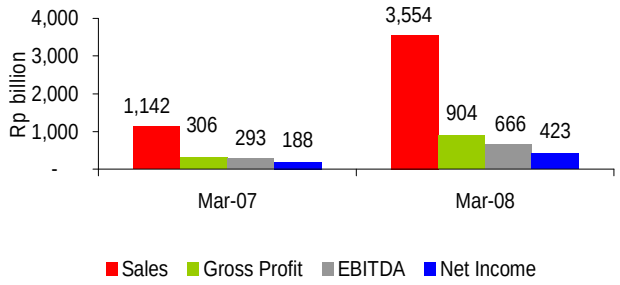
Smartnews

March 2008

Performance Summary



The Company initiated the first quarter of 2008 by achieving tremendous growth in sales, gross profit, EBITDA, as well as net income. Sales more than tripled to Rp 3,554 billion compared to the same period last year, followed by gross profit shooting up to Rp 904 billion from Rp 306 billion. EBITDA and net income more than doubled to Rp 666 billion and Rp 423 billion, respectively.

As of 31 March 2008, the Company's palm plantation hectarage totaled approximately 126,300 hectares, comprising of 106,500 hectares mature and 19,800 hectares immature estates. Nucleus and plasma estates amounted to 101,500 and 24,800 hectares, respectively. Total estate area increased by 5.3% compared to 31 March 2007, due to our expansion through new planting.

Production

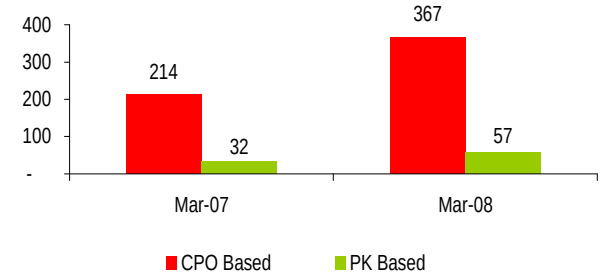
Description	Mar 2007	Mar 2008	Growth
FFB produced - tons	451,490	539,400	19.5%
CPO produced - tons	115,818	140,495	21.3%
PK produced - tons	25,343	31,181	23.0%
Oil extraction rate - %	23.76	23.35	-0.41%
Kernel extraction rate - %	5.20	5.18	-0.02%

Year-to-date FFB production increased by 19.5% compared to the same period last year, mainly due to an increase in maturity of the age profile and newly added mature plantations by approximately 10,700 hectares. The increase was also supported by better weather conditions since second half of 2007. As a result, CPO production and PK production increased to 140,495 tons and 31,181 tons, respectively.

Both oil extraction rate and kernel extraction rate slightly declined to 23.35% and 5.18%, respectively, compared to three month period ended 31 March 2007. The decrease was a lagging effect of the drought during second half of 2006 and first half of 2007.

Revenue

Sales Volume (in mn tons)



Total revenue for the three month period ended 31 March 2008 grew by 211.3% to Rp 3,554 billion, mainly due to an increase in average selling price by 81% and an increase in sales volume by 73%. The increase in selling price was in line with the increase in average international CPO price to US$ 1,077 per ton during first quarter of 2008. Increase in sales volume was as a result of increase in production and increase in trading volume.

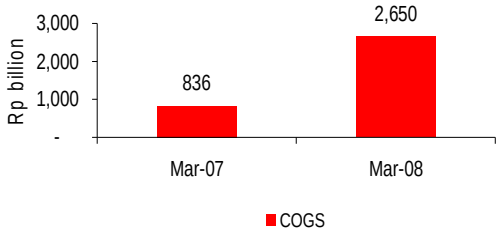
Products	Mar 2007		Mar 2008	
	Rp bn	%	Rp bn	%
Cooking Oil	142	12.4%	311	8.8%
Margarine	65	5.7%	179	5.0%
Total Branded	207	18.1%	490	13.8%
Refined Product	518	45.3%	817	23.0%
CPO and non-refined product	405	35.5%	2,231	62.8%
Total Unbranded	923	80.8%	3,048	85.8%
Others	12	1.1%	16	0.4%
Total Sales	1,142	100.0%	3,554	100.0%

During the first quarter of 2008, sales of branded cooking oil and margarine showed considerable increases of 119.5% and 173.9%, respectively, supported by higher selling prices as well as sales volumes. Total sales of branded products increased to Rp 490 billion from Rp 207 billion for the same period last year.

Sales of unbranded products managed to increase even more by 230.3% to Rp 3,048 billion from Rp 923 billion during the first quarter of 2007, mainly due to the increase in average selling prices and increase in trading volume.

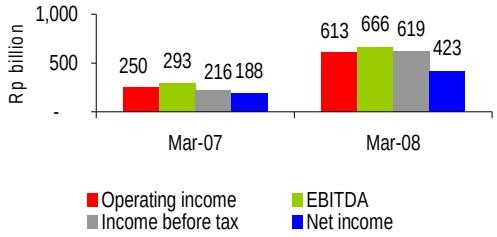
Cost of goods sold

Cost of goods sold for the three months period ended 31 March 2008 increased by 217% to Rp 2,650 billion from Rp 836 billion for the same period last year. The increase was due to higher average CPO purchase price related to the increase in international market prices as well as higher CPO purchase quantity for trading purposes.



Operating income

For the three month period ended 31 March 2008, the Company's operating income more than doubled to Rp 613 billion from Rp 250 billion for the same period last year, in line with the increase in gross profit by 195.8% to Rp 904 billion.



EBITDA

EBITDA during the three month period ended 31 March 2008 increased by a remarkable 127.5% to Rp 665.84 billion from Rp 292.67 billion for the same period in 2007, in line with the rise in operating income.

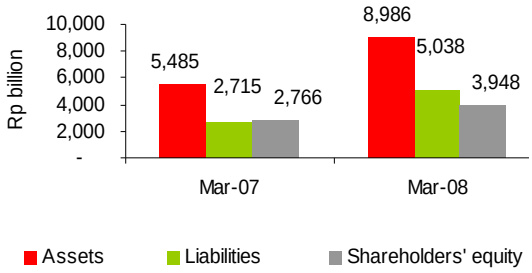
Income before tax

The Company's income before tax also showed a substantial increase of 186.8% to Rp 619 billion for the first quarter of 2008 from Rp 216.03 billion for the same period last year, corresponding to the EBITDA strengthening.

Assets

As of 31 March 2008, the Company's total assets grew by 63.8% to Rp 8,986 billion from Rp 5,485 billion last year.

The increase mainly resulted from the expansion in oil palm plantations by approximately 6,300 ha, the on-going construction of two mills, a refinery and two kernel crushing plants in Kalimantan, higher value of inventories and accounts receivable in line with the increase of palm products' prices, and an increase in cash and short-term investment balances.



Liabilities

Total liabilities as of 31 March 2008 increased by 85.6% from Rp 2,715 billion in the previous year to Rp 5,038 billion, mainly as the result of an increase in external funding. Of this amount, total bank debt was Rp 1,606 billion.

As of 31 March 2008, our gearing remained at a healthy level with a net debt to equity ratio of 0.60 and bank debt to EBITDA ratio of 0.60 (on an annualized basis).

Equity

Shareholders' equity at the end of March 2008 sharply increased by 42.7% to Rp 3,948 billion from Rp 2,766 billion in previous year. The Company's retained earnings totaled Rp 1,443 billion at end of March 2008, after distribution of Rp 132 billion in dividends on 25 June 2007 against 2006 earnings.