

PRESS RELEASE

Perkebunan Nusantara VII

PEFINDO upgraded the ratings for PT Perkebunan Nusantara VII (PTP7 or the Company) and its Bond I of IDR225 billion along with syariah-mudharabah bond of IDR75 billion to "*id***A-**" and *id***A-(sy)** respectively from "*id* **BBB+**" and *id***BBB+(sy)**. The rating upgrades reflect the Company's improved productivity and financial performances due to good palm oil business performance and sustainable high rubber price. The ratings, however, are still mitigated by relatively old palm oil plantation profile, high dependency on raw material from plasma and increasing general and administration expenses. PTP7 is a state-owned company engaging in plantation and production of palm oil, rubber, sugar and tea. As to date, the Company's total land bank is 142,117 hectares (ha), consisting of 92,206 ha of self-own plantation and 49,911 ha of plasma. Approximately 43.4% of the total land bank has been planted with palm oil, rubber (39.6%), sugar cane (16.1%) and tea (1%).

Rating Period: March 9, 2005 – February 1, 2006

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