SMART NEWS
1ST QUARTER 1998

In the 1st quarter 1998, total turnover rose by 116.5% to Rp521.36bn in 1998 from Rp 248.4bn in 1997. This is due to the higher selling price of all products compared with the same period last year. Branded products rose by almost double to Rp 65.9bn from Rp 33.0bn even though experienced a volume drop of approximately 9.8%. Significant improvement on export was also recorded in the first quarter 1998 compared with the same period last year.

Sales Breakdown

	Mar. 1998 (Unaudited)		Mar. 1997** (Unaudited)	
	Rp. bn	%	Rp. bn	%
Branded	65.9	12.6	33.0	13.3
Unbranded	436.0	83.6	201.7	81.2
Beverage	0.0	0.0	7.6	3.0
Others*	19.5	3.7	6.1	2.4
Total	521.4	100.0	248.4	100.0

*Others include: packaging, tea and banana

**Mar 1997 numbers include Navika's number

Over all gross profit rose significantly by 486.7% from Rp 37.3bn to Rp 218.8bn in 1st quarter 1997 and 1998, respectively. Gross margin also showed increased to 42.0% in 1998 from only 15.0% in 1997, due to increased on the selling prices that was not been followed by the cost yet. In 1998, total operating expenses rose by 5% compared with 1997 from Rp 12.38bn to Rp 13.0bn. In 1997, total operating expenses excluding Navika's is approximately Rp 12.38bn. As a results, income from operations jumped significantly to Rp 205.8bn from only Rp 23.2bn.

The equity in net income of investees booked a combined loss of Rp 25.24bn compared with a combined profit of Rp 1.33bn in 1996, due to a significant forex losses recorded at our oleo chemical division for the first quarter of 1998.

Subsidiary Companies

	Mar. 1998 (Unaudited) Rp. bn	Mar. 1997 (Unaudited) Rp. bn
Tapian Nadenggan	4.6	2.3
SOCI	(25.3)	(0.7)
SPFI	0.0	0.0
Inti Gerakmaju	(4.5)	(0.3)
Grahamas Indojaya - transportation	0.0	0.0

Total interest charges rose to Rp 168.4bn from Rp 14.3bn due to the exchange mainly due to the weakening of Rupiah exchange rate against US Dollar. As a result of high interest charges, the company booked net income of Rp12.3bn in 1st quarter 1998 compared with Rp8.2bn in 1997.

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 30, 1998 AND 1997
(IN RUPIAH)

ASSETS

	1998	1997*
CURRENT ASSETS		
Cash and cash equivalents	109,884,562,661	157,553,185,626
Short-term investment	964,607,722,392	44,313,500,000
Accounts receivable		
Trade accounts receivable	157,821,896,727	86,375,514,557
Related Parties	48,100,765,229	14,964,289,615
Other receivables	11,962,971,668	18,087,637,328
Inventories	136,119,481,733	104,989,960,351
Prepaid Expenses	15,166,401,252	11,327,410,062
Prepaid value added tax - net	13,043,206,177	13,288,829,109
Total Current Assets	1,456,707,007,839	450,900,326,648
INVESTMENTS IN SHARES OF STOCK	88,212,387,050	78,353,831,070
DUE FROM RELATED PARTIES	38,410,000,000	23,975,312,910
PROPERTY, PLANT AND EQUIPMENT		
Carrying value	698,240,980,346	539,115,466,096
Accumulated depreciation	(111,845,773,131)	(89,350,449,859)
Net Book Value	586,395,207,215	449,765,016,237
OTHER ASSETS		
Forward exchange contracts - net	505,733,323,675	-
Software development costs in progress	18,889,512,584	-
Estimated claims for tax refund	10,163,731,877	17,439,830,560
Advances for project plasma plantations - net	14,338,107,314	22,931,132,529
Brands and trademarks - net	12,782,343,750	13,545,468,750
Nursery	14,673,822,094	13,883,489,054
Goodwill - net	7,114,490,960	12,286,571,172
Deferred charges - net	2,573,304,439	13,524,067,297
Others	28,319,039,574	9,576,753,518
Total Other Assets	614,587,676,267	103,187,312,880
TOTAL ASSETS	2,784,312,278,371	1,106,181,799,745

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 1998 and 1997
(IN RUPIAH)

LIABILITIES AND STOCKHOLDERS' EQUITY	**1998**	**1997**
CURRENT LIABILITIES		
Short-term loans	170,158,322,250	82,012,693,945
Account payable		
Trade accounts payable	53,898,836,503	54,910,437,657
Related parties	349,748,053	258,666,312
Other accounts payable	9,619,201,557	6,028,869,293
Accrued expenses	31,714,962,843	27,606,714,498
Taxes payable	9,243,779,013	5,127,941,348
Current maturities of long-term debts	835,000,000,000	5,205,933,000
Total Current Liabilities	1,109,984,850,219	181,151,256,053
LONG-TERM DEBTS - Net of Current Maturities	985,496,459,349	538,984,661,774
SUBORDINATED LOAN	392,462,000,000	-
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	34,254,533,311	29,777,954,851
STOCKHOLDERS' EQUITY		
Capital stock - Rp 1,000 par value		
Authorized - 1,000,000,000 shares		
Issued and fully paid - 252,000,000 shares in 1998	252,000,000,000	210,000,000,000
Additional paid-in capital	46,200,000,000	
Retained Earnings (deficit)	(36,085,564,508)	146,267,927,067
Stockholders' Equity - Net	262,114,435,492	356,267,927,067
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**2,784,312,278,371**	**1,106,181,799,745**

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THREE MONTHS ENDED MARCH 31, 1998 and 1997
(IN RUPIAH)

	1998	1997
NET SALES	521,356,552,757	248,371,738,918
COST OF GOODS SOLD	302,519,691,312	211,073,059,039
GROSS PROFIT	218,836,861,445	37,298,679,879
OPERATING EXPENSES		
Selling	4,757,019,185	8,050,921,116
General and administrative	8,238,224,473	8,405,545,284
Total Operating Expenses	12,995,243,658	16,456,466,400
INCOME FROM OPERATIONS	205,841,617,787	20,842,213,479
OTHER INCOME (CHARGES)		
Interest income	25,979,834,181	5,019,634,370
Equity in net earnings (losses) of associates - net	(25,243,298,246)	1,332,561,364
Loss on foreign exchange and swap cost - net	(150,008,741,552)	(6,460,183,886)
Interest and other financing charges	(44,371,744,206)	(12,827,286,327)
Miscellaneous - net	5,116,232,672	(82,941,930)
Other Charges - Net	(188,527,717,151)	(13,018,216,409)
INCOME BEFORE PROVISION FOR INCOME TAX	17,313,900,636	7,823,997,070
PROVISION FOR INCOME TAX	2,098,704,935	984,163,071
INCOME BEFORE MINORITY INTEREST	15,215,195,701	6,839,833,999
MINORITY INTEREST IN NET (EARNINGS) LOSS OF SUBSIDIARIES	(2,917,066,162)	1,367,747,636
NET INCOME (LOSS)	12,298,129,539	8,207,581,635
EARNINGS PER SHARE		
Income from operations per share	817	82
Net income per share	49	33

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)
FOR THREE MONTHS ENDED MARCH 31, 1998 AND 1997
(IN RUPIAH)

	1998	1997
RETAINED EARNINGS AT BEGINNING OF YEAR	(48,383,694,047)	138,060,345,432
NET INCOME (LOSS)	12,298,129,539	8,207,581,635
RETAINED EARNINGS (DEFICIT) AT END OF PERIOD	(36,085,564,508)	146,267,927,067