

Bakrie Telecom

1H08 RESULTS

PT BAKRIE TELECOM Tbk.

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Ticker :BTEL

Major Shareholders:

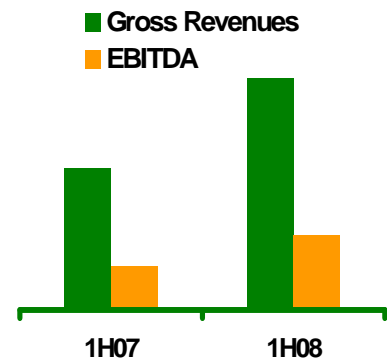
PT Bakrie Brothers Tbk.	49.13%
PT Bakrie Communication	2.09%
Richweb Investment Ltd.	1.37%
CMA Fund Management Ltd.	0.08%
Public	47.33%

HIGHLIGHTS:

- Subscribers increased by 141.9% to 5.4 million 1H08 from 2.2 million in 1H07
- Gross revenues increased by 90.0% to Rp 1,235.1 billion in 1H08 from Rp 650.1 billion in 1H07
- EBITDA increased by 72.1% to Rp 341.3 billion in 1H08 from Rp 198.4 billion in 1H07
- Net income increased by 59.5% to Rp 62.4 billion in 1H08 from Rp 39.1 billion in 1H07
- BTEL launched the world's first Rp 1/character SMS campaign

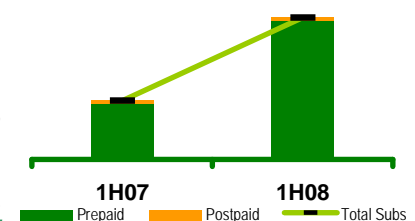
FINANCIAL HIGHLIGHTS

Statement of Income (in Rp bn)	1H07	1H08	Growth
Gross Revenues - Total	650.1	1,235.0	90.0%
Gross Revenues - Telco Service	583.8	1,109.1	90.0%
Gross Revenues - Interconnection Service	66.2	125.9	90.2%
Net Revenues	493.2	938.0	90.2%
Total OPEX	391.6	795.8	103.2%
EBITDA	198.4	341.3	72.1%
EBIT	101.6	142.3	40.0%
Net Income	39.1	62.4	59.5%



Balance Sheet (in Rp bn)	1H07	1H08	Growth
Cash & Cash Equivalents	149.9	2,622.0	1649.4%
Current Assets - Other	323.0	884.0	173.7%
Total Current Assets	472.8	3,506.1	641.5%
Non-Current Assets	1,880.7	4,473.7	137.9%
Total Assets	2,353.5	7,979.8	239.1%
Current Liabilities	400.9	714.2	78.1%
Non-Current Liabilities	418.4	2,195.1	424.7%
Total Liabilities	819.3	2,909.3	255.1%
Equity	1,534.2	5,070.5	230.5%

Key Indicators	1H07	1H08	Growth
Total Subscribers	2,246,593	5,434,822	141.9%
Prepaid	2,117,650	5,319,089	151.2%
Postpaid	128,943	115,733	-10.2%



Bakrie Telecom

FINANCIAL & OPERATING RESULTS 1H08

The following analysis and discussion is based on the Company's unaudited financial statements for the six-month periods ended 30 June 2008 and 30 June 2007 and other relevant Company information.

Certain accounts in the financial statements for the year ended 30 June 2007 have been reclassified to conform with the presentation of accounts in the financial statements for the year ended 30 June 2008. Interconnection expenses were presented in gross and reclassified into interconnection service revenues and interconnection expenses, while operating revenues was reclassified into telecommunication service revenues and interconnection service.

We have conducted the reclassification in relation with our rights issue based on a discussion with the Capital Markets Supervisory Agency (BAPEPAM).

FINANCIAL RESULTS

GROSS OPERATING REVENUES & NET OPERATING REVENUES

PT Bakrie Telecom Tbk (BTEL) reported gross operating revenues of Rp 1,235.0 billion in 1H08, representing an 90.0% increase from Rp 650.1 billion in 1H07. This was mainly attributed to the 90.0% higher telecommunication revenues of Rp 1,109.1 billion in 1H08, compared to Rp 583.8 billion the year before, on the back of 141.9% jump in number of subscribers during the period from 2.2 million to 5.4 million. While interconnection service posted a 90.2% increase to Rp 125.9 billion from Rp 66.2 billion, inline with the new interconnection regime, coupled with more balanced mix of incoming and outgoing traffic, inline with much larger subscriber base. Consequently, net revenues also increased by a robust 90.2% from Rp 493.2 billion to Rp 938,0 billion.

OPERATING EXPENSES

Total 1H08 operating expenses represent around 64.4% of gross operating revenues, higher than 60.2% in the same period the year before. This increase was mostly related to the Company's nationwide roll-out.

- Depreciation expense increased by 107.1% to Rp 192.1 billion in 1H08 from Rp 92.8 billion in 1H07. As a percentage of gross revenue, this represent an increase from 14.3% to 15.6% when compared to gross revenues. This inline with BTEL's expansion to strengthen its existing network infrastructure in Greater Jakarta, West Java and Banten, as well as building new ones in other areas.
- Operating and maintenance expense represented 17.9% of total operating revenues in 1H08 compared to 18.4% in 1H07, despite an 85.4% increase in actual amount to Rp 221.4 billion from Rp 119.4 billion. The increase was also related to the nationwide roll-out and more tower co-location.
- General & administrative expense grew by 74.0% to Rp 84.0 billion in 1H08 from Rp 48.3 billion in 1H07, inline with rapid subscriber growth. As a percentage of revenues, this represent a decline from 7.4% to 6.8%.
- Personnel expense represented 8.9% of revenues in 1H08, lower compared to 9.4% in 1H07. In nominal, it increased by 81.0% to Rp 110.3 billion in 1H08 from Rp 60.9 billion in 1H07 as a result of new hires and employee salary adjustment.
- Marketing & sales expense increased by 173.5% to Rp 180.9 billion in 1H08 from Rp 66.2 billion in 1H07. This represented an increase from 10.2% to 14.7% of gross revenues. The higher expense was mostly attributed to the Company's advertising & promotional programs. However, in QoQ basis, the expense went down by 17.3% to Rp 81.9 billion during Q208 from Rp 99.1 billion during the previous quarter.

EBITDA & EBIT

EBITDA increased by 72.1% to Rp 341.3 billion in 1H08 from Rp 198.4 billion in 1H07. However, EBITDA margin during the period declined from 30.5% to 27.6%. This was primarily due to the start-up cost related to the nationwide expansion, while revenues in the newly launched areas have not reached the optimum level. EBIT stood at Rp 142.3 billion in 1H08, which is 40.0% higher than Rp 101.6 billion in 1H07. On QoQ basis, EBITDA margin improved to 30.1% in 1H08 from 24.9% in 1H07. We are still on track to book 35% EBITDA margin by FY08.

OTHER INCOME/ CHARGES

Net Interest charges increased from Rp 33.2 billion in 1H07 to Rp 68.0 billion in 1H08 mainly because of rising financial charges, as the debt issuance in 2007 started to show impact.

NET INCOME

BTEL posted a net income of Rp 62.4 billion in 1H08. This represented a 59.5% increase from Rp 39.1 billion in 1H07. We are optimistic to achieve the Rp 300 billion guideline by FY08.

BALANCE SHEETS

Total assets increased by 239.1% to Rp 7,979.8 billion, total liabilities increased by 255.1% to Rp 2,909.3 billion, while total equity increased by 230.5% to Rp 5,070.5 billion, all on the back of our business expansion.

Current assets soared by 641.5% to Rp 3,506.1 billion, mostly from rights issue proceeds. Additional contribution came from higher prepaid expenses, short-term investments and inventories.

Non-current assets increased by 137.9% to Rp 4,473.7 billion. This was attributed to a sharp increase in net fixed assets, inline with network expansion as well as in derivative assets amounted to Rp 317.9 billion, following a swap contract to hedge the Company's US\$ 145.0 million bank loan.

Current liabilities increased by 78.1% to Rp 714.2, due to much higher accrued expense related to interconnection expense, current maturities of long-term debt and customer deposit.

Non-current liabilities rose by 424.7% to Rp 2,195.1 billion. The increase was mainly the result of Rp 650 billion bonds and US\$ 145 million bank loans.

CASH FLOWS

In Rp bn	1H07	1H08
Net Cash from Operations	196.3	208.0
Net Cash from Investing	(261.3)	(938.3)
Free Cash Flows	(65.0)	(730.3)
Net Cash from Financing	(24.6)	3,056.7
Net(Decrease)/ Increase in Cash & Equivalents	(89.5)	2,326.4
Cash & Cash Equivalents at the Beginning of Period	239.4	295.7
Cash & Cash Equivalents at the End of the Period	149.9	2,622.0

- Net cash flows from operating activities were Rp 208.0 billion, an increase of 6.0% from the equivalent period last year. This was due to higher cash receipt following increase in number of subscribers.
- Net cash flows used in investing activities were Rp 938.3 billion, an increase of 259.1% from the previous year, in line with our network expansion.
- Net cash flows from financing activities were Rp 3,056.7 billion, a significant increase from the same period last year, on the back of Rp 3.0 trillion rights issue.

DESCRIPTION OF DEBTS

In Rp bn	1H07	1H08
Banks	447.3	1,337.6
Bonds	-	644.0
Vendor Financing	-	251.1
TOTAL	447.3	2,232.7

As of 1H08, total outstanding debts of Rp 2,232.7 billion consisted of:

- US\$ 145.0 million credit facility arranged by Credit Suisse due in 2012;
- Rp 650.0 billion Rupiah-denominated bonds due in 2012;
- Vendor Financing Facility in the amount of US\$ 28.0 million from Huawei Tech. Investment Co. Ltd.

OPERATING RESULTS

SUBSCRIBERS

Total subscribers reached 5,434,822 by the end of 1H08, a 141.9% increase from 2,246,593 during the same period a year before.

Prepaid subscriber base increased significantly by 151.2% to 5,319,089 in 1H08 from 2,117,650 subs in 1H07. This was mainly driven by our Esia product, which recorded an increase in subscribers of 150.1% from 2,071,744 in 1H07 to 5,181,484 in 1H08. Wifone prepaid subscribers increased to 99,633 subs from 42,028 subs in the corresponding period last year. Esiatel prepaid totaled 4,806 subs in 1H08.

Our Postpaid subscriber base decreased by 10.2% to 115,733 subs in 1H08 from 128,943 subs in 1H07. This mostly represented by Ratelindo subscribers that converted to either Wifone or Esiatel in order to take advantage of their higher quality and better features.

The growth in our subscriber base was driven by improved network quality, strong brand image/awareness, new product launches, marketing campaigns and the introduction of several benefits, 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 handset bundling packages with LG and Huawei. The "Dobel Untung" package that is bundled with a Huawei black & white handset priced at Rp 199,000 (or Rp 249,000 for a color handset) has been very well received by the market.

SERVICE USAGE

Total Minutes of Usage in 1H08 was 5.0 billion, up by 167.9% from 1.9 billion minutes in 1H07. The increase in MoU was attributable to the increase in subscriber numbers.

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

ARPU	1H07	1H08
Blended	53,640	44,450
Prepaid	45,899	44,460
Postpaid	153,701	140,975

The industry generally experiences a declining ARPU trend in line with increased market penetration. For BTEL, in addition to being the operator of choice for the low to middle income segment of the market due to its cheapest and value for money service, the lower ARPU is also inline with the rapid new area launch, where the subscribers still have not recorded an optimum level of usage yet.

BTEL SHARES PRICE



BTEL shares began trading on the Jakarta Stock Exchange on 3 February 2006 with an Initial Public Offering price of Rp 110 per share. As of the end of June 2008, BTEL shares were listed at Rp 260 per share.

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 1H08, BTEL had 477 dealers and 1,934 outlets across our operating areas

RECENT DEVELOPMENTS

NEW AREA LAUNCH

As of June 2008, BTEL is commercially available in 47 cities nationwide. We have interconnection with all operators and are offering our entire available range of services in these new areas. During Q208, we added coverage in seven new cities: Sumedang, Salatiga, Klaten, Jember, Gianyar, Balikpapan & Samarinda. So far, we received positive feedbacks from both consumers and trade channels in those areas.

RP 1/CHARACTER SMS

In May 2008, BTEL launched another of its Disruptive Innovation program, which was also the world's first: "Rp 1/character SMS." Normally, SMS are charged at a flat rate, irrespective of the number of characters within the message. With per character charging, subscribers are now paying only what they send. From competitor's perspective, big GSM players with significant SMS revenues contribution will be reluctant to follow suit, due to the potential revenues drop.



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) as of June 2008 indicates that Esia ads score very highly on unaided recall compared to other brands.

BTEL still No.1 in the industry (GSM and CDMA) in providing the longest talk time for its customers. The most recent TNS research also indicates that Esia has consistently being regarded as the brand that offers the cheapest tariff as well as best value for money services.

As the results, Esia is perceived as the best brand considered to use among existing and prospective subscribers.

OPERATIONS

BTEL has continued to expand its telecommunication network to a national scale. Following expansion in 2007 to cover 34 cities nationwide, by the end of March 2008 the BTEL network covered six additional cities, namely Wonosari, Bangkalan, Banjarmasin, Banjar Baru, Martapura and Lamongan.

As of 1H08, BTEL operates in 47 cities throughout the archipelago with 1,770 BTS, an addition of 1,249 BTS compared to 1H07, and 570 more BTS compared to the end of 2007.

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 relaunch in September 2004, BTEL has continually 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 acquired its first one million subscribers by 2Q06. By 1Q08, BTEL has surpassed the 5.0 million subscribers mark.

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

IMPORTANT RECENT EVENTS

JUNE 2008

- **29 June:** Completed Esia Ngoceh program in Surabaya. The program has also put the Company in the National Record Museum list as the first operator that was able to accommodate 6 hours of talk time non-stop.
- **28 June:** Launched 9 Pengabdian Seni book in collaboration with Bali Regional Government. This is part of the Company's commitment in helping to preserve Balinese Culture.
- **26 June:** Fun Science Esia in Makassar. The event is a part of CSR program in BTEL that was aimed to educate student in elementary school about telecommunication, while introducing Esia brand at the same time.
- **20 June:** Held the 3rd round of Esia Ngoceh in Padang. This is a challenge program with the objective to show Esia's superb connection and that the new Esia Ngoceh handset can be used for six hours non-stop. Total participants up to this round were 1,188.
- **18 June:** Fun Science Esia roadshow kicked off in Bandung. This program will be run in 11 cities until the end of August 2008. During the program BTEL will also give scholarship.
- **16 June:** 2008 Annual General Meeting of Shareholders (AGMS) and Extraordinary General Meeting of Shareholders
- **15 June:** BTEL received The Best CDMA Operator dan The Best Tariff awards during Indonesia Cellular Show 2008.
- **13 June:** BTEL held the 2nd round of Esia Ngoceh in Palembang, Semarang & Medan at the same day. Total participants up to this round were 792.
- **6 June:** Esia Ngoceh roadshow kicked off in Bandung.

MAY 2008

- **25 May :** Launched Butik Wanita Esia in collaboration with Martha Tilaar. Butik Wanita Esia is a content services designed specifically for female subscribers.
- **23 May:** BTEL received Best of The Best Award as The Most Promising Telecommunication Operator in Asia Pacific from Frost & Sullivan during Asia Pacific ICT Award in Singapore
- **15 May :** Launched the revolutionary world's first Rp 1 per Character SMS. The new tariff was also recorded in MURI as The Cheapest SMS Tariff.
- **14 May:** Began commercial operation in Balikpapan and Samarinda in Kalimantan with 100,000 installed capacity.
- **9 May:** BTEL received The Best Contributor Contact Center from Indonesian Contact Center Association. At the same event, the Company also received two gold and one silver award for Best Manager and Supervisor.
- **5 May:** Extended its network to Boyolali, West Java.
- **4 May:** BTEL announced IQ08 results.

APRIL 2008

- **6 April :** Esia sponsored local dangdut festival in Bali. Dangdut is a very popular local music among the lower social economic class people, which are also one of the Esia's main target market.
- **12 April:** Fun Science Esia program began in Jakarta area.

- **18 April** : Esia launch new starter pack which is named “Untung Pake Esia” (Lucky Using Esia). With this starter pack, customer has 50% discount price and bonus 300 minutes free on net among Esia numbers for 6 months later.

MARCH 2008

- **30 March**: Opened a new 24-hour call center in Surabaya, which will serve subscribers in Central Java, East Java, Kalimantan and Sulawesi.
- **28 March**: BTEL successfully completed its rights issue (fully subscribed) and received Rp 3.0 trillion of fresh capital. The fund will be used to help finance the Company’s US\$ 600 million capex plan up to 2010
- **27 March**: Began commercial operation in Banjarmasin, Banjar Baru and Martapura in Kalimantan with 100,000 installed capacity.
- **17 March**: BTEL awarded two Suzuki Karimun Estilo for winners of *Esia Grand Prize* program,
- **14 March**: Extended its network to cover Bangkalan area, Madura.

FEBRUARY 2008

- **28 February**: Began commercial operation in Wonosari, Central Java.
- **26 February**: BTEL and Sari Ayu Martha Tilaar agreed on a co-branding with Esia for one year.
- **20 February**: Signed an agreement with Bank Internasional Indonesia (BII) to provide online banking services for Esia subscribers, including automatic reload and payment of postpaid bills;
- **15 February**: EGMS to seek approval for the Rp 3 trillion rights issue.
- **7 February**: Signed an MoU with Taman Impian Jaya Ancol to set up Esia public phones in a number of strategic locations around Ancol and provide discounts for Esia subscribers visiting Taman Impian Jaya Ancol.
- **4 February**: BTEL sent five contest winners to The Police concert in Singapore. Each winner received two tickets, accommodation, transportation and spending money.

JANUARY 2008

- **31 January**: Opened a new Gerai Esia Outlet in Binjai, North Sumatera;
- **25 January**: BTEL awarded a brand new luxury house for the winner of *Beli Telpon Rumah Dapat Rumah* program
- **24 January**: Opened a new Gerai Esia in Plaza Marina, Surabaya;
- **17 January**: Announced the plan for a Rp 3.0 trillion rights issue.

Bakrie Telecom

1H08 RESULTS

FINANCIAL & OPERATING SUMMARY

	1Q07	2Q07	1H07	3Q07	4Q07	FY07	1Q08	2Q08	1H08
Total Subscribers	1,799,918	2,246,593	2,246,593	2,949,848	3,820,701	3,820,701	4,491,103	5,434,822	5,434,822
Prepaid	1,670,164	2,117,650	2,117,650	2,819,144	3,695,817	3,695,817	4,372,094	5,319,089	5,319,089
Esia	1,650,527	2,073,976	2,073,976	2,755,511	3,616,205	3,616,205	4,278,216	5,214,650	5,214,650
Wifone	18,450	42,028	42,028	60,356	75,435	75,435	89,072	99,633	99,633
Esiatel	1,187	1,646	1,646	3,277	4,177	4,177	4,806	4,806	4,806
Postpaid	129,754	128,943	128,943	130,704	124,884	124,884	119,009	115,733	115,733
Esia	41,932	45,221	45,221	51,684	53,341	53,341	50,854	51,627	51,627
Wifone & Ratelindo Regular	63,597	65,309	65,309	61,908	56,845	56,845	53,684	50,678	50,678
Esiatel & Ratelindo Wartel	24,225	18,413	18,413	17,112	14,698	14,698	14,471	13,428	13,428
ARPU Average(Rp)	55,076	52,204	53,640	52,210	50,689	52,545	46,000	42,900	44,450
Prepaid	46,183	45,668	45,899	47,899	47,202	46,738	45,500	43,419	44,460
Postpaid	158,294	148,457	153,701	133,177	137,273	144,300	142,500	139,450	140,975
BTS	448	521	521	788	1,200	1,200	1,411	1,770	1,770
Minutes Of Usage ('000,000)	800	1,069	1,869	1,334	2,106	5,308	2,278	2,766	5,045
Long-term Debt (Rp Mn)	460,261	470,064	470,064	1,968,496	2,346,958	2,346,958	2,324,448	2,330,010	2,330,010
Gross Revenue - Total (Rp Mn)	300,798	349,272	650,070	456,494	565,468	1,672,032	591,558	643,464	1,235,022
Gross Revenue - Telco Service (Rp Mn)	271,140	312,695	583,835	405,399	514,156	1,503,390	531,197	577,877	1,109,074
Net Revenue (Rp Mn)	223,909	269,279	493,188	355,660	441,041	1,289,889	441,842	496,175	938,017
Total OPEX (Rp Mn)	172,970	218,626	391,596	253,650	326,354	971,600	388,345	407,411	795,756
Depreciation (Rp Mn)	45,385	47,393	92,778	51,498	71,964	216,240	90,206	101,936	192,142
Operating & Maintenance (Rp Mn)	57,100	62,327	119,427	59,852	88,630	267,909	104,171	117,257	221,428
General & Administrative (Rp Mn)	21,893	26,403	48,296	28,715	35,575	112,586	41,247	42,790	84,037
Personnel (Rp Mn)	27,530	33,416	60,946	47,574	45,288	153,808	49,849	60,452	110,301
Marketing & Sales Expense (Rp Mn)	19,209	46,955	66,164	63,771	80,298	210,233	99,056	81,882	180,938
Other Expenses (Rp Mn)	1,853	2,132	3,985	2,240	4,599	10,824	3,816	3,094	6,910
EBITDA (Rp Mn)	98,177	100,178	198,355	155,749	191,250	545,354	147,519	193,794	341,312
<i>EBITDA / Gross Revenue - Total (%)</i>	32.6%	28.7%	30.5%	34.1%	33.8%	32.6%	24.9%	30.1%	27.6%
<i>EBITDA / Gross Revenue - Telco Service (%)</i>	36.2%	32.0%	34.0%	38.4%	37.2%	36.3%	27.8%	33.5%	30.8%
EBIT (Rp Mn)	50,939	50,653	101,592	97,013	114,687	318,289	53,497	88,764	142,260
<i>EBIT / Gross Revenue - Total (%)</i>	16.9%	14.5%	15.6%	21.3%	20.3%	19.0%	9.0%	13.8%	11.5%
<i>EBIT / Gross Revenue - Telco Service (%)</i>	18.8%	16.2%	17.4%	23.9%	22.3%	21.2%	10.1%	15.4%	12.8%
Financial Charges (Rp Mn)									
Interest - Net (Rp Mn)	(16,470)	(16,761)	(33,231)	(23,964)	(32,664)	(89,859)	(36,615)	(31,377)	(67,992)
Others (Rp Mn)	(4,592)	(2,659)	(7,251)	24,410	(25,947)	(8,737)	22,174	(12,877)	9,297
Income (Loss) Before Tax (Rp Mn)	29,878	31,233	61,111	102,506	56,076	219,693	39,057	44,509	83,566
Tax (Rp Mn)	(13,628)	(8,395)	(22,023)	(28,128)	(25,273)	(75,424)	(11,672)	(9,541)	(21,213)
Deferred (Rp Mn)	(13,628)	(8,395)	(22,023)	(28,128)	(25,273)	(75,424)	(11,672)	(9,541)	(21,213)
Net Income (Loss) (RpMn)	16,250	22,838	39,088	74,378	30,803	144,269	27,384	34,968	62,352
Total Assets	2,275,037	2,353,516	2,353,516	4,477,208	4,664,164	4,664,164	8,001,477	7,979,791	7,979,791
Total Liabilities	763,407	819,326	819,326	2,641,032	2,788,955	2,788,955	2,915,700	2,909,264	2,909,264
Equity	1,511,630	1,534,190	1,534,190	1,836,176	1,875,209	1,875,209	5,085,777	5,070,527	5,070,527