



GROUP MANAGING DIRECTOR'S REVIEW

OVERVIEW

The Group had an excellent year in 2010, achieving a record set of results with the good growth in its Indonesian businesses further enhanced by the strength of the rupiah.

PERFORMANCE

The Group's revenue increased by 47% to US\$15.7 billion in 2010. Underlying profit grew by 55% to a record US\$812 million and underlying earnings per share also increased by 55% to US\$228.34. Profit attributable to shareholders at US\$944 million included a non-trading gain of US\$132 million, due largely to the fair value gain on oil palm plantations arising from the increase in crude palm oil prices assumed.

Astra's contribution to the Group's underlying profit rose by 62%, reflecting a stronger rupiah and improved performances across almost all its major businesses. The Group's other motor interests contributed US\$56 million, 5% down on the previous year.

The Group continued to benefit from healthy operating cashflows and its balance sheet remains strong. Consolidated net debt, excluding borrowings within Astra's financial services companies, was US\$353 million at the end of 2010, compared to net cash of US\$64 million at the end of 2009. This was due mainly to the purchase of an additional 47% interest in Astra Sedaya Finance, participation in Bank Permata's rights issue and the purchase of mining equipment and rental vehicles by Astra's mining and car rental businesses, respectively. The net debt within Astra's financial services companies at US\$2.4 billion was US\$868 million higher than at the previous year end following an increase in volume financed. Parent company net cash was US\$7 million at the year end.

GROUP REVIEW

ASTRA

The Indonesian economy grew by 6% in 2010, supported by a continuation of robust consumer demand, net foreign investment inflows and the availability of consumer finance at attractive interest rates. Astra achieved a record net profit equivalent to US\$1.6 billion under Indonesian accounting standards, 43% up on the previous year.

The wholesale motor vehicle market grew by 57% to 765,000 units, while Astra's motor vehicle sales rose by 52% to 426,000 units leading to a decline in its market share from 58% to 56%. The wholesale motorcycle market increased by 26% to 7.4 million units. Motorcycle sales by Astra Honda Motor grew by 26% to 3.4 million units, enabling it to maintain a 46% market share.

Astra Otoparts, the group's component manufacturing operation, benefited from the growth of the Indonesian automotive market and reported a profit of US\$126 million, 49% higher than the previous year.

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Financial Services

Earnings in the group's consumer finance activities improved, reflecting growth in their loan books, stable net interest margins and good liquidity in the local banking sector. The amount financed through Federal International Finance, the Astra Credit Companies and Toyota Astra Financial Services grew by 39% to US\$4.8 billion, excluding balances financed through joint financing without recourse.

Group insurance company, Asuransi Astra Buana, generated higher earnings from retail and commercial premiums and investment income.

Bank Permata, which is 45%-owned, reported profit of US\$110 million, twice the previous year as it benefited from the positive economic conditions.

Agribusiness

Astra Agro Lestari, the group's 80%-owned subsidiary, reported a profit of US\$222 million, an increase of 21% over 2009. Crude palm oil prices achieved were on average 13% higher than the previous year, while palm oil production was up 3% at 1.1 million tonnes.

Heavy Equipment and Mining

The group's 60%-owned heavy equipment and mining subsidiary, United Tractors, reported a profit which was relatively flat at US\$427 million. The Komatsu heavy equipment business posted strong results with equipment sales growing by 74% to 5,400 units. This was, however, largely offset by a lower contribution from its mining subsidiary, Pamapersada Nusantara, which was affected by higher costs due to adverse weather conditions and the weaker US dollar, despite a 14% increase in coal production to 78 million tonnes and a 9% increase in overburden removed to 651 million bcm.

Infrastructure and Logistics

Astra's infrastructure and logistics businesses saw profits rise 34% to US\$39 million.

Sales volume of 49%-held PAM Lyonnaise Jaya, which operates the western Jakarta water utility system, increased by 7% to 147 million cubic metres. Marga Mandalasakti, the 79%-owned toll road operator, reported a 7% increase in traffic volume to 29.4 million vehicles on higher average tariffs. Serasi Autoraya's improved profit was supported by higher sales of rental vehicles.

Information Technology

The group's 77%-held Astra Graphia, which is the sole distributor of Fuji Xerox equipment in Indonesia and active in information technology, reported a 77% rise in profit to US\$13 million.

OTHER MOTOR INTERESTS

Underlying profit from the Group's other motor interests at US\$56 million, fell by 5% compared with the previous year.

Singapore

The Singapore motor operations had a challenging year with their contribution declining by 23% to US\$28 million. The market for passenger cars fell by 32% to 47,000 units following a significant reduction in the government quota for new vehicles, which in turn drove up the prices of vehicle certificates of entitlement. While the Group's sales of passenger cars fell by 24% to 8,400 units, its market share rose from 16% to 18%. Sales of Mercedes-Benz passenger cars proved resilient, increasing by 11%, but Kia sales fell by 31% and Mitsubishi by 62%.

Mitsubishi ASX
Singapore



Federal International Finance
Indonesia



Malaysia

In Malaysia, Cycle & Carriage Bintang's contribution of US\$5 million was 13% up on the previous year. Sales of Mercedes-Benz passenger cars were 25% higher, supported by strong demand for the new E-Class launched in late 2009.

Indonesia

In Indonesia, Tunas Ridean also had an excellent year, contributing a profit of US\$14 million, up 89%. Sales of motor vehicles and motorcycles were 52% and 40% higher, respectively. New lending volume by Mandiri Tunas Finance more than doubled to US\$501 million, producing higher income despite lower net interest margins.

Vietnam

Truong Hai Automotive Corporation ("Thaco") contributed a profit of US\$9 million, 13% down on the previous year due to the weaker Vietnam dong, lower margins and higher financing costs. The motor vehicle market in Vietnam fell by 5% to 113,000 units in 2010. Thaco did well to grow its sales by 21%, achieving an improved market share of 23%, up from 18% in the previous year.

OUTLOOK

The Group performed well, particularly Astra, to deliver a record set of results. The outlook for 2011 is positive although earnings growth is expected to moderate and challenges remain in its motor operations in Singapore and Vietnam.

Ben Keswick
Group Managing Director
25th February 2011

Underlying profit attributable to shareholders

	2010	2009
	US\$m	US\$m
Astra		
Automotive	398.3	213.6
Financial services	150.2	88.2
Agribusiness	96.2	64.6
Heavy equipment and mining	128.7	111.1
Infrastructure and logistics	19.7	13.2
Information technology	5.0	2.5
	798.1	493.2
Other motor interests		
Singapore	28.1	36.4
Malaysia	5.1	4.5
Indonesia (Tunas Ridean)	13.6	7.2
Vietnam	9.4	10.8
	56.2	58.9
Corporate costs and withholding tax		
Corporate costs	(13.4)	(11.2)
Withholding tax on dividends from Indonesia	(28.7)	(17.2)
	(42.1)	(28.4)
Underlying profit attributable to shareholders	812.2	523.7

Astra Graphia
Indonesia

