GROUP MANAGING DIRECTOR'S REVIEW

OVERVIEW

The Group's profit declined in 2014 in the face of challenging trading conditions. Astra's results were mixed, with strong performances from agribusiness and contract mining being offset by a decline in contribution from automotive and an impairment charge recorded in relation to its coal mining properties. The Group's other interests recorded improved results.

PERFORMANCE

The Group reported an underlying profit of US$793 million for 2014, 11% down on the previous year. Profit attributable to shareholders was US$820 million, 10% lower with the inclusion of a net gain from non-trading items of US$27 million, attributable largely to the recognition of negative goodwill arising on the acquisition of a 50% interest in Astra Aviva Life and a fair value gain from the revaluation of investment properties, partly offset by a fair value loss on plantations.

The Group continues to have a strong balance sheet and cash flow. Shareholders' funds at the end of 2014 were 8% higher at US$4.6 billion, while net asset value per share at US$13.00 was 8% up on the previous year end. The Group's consolidated net debt at the end of 2014 was US$239 million, excluding borrowings within Astra's financial services subsidiaries, or 2% of consolidated total equity. This was down from US$303 million at the end of 2013, which represented 3% of consolidated total equity. Net debt within Astra's financial services subsidiaries at the end of the year was US$3.7 billion, slightly higher than the previous year end as the weaker rupiah largely offset the increase in the volumes financed.

GROUP REVIEW

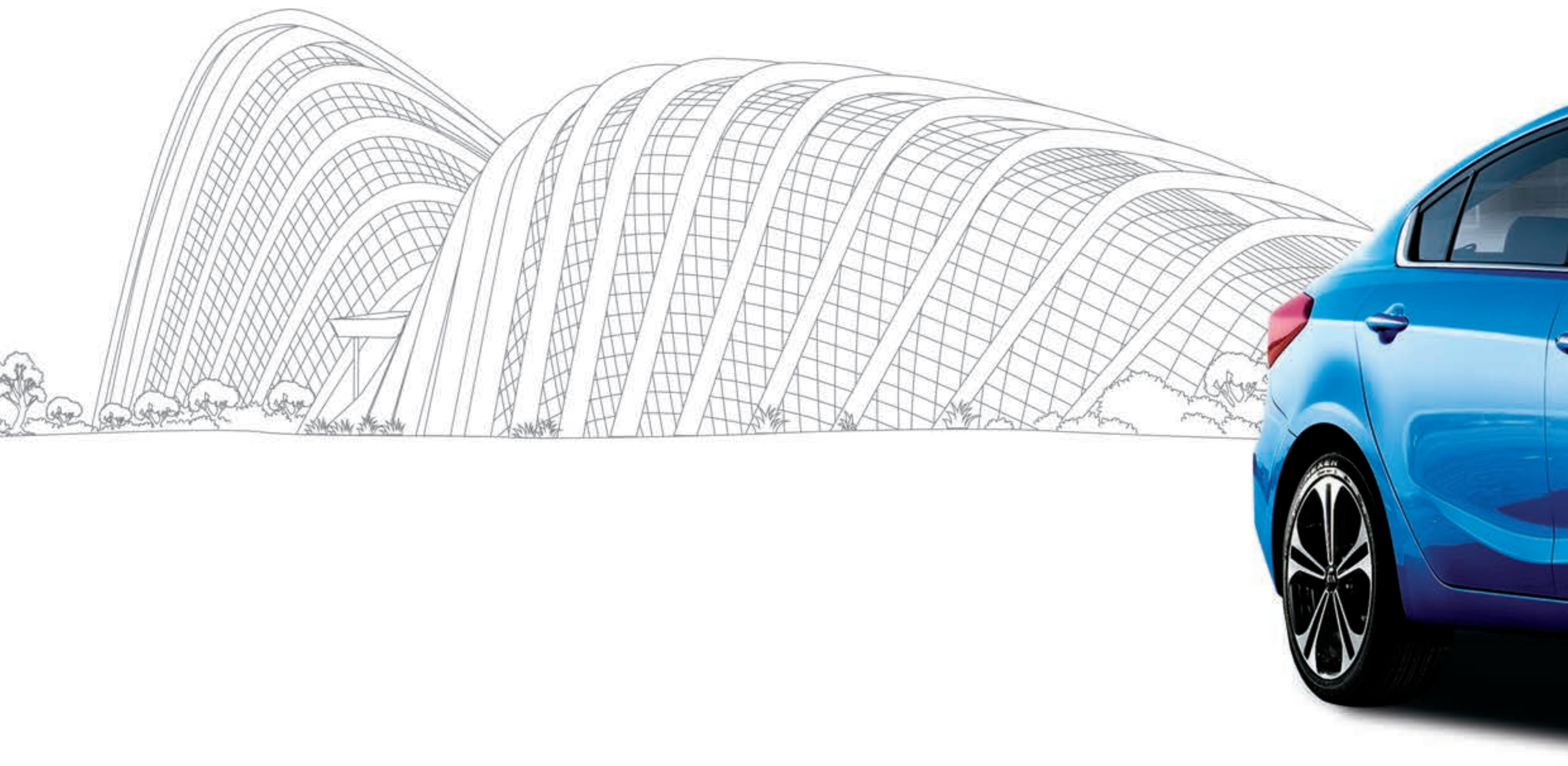
ASTRA

Astra reported a net profit equivalent to US$1,614 million under Indonesian accounting standards, 1% down in its reporting currency. Improved results mainly from its agribusiness and contract mining operations were offset by lower earnings from its automotive businesses, as margins declined in the car sector, and from the mining business which recorded an impairment charge in relation to its coal mining properties. Astra also benefited from a non-trading gain on the acquisition of 50% of Astra Aviva Life and a fair value gain on the revaluation of its investment properties. Excluding the non-trading gains, Astra's underlying profit was 3% down in its reporting currency.

Automotive

Discounting in the car market continues to have a negative impact on margins in the sales operations. The wholesale market for cars decreased by 2% to 1.2 million units. Astra's car sales fell by 6% to 614,000 units, with its market share decreasing from 53% to 51%. The group launched 19 new models and 9 revamped models during the year.

The wholesale market for motorcycles increased by 2% to 7.9 million units. Astra Honda Motor's sales increased by 8% to 5.1 million units, with its market share increasing from 61% to 64%. Astra Honda Motor launched 2 new models and 15 revamped models during the year.



Astra Otoparts, which is 80%-owned, saw 15% higher sales, although net income decreased to US$73 million on lower manufacturing margins, due to the weakening of the rupiah and higher labour costs.

Financial Services

Net income from Astra's financial services businesses increased by 11% to US$398 million. Excluding the US$37 million non-trading gain from the recognition of negative goodwill arising on the acquisition of a 50% interest in Astra Aviva Life, net income from the financial services businesses increased by 1%. Strong growth across most of the consumer financial services portfolio was largely offset by a decline in contribution from Astra Sedaya Finance, following the reduced shareholding, and Permata Bank.

The amount financed through Astra's automotive-focused consumer finance operations, including balances financed through joint bank financing without recourse, grew by 13% to US$5.4 billion. The amount financed through the heavy equipment-focused finance operations declined by 30% to US$295 million, due to a reduction in equipment sales.

Astra's 45%-held joint venture, Permata Bank, reported net income of US$134 million, a decrease of 8%, due to an increase in funding costs and non-performing loans.

Group insurance company, Asuransi Astra Buana, recorded 16% higher net income of US$85 million, due to growth in gross written premiums and an increased contribution from investment earnings.

Heavy Equipment and Mining

United Tractors, which is 60%-owned, reported a 4% increase in net revenue and an 11% improvement in net income to US$449 million. Excluding the impact of the US$130 million impairment charge in respect of its coal mining properties, United Tractors would have recorded a 43% increase in net income.

In the construction machinery business, net revenue decreased by 4%, reflecting a 16% decline in Komatsu heavy equipment sales to 3,513 units, partly offset by higher parts and service revenue.

The contract mining operations of subsidiary, Pamapersada Nusantara, benefited from improved coal volumes on lower stripping ratios. It reported a 6% increase in net revenue, as contract coal production increased 14% to 119 million tonnes, while contract overburden removal decreased by 5% to 806 million bank cubic metres.

United Tractors' mining subsidiaries reported an increase in net revenue of 22%, with coal sales 42% higher at 6 million tonnes, although average coal sale prices declined by 10%. United Tractors and its subsidiaries own interests in 9 coal mines with combined reserves estimated at 405 million tonnes.

In the light of weak coal prices, United Tractors conducted a review of the carrying value of its coal mining properties and recorded an impairment charge of US$130 million at year end. While United Tractors still sees coal mining as an attractive business longer-term, this impairment reflects the combination of current weak market conditions and uncertainty over the timing and extent of any meaningful recovery.

Kia Forte K3 | Singapore

Agribusiness
Astra Agro Lestari, which is 80%-held, reported net income of US$210 million, up 39%. Average crude palm oil prices achieved were 14% higher at Rp8,282 per kg. Crude palm oil sales decreased by 13% to 1.4 million tonnes. In addition, 255,000 tonnes of olein were sold during the year by Astra Agro Lestari's new refinery in Sulawesi, which opened in the first quarter of 2014.

Infrastructure, Logistics and Others
Net income from infrastructure, logistics and others fell by 34% to US$41 million.

The 72.5 km Tangerang-Merak toll road, operated by 79%-owned Marga Mandalasakti, reported a 6% increase in traffic volume to 43 million vehicles and a 9% increase in average tariffs.

Construction continues at the wholly-owned greenfield 40.5 km Kertosono-Mojokerto toll road near Surabaya. Section 1, which is 14.7 km long, began operations in October 2014, and further stages are expected to be operational during 2015, subject to the timely completion of land acquisitions. Taken together with Astratel's 40% interest in the greenfield 11.2 km Kunciran-Serpong toll road on Jakarta's outer ring-road, the group has an interest in 124.2 km of toll road.

Serasi Autoraya's revenue improved despite the number of vehicles under contract at its TRAC car rental business falling 7% to 29,000 units owing to higher used car sales. The benefit was, however, offset by lower margins on rental contracts in the mining sector. Net income decreased by 22% to US$13 million.

PAM Lyonnaise Jaya, which operates the western Jakarta water utility system, experienced marginally higher sales volume of 159 million cubic metres.

Anandamaya Residences, the group's 60%-held luxury residential development project located in Jakarta's Central Business District, successfully commenced sales during the third quarter, achieving market leading prices and strong buyer interest. In addition, the group commenced construction of a grade-A office tower adjacent to the residential development. Completion of both developments is expected in 2018.

Information Technology
Astra Graphia, 77%-owned, is active in the area of document information and communication technology solutions and is the sole distributor of Fuji Xerox office equipment in Indonesia. It reported net income up 24% to US$22 million, benefiting from a gain of US$4 million recorded on the disposal of its 51% interest in AGIT Monitise Indonesia.

Mazda CX5 | Vietnam

GROUP'S OTHER INTERESTS

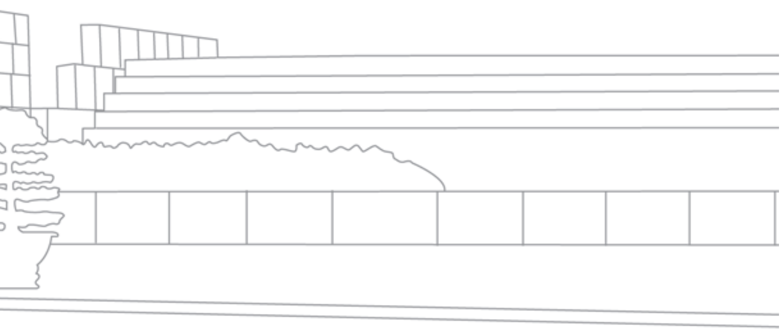
The Group's other interests contributed a profit of US$82 million, 40% up on the previous year.

Singapore

Earnings from the wholly-owned Singapore motor operations at US$34 million were 8% higher due to an increase in the number of vehicles sold. The Singapore passenger car market grew 29% to 28,900 units following an increase in the quota due to higher de-registrations. The Singapore motor operations sold a total of 5,300 passenger cars, 31% up on the previous year with a stable market share of 18%.

Vietnam

30%-owned Truong Hai Auto Corporation ("Thaco") had an excellent year with a contribution of US$39 million, 2.5 times the previous year, following strong vehicle sales, good margins and lower financing costs. The Vietnam motor vehicle market grew by 38% to 178,000 units, while Thaco's overall sales rose by 49% to 42,000 units, leading to an increase in its market share from 22% to 24%. Thaco's passenger car sales grew by 59% to 20,600 units, and its commercial vehicle sales grew by 40% to 21,400 units.



Malaysia

59%-owned Cycle & Carriage Bintang's contribution of US$2 million was significantly higher, albeit from a low base. Mercedes-Benz passenger car unit sales were up 28% with good demand for new models, although supply remained constrained. Margin pressure continued to be experienced, particularly on older models. The after-sales division performed satisfactorily.

Indonesia

44%-owned Tunas Ridean contributed a profit of US$9 million, 28% lower due to margin pressure on motor cars and lower gains from the disposal of ex-rental vehicles. Motor car sales were 2% down at 53,700 units, while motorcycle sales were 18% higher at 209,200 units. The contribution from 49%-owned associate, Mandiri Tunas Finance, was up 27% mainly due to a larger loan portfolio.

Alex Newbigging
Group Managing Director
26th February 2015

The underlying profit attributable to shareholders by business is shown below:

	2014 US$m	2013 US$m
Astra		
Automotive	**332.6**	443.4
Financial services	**181.6**	202.4
Heavy equipment and mining	**137.8**	141.0
Agribusiness	**84.1**	68.1
Infrastructure, logistics and others	**18.1**	23.2
Information technology	**7.2**	7.6
	761.4	885.7
Less: Withholding tax on dividend	**(37.4)**	(36.7)
	724.0	849.0
Other interests		
Singapore	**33.6**	31.2
Malaysia	**1.9**	0.8
Indonesia (Tunas Ridean)	**8.9**	12.3
Vietnam	**38.6**	15.3
Myanmar	**(0.7)**	(1.0)
	82.3	58.6
Corporate costs	**(13.5)**	(13.5)
Underlying profit attributable to shareholders	**792.8**	894.1