SMARTNEWS
March 2006

PERFORMANCE SUMMARY

For the 1st Q'06, the Company's sales increased by 17% to Rp1,141bn compared with Rp974bn for the same period last year.

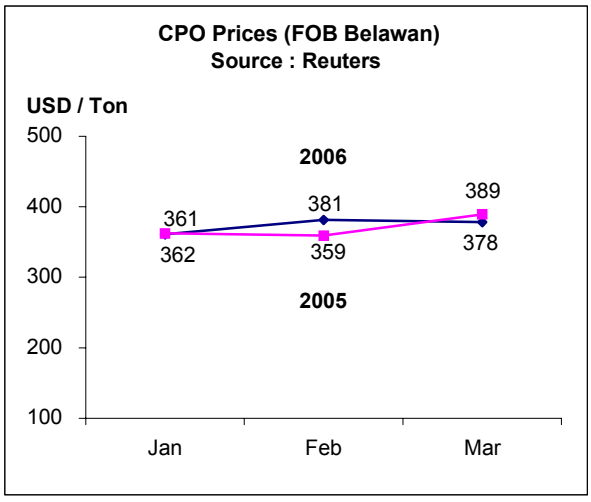
Operating profit climbed by a significant 87% to Rp149.71bn for 1st Q'06 compared with Rp80.21bn for 1st Q'05. Net income of the Company for the first 3-months in 2006 was Rp231.17bn compared with a net loss of Rp13.31bn for 1st Q'05.

PRODUCTION

FFB production rose by approximately 16% over the same period last year to 496 thousand tons from 429 thousand tons. This increase was driven by the increase in prime area composition of our plantations from 72% to almost 80% of total mature area. FFB processed also rose by almost 33% to 543 thousand tons, with increased FFB purchases from affiliates. CPO production rose by 33% to 128 thousand tons. Oil extraction rate slightly increased to 23.56% from 23.51%.

Description	Mar 2006	Mar 2005
FFB Harvested – ton	495,972	428,915
FFB Processed – ton	543,262	409,524
CPO Produced – ton	128,014	96,266
OER - %	23.56%	23.51%
PK - %	4.98%	4.96%

REVENUE



The 17% increase of sales for the 1st Q'06 was due to the 9% rise in sales volumes and rise in international CPO prices to an average of USD373.4 per ton in 2006 from USD370.2 per ton in 2005 (FOB Belawan). Export sales accounted for 48% of total sales. This contribution increased from 44% of total sales for the same period last year.

Total sales of branded products showed an increase of 42% to Rp172.82bn for 1st Q'06 from Rp121.79bn for 1st Q'05. The branded increase came from both the cooking oil and margarine segments which went up by 45% and 36%, respectively.

Products	Mar 2006		Mar 2005	
	Rp. bn	%	Rp. bn	%
Cooking Oil	*121.04*	*10.6%*	*83.64*	*8.6%*
Margarine	*51.78*	*4.5%*	*38.15*	*3.9%*
Total Branded	172.82	15.1%	121.79	12.5%
Refined Product	*492.60*	*43.2%*	*522.30*	*53.6%*
CPO and non-refined product	*461.59*	*40.5%*	*315.56*	*32.4%*
Total Unbranded	954.19	83.6%	837.86	86.0%
Others	14.18	1.2%	14.17	1.5%
Total Sales	1,141.19	100.0%	973.82	100.0%

Total sales of unbranded products increased by 14% to Rp954.19bn from Rp837.86bn. This increase was mostly from non-refined products which accounted for 40% of total sales.

COST OF SALES

The increase in sales volume and CPO price also led to an increase in cost of goods sold by approximately 11% to Rp905bn for 1st Q'06 from Rp818bn in 1st Q'05. However, the increase of cost of sales was smaller than the increase of sales. Therefore, gross margin increased to 21% for 1st Q'06 compared to 16% for the same period last year. Gross profit rose to Rp236bn for 1st Q'06 from Rp156bn.

OPERATING EXPENSES

Operating expenses rose to Rp86.17bn in 1st Q'06 compared with Rp75.84bn in 1st Q'05. Selling expenses only increased by 3% to Rp32.22bn in 1st Q'06 from Rp31.23bn. While, general and administrative expenses increased by 21% to Rp53.95bn from Rp44.61bn, mainly due to the increase in salary, repair and maintenance expense.

FINANCIAL EXPENSES – NET

Net interest and other financing charges decreased to Rp32.25bn in 1st Q'06 compared with Rp43.35bn in 1st Q'05, due to the debt to equity conversion effected on June 30, 2005.

FOREIGN EXCHANGE GAIN/LOSS

The strengthening of Rupiah exchange rate against USD to Rp9,075 per US dollar as at the end of 1st Q'06 from Rp9,480 per US dollar as at the end of 1st Q'05, caused the Company to book a foreign exchange gain of Rp89.82bn for 1st Q'06 compared to a loss of Rp65.42bn for 1st Q'05.

EQUITY IN NET LOSS OF ASSOCIATES

Equity in net loss of associates decreased to Rp1.59bn from Rp1.65bn. The loss mainly due to a negative contribution of PT Sinar Oleochemical International amounting to Rp3.63bn for 1st Q'06.

ASSETS

Total assets increased to Rp4,909bn from Rp4,025bn, primarily driven by the drawdown of new loan from Westlb AG amounting to US$ 40 million on March 2006, the increase in fixed assets amounting to Rp186.49bn with 3 new mills operated, and increase in working capital by Rp160.27bn.

LIABILITIES

Total liabilities decreased to Rp2,759bn from Rp4,383bn, due to the above-mentioned debt to equity conversion. The debt to equity conversion also increased the Company's equity to Rp2,148bn from negative Rp359bn. This significantly strengthened our balance sheet with debt to equity ratio now improved to 1.28.

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk DAN AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 March 2006 and 2005 (Unaudited)
(Expressed in Rupiah, Except for Par Value)

	2006	2005
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	549,013,543,573	124,729,954,409
Short-term investments	121,237,147,938	386,346,027
Trade accounts receivable		
Related parties	61,015,115,117	23,142,980,275
Third parties	210,404,619,546	169,317,253,164
Other receivables - third parties	19,965,281,159	27,507,942,871
Inventories	611,959,257,423	530,646,950,539
Prepaid expenses and other current assets	124,781,967,952	99,656,896,579
Prepaid tax – net	55,269,553,006	59,345,736,445
TOTAL CURRENT ASSETS	1,753,646,485,714	1,034,734,060,309
NON-CURRENT ASSETS		
Due from related parties	103,621,858,721	53,472,205,668
Deferred tax assets - net	18,890,040,516	20,915,393,763
Investment in shares of associates	435,562,000,292	414,714,751,714
Plantations		
Mature plantations - net of accumulated amortization	867,282,469,897	890,423,336,272
Immature plantations	116,144,755,656	28,775,425,625
Property, plant and equipment - net of accumulated depreciation	1,348,951,608,459	1,162,464,870,149
Intangible assets		
Goodwill - net	66,871,672,734	41,825,675,964
Brands and trademarks - net	6,677,343,750	7,440,468,750
Other assets		
Estimated claims for tax refund	22,719,918,452	21,928,508,881
Nursery	33,507,099,918	19,448,037,174
Software development costs – net	11,437,274,480	18,684,559,580
Deferred landrights - net	18,387,677,508	11,298,580,038
Other deferred charges - net	1,018,884,334	320,321,591
Time deposits - related party	-	199,790,903,494
Others	103,887,757,167	98,546,772,865
Total Other Assets	190,958,611,859	370,017,683,623
TOTAL NON-CURRENT ASSETS	3,154,960,361,884	2,990,049,811,528
TOTAL ASSETS	**4,908,606,847,598**	**4,024,783,871,837**

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
31 March 2006 and 2005 (Unaudited)
(Expressed in Rupiah, Except for Par Value)

	2006	2005
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Short-term bank loans	234,135,000,000	-
Trade accounts payable		
Related parties	184,576,369,130	142,365,211,976
Third parties	187,343,184,514	145,130,848,726
Other payables		
Related parties	22,687,500,000	956,474,712,360
Third parties	211,711,015,962	23,615,893,636
Advances from customers - third parties	25,356,835,255	42,073,629,077
Accrued expenses	38,575,144,261	70,140,619,072
Taxes payables	9,387,435,270	7,162,835,365
Current maturities of long-term debts	172,686,419,273	112,198,185,133
TOTAL CURRENT LIABILITIES	1,086,458,903,665	1,499,161,935,345
NON-CURRENT LIABILITIES		
Deferred tax liabilities - net	118,352,333,547	175,119,740,729
Defined-benefit post-employment reserve	49,493,117,745	47,749,500,033
Long-term debts - net of current maturities	698,929,799,978	435,842,468,844
Due to related parties	805,888,221,356	1,780,023,370,720
Subordinated loan	-	445,560,000,000
TOTAL NON-CURRENT LIABILITIES	1,672,663,472,626	2,884,295,080,326
EXCESS OF EQUITY IN NET LOSSES OF AN ASSOCIATE OVER COST	1,898,424,647	-
MINORITY INTEREST IN NET ASSETS OF A SUBSIDIARY	10,000,000	10,000,000
EQUITY		
Capital stock – par value Rp200 per share in 2006 and Rp1,000 per share in 2005		
Authorized – 5,000,000,000 shares in 2006 and 1,000,000,000 shares in 2005		
Issued and fully paid – 2,872,193,366 shares in 2006 and 297,360,000 shares in 2005	574,438,673,200	297,360,000,000
Additional paid-in capital	1,662,472,039,200	-
Difference in foreign currency translation	104,539,090,690	110,770,641,650
Difference arising from changes in subisidiaries' equity	24,703,013,824	17,208,560,616
Difference arising from changes in associated companies' equity	26,467,936,017	9,710,073,443
Difference arising from restructuring transactions of entities under common control	(11,987,787,393)	(11,987,787,393)
Deficit	(233,056,918,878)	(781,744,632,150)
TOTAL EQUITY	2,147,576,046,660	(358,683,143,834)
TOTAL LIABILITIES AND EQUITY	**4,908,606,847,598**	**4,024,783,871,837**

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Periods of Three Months Ended March 31, 2006 and 2005 (Unaudited)
(Expressed in Rupiah, Except for Net Earnings (Loss) per Share)

	2006	2005
REVENUES	1,141,194,469,386	973,821,329,272
COST OF GOODS SOLD	905,315,966,957	817,773,236,968
GROSS PROFIT	**235,878,502,429**	**156,048,092,304**
OPERATING EXPENSES		
Selling	32,221,137,382	31,228,281,650
General and administrative	53,944,771,156	44,613,100,653
Total Operating Expenses	86,165,908,538	75,841,382,303
INCOME FROM OPERATIONS	**149,712,593,891**	**80,206,710,001**
OTHER INCOME (EXPENSES)		
Gain (loss) on foreign exchange - net	89,814,557,225	(65,420,997,156)
Interest income	4,272,099,176	2,145,519,633
Share of net loss of associates - net	(1,592,775,409)	(1,650,966,201)
Interest and other financing charges	(36,526,106,816)	(45,491,007,695)
Miscellaneous - net	39,423,388,488	17,605,960,602
Other Income (Expenses) - Net	95,391,162,664	(92,811,490,817)
INCOME (LOSS) BEFORE TAX	**245,103,756,555**	**(12,604,780,816)**
TAX EXPENSE		
Current	(539,839,230)	-
Deferred	(12,879,417,713)	(709,148,467)
	(13,419,256,943)	(709,148,467)
INCOME (LOSS) BEFORE PRE-ACQUISITION INCOME	**231,684,499,612**	**(13,313,929,283)**
PRE-ACQUISITION INCOME	514,063,979	-
NET INCOME (LOSS)	**231,170,435,633**	**(13,313,929,283)**
NET EARNINGS (LOSS) PER SHARE	80	(9)

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Periods of Three Months Ended March 31, 2006 and 2005 (Unaudited)
(Expressed in Rupiah)

	Capital Stock	Additional Paid-in Capital	Difference in Foreign Currency Translation	Difference Arising from Changes in Subsidiaries' Equity	Difference Arising from Changes in Associated Companies' Equity	Difference Arising from Restructuring Transactions of Entities Under Common Control	Deficit	Total Equity
Balance as of January 1, 2005	297,360,000,000	-	107,540,732,278	17,208,560,616	9,710,073,443	(11,987,787,393)	(768,430,702,867)	(348,599,123,923)
Translation adjustment	-	-	3,229,909,372	-	-	-	-	3,229,909,372
Net loss for the period	-	-	-	-	-	-	(13,313,929,283)	(13,313,929,283)
Balance as of March 31, 2005	**297,360,000,000**	**-**	**110,770,641,650**	**17,208,560,616**	**9,710,073,443**	**(11,987,787,393)**	**(781,744,632,150)**	**(358,683,143,834)**
Balance as of January 1, 2006	574,438,673,200	1,662,472,039,200	116,703,860,204	24,703,013,824	26,467,936,017	(11,987,787,393)	(464,227,354,511)	1,928,570,380,541
Translation adjustment	-	-	(12,164,769,514)	-	-	-	-	(12,164,769,514)
Net income for the period	-	-	-	-	-	-	231,170,435,633	231,170,435,633
Balance as of March 31, 2006	**574,438,673,200**	**1,662,472,039,200**	**104,539,090,690**	**24,703,013,824**	**26,467,936,017**	**(11,987,787,393)**	**(233,056,918,878)**	**2,147,576,046,660**

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Periods of Three Months Ended March 31, 2006 and 2005 (Unaudited)
(Expressed in Rupiah)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,202,146,678,411	1,008,937,726,297
Cash paid to suppliers, contractors, and employees	(909,808,107,957)	(901,572,375,222)
Cash generated from operations	292,338,570,454	107,365,351,075
Payment for other operating activities - net	(176,106,552,667)	(145,055,791,537)
Receipt from (payment of) taxes - net	28,361,196,771	(1,460,088,682)
Payment of interest - net	(62,058,250,309)	(48,495,796,191)
Net Cash Provided by (Used in) Operating Activities	**82,534,964,249**	**(87,646,325,335)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	6,293,945,201	953,849,255
Net increase in short-term investments	(50,596,868)	-
Net increase in nursery	(1,409,016,121)	(1,366,456,869)
Acquisitions of property, plant and equipment and additional plantations	(44,908,553,613)	(102,437,469,778)
Payment for acquisition of a subsidiary net of cash balance at acquisition date	(30,228,072,023)	-
Net decrease in time deposits - related party	-	19,890,511,576
Net Cash Used in Investing Activities	**(70,302,293,424)**	**(82,959,565,816)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional long-term debts	364,528,000,000	-
Additional due to related parties	57,200,230,513	91,346,255,102
Payments of long-term debts	(30,861,130,538)	(14,185,107,688)
Payments of due to related parties	(237,440,720,000)	(3,057,777,470)
Net Cash Provided by Financing Activities	**153,426,379,975**	**74,103,369,944**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**165,659,050,800**	**(96,502,521,207)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	383,354,492,773	221,232,475,616
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**549,013,543,573**	**124,729,954,409**