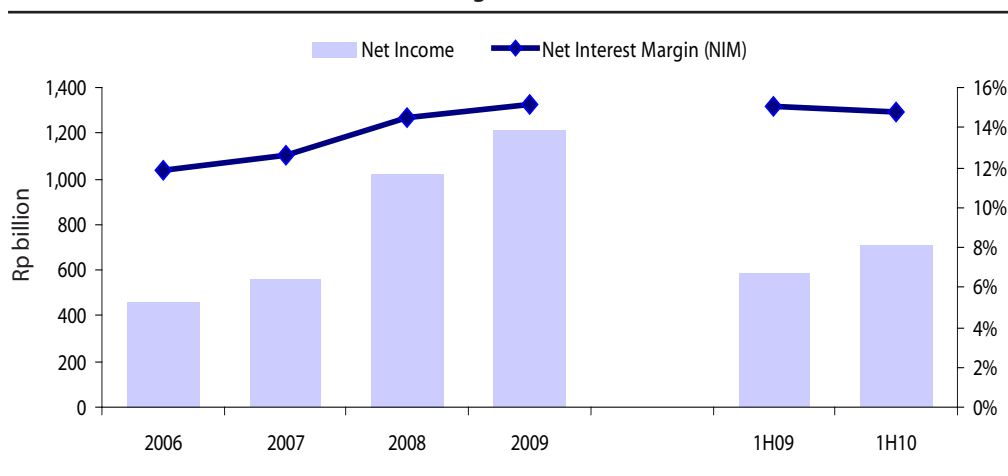
The company's Net Interest Margin (NIM) improved from 11.9% in 2006 to 15.2% in 2009. With the new accounting rule PSAK No. 50/55, under which the company's Consumer Financing revenues reached Rp551 billion in 1H10, the company's NIM dropped to 9.2% in 1H10, however. Using the calculation under the previous PSAK, the company's NIM would be 14.8% in 1H10 or slightly lower than the 15.1% in 1H09.

Financial Overview

Sementara itu, rasio Imbal Hasil terhadap Rata-rata Aset (ROAA) Perusahaan mengalami sedikit kenaikan dari 29,6% di 2008 menjadi 30,6% di 2009. Pada 1H10, rasio ROAA Perusahaan meningkat menjadi 30,5%. Adapun rasio Imbal Hasil terhadap Rata-rata Ekuitas (ROAE) turun dari 64,3% di 2008 menjadi 52,7% di 2009. Penurunan berlanjut di 1H10, di mana rasio ROAE turun ke 49,5%. Penurunan ini disebabkan oleh peningkatan Pinjaman Perusahaan sebesar 1,34X dari Rp85,83 miliar di 2008 menjadi Rp225,00 miliar di 2009.

The company's Return on Average Assets (ROAA) ratio hiked slightly to 30.6% in 2009 from 29.6% in 2008. It continued to improve in 1H10 to 30.5%. However, the company's Return on Average Equity (ROAE) ratio showed a decline. It fell from 64.3% in 2008 to 52.7% in 2009. It fell further to 49.5% in 1H10. This decline in the ROAE reflects the impact from the 1.34x increase in Borrowings from Rp95.83 billion in 2008 to Rp225.00 billion in 2009.

Exhibit 20. Net Income and Net Interest Margin



Source : Company and Danareksa Estimates

Exhibit 21. Income Growth and Ratios

| | 2006 | 2007 | 2008 | 2009 | 1H09 | 1H10 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Income growth | 1,973,391 | 2,483,609 | 3,378,703 | 3,941,162 | 1,840,725 | 1,783,701 |
| | | 25.9% | 36.0% | 16.6% | | -3.1% |
| Net Income growth | 463,939 | 559,710 | 1,020,233 | 1,212,400 | 584,428 | 710,617 |
| | | 20.6% | 82.3% | 18.8% | | 21.6% |
| Net Interest Margin (NIM) | 11.9% | 12.6% | 14.5% | 15.2% | 15.10% | 14.80% |
| Net Profit Margin (NPM) | 23.5% | 22.5% | 30.2% | 30.8% | 31.7% | 39.8% |
| ROAA | 30.9% | 18.0% | 29.6% | 30.6% | 30.8% | 30.5% |
| ROAE | 92.2% | 52.5% | 64.3% | 52.7% | 57.4% | 49.5% |

Source : Company and Danareksa Estimates

Financial Overview

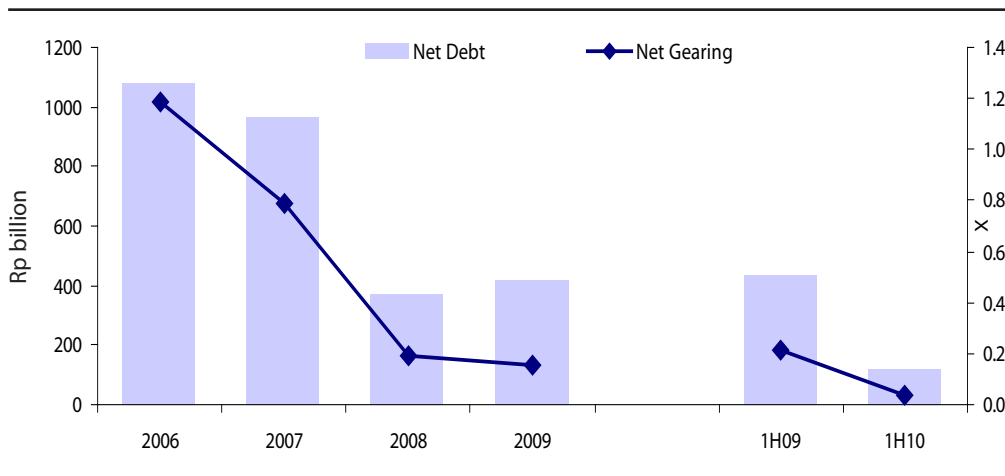
Indikator Pemenuhan Kewajiban

Kemampuan Perusahaan untuk memenuhi kewajibannya sangat baik. Rasio *Net Gearing* Perusahaan mengalami penurunan dari 1,19X di 2006 menjadi 0,04X di 1H10. Meskipun utang Perusahaan naik dari Rp844,88 miliar di 2008 menjadi Rp901,85 miliar di 2009, namun dengan Ekuitas yang bertambah 36,0% di tahun 2009 membuat Perusahaan mampu menurunkan rasio *Net Gearing* dari 0,19X menjadi 0,16X. Sementara itu, penurunan rasio *Net Gearing* ke level 0,04X di 1H10 diakibatkan pelunasan obligasi II seri A Perusahaan yang jatuh tempo pada Juni 2009.

Debt Servicing Indicators

The company's debt servicing indicators are in good shape. The net gearing ratio dropped from 1.19X in 2006 to just 0.04X in 1H10. And although the company's debt rose from Rp844.88 billion in 2008 to Rp901.85 billion in 2009, the company's net gearing ratio fell from 0.19X to 0.16X. This reflects the impact of the 36.0% increase in Equity in 2009. As for the decline in Net Gearing to 0.04X in 1H10, this owes to the maturing of the company's bond II series A in June 2009.

Exhibit 22. Net Debt and Net Gearing



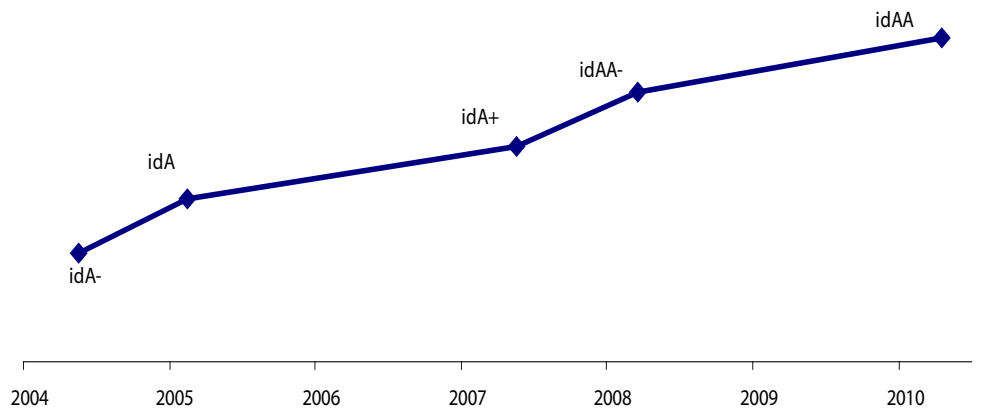
Source : Company and Danareksa Estimates

Selain dari baiknya rasio *Net Gearing*, kemampuan keuangan Perusahaan untuk memenuhi kewajibannya tercermin baik dari peringkat Perusahaan yang diberi Pefindo. Pada April 2010, Pefindo menaikkan peringkat Perusahaan dari **idAA-** menjadi **idAA**.

Besides having low net gearing, the company's ability to service its debts is also reflected in the rating assigned to the company by Pefindo. In April 2010, Pefindo upgraded the company's rating from **idAA-** to **idAA**.

Financial Overview

Exhibit 23. Rating Upgrade



Source: Bloomberg

Dengan adanya Bank Danamon sebagai pemilik mayoritas Perusahaan, tidaklah sulit bagi perusahaan untuk mendapatkan pendanaan selain dengan menerbitkan obligasi. Oleh karena itu, kami melihat kemampuan perusahaan dalam memenuhi kewajibannya tidak akan terganggu dengan penerbitan obligasi Perusahaan keempat di tahun ini.

With Bank Danamon as the majority shareholder, the company has easy access to funding even if it doesn't wish to issue bonds. Hence, we don't believe that the company's ability to service its debt will be adversely affected by the upcoming bond issuance.

Appendices

Appendices

Appendix 1. Projected Balance Sheet (in Rp million)

| | 2006 | 2007 | 2008 | 2009 | 2010E | 2011F | 2012F | 2013F | 2014F |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalent | 345,909 | 376,303 | 474,195 | 487,007 | 1,405,449 | 574,099 | 520,264 | 543,639 | 519,608 |
| Time deposit | 10 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Consumer financing receivables - NET | 1,781,400 | 1,905,356 | 1,821,454 | 2,561,914 | 3,319,973 | 4,678,619 | 5,719,811 | 6,678,959 | 7,719,746 |
| Prepaid expenses | 48,588 | 69,027 | 81,684 | 74,655 | 109,071 | 153,488 | 187,802 | 219,612 | 254,241 |
| Deffered charges - NET | 537,885 | 740,632 | 956,570 | 982,280 | 1,329,374 | 1,804,296 | 2,207,663 | 2,581,598 | 2,988,680 |
| Other receivables - NET | 23,794 | 14,930 | 15,540 | 17,199 | 23,039 | 32,422 | 39,670 | 46,389 | 53,704 |
| Investment in shares, related party | 0 | 0 | 0 | 650 | 650 | 650 | 650 | 650 | 650 |
| Fixed assets - NET | 148,545 | 176,620 | 201,006 | 188,514 | 244,053 | 336,827 | 444,156 | 549,184 | 650,950 |
| Other assets - NET | 20,774 | 18,940 | 41,575 | 17,330 | 25,847 | 30,464 | 36,652 | 42,680 | 48,980 |
| TOTAL ASSETS | 2,906,905 | 3,301,818 | 3,592,024 | 4,329,549 | 6,457,457 | 7,610,864 | 9,156,668 | 10,662,710 | 12,236,559 |
| LIABILITIES | | | | | | | | | |
| Borrowings | 195,833 | 145,833 | 95,833 | 225,000 | 20,000 | 50,000 | 950,000 | 1,250,000 | 1,050,000 |
| Accrued expenses | 190,157 | 259,897 | 298,885 | 353,852 | 436,663 | 614,483 | 751,857 | 879,206 | 1,017,845 |
| Bonds payable - NET | 1,227,890 | 1,199,833 | 749,043 | 676,854 | 2,044,000 | 1,903,000 | 900,000 | 300,000 | 0 |
| Other payables | 204,718 | 243,328 | 65,330 | 151,452 | 187,377 | 263,681 | 431,522 | 504,613 | 584,184 |
| Taxes payable | 44,368 | 37,081 | 224,863 | 51,004 | 63,102 | 88,799 | 108,651 | 127,054 | 147,089 |
| Deffered tax - NET | 137,288 | 191,233 | 208,067 | 218,984 | 218,984 | 218,984 | 218,984 | 218,984 | 218,984 |
| TOTAL LIABILITIES | 2,000,254 | 2,077,205 | 1,642,021 | 1,677,146 | 2,970,127 | 3,138,948 | 3,361,014 | 3,279,858 | 3,018,102 |
| EQUITY | | | | | | | | | |
| Paid up capital | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Retain earnings | 806,651 | 1,124,613 | 1,850,003 | 2,552,403 | 3,387,330 | 4,371,916 | 5,695,654 | 7,282,852 | 9,118,457 |
| TOTAL EQUITY | 906,651 | 1,224,613 | 1,950,003 | 2,652,403 | 3,487,330 | 4,471,916 | 5,795,654 | 7,382,852 | 9,218,457 |
| TOTAL LIABILITIES AND EQUITY | 2,906,905 | 3,301,818 | 3,592,024 | 4,329,549 | 6,457,457 | 7,610,864 | 9,156,668 | 10,662,710 | 12,236,559 |

Appendices

Appendix 2. Income Statements (in Rp million)

| | 2006 | 2007 | 2008 | 2009 | 2010E | 2011F | 2012F | 2013F | 2014F |
|--|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| INCOME | | | | | | | | | |
| Consumer financing | 1,410,771 | 1,726,531 | 2,330,757 | 2,777,866 | 3,419,019 | 3,927,573 | 4,932,747 | 5,833,320 | 6,689,676 |
| Others | 562,620 | 757,078 | 1,047,946 | 1,163,296 | 1,327,092 | 1,952,232 | 2,388,672 | 2,793,265 | 3,233,724 |
| TOTAL INCOME | 1,973,391 | 2,483,609 | 3,378,703 | 3,941,162 | 4,746,111 | 5,879,805 | 7,321,418 | 8,626,585 | 9,923,400 |
| EXPENSES | | | | | | | | | |
| Acquisition cost of consumer financing | -428,922 | (603,603) | (788,492) | (949,821) | (1,164,337) | (1,417,067) | (1,733,866) | (2,027,548) | (2,347,264) |
| Interest expense and financing charges | -161,652 | (195,796) | (142,548) | (123,624) | (125,894) | (198,587) | (191,534) | (197,721) | (169,776) |
| Marketing | -39,957 | (5,536) | (4,480) | (50,528) | (56,643) | (63,497) | (71,180) | (83,237) | (96,362) |
| Salaries and benefits | -405,386 | (503,508) | (654,911) | (732,102) | (837,798) | (1,107,083) | (1,354,583) | (1,584,022) | (1,833,800) |
| General and administrative | -211,717 | (276,613) | (330,737) | (351,020) | (460,045) | (611,134) | (747,759) | (874,414) | (1,012,297) |
| Allowance for possible losses | -20,350 | (47,294) | (26,002) | (32,679) | (36,136) | (44,283) | (62,219) | (72,758) | (84,231) |
| Others | -44,827 | (50,440) | (12,211) | (43,041) | (53,250) | (65,498) | (80,141) | (93,715) | (108,493) |
| TOTAL EXPENSES | -1,312,811 | (1,682,790) | (1,959,381) | (2,282,815) | (2,734,104) | (3,507,150) | (4,241,282) | (4,933,415) | (5,652,223) |
| INCOME BEFORE INCOME TAX | 660,580 | 800,819 | 1,419,322 | 1,658,347 | 2,012,008 | 2,372,655 | 3,080,137 | 3,693,171 | 4,271,177 |
| INCOME TAX EXPENSES | -196,641 | (241,109) | (399,089) | (445,947) | (570,854) | (673,179) | (873,908) | (1,047,840) | (1,211,835) |
| NET INCOME | 463,939 | 559,710 | 1,020,233 | 1,212,400 | 1,441,153 | 1,699,476 | 2,206,228 | 2,645,330 | 3,059,342 |

Appendix 3. Ratios and Valuation

| | 2007 | 2008 | 2009 | 2010E | 2011F | 2012F | 2013F | 2014F |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Profitability/ Coverage | | | | | | | | |
| ROAA | 18.0% | 29.6% | 30.6% | 26.7% | 24.2% | 26.3% | 26.7% | 26.7% |
| ROAE | 52.5% | 64.3% | 52.7% | 46.9% | 42.7% | 43.0% | 40.1% | 36.9% |
| Total Non-Int Exp/ Net Int Rev + Oth Oper Inc (cost to income) | 65.0% | 56.1% | 56.6% | 56.5% | 58.2% | 56.8% | 56.2% | 56.2% |
| Net Int Rev/Assets | 49.3% | 63.5% | 67.0% | 61.1% | 53.0% | 56.6% | 56.9% | 56.9% |
| Net Int Rev/Gross Receivables | 8.6% | 9.7% | 10.4% | 10.5% | 8.4% | 8.8% | 8.9% | 8.9% |
| Non Interest Income/Total Revenues | 30.5% | 31.0% | 29.5% | 28.0% | 33.2% | 32.6% | 32.4% | 32.6% |
| Receivable Coverage | | | | | | | | |
| Provision/Gross Receivable | 0.3% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| Net write-offs/ Gross Receivable | 0.2% | 0.1% | 0.1% | 0.2% | 0.1% | 0.1% | 0.1% | 0.1% |
| Reserves/ Gross Receivables | 0.2% | 0.2% | 0.2% | 0.1% | 0.1% | 0.1% | 0.2% | 0.2% |
| Non Perform. Receivables/Shareholder's Funds | 15.4% | 10.1% | 9.1% | 8.6% | 9.5% | 9.0% | 8.2% | 7.6% |
| Non Perform. Receivables/Gross Receiv. | 1.1% | 0.9% | 0.9% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Liquidity/ Funding (X) | | | | | | | | |
| Total Receivables/ Total Billings | 1.66 | 1.62 | 1.75 | 1.49 | 1.56 | 1.66 | 1.67 | 1.69 |
| Net Receivables/ Total Billings | 0.11 | 0.08 | 0.10 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 |
| Net CF Receivables/ CF Income | 1.10 | 0.78 | 0.92 | 0.97 | 1.19 | 1.16 | 1.14 | 1.15 |
| Capital Adequacy Ratio | | | | | | | | |
| Equity/ Total Assets | 0.37 | 0.54 | 0.61 | 0.54 | 0.59 | 0.63 | 0.69 | 0.75 |
| Equity/ Net Receivables | 0.64 | 1.07 | 1.04 | 1.05 | 0.96 | 1.01 | 1.11 | 1.19 |
| Total Liabilities/ (Sh Funds + MI) | 1.70 | 0.84 | 0.63 | 0.85 | 0.70 | 0.58 | 0.44 | 0.33 |
| Total Debt/ (Sh Funds + MI) | 1.10 | 0.43 | 0.34 | 0.59 | 0.44 | 0.32 | 0.21 | 0.11 |

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RESEARCH TEAM

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