

BAKRIE TELECOM FIRST HALF RESULTS 2007

PT BAKRIE TELECOM Tbk.

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Ticker: **BTEL**

Major Shareholders:

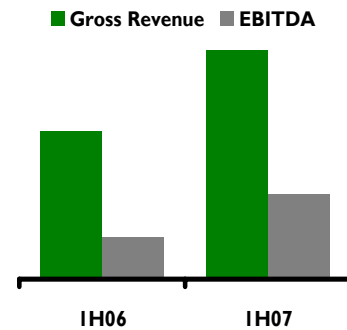
PT Bakrie Brothers Tbk.	50.25%
Richweb Investment Ltd.	2.08%
CMA Fund Management Ltd.	1.51%
PT Bakrie Communication	3.17%
Public	43.00%

Highlights:

- Total subscribers increased by 111.6% from 1,061,473 subscribers in 1H06 to 2,246,593 subscribers in 1H07;
- Gross revenue increased by 64.4% to Rp583.84 billion compared to Rp355.12 billion in the same period last year;
- EBITDA surged by 101.9% to Rp203.35 billion in 1H07, versus Rp100.73 billion for the corresponding period last year;
- EBITDA margin widened to 34.8% in 1H07 from 28.4% in 1H06; and
- Net income increased by 196.2% to Rp42.62 billion in 1H07 compared to Rp14.39 billion in the same period last year.

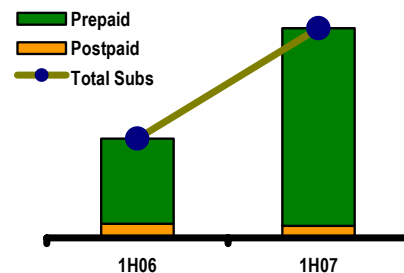
FINANCIAL HIGHLIGHTS

Key Indicators	IH06	IH07	Growth (%)
	Rp Million	Rp Million	
Gross Revenue	355,123	583,835	64.4%
Net Revenue	254,126	493,188	94.1%
Total OPEX	222,220	386,598	74.0%
EBITDA	100,726	203,353	101.9%
EBITDA Margin	28%	35%	23%
EBIT	31,906	106,590	234.1%
Net Income (Loss)	14,391	42,621	196.2%



OPERATIONAL HIGHLIGHTS

Key Indicators	IH06	IH07	Growth (%)
	Rp Million	Rp Million	
Total Subscribers	1,061,473	2,246,593	111.6%
Postpaid	151,264	128,943	-14.8%
Prepaid	910,209	2,117,650	132.7%



Bakrie Telecom

**PT BAKRIE TELECOM Tbk. FIRST HALF 2007
OPERATING & FINANCIAL RESULTS**

The following analysis and discussion is based on the company's un-audited financial statements for the six-month periods ended 30 June, 2007 and 30 June, 2006 and other relevant company information.

FINANCIAL RESULTS

Gross Revenue & Net Revenue

PT Bakrie Telecom Tbk. ('BTEL') reported gross revenue of Rp583,835 billion for IH07, a 64.4% increase from Rp355.123 billion in the equivalent period in 2006. Six-month net revenue reached Rp493,188 billion, up 94.1% from IH06's Rp254.126 billion. The increase in gross revenue was mainly due to robust growth in BTEL's subscriber base from 1,061,473 subs in IH06 to 2,246,593 total subs as of the end of IH07. The increase in net revenue was attributable to declining interconnection expense to gross revenue, which fell from 15.9% in IH06 to 7.2% in IH07 as a result of the new interconnection regime (cost-based interconnection) which began to be implemented in early 2007. This new cost-based interconnection regime is more favorable on the tariff to FWA operators like BTEL.

Operating Expenses

Operating expenses represented 66.2% of revenues in IH07 compared to 62.6% in IH06. While net revenue increased by 94.1%, operating expenses rose by only 74.0% to Rp386.60 billion for IH07 compared to Rp222.22 billion in the same period last year. This increase was due to BTEL's efforts to develop its business nationally through network expansion, strengthening the *Esia* brand image through both above and below the line activities, and strategic hiring of professionals to provide improved products and services to meet customer demand. Main contributors to the increase are:

- Depreciation expense represented 15.9% of total operating revenues in IH07 compared to 18.1% in IH06. Depreciation expense grew by 44.1% to Rp 92.78 billion in IH07 from Rp 64.37 billion in IH06 because of expansion to strengthen our CDMA network and infrastructure in Jakarta, West Java, and Banten as well as the start of rollout of our network and infrastructure nationwide;
- Operating and maintenance expense represented 20.2% of total operating revenues in IH07 compared to 8.1% in IH06. Operating and maintenance expense increased by 312.6% to Rp118.01 billion in IH07 from Rp28.60 billion in IH06, in line with network expansion in Jakarta, West Java, Banten and nationally. An increase in operating and maintenance expenses in IH07 was also attributable to increasing rental expense and new site acquisition in new areas;
- General and administrative expense represented 8.1% of revenues in IH07 compared to 9.7% in IH06. General and administrative expense grew 38.3% to Rp 47.50 billion in IH07 from Rp34.35 billion in IH06, mainly from increased

activities to accommodate our significant subscriber growth and from increase in transportation expenses due to national expansion.;

- Personnel expense represented 10.1% of revenues in IH07 compared to 8.7% in IH06. Personnel expense increased by 91.3% to Rp58.83 billion in IH07 from Rp30.75 billion in IH06 as a result of new hires to support nationwide rollout and a salary adjustment for employees; and
- Marketing and sales expense represented 11.2% of revenues in IH07 compared to 16.8% in IH06. Marketing and sales expense grew by 9.7% to Rp 65.50 billion in IH07 from Rp59.71 billion in IH06. This was due to an increase in advertising and promotional programs .

EBITDA & EBIT

EBITDA surged 101.9% to Rp 203.35 billion in IH07 from Rp100.73 billion in IH06. EBITDA margin in IH07 widened to 34.8% compared to 28.4% in IH06. BTEL reported IH07 EBIT of Rp106.59 billion, significantly higher by 234.1% from Rp31.91 billion in IH06.

Net Income

BTEL recorded net income of Rp42.62 billion for IH07, compared to Rp14.39 billion in the first half of 2006.

OPERATING RESULTS

Subscribers

We served 2,246,593 total subscribers by the end of IH07, representing a 111.6% increase from 1,061,473 subs in IH06. Our Prepaid subscriber base increased significantly by 132.7% to 2,117,650 subs in IH07 from 910,209 subs in IH06. The increase in our prepaid subscriber base was mainly driven by our *Esia* product which recorded an increase in number of subscribers of 127.6% (y-o-y) from 910,209 subs in the same period last year to 2,071,744 subs in IH07. Our Postpaid subscriber base decreased by 14.8% to 128,943 subs in IH07 from 151,264 subs in IH06, mainly as a result of a further decline in the number of *Ratelindo* subscribers, most of whom have converted to *Wifone* to take advantage of its better quality and features.

The growth in our subscriber base was driven by improved network quality, strong brand image/awareness, new product launches, marketing campaign, as well as the introduction of several benefits during the period, such as *Esia Paket Untung*, 'Bonus Talktime', savings of up to 90% for using *Esia* for international long distance calls through VOIP (Voice Over Internet Protocol), and a variety of bundling packages with Nexian, Motorola, Samsung, Nokia and ZTE.

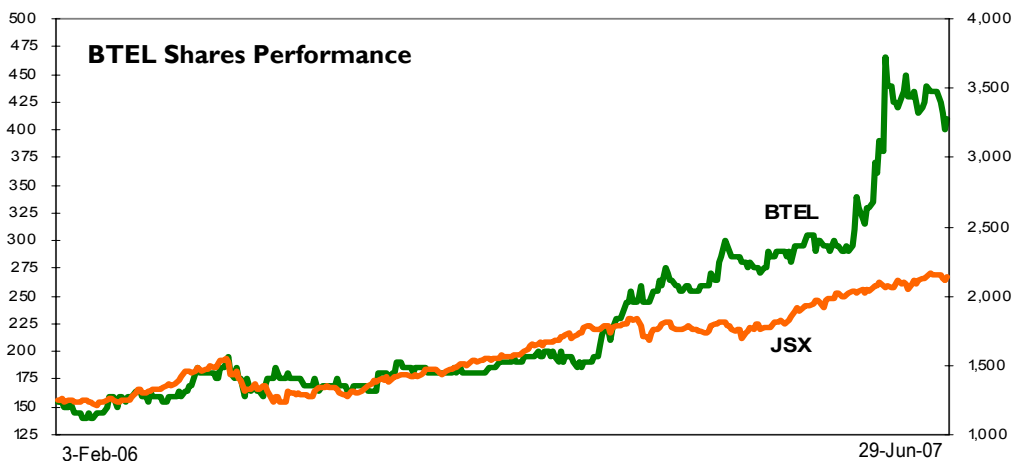
Service Usage

Below are the Average Revenue per User (ARPU) figures for BTEL's products for the periods under discussion:

ARPU	IH06	IH07
Postpaid	148,655	153,701
Prepaid	62,842	45,899
Blended	79,676	53,640

The industry generally experiences a declining ARPU trend in line with increased market penetration. This is especially pronounced for BTEL, as the company's target markets are the middle to low income segments. The growth in the *Esia* subscriber base has driven an additional decline in ARPU because of the increase in on-net traffic.

SHARE PRICE PERFORMANCE



BTEL shares began trading on the Jakarta Stock Exchange on 3 February, 2006 at an initial price of Rp110 per share. As of the end of June 2007, BTEL shares were listed at Rp 410 per share, an absolute appreciation of 273% since the Initial Public Offering. In comparison, the Jakarta Stock Exchange Composite Index rose from 1,244.12 to 2,139.28 during the same period, a gain of 72%.

SALES & DISTRIBUTION

To enable improved customer access to our *Esia* services, BTEL has continued aggressively to broaden our sales and distribution network by adding more distributors, authorized outlets, and E-Voucher and Inject dealers. By IH07, BTEL had 6 national distributors, 80 RUIM dealers, 98 inject dealers, 732 outlet dealers and 65,701 down line dealers spread across our operating area.

MARKETING

During the first half of 2007, we continued our aggressive brand promotion as well as maintaining customer loyalty through various innovation programs:

- *“Isi Esia”*: A promotional program positioned as the cheapest electronic top-up service for prepaid products, offering great flexibility for customers needs. This electronic service has a starting denomination of Rp1,000 which is the smallest denomination for top-up prices in Indonesia. Subscribers can also reload in increments of Rp1,000 to suit their needs;
- *Omnibus program*: A promotion targeted at prepaid subscribers that offers unlimited calls and sms on-net for the first 3-months and a 50% Talktime bonus for every top-up for the next 3 months;
- *New bundling packages*: During 1H07, BTEL launched a new series of bundling packages with Motorola, Nokia and Nexian;
- *“Tantangan Ngoceh 100 Jam”* (“Chat non-stop for 100 hours” challenge): BTEL challenges our customers to talk non-stop for one hour for a grand prize of Rp100 million. This promotion was held to encourage customers to try *Esia*’s service quality and experience its network reliability;
- BTEL refreshed its brand with the launch of a new starter pack *“Esia Paket Untung”*. With prices starting from Rp30,000, customers receive benefits such as free TalkTime and other bonuses to the value of Rp100,000. Some of the bonuses included in the starter pack are free ring tones and wallpapers, free content SMS for a defined period of time, free on-net SMS for one week, and free 50% on-net talk-time bonus when reloading the voucher.

Besides offering these promotions, BTEL also ran advertising campaigns on TV and radio and in the print media.

Brand Awareness

BTEL’s brand/advertising impact consistently ranks in the top three for the industry (GSM and CDMA). Research conducted by Taylor Nelson Sofres (TNS) indicates that *Esia* ads score very highly on unaided recall compared to other brands.

Longest Talk-Time and Cheapest Tariff

BTEL remains No.1 in the industry (GSM and CDMA) in providing the longest talk time for its customers. TNS research indicates that *Esia* scores very highly on longest talk time position compared to other brands. A similar survey also suggests that customers most consider *Esia* as usage brand of choice among all operators (GSM & CDMA).

OPERATIONS

BTEL’s network coverage has spread from Greater Jakarta to Bandung and the other cities of West Java and Banten. Besides Jakarta and Bandung, BTEL is also in commercial operation in 15 other cities as follows: Bogor, Serang, Cilegon, Cirebon, Purwakarta,

Tasikmalaya, Ciamis, Cianjur, Karawang, Sumedang, Sukabumi, and Subang. By the third quarter of this year, BTEL expects to become a nationwide operator.

As per I H 2007, BTEL has 521 BTS with 3.7 million subscriber switching capacity.

PT BAKRIE TELECOM TBK. PROFILE

PT Bakrie Telecom Tbk. (BTEL) owns the *Esia* brand of wireless communication products and services, and has been serving the public since 1996 through its original *Ratelindo* service. Since the company's re-launch in September 2004, BTEL has recorded positive operating and financial performance.

BTEL provides wireless communication services using the CDMA 2000 1x technology. This technology uses the 800MHz frequency band, resulting in a very clear voice service and data transfer capability of up to 153Kbps.

In 2004, BTEL had only 192,000 customers. The company's subscriber base increased by 153% in 2005, when BTEL was successfully reaching 487,000 subscribers. By IH07, BTEL was serving over 2.24 million subscribers.

Bakrie Telecom listed on the Jakarta Stock Exchange in February 2006 with the ticker symbol BTEL.

IMPORTANT RECENT EVENTS

June 2007

- BTEL was recognized as **Best CDMA Operator 2007** during the recent Indonesia Cellular Show at the Jakarta Convention Center. The award is based on a range of criteria such as innovation in various fields, subscriber growth, performance, voice quality, and service to subscribers.
- BTEL entered into a US\$145 million syndicated loan lead arranged by Credit Suisse. The facility's tenor is 5-years with a 2-year grace period, and it carries an interest rate of LIBOR + 4.0%. The loan is to be used to refinance the Company's loan from Bank Mandiri amounting US\$ 50,549,243 and the remaining US\$ 94,450,757 for capital expenditure.

May 2007

- BTEL launched “*Isi Esia*”. A breakthrough promotion positioned as the cheapest electronic top-up service for prepaid products, offering great flexibility for customers needs. This electronic service has a starting denomination of Rp1,000 which is the smallest denomination for top-up prices in Indonesia. Subscribers can also reload in increments of Rp1,000 to suit their needs.
- BTEL launched a new promotional program called “*Omnibus*”. A promotion targeted at prepaid subscribers that offers unlimited calls and sms on-net for the first 3-months and a 50% Talktime bonus for every top-up for the next 3 months.
- BTEL obtained US\$125 million in vendor financing from one of the leading telecommunications equipment vendors for the purchase of telecoms equipment. The facility has a 5-year tenor and can be utilized during 2007-2008. This is one of the Company’s financing schemes to fulfill its total Capex financing requirement of US\$220 million in 2007.

April 2007

- BTEL soft launches “*Wimode*”. An innovation aimed at fulfilling the Indonesian consumers’ need for high quality cost efficient mobile internet access. *Wimode* uses CDMA 1X technology, allowing it to provide:
 - Several high-quality, cost-efficient USB-modem terminals, cheaper than all other wireless modems currently available in the market;
 - High-speed digital mobile internet access (3x faster than regular dial-up internet access in Indonesia); and
 - A cost efficient and easy to understand tariff structure (Rp100/minute), building on Bakrie Telecom’s budget-operator business model.

March 2007

- BTEL launches a new starter pack “*Esia Paket Untung*” as part of an endeavor to achieve 3.6 million subscribers by the end of this year; and
- BTEL launches a promotional event called “*Tantangan Ngoceh 100 Jam*” (‘Chat non-stop for 100 hours’ challenge). The events were held in several cities in the BTEL operating area including Cirebon, Bandung, Tasikmalaya, Depok and Jakarta. The promotion was designed to demonstrate the reliability of the BTEL network.

February 2007

- BTEL launches Indonesia’s cheapest international long distance call rate at only Rp799 per minute. The tariff applies to the 11 most-called countries, including China, USA, Canada, Hong Kong, Singapore and Malaysia. Beyond these 11 countries, BTEL’s long distance tariff to 59 other countries is also the cheapest in

- the country at only Rp1,500 per minute compared to between Rp2,000 and Rp12,000 per minute at other operators;
- An Extraordinary General Meeting (EGM) of shareholders appoints three new directors to strengthen BTEL's management team in order to start the national rollout plan. BTEL aims to achieve commercial operation in 17 new cities outside Jakarta, West Java and Banten by the end of 2007. The priority cities for commercial operation include Surabaya, Medan, Semarang and Jogjakarta; and
 - BTEL and the Institut Teknologi Bandung (ITB) agree to develop a Mobile Broadband Technology Center (MBTC) for 5 years. The MBTC, supported by parties such as Qualcomm Inc., Nortel, Huawei and IM Corporation, is a commitment from BTEL to higher education in Indonesia.

January 2007

- Formulation to implement Integrity Pact at Hotel Gran Kemang. Integrity pact is part of the company's commitment to implement Good Corporate Governance and Code of Conduct.

OUTLOOK

- BTEL aims to achieve 3.6 million total subscribers by the end of 2007, a target comprised of 3.1 million subscribers from Jakarta, West Java and Banten and 0.5 million from other major cities;
- BTEL plans to add coverage to 17 new cities, so that we are operating in 34 cities nationwide by the end of 2007; A dedicated team to oversee the national expansion process is already formed.
- *Esia's* high brand awareness is a significant competitive advantage that BTEL can leverage during its expansion. BTEL is already well known in the target cities, even prior to BTEL launching marketing campaigns in these cities. This bodes well for BTEL, as it eases the need to dedicate substantial resources to brand building;
- To achieve 3.6 million subscribers and expand to 17 cities outside Jakarta, West Java and Banten, BTEL estimates new capex of US\$220.0 million which will be met through loans, vendor financing and Rupiah bond issuance.

BAKRIE TELECOM
FIRST HALF RESULTS 2007

PT Bakrie Telecom Tbk.
Operational & Financial Results

	2005	1H-06	2H-06	2006	1H-07
Total Subscribers	486,604	1,061,473	1,547,557	1,547,557	2,246,593
Postpaid	134,778	151,264	132,637	132,637	128,943
Prepaid	351,826	910,209	1,414,920	1,414,920	2,117,650
ARPU Average(Rp)	116,913	79,641	62,107	70,892	53,640
Postpaid	158,530	148,655	142,323	145,489	153,701
Prepaid	71,399	62,823	51,968	57,405	45,899
BTS	235	291	408	408	521
Minutes Of Usage ('000,000)	684	867	1,335	2,202	1,869
Bank Debt (Rp Mn)	509,357	491,269	473,181	473,181	447,341
Gross Revenue (Rp Mn)	369,055	355,123	474,237	829,361	583,835
Net Revenue (Rp Mn)	243,757	254,126	353,795	607,921	493,188
Total OPEX (Rp Mn)	343,701	222,220	246,854	469,074	386,598
Depreciation (Rp Mn)	119,799	64,370	78,741	143,112	92,778
Operating & Maintenance (Rp Mn)	47,203	28,600	39,719	68,319	118,009
General & Administrative (Rp Mn)	43,697	34,347	37,381	71,727	47,503
Personnel (Rp Mn)	45,437	30,748	44,496	75,244	58,827
Marketing & Sales Expense (Rp Mn)	77,669	59,706	41,410	101,116	65,496
Other Expenses (Rp Mn)	9,897	4,450	5,107	9,556	3,985
EBITDA (Rp Mn)	23,949	100,726	190,789	291,515	203,353
EBITDA / Gross Revenue (%)	6%	28%	40%	35%	35%
EBIT (Rp Mn)	(99,944)	31,906	106,941	138,847	106,590
EBIT / Gross Revenue (%)	-27%	9%	23%	17%	18%
Financial Charges (Rp Mn)					
Interest - Net (Rp Mn)	(75,320)	(21,146)	(25,620)	(46,766)	(33,231)
Others (Rp Mn)	(1,596)	(4,321)	(12,362)	(16,682)	(7,200)
Income (Loss) Before Tax (Rp Mn)	(176,860)	6,439	68,959	75,398	66,159
Tax (Rp Mn)	32,536	7,952	(10,670)	(2,718)	(23,538)
Net Income (Loss) (RpMn)	(144,324)	14,391	58,289	72,680	42,621

* Audited