

PERFORMANCE SUMMARY

During the first six months (H1) of 2006, the Company booked an increase in sales by 13% to Rp2,357bn compared with Rp2,078bn for the same period last year.

Operating profit climbed significantly by 87% to Rp314.45bn for H1'06 compared with Rp168.51bn for H1'05. Net income of the Company for the first 6-months in 2006 was Rp371.42bn compared with Rp14.38bn for H1'05.

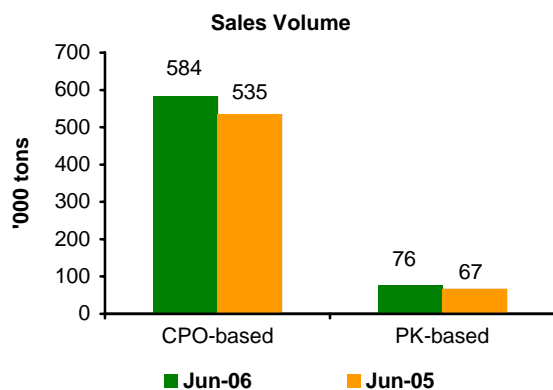
PRODUCTION

Description	June 2006	June 2005
FFB Harvested – ton	1,030,167	917,179
Yield/ha(ton)	11.14	9.79
FFB Processed – ton	1,146,005	915,740
CPO Produced – ton	267,063	213,948
PK Produced – ton	55,982	45,099
OER - %	23.30%	23.36%
PK - %	4.88%	4.92%

In line with the increase in prime area composition of Company's plantation area by 9.21% compared to the same period last year, FFB production rose by approximately 12% over the same period last year to 1,030,167 tons from 917,179 tons. FFB yield also increased by 13.8% to 11.14 ton/ha from 9.79 ton/ha. FFB processed rose by 25% to 1,146,005 tons, resulting in an increase in CPO production by 24.8% to 267,063

tons and in PK production by 24.1% to 55,982 tons. Oil extraction rate slightly declined to 23.30% from 23.36%, as a result of the increased amount of outside FFB purchases to fully utilize the Company's CPO mills.

REVENUE



The 13% increase of sales for H1'06 was due to rise in sales volumes of almost 10%. Product wise, our CPO-based and PK-based products enjoyed an increase in sales volume of 9% and 14%, respectively. Export sales accounted for 49% of total sales compared to 46% for the same period last year.

Sales of branded products showed an increase of 16.5% to Rp334.73bn from Rp287.33bn. This increase largely came from increase in cooking oil segments by 25%.

Products	June 2006		June 2005	
	Rp. bn	%	Rp. bn	%
<i>Cooking Oil</i>	234.65	10.02%	187.69	9.09%
<i>Margarine</i>	100.08	4.27%	99.64	4.82%
Total Branded	334.73	14.30%	287.33	13.91%
<i>Refined Product *)</i>	1,204.11	51.43%	1,031.41	49.94%
<i>CPO and non-refined product</i>	792.13	33.83%	733.21	35.50%
Total Unbranded	1,996.24	85.26%	1,764.62	85.44%
Others	10.36	0.44%	13.38	0.65%
Total Sales	2,341.33	100.0%	2,065.34	100.00%

Sales of unbranded products increased by 13% to Rp 1,996.24bn from Rp1,764.62bn for the same period last year. This increase was mostly from refined products, which accounted for 51% of total sales.

*) Starting 2006, sales to industrial consumer were categorized as unbranded refined product. The 2005 figures has been restated to effect this change.

COST OF SALES

The increase in sales volume led to an increase in cost of goods sold by 6% to Rp1,839bn for H1'06 from Rp1,742bn in H1'05. However, the increase of cost of sales was smaller than the increase of sales. Therefore, gross margin increased to 22% for H1'06 compared to 16% for the same period last year. Gross profit rose to Rp518bn for H1'06 from Rp337bn.

OPERATING EXPENSES

During the first semester of 2006, operating expenses rose by 21.2% to Rp203.88bn from Rp168.21bn for the same period last year. Selling expenses increased by 13.7% to Rp87.48bn in H1'06 from Rp76.91bn due to increase in transportation cost and export tax. General and administrative expenses increased by 27.5% to Rp116.4bn from Rp91.3bn, mainly due to the increase in utilities and repair and maintenance expense.

FINANCIAL EXPENSES

Financial expenses in H1'06 decreased by 39% to Rp 63bn from Rp 93bn in H1'05 due to the debt to equity conversion effected on June 30, 2005.

FOREIGN EXCHANGE GAIN/LOSS

As a result of Rupiah strengthening against USD to Rp9,300 per US dollar as at the end of H1'06 from Rp9,830 per US dollar as at the end of December 2005, the Company booked a foreign exchange gain of Rp65.27bn for H1'06 compared to a loss of Rp99.72bn for H1'05.

ASSETS

Total assets increased to Rp4,778bn from Rp4,335bn, primarily driven by the drawdown of new loan from Westlb AG amounting to US\$ 40 million on March 2006 and the increase in fixed assets amounting to Rp173.38bn with 2 new mills becoming operational.

LIABILITIES

Total liabilities decreased to Rp2,494bn from Rp2,722bn, due to the above-mentioned debt to equity conversion. The debt to equity conversion also increased the Company's equity to Rp2,281bn from Rp1,612bn. This significantly strengthened our balance sheet with debt to equity ratio now improved to 1.10.

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
30 June 2006 and 2005
(Expressed in Rupiah)

	2006	2005
	(Unaudited)	(Audited)
	Rp	Rp
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	118,679,465,155	102,637,735,076
Short term investments	164,385,831,999	3,149,078,363
Trade accounts receivable		
Related parties	112,145,511,251	36,625,291,104
Third parties	197,585,334,702	192,656,660,928
Other receivables - third parties	26,110,686,269	22,930,100,820
Inventories	700,567,142,854	601,263,930,580
Prepaid expenses and other current assets	158,273,919,526	170,179,552,369
Prepaid tax – net	73,912,513,183	77,209,113,050
TOTAL CURRENT ASSETS	1,551,660,404,939	1,206,651,462,290
NON-CURRENT ASSETS		
Due from related parties	140,767,893,525	101,287,407,371
Deferred tax assets - net	18,856,635,415	22,818,891,991
Investment in shares of associates	334,774,951,796	422,522,298,905
Plantations		
Mature plantations - net of accumulated amortization	855,440,085,408	879,632,606,486
Immature plantations	136,817,617,813	35,910,420,096
Property, plant and equipment - net of accumulated depreciation	1,376,431,589,942	1,203,054,615,625
Intangible assets		
Goodwill - net	65,748,044,748	41,053,720,713
Brands and trademarks - net	6,486,562,500	7,249,687,500
Other assets		
Estimated claims for tax refund	76,985,127,325	31,095,377,785
Nursery	37,837,511,132	21,799,197,376
Software development costs – net	11,437,274,480	21,081,827,221
Deferred landrights - net	18,130,533,631	9,642,870,431
Other deferred charges - net	8,472,989,345	291,201,446
Time deposits - related party	-	206,784,857,553
Others	137,848,222,774	123,816,320,667
Total Other Assets	290,711,658,687	414,511,652,479
TOTAL NON-CURRENT ASSETS	3,226,035,039,834	3,128,041,301,166
TOTAL ASSETS	4,777,695,444,773	4,334,692,763,456

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
30 June 2006 and 2005
(Expressed in Rupiah)

	2006 (Unaudited)	2005 (Audited)
	Rp	Rp
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Short-term bank loans	239,940,000,000	-
Trade accounts payable		
Related parties	279,849,360,361	208,767,205,839
Third parties	178,913,775,124	183,822,479,096
Other payables		
Related parties	23,250,000,000	24,282,500,000
Third parties	34,354,373,474	30,162,360,159
Advances from customers		
Related parties	131,376,341	-
Third parties	22,017,376,882	27,464,247,258
Accrued expenses	34,475,993,008	107,790,880,278
Taxes payables	11,988,014,735	9,982,115,800
Current maturities of long-term debts	215,553,401,031	130,891,044,009
TOTAL CURRENT LIABILITIES	1,040,473,670,956	723,162,832,439
NON-CURRENT LIABILITIES		
Deferred tax liabilities - net	129,438,957,362	170,810,791,677
Defined-benefit post-employment reserve	34,116,967,823	47,094,864,000
Long-term debts - net of current maturities	630,511,006,061	439,168,288,757
Due to related parties	659,844,763,282	1,342,030,659,929
TOTAL NON-CURRENT LIABILITIES	1,453,911,694,528	1,999,104,604,363
EXCESS OF EQUITY IN NET LOSSES OF AN ASSOCIATE OVER COST	2,394,770,810	-
MINORITY INTEREST IN NET ASSETS OF A SUBSIDIARY	10,000,000	10,000,000
EQUITY		
Capital stock - par value Rp 200 per share in period 2006 and in period 2005		
Authorized - 5,000,000,000 shares in period 2006 and period 2005		
Issued and fully paid - 2,872,193,366 shares in period 2006 and in period 2005	574,438,673,200	574,438,673,200
Additional paid-in capital	1,662,472,039,200	1,662,472,039,200
Difference in foreign currency translation	107,928,118,624	114,622,376,266
Difference arising from changes in subsidiaries' equity	24,703,013,824	17,208,560,616
Difference arising from changes in associated companies' equity	16,163,179,153	9,710,073,443
Difference arising from restructuring transactions of entities under common control	(11,987,787,393)	(11,987,787,393)
Deficit	(92,811,928,129)	(754,048,608,678)
TOTAL EQUITY	2,280,905,308,479	1,612,415,326,654
TOTAL LIABILITIES AND EQUITY	4,777,695,444,773	4,334,692,763,456

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Periods of Six Months Ended June 30, 2006 and 2005
(Expressed in Rupiah)

	2006	2005
	(Unaudited)	(Audited)
	Rp	Rp
REVENUES	2,357,304,790,579	2,078,420,912,143
COST OF GOODS SOLD	1,838,972,101,456	1,741,707,203,055
GROSS PROFIT	518,332,689,123	336,713,709,088
OPERATING EXPENSES		
Selling	87,477,074,665	76,906,545,450
General and administrative	116,405,377,285	91,299,634,204
Total Operating Expenses	203,882,451,950	168,206,179,654
INCOME FROM OPERATIONS	314,450,237,173	168,507,529,434
OTHER INCOME (EXPENSES)		
Gain (loss) on foreign exchange - net	65,272,532,201	(99,719,860,185)
Interest income	9,805,728,614	4,239,601,574
Equity in net profit of associates - net	789,558,862	2,754,846,376
Interest and other financing charges	(64,082,733,701)	(93,268,037,683)
Miscellaneous - net	71,782,484,359	26,364,715,860
Other Income (Expenses) - Net	83,567,570,335	(159,628,734,058)
INCOME BEFORE TAX	398,017,807,508	8,878,795,376
TAX EXPENSE (BENEFIT)		
Current	2,088,870,518	-
Deferred	23,999,446,629	(5,503,298,813)
	26,088,317,147	(5,503,298,813)
INCOME BEFORE PRE-ACQUISITION INCOME	371,929,490,361	14,382,094,189
PRE-ACQUISITION INCOME	(514,063,979)	-
NET INCOME	371,415,426,382	14,382,094,189
NET EARNINGS PER SHARE	129	10

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Periods of Six Months Ended June 30, 2006 and 2005
(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
	Rp	Rp	Rp	Rp	Rp	Rp	Rp	Rp
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)
Debt-to-equity conversion	277,078,673,200	-	-	-	-	-	-	277,078,673,200
Additional paid-in capital	-	1,662,472,039,200	-	-	-	-	-	1,662,472,039,200
Translation adjustment	-	-	7,081,643,988	-	-	-	-	7,081,643,988
Net income for the year	-	-	-	-	-	-	14,382,094,189	14,382,094,189
Balance as of June 30, 2005	<u>574,438,673,200</u>	<u>1,662,472,039,200</u>	<u>114,622,376,266</u>	<u>17,208,560,616</u>	<u>9,710,073,443</u>	<u>(11,987,787,393)</u>	<u>(754,048,608,678)</u>	<u>1,612,415,326,654</u>
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	-	-	(8,775,741,580)	-	-	-	-	(8,775,741,580)
Difference arising from changes in associated companies' equity	-	-	-	-	(10,304,756,864)	-	-	(10,304,756,864)
Net income for the year	-	-	-	-	-	-	371,415,426,382	371,415,426,382
Balance as of June 30, 2006	<u>574,438,673,200</u>	<u>1,662,472,039,200</u>	<u>107,928,118,624</u>	<u>24,703,013,824</u>	<u>16,163,179,153</u>	<u>(11,987,787,393)</u>	<u>(92,811,928,129)</u>	<u>2,280,905,308,479</u>

PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Periods of Six Months Ended June 30, 2006 and 2005
(Expressed in Rupiah)

	2006 (Unaudited) Rp	2005 (Audited) Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	2,293,141,383,128	2,057,069,610,869
Cash paid to suppliers, contractors, and employees	<u>(2,232,173,738,026)</u>	<u>(2,120,629,603,052)</u>
Cash generated from operations	60,967,645,102	(63,559,992,183)
Receipt from (payment of) taxes - net	(43,495,424,102)	(30,898,720,594)
Payment of interest - net	<u>(85,242,765,903)</u>	<u>(56,097,664,450)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(67,770,544,903)</u>	<u>(150,556,377,227)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of cash dividend	96,750,000,000	-
Proceeds from sale of property and equipment	8,520,199,326	2,641,984,230
Decrease (increase) in investments in shares of associates	(663,000,000)	450,000,000
Net increase in nursery	(12,005,149,331)	(7,267,121,352)
Net decrease (increase) in short term investments	(43,199,280,929)	17,127,779,240
Payment for acquisition of a subsidiary net of cash balance at acquisition date	(30,228,072,023)	-
Acquisitions of property, plant and equipment and additional plantations	(117,450,983,855)	(158,702,269,609)
Net increase in time deposits - related party	<u>-</u>	<u>(2,083,481,355)</u>
Net Cash Used in Investing Activities	<u>(98,276,286,812)</u>	<u>(147,833,108,846)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional long-term debts	364,528,000,000	-
Additional due to related parties	38,089,712,635	181,370,312,717
Payment of long term debts	(75,313,188,538)	(1,575,567,184)
Payments of due to related parties	<u>(425,932,720,000)</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>(98,628,195,903)</u>	<u>179,794,745,533</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(264,675,027,618)	(118,594,740,540)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>383,354,492,773</u>	<u>221,232,475,616</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>118,679,465,155</u></u>	<u><u>102,637,735,076</u></u>