Investor Newsletter

June 2013

Shareholding Composition

	1Q 2012	1Q 2013
PT Bank Danamon Indonesia	95.0%	95.0%
Public (≤ 5%)	5.0%	5.0%

Credit Ratings (PEFINDO)

	Rating/Outlook
Corporate	idAA+/ Positive
Bonds	idAA+

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Highlight

First Quarter 2013 Results

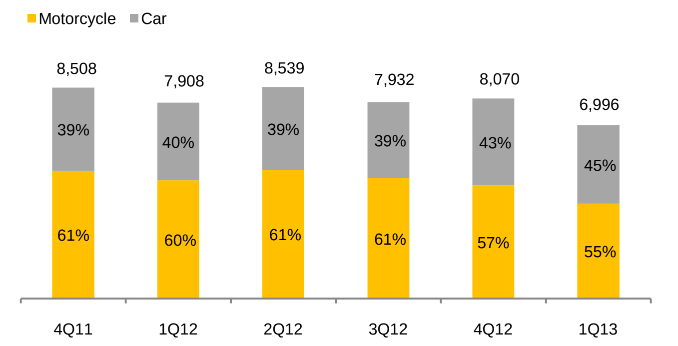
- **New Financing amounted to Rp7.0 trillion.** We extended Rp7.0 trillion in new financing in 1Q 2013 as compared to Rp7.9 trillion in the same period last year. Motorcycle financing was Rp3.8 trillion down by 20% due to lower new motorcycle financing in part as a result of minimum down-payment regulation. While car financing was stable at Rp3.2 trillion.
- **Managed receivables amounted Rp45.1 trillion**. Our financing receivables rose 50% to Rp25.4 trillion as we funded our growth by raising funding from the market. While joint financing receivables was down to Rp19.6 trillion from Rp25.8 trillion a year earlier, representing 44% of managed receivables. The composition of managed receivables have experienced a shift between motorcycle and car portfolio to 55%:45% in March 2013 from 60%:40% last year.
- **Sound asset quality**. Non-performing loans (NPL) stood at 1.5% at the end of March 2013 as compared to the 1.3% a year earlier. Further, the cost of credit improved to 4.0% of managed receivables from 4.4% in the previous year.
- **Net Profit After Tax**. Overall, we booked Rp336 billion in net profit after-tax in 1Q 2013 as compared to the net profit after-tax of Rp362 billion for the same period the previous year.
- **Strong capital**. Despite of more active funding activities, our gearing ratio still stood at a comfortable level of 3.6 times in March 2013. This provides ample room to growth for the Company to expand further while maintaining the same credit rating.

Rp billion; %	1Q12	1Q13	∆%	2Q12	3Q12	4Q12	FY2012
Total New Financing	7,908	6,996	-12%	8,539	7,932	8,070	32,449
Total Managed Assets	42,897	45,093	5%	44,506	45,130	45,793	45,793
Total Asset	18,787	26,910	43%	20,698	22,948	25,460	25,460
Total Borrowings	12,397	19,432	57%	14,806	16,430	18,087	18,087
Total Equity	4,782	5,377	12%	4,380	4,734	5,036	5,036
Net Profit after Tax	362	336	-7%	389	359	309	1,419
ROAA	3.8	3.0	-0.8	3.8	3.3	2.8	3.0
ROAE	34.6	28.0	-6.6	36.8	31.9	26.3	30.4
NPL	1.3	1.5	0.2	1.3	1.4	1.4	1.4

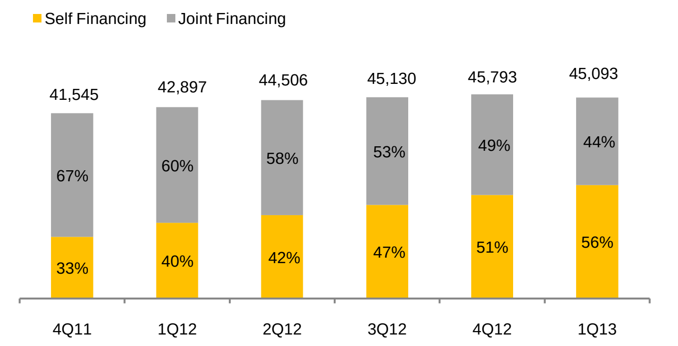
Note: Starting from 2013, the Company applied some reclassifications of accounts, i.e. other receivables to financing receivables and other expense to allowance for impairment losses of financing receivables.

Focus Charts

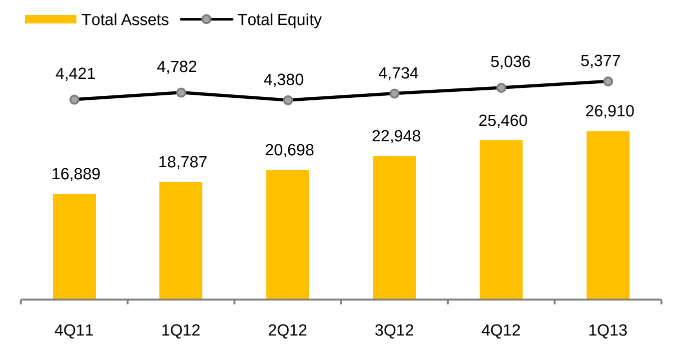
New Financing
Rp billion



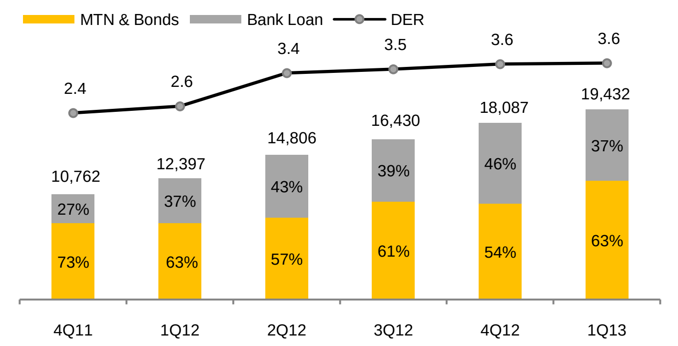
Managed Receivables
Rp billion



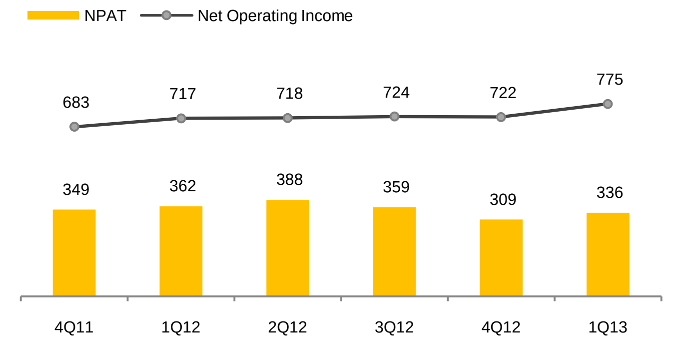
Total Assets & Total Equity
Rp billion



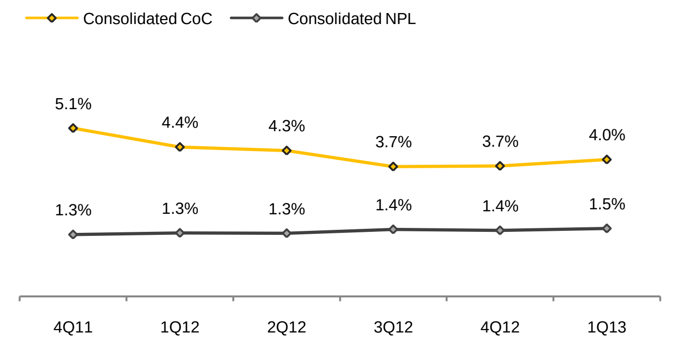
Total Borrowings & Debt to Equity Ratio
Rp billion; and Times



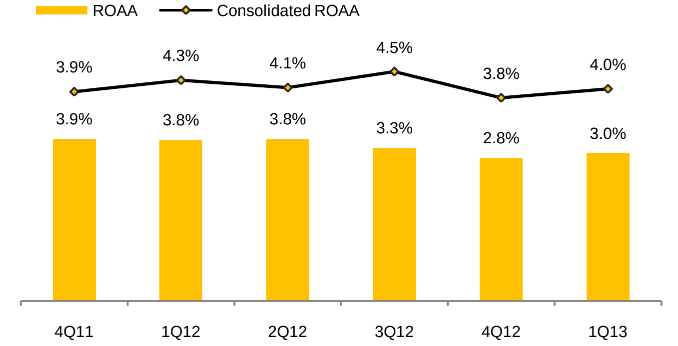
Net Operating Income & NPAT
Rp billion



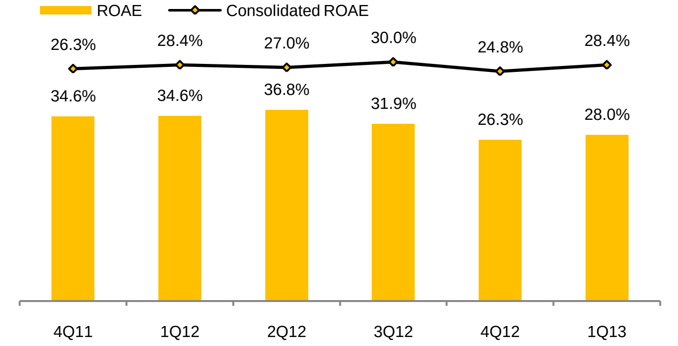
Consolidated Cost of Credit & Net-Performing Loan
% of Managed Receivables



ROAA & Consolidated ROAA
%



ROAE & Consolidated ROAE
%



New Financing

Adira Finance managed to underwrite Rp7.0 trillion in new financing in 1Q 2013 as compared to the same period last year of Rp7.9 trillion. In term of units, we financed 397 thousand vehicles in the first three months of 2013.

For the current period, Adira Finance funded 373 thousand units motorcycles. The contribution of used motorcycles grew from previous year of 37% to 49% this year as new motorcycle sales were still under pressure with sharia financing DP regulation started to take effect at beginning of this year and customers continue to require more time to adjust further with this new regulation. Nevertheless, there is expectation that in the medium to long-term, the Indonesian market will continue to grow, owing to considerably moderate penetration rate. In terms of value, motorcycle new financing contributed Rp3.8 trillion, of which 36% came from used motorcycle financing, a portfolio we are tapping more aggressively as a potential segment.

On the other hand, car financing remained stable amounted to Rp3.2 trillion. Contribution of new and used cars was stable as well, at the level of 69% for new cars and 31% for used cars. With the Low Cost Green Car (LCGC) regulation expected to come out this year, industry players remained excited on the prospect of cars sales this year although at the same time the Government has planned for fuel subsidy cut.

We financed 24 thousand units of cars in 1Q 2012, a correction of 5% from the same period last year's financing of 25 thousand units. New car sales were of 14 thousand units as we focused on commercial segment as opposed to a very competitive passenger segment that typically caters for middle-income customers. While used car financing units also grew by 2% to 10 thousand units for the first three months of 2013.

Overall, 1Q 2013 new financing showed a shifting trend towards equal portion between motorcycle and car, i.e. 55:45 from 60:40 composition a year earlier. With Indonesia entering the motorization era, the Company believes that equally distributed portfolio is a strategic decision.

Balance Sheet

New financing of Rp7.0 trillion in the first 3 months of 2013 has resulted in managed receivables (assets), including joint financing receivables, expanded to Rp45.1 trillion at the end of 1Q 2013. Joint financing receivables with Bank Danamon amounted to Rp19.6 trillion, down from Rp25.9 trillion one year earlier as we funded most of our growth by raising funding from the market. Hence our receivables rose 50% to Rp25.4 trillion before loss allowance, as we funded over 55% of our new financing during the year. Consolidated Non-Performing Loan (NPL) stood at 1.47% at the end of March 2013, a slight increase from a year earlier at 1.3% as the Company continues to apply sound underwriting policy.

The growth contributed to increase in total assets of 43% to Rp26.9 trillion as of March 2013, whereby 91% of the assets consist of financing receivables. Cash accounted for 6% of the remaining assets. While fixed assets grew 5% to Rp279 billion.

In beginning of 2013, we continued to raise funding from the market to diversify our funding sources as well as to capitalize opportunities in the market to raise competitive funding cost. As such our interest-bearing funding rose 57% to Rp19.4 trillion as of March 2013. We issued Rp2.4 trillion Rupiah bonds in the first quarter this year, which was the first phase of our Continuous Bonds II and Continuous Sukuk Mudharabah I amounting to Rp9 trillion for the next two years.

Accordingly our outstanding bonds increased 56% to Rp12.2 trillion, representing 63% of our interest-bearing funding as of March 2013. The remaining Rp7.3 trillion funding largely comprised of bank loans from both local and off-shore banks. This diversification will enable the Company to leverage its equity to its best capacity.

Total equity increased 12% to Rp5,377 billion as of March 2013 due to additions in retained earnings. Our debt-to-equity ratio (DER) stood at 3.6 times in 1Q 2013 as compared to 2.6 times a year earlier as we increased our funding activities. However, our leverage is still far below a maximum 10 times set by the regulator.

Income Statement

In 1Q 2013, Adira Finance reported a net profit after tax of Rp336 billion. New regulations on minimum down-payment and stiffer competition in the industry has led to lower new financing and has led to pressure in profitability for the period.

At operation income level, there was an increase of 12% from Rp1,248 billion to Rp1,398 billion, contributed by the growth of net interest income growth of 22% from Rp698 billion to Rp855 billion as managed receivables increased by 6% from Rp42.7 trillion to Rp45.1 trillion. Interest expenses and financing charges was recorded at Rp1,160 billion or an decrease of 5% as the Company's cost of fund reduced for 1Q 2013 as compared to previous year, a result of effective funding strategy. Hence, net interest margin stood at 7.8% for the current period, increasing from 7.3% a year ago. Furthermore, fee income was flat from Rp550 billion in 1Q 2012 to Rp543 billion, reflecting lower new financing this year.

Operating expenses grew by 17% to Rp623 billion in 1Q 2013 over last year's of Rp532 billion. Increase in salaries and benefits expenses was the main driver, which grew by 20% to Rp429 billion as the Company complied with minimum wages regulation on top of annual salary increase. While general and administrative expenses rose 11% to Rp194 billion as the number of business networks operated by the Company increased from 674 to 698. Overall, our cost to income ratio stood at 44.4% in 1Q 2013 from 42.5% in the same period last year.

Cost of credit (CoC) amounted to Rp311 billion as our self-funded receivables expanded by 50% to Rp25.4 trillion. We booked 56% of our new financing into our own balance sheet as opposed to joint-financing and as such we need to set aside loan loss allowance for these new receivables. However, including joint financing receivables, our consolidated cost of credit improved to 4.0% as compared to the 4.4% in 1Q 2012 as the Company continues to operate in prudent underwriting policy.

At the bottom line, our ROAA and ROAE stood at 3.1% and 28.0%, respectively, in 1Q 2013. Competitive environment has caused the industry to experience a normalized profitability.

Financial Highlights

In Billion Rupiah	FY 2012	1Q 2013	∆%	1Q 2012	2Q 2012	3Q 2012	4Q 2012
STATEMENTS OF FINANCIAL POSITION							
Assets							
Cash and cash equivalents	2,249	1,598	-29%	1,657	1,913	1,649	2,249
Financing receivables - net of allowance of impairment	22,452	24,579	9%	16,455	18,115	20,343	22,452
Fixed assets - net of accumulated depreciation	290	279	-4%	267	279	277	290
Intangible assets - net	41	38	-8%	30	33	32	41
Others	429	416	-3%	378	358	647	429
Total Assets	**25,461**	**26,910**	**6%**	**18,787**	**20,698**	**22,948**	**25,461**
Liabilities							
Borrowings	8,286	7,258	-12%	4,590	6,394	6,394	8,286
Debt securities issued – net	9,802	12,174	24%	7,808	8,412	10,037	9,802
Others	2,337	2,101	-10%	1,607	1,512	1,783	2,337
Total liabilities	**20,425**	**21,533**	**5%**	**14,005**	**16,318**	**18,214**	**20,425**
Total equity	**5,036**	**5,377**	**7%**	**4,782**	**4,380**	**4,734**	**5,036**
Total liabilities and equity	**25,461**	**26,910**	**6%**	**18,787**	**20,698**	**22,948**	**25,461**

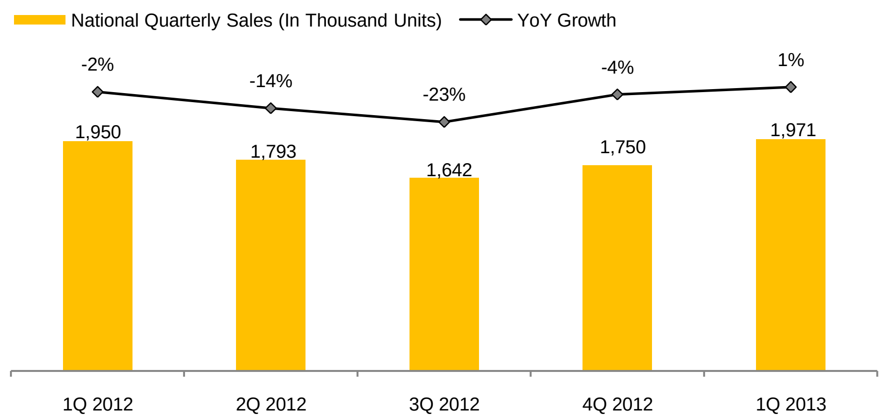
In Billion Rupiah	1Q 2012	1Q 2013	∆%	2Q 2012	3Q 2012	4Q 2012	FY 2012
INCOME STATEMENT							
Interest income	1,859	1,952	5%	1,859	1,925	1,972	2,000
Interest expense	(1,160)	(1,098)	-5%	(1,160)	(1,196)	(1,221)	(1,163)
Net interest income	**698**	**855**	**22%**	**698**	**729**	**751**	**836**
Fee income	550	543	-1%	550	580	572	575
Operating income	**1,248**	**1,398**	**12%**	**1,248**	**1,310**	**1,323**	**1,411**
Operating expense	(532)	(623)	17%	(532)	(591)	(599)	(689)
Net operating expense	**717**	**775**	**8%**	**717**	**718**	**724**	**722**
Cost of credit	(229)	(311)	36%	(229)	(181)	(232)	(292)
Other income/(expense)	(4)	(13)	227%	(4)	(19)	(12)	(17)
Income before income tax	**484**	**451**	**-7%**	**484**	**518**	**480**	**414**
Net income for the period	**362**	**336**	**-7%**	**362**	**388**	**359**	**309**

Note: Starting from 2013, the Company applied some reclassifications of accounts, i.e. other receivables to financing receivables and other expense to allowance for impairment losses of financing receivables.

KEY RATIOS	1Q 2012	1Q 2013	Δ%	2Q 2012	3Q 2012	4Q 2012	FY 2012
Profitability and Efficiency (%)							
Return to average managed receivables *	3.8%	3.0%	-0.8%	3.8%	3.3%	2.8%	3.0%
Return to average equity	34.6%	28.0%	-6.6%	36.8%	31.9%	26.3%	30.4%
Net income to total income	23.6%	18.1%	-5.5%	23.4%	20.9%	16.6%	21.0%
Cost to income	42.6%	44.6%	2.0%	45.1%	45.3%	48.8%	44.4%
Leverage and Liquidity (X)							
Total assets to total liabilities	1.3	1.2	-0.1	1.3	1.3	1.2	1.2
Total equity to total liabilities	0.3	0.2	-0.1	0.3	0.3	0.2	0.2
Gearing ratio	2.6	3.6	1.0	3.4	3.5	3.6	3.6
Assets Quality (%)							
Non-performing loan to managed receivables	1.3%	1.5%	0.2%	1.3%	1.4%	1.4%	1.4%
Provision of impairment losses to managed receivables	1.8%	1.9%	0.1%	1.2%	1.7%	2.1%	1.6%

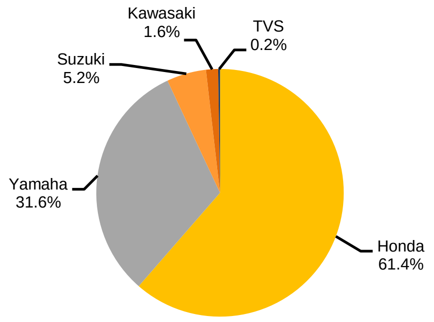
NEW FINANCING	1Q 2012	1Q 2013	Δ%	2Q 2012	3Q 2012	4Q 2012	FY 2012
In Thousand Units							
Motorcycle	449	373	-17%	491	468	425	1,833
Car	25	24	-3%	27	25	27	105
Total Financed Unit	**474**	**397**	**-16%**	**518**	**493**	**452**	**1,938**
In Billion Rupiah							
Motorcycle	4,765	3,828	-20%	5,186	4,856	4,564	19,371
Car	3,142	3,168	1%	3,353	3,077	3,506	13,078
Total Finance Amount	**7,908**	**6,996**	**-12%**	**8,539**	**7,932**	**8,070**	**32,449**

Domestic New Motorcycle Sales

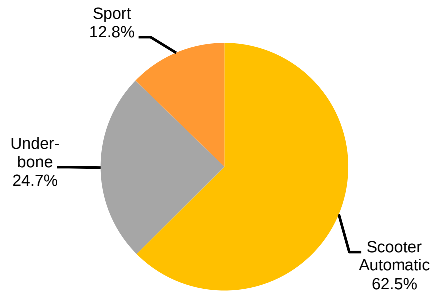


Source: Indonesian Motorcycles Industry Association (AISI)

New Motorcycle Sales by Brand
1Q 2013



New Motorcycle Sales by Type
1Q 2013



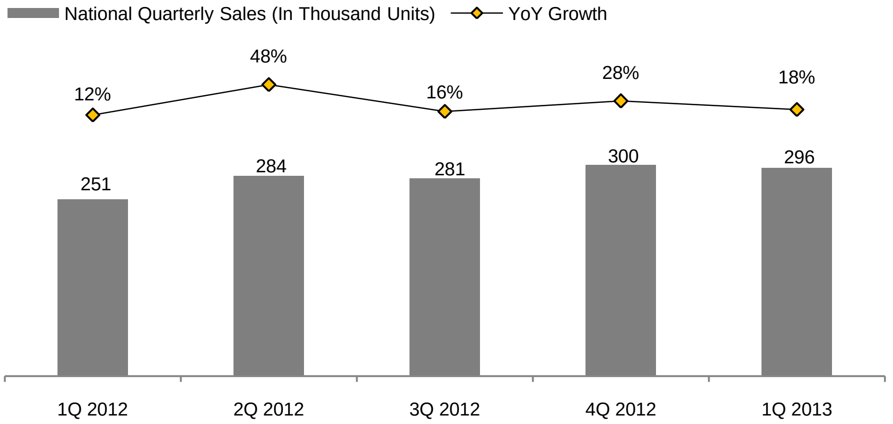
Following the era of the regulation on minimum down-payment (DP) which have been applied on a sharia-based automotive financing too since beginning 2013, the first quarter of 2013 saw a continuing cautious condition in the domestic sales of new motorcycle, whereby yearly growth in total sales almost leveled-off with only 2% growth posted at 1.97 million units as compared to the 1.93 million units recorded last year. The market was also marked with a stiffer competition, as consumers have been holding back on their purchases of new motorcycle, while on the operating cost, producers are faced with rising general and administrative costs related to rising regional minimum wages regulated by the government.

Notwithstanding an almost flat growth in new motorcycle sales, Honda has managed to hold a more dominant position in the new motorcyle market during 1Q 2013, as its market share increased from 55.1% in 1Q 2012 to become 61.4%. Honda booked a sale of 1.2 million units motorcycle which was 14% higher than last year on the back of robust increase in the sales of scootic and sport motorcycles. The increase in Honda's market share during the period had been at the expense of Yamaha which market share continued to drop from 36.7% to 31.6%, respectively, as its sales dropped from 709 thousand units to 622 thousand units. Suzuki as the 3rd largest players also underwent a drop in market share from 6.6% last year to 5% due to lower sales of 102 thousand units posted in 1Q 2013 as compared to the 127 thousand units sold last year.

On the engine type, the domination of scooter-automatic motorcycles ('scootic') continued to mark the period with increasing market share of scootic motorcycle from 54.2% in 1Q 2012 to become 62.5% in 1Q 2013. The leader in this scootic segment was still held by Honda with 71% of market-holding through the sales of 871 thousand units of scootic, or a 34% increase over the previous year's sales. The next highest segment sales contributor was the underbone motorcycles, yet with a continuing decreasing market share from 36.5% last year to post at only 24.7% this year. The leader in this segment was Honda with around 60% of market position during the period. The first three months of 2013 also saw a high increase in the sales of sport motorcycles, which market share has elevated strongly from 9.3% in 1Q 2012 to 12.7%. Yamaha has been constantly leading the sport segment with 53.4% market share in 1Q 2013.

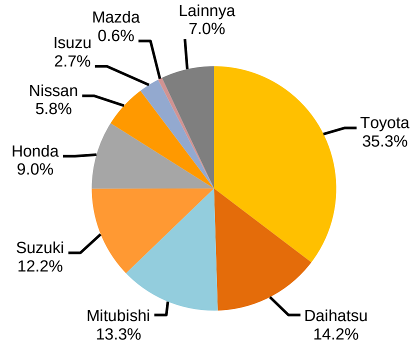
Taking into account the changes in operating environment, particularly DP regulations, as well as putting the scenarios of the reduction of subsidized fuel prices and the spurred inflation, the Indonesian association of motorcycle industry (ASII) forecasts a flat if not a 2% lower new motorcycle sales in 2013 from the 2012 total sales of 7 million units.

Domestic New Car Sales

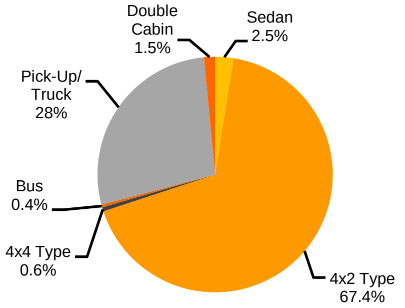


Source: Association of Indonesian Automotive Industries (GAIKINDO)

New Car Sales by Brand
1Q 2013



New Car Sales by Type
1Q 2013



The Indonesian car sales continue to record strong performance. Until March 2013, there were 296 thousand cars sold, which is a 18% growth as compared to the same period previous year at 251 thousand units. Monthly sales were stable around 100 thousand units, proving that the industry remains strong despite of challenging operating environment.

In terms of sales by brand, there is not much shifting taken place between brands. Astra manufactured Toyota and Daihatsu remained at the first and second place in the market share, hence already took up almost half of the market, controlling 35% and 14%, respectively. While Mitsubishi and Suzuki followed closely behind Daihatsu with 13% and 12% market share. Japanese brands remain as the preferred brands by the Indonesians both for passenger as well as commercial segments.

In terms of segment, passenger segment which mostly consist of hatchback, MPV and sedan takes up around 70% of the industry sales, while the remaining is commercial vehicles. Passengers segment has been growing strongly in recent years, owing to increasing GDP per capita of the people which has reached US$3,548 by the end of 2012. To add on it, was the LCGC regulations that is said going to be released this year. LCGC is expected to push the national sales even further.

Although this year will be another dynamic year for Indonesia, whereby the number of middle-income households is growing and GDP is still expected to reach over 6%, while inflation will be higher than planned due to fuel subsidy cut, nevertheless industry players believe that the car sales this year will still flat at around 1.1 million units.

Corporate Updates

New Management Composition and Distribution of Dividend

On 17 May 2012, Adira Finance conducted its Annual General Meeting of Shareholders (GMS). In the Annual GMS, the Company obtained the approval from its shareholders to distribute a dividend of 50% out of its 2012 income of Rp 1,419 billion (Rp709 billion). The dividend will be paid on 27 June 2013.

On the same day, the shareholders approved on the new management composition of the Company to be as follows:

President Director	:	Willy Suwandi Dharma
Vice President Director	:	Marwoto Soebiakno
Director	:	Hafid Hadeli
Director	:	Ho Lioeng Min
Director	:	I Dewa Made Susila
Director	:	Cornel Hugroseno
Director	:	Swandajani Gunadi

The shareholders are confidence that the new management composition would be able to lead the Company in to have a sustainable growth in the midst of a more competitive environment.