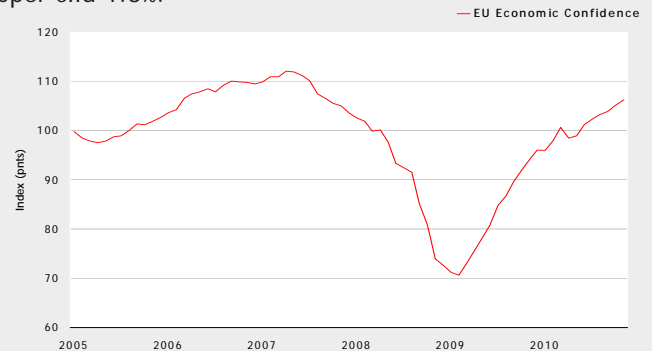


REGIONAL WRAP

Regional was mixed, US (S&P500) closed down -0.2% despite stronger US jobs and USD, while EU (STXE 600) gained 0.4%, amid speculation accelerating economic growth will drive equity higher in 2011. Commodities (CRB Index) dropped -1.3%, led by sugar (-6.1%) and corn (-2.8%). JP (Nikkei 225) is up 0.1% while AU (ASX 200) is down -0.4% at the point of writing.

US dollar climbed to one-month high against 6 major currencies, amid speculation an improving US labor market will fuel demand for the US currency. However, Expensive valuation has caused minor correction in US stocks. S&P 500 Earnings valuation climbed to almost 16x its companies operating earnings, which the highest level since June. Brighter outlook of global recovery has caused rallies in EU equities. European confidence in economic outlook improved, led by increasing optimism among German manufacturers. Stronger USD has caused drop in commodities as oil sank below \$89 and copper slid 1.8%.



IDX 3,736.3

Change :	-1.25%
Transaction Volume (m) :	4,095.7
Transaction Value (Rpbn) :	5,139.5
Mkt Cap (Rptr) :	3,282.4
Market P/E (x) :	17.9
Market Div. Yield (%) :	2.0

Global Indices		Chg	(%)
Dow Jones	11,697.3	-25.6	-0.2
Nasdaq	2,709.9	7.7	0.3
Nikkei	10,529.8	149.0	1.4
ST Times	3,279.7	25.4	0.8
FTSE	6,019.5	-24.3	-0.4
Hang Seng	23,786.3	28.5	0.1

Dual Listing (NYSE)		Chg	(%)
ISAT	30.8 5,550.1	-0.2	-0.5
TLKM	34.1 7,661.8	-1.8	-4.9

Commodity Price		Chg	(%)
Crude OIL (NYMEX)	88.4	-1.9	-2.1
Gold (LME Spot)	1,371.7	-2.0	-0.1
Nickel (LME 3M)	24,565	-185	-0.7
Tins (LME 3M)	26,225	0	0.0
CPO (Rotterdam CIF)	1,295	10.0	0.8
Rubber (Tokyo 1M)	5,208.2	146.3	2.9
Coal (Weekly 31/12)	128.5	0.0	0.0

Market Movers		Chg	(%)
DSSA	21,000	2,500	13.5
MPPA	1,630	70	4.5
BORN	1,740	40	2.4
UNTR	25,900	500	2.0
EXCL	5,850	50	0.9
ASII	51,000	-1,050	-2.0
BMRI	6,700	-150	-2.2
BBRI	10,350	-250	-2.4
TLKM	7,700	-300	-3.8
BNII	680	-50	-6.8

Exchange Rate			
BI Rate	-		6.50%
US\$	-	IDR	8,998.00
Yen	-	IDR	107.98
SGD	-	IDR	6,948.26
EUR	-	IDR	11,700.10

Corporate Action

APIC	EGM	7-Jan-11
	Megapolitan D (IPO)	12-Jan-11
MBTO	Martina Berto (IPO)	13-Jan-11
VOKS	EGM	17-Jan-11
BAEK	EGM	18-Jan-11

TRIM NOTES

- ADRO: Updates from Management Discussion
- Bank: KUR = Sub-prime Loans?

NEWS HEADLINES

- Economy: 9 Moves to Curb Food Prices
- Economy: Minimum Government Role
- Bank: Risks Based Assessment
- Financial: Surety Bonds Predicted to Book Double Digit Growth
- Metal: Govt Blames Smuggling on Falls in Tin Production
- Property: New Requirement in Obtaining Building Permits
- Rubber: Production Expected to Grow 8.0% in 2011
- ADHI: Eyeing for 3 Power Plant Projects
- ANTM: Reviewing to Acquire New Gold Mine
- AUTO: Continues Its Factory Expansion, Despite a Lower Car Sales Expected
- BBRI: Rp55tr Loans Commitment to State Owned Enterprise
- CTRA: Capex Announcement
- EXCL: Customers Rose 27.7% in 2010
- LPKR: Invests USD26mn to Build a Hospital in Makassar
- MASA: Eyeing for 25% Revenue in FY11
- MEDC: Medco LNG Received USD120mn Loan from Mitsubishi Corp

TRADE DATA

JCI (IHSG) 3,736.3 -47.5 -1.25%

YTD (Rp)	0.88%	Volume (m) :	4,095.7
YTD (USD)	1.47%	Nilai (Rpbn) :	5,139.5
Moving Avg 20day	3,681.6	Mkt Cap (Rpbn) :	3,282.4
Moving Avg 50day	3,672.9	Market P/E (x) :	17.9
Moving Avg 200day	3,185.1	Market Div. Yield (%) :	2.0

Indonesia & Sectors		+/-	(%)	YTD (%)
MSCI Indonesia	4,568.7	-79.0	-1.70	0.49
JII	530.5	-8.8	-1.63	-0.45
LQ45	666.1	-11.6	-1.72	0.71
JAKFIN Index	461.6	-8.8	-0.02	-1.08
JAKINFR Index	0.0	-838.9	-1.00	-100.00
JAKMINE Index	3,459.5	-55.6	-0.02	5.66
JAKCONS Index	1,089.1	-18.6	-0.02	-0.51
JAKTRAD Index	494.0	9.0	0.02	4.20
JAKMIND Index	913.4	-17.4	-0.02	-5.54
JAKBIND Index	397.4	-4.5	-0.01	2.61
JAKPROP Index	205.4	0.2	0.00	1.11
JAKAGRI Index	2,313.6	-7.0	0.00	1.28

Commodities +/- (%) YTD (%)

CRB Index	325.1	-1.9	-2.13	-3.28
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Oil & Gas

Crude Oil	88.4	-1.9	-2.13	-3.28
Natural Gas	4.4	-0.0	-0.87	0.66
COAL (Rotterdam)	126.4	6.3	5.20	-3.81
COAL (Amsterdam)	124.6	2.1	1.71	-1.07
COAL (Australia,wk)	126.1	0.0	0.00	3.02

Industrial Metals

Aluminium	2,510.3	54.8	2.23	2.07
Nickel	24,565	-185	-0.75	-0.75
Tin	26,225	0	0.00	-2.51

Precious Metal

Gold	1,371.7	-2.0	-0.15	-3.50
Silver	29.1	-0.1	-0.25	-5.77

Soft Commodities

CPO (Malaysia)	3,888.0	58.0	1.51	1.94
CPO (Netherlands)	1,295.0	10.0	0.78	0.78
Rubber	5,208.2	146.3	2.89	4.29
Corn	602.0	-17.3	-2.79	-4.29
Wheat	789.0	-19.3	-2.38	-0.66
Soybeans	1,378.0	-15.5	-1.11	-1.13
Rice (Indonesia)	7,100.0	0.0	0.00	0.00

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

MXWO	MSCI World	1,283.7	-1.5	-0.12	0.28
SPX	S&P 500	1,273.9	-2.7	-0.21	1.29

US

Dow Jones Industrial		11,697.3	-25.6	-0.22	1.03
Nasdaq US		2,709.9	7.7	0.28	2.15

Europe

EURO 50	Europe	2,836.2	2.5	0.09	1.55
FTSE	London	6,019.5	-24.3	-0.40	2.03
DAX	Germany	6,981.4	41.6	0.60	0.97
CAC	France	3,904.4	-0.2	0.00	2.62
SMI	Swiss	6,532.8	13.6	0.21	1.50

BRIC

BOVESPA	Brazil	70,578.8	-512.2	-0.72	1.84
MICEX	Russia	1,688.0	0.0	0.00	0.00
SENSEX	India	20,184.7	-116.4	-0.57	-1.58
NIFTY	India	6,048.3	-31.6	-0.52	-1.41
SHCOMP	China	2,824.2	-14.4	-0.51	0.57
SZCOMP	China	1,301.8	-8.3	-0.64	0.85

Developed ASIA

Nikkei	Japan	10,529.8	149.0	1.44	2.94
TPX	Japan	924.5	12.8	1.41	2.86
HIS	Hong kong	23,786.3	28.5	0.12	3.26
KOSPI	S. Korea	2,077.6	-4.9	-0.24	1.30
TAIEX	Taiwan	8,883.2	36.9	0.42	-1.00
FSSTI	Singapore	3,279.7	25.4	0.78	2.81

ASEAN

SET	Thailand	1,051.0	0.2	0.02	1.76
PCOMP	Philippines	4,217.3	4.3	0.10	0.38
KLCI	Malaysia	1,568.4	2.2	0.14	3.26
VNINDEX	Vietnam	482.3	0.4	0.08	-0.48

Currency +/- (%) YTD (%)

EURUSD	Euro	1.300	-0.015	-1.11	-2.85
GBPUSD	United Kingdom	1.547	-0.004	-0.27	-0.89
USDCHF	Switzerland	0.966	0.000	-0.04	3.24
USDCAD	Canada	0.997	0.001	0.10	-0.14
AUDUSD	Australia	0.994	-0.005	-0.51	-2.82
NZDUSD	New Zealand	0.757	0.000	-0.07	-3.02
USDJPY	Japan	83.3	0.080	0.10	2.72
USDCNY	China	6.625	0.006	0.09	0.28
USDHKD	Hongkong	7.772	0.001	0.02	-0.01
USDSGD	Singapore	1.295	0.003	0.20	0.90
Rupiah	Indonesia	8,998	3.000	0.03	0.02

Winners			Losers			Value (Rpbn)		Volume (Lot)		Freq (x)	
Stock	Price	(%)	Stock	Price	(%)						
DSSA	21,000	13.51	BNII	680	-6.85	ASII	389,374	BNBR	488,533	TLKM	4,401
SCMA	3,700	5.71	PTBA	23,200	-4.13	BUMI	381,040	LPKR	382,319	ASII	2,556
MPPA	1,630	4.49	TLKM	7,700	-3.75	TLKM	307,468	DGIK	245,896	LPKR	2,512
EMTK	1,260	3.28	BBNI	3,750	-3.23	BMRI	252,468	UNSP	243,150	BORN	2,506
BORN	1,740	2.35	ADRO	2,775	-2.63	BBRI	223,553	BUMI	232,947	BJBR	2,369
UNTR	25,900	1.97	BBRI	10,350	-2.36	BBNI	168,772	BLTA	221,768	BBRI	2,329
SMAR	5,300	1.92	BMRI	6,700	-2.19	BORN	165,593	ENRG	218,601	BUMI	2,182
LPKR	740	1.37	ASII	51,000	-2.02	UNTR	143,695	BORN	191,831	CPIN	2,152
CPIN	1,810	1.12	GGRM	40,200	-1.95	LPKR	140,751	CNKO	171,699	BNGA	2,057
EXCL	5,850	0.86	UNVR	16,100	-1.53	PTBA	127,224	MLPL	150,446	TINS	2,044

Economy: 9 Moves to Curb Food Prices

Government release 9 moves to curb increasing food prices. The moves include intervention, special fiscal policy, managing supply & stock, intensifying production, food resiliency program, avoid smuggling on commodities, food projection, and land security regulation. *Source: Investor Daily*

Economy: Minimum Government Role

Economist judge government role in economy is minimum due to low absorption in government budget and failure to curb inflation. On 2010, budget deficit only reach 0.62% out of 2.1% target. *Source: Investor Daily*

Bank: Risks Based Assessment

Bank Indonesia release new regulation No. 13/1/PBI/2011 which required banks to conduct risk based self-assessment. The new regulation heavily relying on banks' own modeling and Bank Indonesia will act as a supervisor and examiner only. Also expect new regulation on disclosure requirements. *Source: Bisnis Indonesia*

Financial: Surety Bonds Predicted to Book Double Digit Growth

Surety bond business predicted to grow by 15%-20% after President Decree No.54/2010 legalized the business. Surety bonds are insurance on project and very important for infrastructure development. *Source: Bisnis Indonesia*

Metal: Govt Blames Smuggling on Falls in Tin Production

Early 2010, Govt was aiming to produce 90k tons tins but the actual number was "only" 78,965 tons, 12% below target. Even the higher price environment occurred, "irregularities" happened because normally given the high price, miners should have increased production. Smuggling became the main culprit for the lower production as illegal miners sold tin ores on the black market. *Source: The Jakarta Posts*

Property: New Requirement in Obtaining Building Permits

Government plans to require developers to consider the effect on traffic caused by their project as one of requirement in issuing building permits. Developers said that they already consider such factors before building the project. So, the new regulation will not harm the current and future project. *Source: Investor Daily*

Rubber: Production Expected to Grow 8.0% in 2011

Association expected our rubber production could hit 3.1mn tons in 2011, boosted by replanting at a number of revitalized plantations and re-cloning. 84.4% will be exported and also expected to grow by 8.0%. However, rain is still become the main challenge for planters to meet the production target. International Rubber Study Group estimates a deficit on rubber trade will still continue this year at 180k tons, driving the price up. *Source: The Jakarta Posts*

ADHI: Eyeing for 3 Power Plant Projects

Total contract expected to reach Rp800bn and currently under tender process. Management will continue its strategy to focus on EPC projects as the concrete answer of SOE Ministry instruction that push SOE construction companies to be more involved in EPC business. *Source: Bisnis Indonesia*

ANTM: Reviewing to Acquire New Gold Mine

Total investment expected to reach USD15-20mn, as the answer of company's strategy to boost its gold production after last year failed to meet the production target and also to get a full benefit from high gold price environment. Company aims to produce 3.7-3.8mn tons in 2011. *Source: Investor Daily*

AUTO: Continues Its Factory Expansion, Despite a Lower Car Sales Expected

The company has expanded its factory capacity since last year, after the company admitted overwhelmed to meet customer orders. AUTO allocates almost Rp1.0tr for expand its factory, expected to finish in Jun'11. *Source: Investor Daily*

BBRI: Rp55tr Loans Commitment to State Owned Enterprise

BBRI has committed Rp55tr loans to SOE. Out of Rp55tr commitment, SOE has disbursed a total Rp29tr, mainly in form of investment loans. *Source: Investor Daily*

CTRA: Capex Announcement

Company will allocate Rp1.9tr for 2011 capex or 30% YoY higher. 70% of it will be distributed to its 2 subsidiaries, CTRP and CTRS, for financing their Ciputra World Project. *Source: Bisnis Indonesia*

EXCL: Customers Rose 27.7% in 2010

The company booked 40.1mn of customers until the end of 2010. Significant increase occurred in 4Q10, especially in Central Java and Yogyakarta. This year, management only expected for 11%-12% growth due to maturing cellular business as it already account 90% to total population. *Source: Bisnis Indonesia*

LPKR: Invests USD26mn to Build a Hospital in Makassar

It will become the 8th hospital built by the company and expected to be the central of health care in East Indonesia. Management optimistic revenue from that hospital will donate USD25mn of revenue / year. *Source: Bisnis Indonesia*

MASA: Eyeing for 25% Revenue in FY11

It was equals to Rp2.6tr, in line with capacity expansion project which expected to be finished by this year. Export still contributed most to company's revenue accounted 75% of total revenue. *Source: Bisnis Indonesia*

MEDC: Medco LNG Received USD120mn Loan from Mitsubishi Corp

The fund will be used to develop LNG refinery in Banggai, Central Sulawesi, with total capacity of 2mn tons / year. Currently Medco LNG owns 20% of ownership in the project, the remaining stakes were belong to Pertamina and Mitsubishi Corp. *Source: Investor Daily*

TRIM Notes - ADRO: Updates from Management Discussion

ADRO: Updates from Management Discussion

We have talked with management recently, listed below are several updates on ADRO:

- " Management guides for higher cash costs in 2011 (10%-15%) at around USD 36/ton - USD 37.5/ton. They are planning to increase stripping ratio on Tutupan to 6.4x (compared to our estimation of 6.2x), higher due to fuel prices increase and longer overburden hauling distances.
- " Good news is, higher discount of Envirocoal-Wara that ADRO gave to customers initially have started to diminish. Currently, Wara's coal has been able to receive similar margins on a CV adjusted USD/ton basis like Envirocoal-Tutupan. Initial demand for Wara has been encouraging; ADRO is planning to produce 4mn-5mn tons of Wara coal this year, less than 10% of Tutupan.
- " The OPCC has been advanced ahead of schedule given the mounting difficulties of overburden removal from the Tutupan mine as they increase volume of OB removal during these robust market conditions. Hence, they are taking action by advancing plans to put in the OPCC to help handle the overburden from the deeper/harder part of the Tutupan mine at the south.

We had revised our model based on this guidance. There are no significant changes on overall performances, as higher cash cost assumptions are fully offset by higher ASP due to higher benchmark price and diminished discount of Envirocoal Wara.

Our DCF TP at Rp2,900/shr prices ADRO at 19.8x 2011 PE, vs peer average of 14.7x 2011PE, and 4.5% discount to current price of Rp2,775/shr. However, we see an upside risk to our DCF target price as our 2011 coal price assumption of USD105/ton and LT coal price of USD90/ton seems too conservative. We continue to like ADRO for its sensible management direction, operational excellence and slow-but-sure execution consistency. Continue to Overweight.

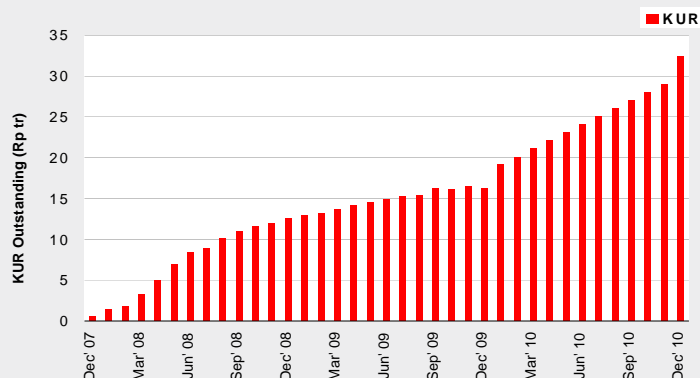
ADRO Revised 2011 Assumptions

	Previous	New	Change (%)
Total Production (mn tons)	48	48	0.0
Tutupan (mn tons)	38.4	43	12.0
Wara (mn tons)	9.6	5	-47.9
ASP (USD/ton)	69.8	72.3	3.6
Cash Cost (USD/ton)	34.5	37.1	7.5

Source: Company, TRIM Research

Bank: Understanding The KUR Business

KUR or Kredit Usaha Rakyat is government effort to support real economy in micro segment. Government gives Rp20mn threshold to come out as unsecured loans. Below are the total KUR outstanding:



Source: Company, TRIM Research

KUR surely has shown a very strong growth from its inception on 2007. As of Dec' 2010, the total KUR outstanding has reach Rp32tr with 60% 2yr CAGR - albeit a low base. KUR has reach as much as 3.7mn customers with an average loan size of Rp7mn / account. Traders currently dominate KUR borrowing at 74%, while agriculture accounts only 10% of total.

In the essence, KUR distribution is highly risky. And hence the banking sector has historically been reluctant to distribute these kinds of loans. To increase its appeal amongst the banking sector, government instructs Amkrindo and Jaskrindo to act as a guarantor in case of default with 80%-20% risk allocation between insurer and the banks.

Six banks are included in KUR distribution are BBNI, BBTN, BBKP, BMRI, Sharia Mandiri, and BBRI. BBRI logically become the leader in this market due to their long-term knack on micro loans, contributing around 70% of total system KUR.

BBRI: No risk high return story?

BBRI has Rp23tr of KUR on its loan book. Because, KUR is considered as channeling loans since Amkrindo and Jaskrindo bear 80% of the risks, based on Bank Indonesia regulation, BBRI only books 20% of its KUR portfolio or around Rp4.6tr on its books.

99% of BBRI KUR is in the form of micro KUR with an average loan size of Rp5mn to Rp20mn each, which means 99% of Rp4.6tr portfolio are unsecured loans. In a dooms day scenario, BBRI has to write off 100% of these loans that is equivalent to three quarters 2010' net profit. Sounds like a big risk?

However in practice, KUR is actually not that bad an idea. BBRI uses the program to filter their debtors; the most qualified one will be converted into ordinary commercial loans, which is more profitable/account than KUR for BBRI. As of Dec' 2010, BBRI has converted 428,000 accounts amongst 3.5mn to their ordinary commercial loans. The remaining riskier loans continue to be 80% guaranteed by the government via Amkrindo and Jaskrindo.

The issue here is that Amkrindo and Jaskrindo own a total Rp2.3tr in capital. Applying gearing ratio pegged at 10x by Parliament, Amkrindo and Jaskrindo can insure KUR loans losses only up to Rp23tr. So, who bears the remaining risk of the remaining Rp9tr? On top of that, what happens to Amkrindo and Jaskrindo creditors in the event of a massive KUR defaults? Only time will answer.

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