

IDX **3,439.1**

Change :	-1.01%
Transaction Volume (m) :	4,242.0
Transaction Value (Rpbn) :	4,443.0
Mkt Cap (Rptr) :	3,051.4
Market P/E (x) :	15.9
Market Div. Yield (%) :	2.2

Global Indices		Chg	(%)
Dow Jones	12,068.5	-37	-0.3
Nasdaq	2,737.9	15	0.5
Nikkei	10,452.7	-126	-1.2
ST Times	2,973.1	-29	-1.0
FTSE	5,920.0	-4	-0.1
Hang Seng	22,601.0	-306	-1.3

Dual Listing (NYSE)		Chg	(%)
ISAT	27.8 4,931.6	0.3	1.0
TLKM	33.4 7,397.9	-0.1	-0.2

Commodity Price		Chg	(%)
Crude OIL (NYMEX)	97.3	-0.8	-0.8
Gold (LME Spot)	1,416	1.8	0.1
Nickel (LME 3M)	27,505	-1,175	-4.1
Tins (LME 3M)	31,650	125	0.4
CPO (Rotterdam CIF)	1,145	-62.5	-5.2
Rubber (Tokyo 1M)	6,289	54.5	0.9
Coal (Weekly 18/2)	127	0.0	0.0

Market Movers		Chg	(%)
KIJA	135	31	29.8
INVS	6,300	1,050	20.0
TOWR	11,200	1,400	14.3
AUTO	13,950	1,300	10.3
BDMN	6,400	150	2.4
ASII	51,400	-500	-1.0
BBCA	6,250	-150	-2.3
BMRI	5,650	-150	-2.6
BBRI	4,650	-150	-3.1
ITMG	46,100	-2,500	-5.1

Exchange Rate		
BI Rate	-	6.75%
US\$	IDR	8,873.00
Yen	IDR	108.35
SGD	IDR	6,947.77
EUR	IDR	12,244.74

Corporate Action		
OKAS	EGM	25-Feb-11
INCF	EGM	28-Feb-11
EPMT	EGM	2-Feb-11
ARGO	EGM	3-Feb-11
CKRA	EGM	3-Feb-11

REGIONAL WRAP

US (S&P500) and EU (ESTX 600) both declined 0.1% and 0.7% respectively, as oil decline by 1% when Saudi Arabia and International Energy Agency said they could offset supply disruptions from Libya. Commodities (CRB) declined 0.6%, led by nickel -4.1% and wheat -2.0%. Asia was positive this morning, with JP (Nikkei 225) +0.5% and AU (ASX 200) +0.1%.

Most US stocks rose and oil declined below USD100/bbl after Saudi Arabia, other OPEC nations and International Energy Agency said they could offset any supply disruptions from Libya. A Saudi Official commented that extra oil from western African nations can supply Europe, while Saudi can supply Asia. International Energy Agency, an independent Paris-based adviser to 28 oil consuming nations said that 28 member governments has emergency inventories amounting to 145 days worth of imports.

Meanwhile on the regional data front, weekly initial jobless claims for week Feb19 came in lower at 391k, than expected at 405k. Bloomberg consumer comfort reading also improved further from -43.4 to -39.2 for Feb 20 reading, as less Americans expect more negative outlook for the economy, personal finances and buying climate.

NEWS HEADLINES

- ❑ Economy: Oil Price Threat
- ❑ Market: Bank Solut IPO
- ❑ Aviation: International Ticket Price will Increase 15-20%
- ❑ Consumers: Purchasing Power of Consumers has decreased
- ❑ Fitch: Revises RI Indonesia Outlook to Positive
- ❑ BBNP: Rights Issue for Working Capital
- ❑ BMRI: Oversubscribed on Rights Issue
- ❑ BTPN: Aim Rp30tr Loans
- ❑ LPCK: Net Profit Increase 154%

FY10 RESULT

- ❑ FY10 Astra International (ASII)
- ❑ FY10 Indo Tambangraya Megah (ITMG)
- ❑ FY10 United Tractors (UNTR)
- ❑ FY10 London Sumatra Plantations (LSIP)
- ❑ FY10 Astra Agro Lestari (AALI)

TRADE DATA

JCI (IHSG) 3,439.1 -35.0 -1.01%

YTD (Rp)	-7.1%	Volume (m) :	4,242
YTD (USD)	-5.9%	Nilai (Rpbn) :	4,443
Moving Avg 20day	3,455	Mkt Cap (Rptr) :	3,051
Moving Avg 50day	3,538	Market P/E (x) :	15.9
Moving Avg 200day	3,289	Market Div. Yield (%) :	2.2

Indonesia & Sectors +/- (%) YTD (%)

MSCI Indonesia	4,199.0	-59.8	-1.40	-7.64
JII	490.4	-7.5	-1.51	-7.97
LQ45	607.6	-8.6	-1.39	-8.14
JAKFIN Index	426.8	-7.3	-0.02	-8.55
JAKINFR Index	744.2	-0.2	-0.00	-9.16
JAKMINE Index	3,101.0	-33.1	-0.01	-5.29
JAKCONS Index	1,023.1	-9.2	-0.01	-6.54
JAKTRAD Index	491.3	-2.9	-0.01	3.64
JAKMIND Index	909.5	-4.0	-0.00	-5.95
JAKBIND Index	350.9	-6.5	-0.02	-9.38
JAKPROP Index	177.8	-1.1	-0.01	-12.46
JAKAGRI Index	1,960.3	-31.1	-0.02	-14.18

Commodities +/- (%) YTD (%)

CRB Index	345.9	-0.8	-0.84	6.46
Oil & Gas				
Crude Oil	97.3	-0.8	-0.84	6.46
Natural Gas	3.8	-0.1	-2.74	-13.89
COAL (Rotterdam)	118.6	-0.5	-0.42	-9.74
COAL (Amsterdam)	119.0	0.0	0.00	-5.52
COAL (Australia,wk)	124.3	0.0	0.00	1.55
Industrial Metals				
Alumunium	2,517.3	10.8	0.43	2.36
Nickel	27,505.0	-1,175.0	-4.10	11.13
Tin	31,650.0	125.0	0.40	17.66
Precious Metal				
Gold	1,415.8	1.8	0.13	-0.39
Silver	33.2	-0.1	-0.40	7.30
Soft Commodities				
CPO (Malaysia)	3,506.0	-72.0	-2.01	-8.08
CPO (Netherland)	1,145.0	-62.5	-5.18	-10.89
Rubber	6,288.9	54.5	0.87	25.93
Corn	685.8	-5.8	-0.83	9.02
Wheat	747.3	-15.8	-2.06	-5.92
Soybeans	1,318.3	-1.8	-0.13	-5.42
Rice (Indonesia)	6,900.0	0.0	0.00	-2.82

Regional Indices +/- (%) YTD (%)

MXWO	MSCI Word	1,327.1	-2.8	-0.21	3.67
SPX	S&P 500	1,306.1	-1.3	-0.10	3.85
US					
Dow Jones Industrial		12,068.5	-37.3	-0.31	4.24
Nasdaq	US	2,737.9	14.9	0.55	3.21
Europe					
EURO 50	Europe	280.6	-1.8	-0.64	1.72
FTSE	London	5,920.0	-3.6	-0.06	0.34
DAX	Jerman	7,130.5	-64.1	-0.89	3.13
CAC	France	4,009.6	-3.5	-0.09	5.38
SMI	Swiss	6,516.0	-106.8	-1.61	1.24
BRIC					
BOVESPA	Brazil	66,949.0	38.5	0.06	-3.40
MICEX	Russia	1,715.2	14.2	0.84	1.61
SENSEX	India	17,632.4	-545.9	-3.00	-14.03
NIFTY	India	5,262.7	-174.7	-3.21	-14.21
SHCOMP	China	2,878.6	16.0	0.56	2.51
SZCOMP	China	1,279.6	5.7	0.45	-0.87

Developed ASIA

Nikkei	Japan	10,452.7	-126.4	-1.19	2.19
TPX	Japan	934.2	-12.7	-1.34	3.94
HIS	Hong kong	22,601.0	-305.9	-1.34	-1.89
KOSPI	S.Korea	1,949.9	-11.8	-0.60	-4.93
TAIEX	Taiwan	8,541.6	12.7	0.15	-4.80
FSSTI	Singapore	2,973.1	-28.8	-0.96	-6.80
ASEAN					
SET	Thailand	977.2	-13.7	-1.38	-5.38
PCOMP	Philippines	3,730.8	-26.2	-0.70	-11.19
KLCI	Malaysia	1,489.9	-21.2	-1.41	-1.91
VNINDEX	Vietnam	461.3	-9.4	-1.99	-4.82

Currency +/- (%) YTD (%)

EURUSD	Euro	1.380	0.005	0.37	3.11
GBPUSD	United Kingc	1.614	-0.007	-0.45	3.37
USDCHF	Switzerland	0.926	-0.007	-0.71	-0.94
USDCAD	Canada	0.983	-0.007	-0.70	-1.54
AUDUSD	Australia	1.009	0.007	0.66	-1.42
NZDUSD	New Zealand	0.747	0.002	0.23	-4.20
USDJPY	Japan	81.890	-0.620	-0.75	0.95
USDCNY	China	6.581	0.004	0.07	-0.39
USDHKD	Hongkong	7.797	0.001	0.01	0.30
USDSGD	Singapore	1.277	-0.000	-0.02	-0.49
Rupiah	Indonesia	8,873	18.00	0.20	-1.37

Winners

Stock	Price	(%)
KIJA	135	29.81
TFCO	405	24.62
INVS	6,300	20.00
TOWR	11,200	14.29
AUTO	13,950	10.28
UNSP	355	7.58
PLIN	1,750	6.06
MEGA	2,975	4.39
BDMN	6,400	2.40
EXCL	5,700	0.88

Lossers

Stock	Price	(%)
PNBN	1,150	-5.74
ITMG	46,100	-5.14
INTP	14,500	-3.33
BBRI	4,650	-3.13
BMRI	5,650	-2.59
BBCA	6,250	-2.34
SMGR	8,650	-1.70
GGRM	36,500	-1.48
TLKM	7,350	-1.34
ASII	51,400	-0.96

Value (Rpbn)

BMRI	281,786
ASII	240,413
BUMI	231,247
ITMG	169,957
BBRI	138,606
ADRO	127,821
PGAS	120,320
TLKM	114,488
KIJA	111,620
BDMN	107,479

Volume (Lot)

KIJA	1,722,469
BNBR	812,875
BKSL	504,787
ELTY	473,215
LPKR	264,066
ENRG	217,282
BUMI	167,458
BHIT	131,922
EMDE	117,083
DEWA	108,711

Freq

KIJA	6,311
BKSL	3,330
BMRI	3,173
BBRI	2,848
BNBR	2,389
BUMI	2,376
ITMG	2,347
ASII	2,322
ELTY	2,296
PGAS	2,166

Economy: Oil Price Threat

Oil price that had reach USD100/bbl due to Libya conflict start to worry the government. Bank Indonesia might try to support IDR appreciation through market intervention to avoid inflation overshoot. The current price of oil might affect the Mar'11 inflation figures expectation. *Source: Bisnis Indonesia*

Market: Bank Sulut IPO

On 2010, Bank Sulut book Rp90bn net profit, showing 115% YoY growth. On 2011, the company plans to propose IPO on its shareholders meeting to increase its capital from current CAR ratio of 12% to 15%. To reach such level, Bank Sulut will need to sell 30% ownership worth Rp300bn on its IPO. *Source: Investor Daily*

Aviation: International Ticket Price will Increase 15-20%

Aviation companies ready to increase the international ticket flight if oil price reach USD100/barrel. The alternative scheme is to impose fuel surcharge. The impact of this policy will decrease the airline market. *Source: Bisnis Indonesia*

Consumers: Purchasing Power of Consumers has decreased

Consumers prefer to buy goods with lower quality and lower priced. The pattern happened because of inflation which impact on the price increase. This condition will affect the company in the consumer sector. *Source: Bisnis Indonesia*

Fitch: Revises RI Indonesia Outlook to Positive

Fitch Ratings upgraded Indonesia's sovereign rating outlook from BB+ positive from BB+ stable. The main factor that helps to increase this rating is favorable macroeconomic prospect. *Source: The Jakarta Post*

BBNP: Rights Issue for Working Capital

BBNP rights issue has successfully raise Rp100bn to increase its capital. The company will use the fresh capital to expand its SME loans portfolio, which currently contributes more than 50% of its loan book. *Source: Investor Daily*

BMRI: Oversubscribed on Rights Issue

BMRI rights issue oversubscribed by Rp1.3tr. After rights issue, BMRI floats increase by 2.3bn new shares while the market cap still at Rp225tr. *Source: Bisnis Indonesia*

BTPN: Aim Rp30tr Loans

BTPN aims Rp30tr of total loans or 29% YoY growth on 2011. Meanwhile, the micro credit expected to grow by 50% to Rp6tr and increase its total contribution to total loans from 17% to 20%. *Source: Investor Daily*

LPCK: Net Profit Increase 154%

LPCK Net Profit soar to Rp65bn compare to last year Rp26bn. Revenue increase to Rp405bn from Rp323bn. The source of company revenue come from residential, commercial, and industry. Currently, LPCK is building a sports center in Elysium, East Jakarta and Lippo Cikarang Citywalk. *Source: Investor Daily*

FY10 Astra International (ASII)						
QoQ (Rptr)	4Q10	3Q10	QoQg (%)	Qtr Margin (%)	4Q10	3Q10
Revenue	34,957	33,095	5.6			
GP	7,492	6,941	7.9	GPM	21.4	21.0
OP	4,295	3,761	14.2	OPM	12.3	11.4
NP	4,004	3,923	2.1	NPM	11.5	11.9
YTD YoY (Rptr)	FY10	FY09	YoYg (%)	YTD Margin (%)	FY10	FY09
Revenue	129,991	98,526	31.9			
GP	26,874	22,771	18.0	GPM	20.7	23.1
OP	14,725	12,771	15.3	OPM	11.3	13.0
NP	14,366	10,040	43.1	NPM	11.1	10.2
Bloomberg Est (Rptr)			Realization (%)	Margin (%)		
Revenue	126,886		102.4			
OP	14,861		99.1	OPM	11.7	
NP	13,330		107.8	NPM	10.5	

Source : Company, Bloomberg

ASII: Successfully Beat the Street Expectation

ASII show an excellent 4Q10 result, pose Rp129tr of revenue and Rp14tr net profit. The figures pose 32% YoY top line growth and 43% on bottom line, inline with consensus estimates. Strong performance supported by stellar operational result on its business unit. Automotive and financial services book 55% and 77% YoY bottom line growth, contributing 71% of total current year net profit.

On 2011, management expects the growth will be moderated. Cars sales volume may be at risk due to government plan to liberalize the subsidized fuel price and new progressive tax regulations. While motorcycle sales expected to grow by 14% on 2011. The strong growth might come from UNTR, which expected to pose 27% top line growth and Rp3tr contribution for ASII. The figures accounts 20% of ASII expected net profit, increase from 16% on 2010.

FY10 Indo Tambangraya Megah (ITMG)

QoQ (Rptr)	4Q10	3Q10	QoQg (%)	Qtr Margin (%)	4Q10	3Q10
Revenue	450	397	13.4			
GP	119	139	(14.9)	GPM	26.3	35.1
OP	67	96	(30.6)	OPM	14.9	24.3
NP	18	52	(65.2)	NPM	4.0	13.0
YTD YoY (USDmn)	FY10	FY09	YoYg (%)	YTD Margin (%)	FY10	FY09
Revenue	1,668	1,218	36.9			
GP	542	423	28.0	GPM	25.4	34.7
OP	363	296	22.6	OPM	17.7	24.3
NP	204	186	9.7	NPM	12.2	15.3
Bloomberg Est (USDmn)			Realization (%)	Margin (%)		
Revenue	1,673.0		99.7			
OP	440.7		82.3	OPM	26.3	
NP	307.6		66.3	NPM	18.4	

Source : Company, Bloomberg

ITMG: Weak FY10 Performances, but Better Outlook for 2011

ITMG announced its FY10 financial results yesterday, showing an overall YoY weaker performance. Revenue grew 10.6% YoY to reach USD1.67bn mainly supported by higher ASP and volume output, but trimmed at the bottom line because of surging costs. Similar like what had happened to other coal companies, continuous rain thorough the year has caused lower production than expected and higher costs for coal handling. Mining and repair maintenance cost surged 21.0% and 40.9% YoY, respectively, as extra fund disbursed due to wet weather anomaly. As seen on ADRO's problem, hampered supply chain has caused low inventory level at the port, creating a long ship's queue. This is shown by dispatch and demurrage fee which jumped 212.5% YoY. Wrapping up, company's net profit trimmed 39.2% YoY to reach USD204.1mn, 33.8% below consensus target of USD308mn.

Better Outlook in 2011

We believe 2011 will be far better than 2010 for all coal companies in Indonesia. Strongly supported by coal industry prospect (we had recently revised up our 2011 coal price assumption by 19.0% to USD125/ton) will drive a higher ASP, translated to an excellent revenue growth. We also expect weather to be normalized in 2Q11, erasing all extra mining costs and demurrage penalties, 2011 net margin should pick up to be around 28% compared to 12.2% this year, in our view. Therefore, negative impact on FY10 results on stock price should be a great opportunities for start accumulating the stock.

Reserve Revaluation, Significant Catalyst for Re-Rating

We understand that current reserve of 269mn tons is assessed using a coal price assumption of USD70/ton and depleting reserve has become the only concern that driving the stock price to be traded below its peers. Looking at current global coal price, management plans to reevaluate its coal reserves and announced it by early of 2011 (possibly soon after announced its FY10 result), and we see this as a great positive catalyst for the firm going forward.

FY10 United Tractors (UNTR)						
QoQ (Rptr)	4Q10	3Q10	QoQg (%)	Qtr Margin (%)	4Q10	3Q10
Revenue	9,514	9,734	(2.3)			
GP	1,734	1,717	1.0	GPM	18.2	17.6
OP	1,236	1,277	(3.2)	OPM	13.0	13.1
NP	913	1,072	(14.9)	NPM	9.6	11.0
YTD YoY (Rptr)	FY10	FY09	YoYg (%)	YTD Margin (%)	FY10	FY09
Revenue	37,327	29,242	27.7			
GP	6,796	6,671	1.9	GPM	18.2	22.8
OP	5,163	5,266	(2.0)	OPM	13.8	17.7
NP	3,873	3,818	1.5	NPM	10.4	13.1
Bloomberg Est (Rptr)			Realization (%)	Margin (%)		
Revenue	36,644		101.9			
OP	5,358		96.3	OPM	14.6	
NP	4,018		96.4	NPM	11.0	

Source : Company, Bloomberg

UNTR: Strong Heavy Equipment Sales Substituting Swelled Costs in Mining Contracting and Rupiah Appreciation

The company managed to book Rp37.3tr of revenue in FY10, rose 27.6% YoY. Heavy equipment business still become the main revenue contributor with 46.3%, followed by mining contracting and coal mining with 46.3% and 8.3%, respectively. However, same boat with coal miners, Rupiah's appreciation coupled with wet weather anomaly has suppressed operating margin to 13.8% compared to 17.9% in FY09. As a result, company's bottom line remains flat with operating profit slightly declined 2.0% YoY to Rp5.2tr while net profit increased 1.4% YoY to Rp3.9tr.

❑ Heavy Equipment, Company's "Superstar"

Komatsu brand remains as the market leader with 46% of market share, followed by Hitachi and Caterpillar with 19% and 16%, respectively. Net revenue reached Rp17.3tr, jumped 57% YoY with Komatsu brand contributed 63%. In the other side, rupiah appreciation has trimmed division's gross margin from 19.1% to 17.4%.

Heavy Equipment Revenue

❑ Mining Contracting, Been Through a Tough Year

Despite an unfriendly weather which disrupted mining activities in Indonesia, Pamapersada still managed to increase its operational performances in 2010. Overburden removal increased 9.0% YoY to reach 651.5mn bcm while coal extraction grew 15.0% YoY at 77.9mn tons. However, the extra cost needed to handle the flood caused by continuous heavy rainfall has made gross margin declined from 21.4% to 13.8%.

OB Removal and Coal Extraction Performances

❑ Coal Mining, New Contribution from New Mine

Tuah Turangga Agung site has started its commercial sales and contributed 469,144 tons of coal sales. Meanwhile, Dasa Eka Jasatama also managed to sell more coal with 2.6mn tons of coal sold.

UNTR Coal Production

Let the Journey Continues

We have a positive outlook on company's performance in 2011, looking at massive capital expenditures disbursed by coal companies and another potential supports from agriculture and infrastructure sectors. UNTR's all time high of heavy equipment sales in Jan'11 has reaffirmed our view. We understand that closing the year end, most of customers usually delayed their purchase to January. But looking at its 5 years seasonality, sales number in the next following months will remain strong, given an upside risk to company's sales target of 6,000 units.

We also expect wet weather anomaly to abate starts from here on, thus mining contracting margin will be normalized in 2011 coupled with 15% overburden removal and coal extraction growth expected by management. Coal mining will also show a better YoY performance as Tuah Turangga Agung mine site will running on its full production of 2.0mn tons/year.

FY10 London Sumatra Plantations (LSIP)						
QoQ (Rptr)	4Q10	3Q10	QoQg (%)	Qtr Margin (%)	4Q10	3Q10
Revenue	1,190	837	42.2			
GP	616	405	51.9	GPM	51.8	48.4
OP	519	310	67.6	OPM	43.6	37.0
NP	391	224	74.7	NPM	32.9	26.8
YTD YoY (Rptr)	FY10	FY09	YoYg (%)	YTD Margin (%)	FY10	FY09
Revenue	3,593	3,200	12.3			
GP	1,771	1,390	27.4	GPM	49.3	43.5
OP	1,400	1,019	37.4	OPM	39.0	31.8
NP	1,033	707	46.1	NPM	28.8	22.1
Bloomberg Est (Rptr)			Realization (%)	Margin (%)		
Revenue	3,635		98.8			
OP	1,285		108.9	OPM	35.3	
NP	995		103.9	NPM	27.4	

Source : Company, Bloomberg

LSIP:Weak Volume but Strong Price in 4Q10

Surging CPO prices along with other soft commodities during the last quarter in 2010 has helped the company to book Rp1.2tr in 4Q, jumped 42.2% compared to 3Q number and represented 33.3% of total FY10 revenue. LSIP managed to book Rp3.6tr of FY10 revenue, 12.3% YoY higher, thanks to the higher ASP. Some efficiency program conducted by company on their plantation area while LSIP also keep depends on its own FFB production has caused the net margin improvement from 22.1% in 2009 to 28.8% in 2010. Net profit recorded at Rp1.0tr, rose 46.1% YoY.

At the operational side, LSIP showed weaker YoY performances due to heavy rainfall. FFB production slightly dropped 0.3% to 1.2mn tons with FFB yield at 17.1 ton/ha, 10% lower than 2009 level. Unlike AALI who increased its FFB purchased from other parties, LSIP's FFB purchased from plasma and 3rd parties declined to 415.1k tons, 11.7% YoY lower. We believe the lower number of FFB purchased has helped improving margin. Rubber plantation also show a weak output with production declined 15.2% YoY at 18.5k tons.

We had a short term bullish and neutral call for a longer term to CPO sector based on our Yearbook view back in 4Q10. Therefore we believe that start from 2Q11, CPO price will be gradually eased along with the normalized weather. Market seems to start putting a discount on CPO's relative valuations. Prefer stock with a long term growth potential.

FY10 Astra Agro Lestari (AALI)						
QoQ (Rptr)	4Q10	3Q10	QoQg (%)	Qtr Margin (%)	4Q10	3Q10
Revenue	3,122	2,204	41.7			
GP	1,397	986	41.6	GPM	44.7	44.8
OP	1,210	838	44.4	OPM	38.7	38.0
NP	786	592	32.8	NPM	25.2	26.8
YTD YoY (Rptr)	FY10	FY09	YoYg (%)	YTD Margin (%)	FY10	FY09
Revenue	8,844	7,424	19.1			
GP	3,609	3,102	16.4	GPM	40.8	41.8
OP	2,999	2,603	15.2	OPM	33.9	35.1
NP	2,014	1,661	21.3	NPM	22.8	22.4
Bloomberg Est (Rptr)			Realization (%)	Margin (%)		
Revenue	8,218		107.6			
OP	2,701		111.0	OPM	32.9	
NP	1,949		103.3	NPM	23.7	

Source : Company, Bloomberg

AALI: Led by Strong 4Q Performances, FY10 Net Profit Rose 21.3% YoY

Surging CPO prices along with other soft commodities during the last quarter in 2010 has helped the company to book Rp3.1tr in 4Q, jumped 41.7% compared to 3Q number and represented 35% of total FY10 revenue. Overall in FY10, AALI managed to book Rp8.8tr of revenue, 19.1% YoY higher, thanks to the higher ASP. It trickled down to the bottom line, net profit recorded at Rp2.0tr, rose 213% YoY.

At the operational side, considering a heavy rainfall and 15 years average palm tree, FFB harvested by company slightly declined 1.4% at 4.23mn tons with FFB yield of 20.3 ton/ha, 7.1% YoY lower. However, company managed to utilize its CPO mills by offsetting the lower FFB production with a FFB purchase from third parties. AALI bought 618.5k tons of FFB from third parties, significantly jumped 60.5% YoY. As a result, CPO sold by company increased 5.2% at 1.1mn tons, with ASP set at Rp7,027/kg compared to Rp6,242/kg in 2009.

We had a short term bullish and neutral call for a longer term to CPO sector based on our Yearbook view back in 4Q10. Therefore we believe that start from 2Q11, CPO price will be gradually eased along with the normalized weather. Market seems to start putting a discount on CPO's relative valuations. Prefer stock with a long term growth potential.

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