

PT BAKRIE TELECOM Tbk.

Wisma Bakrie, 3rd Floor
Jl. HR Rasuna Said Kav. B-1
Jakarta 12920 - Indonesia
Phone : 62-21-91101112
Fax : 62-21-91100080
Website: www.bakrietelecom.com
Ticker : BTEL

Major Shareholders:
 PT Bakrie Brothers Tbk. 24.9%
 Public 75.1%

HIGHLIGHTS:

- Total subscribers increased from 8.9 million in 1H09 to 11.1 million in 1H10
- Gross revenues increased from Rp 1,666.0 billion in 1H09 to Rp 1,718.3 billion in 1H10
- EBITDA increased from Rp 613.8 billion in 1H09 to Rp 722.5 billion in 1H10
- Net income decreased from Rp 72.8 billion in 1H09 to Rp 2.7 billion in 1H10

FINANCIAL HIGHLIGHTS

Statement of Income (in Rp bn)	1H09	1H10	Change
Gross Revenues	1,666.0	1,718.3	3.1%
Net Revenues	1,330.8	1,376.7	3.5%
Total Operating Expenses	1,172.2	1,202.1	2.6%
EBITDA	613.8	722.5	17.7%
EBIT	158.6	174.6	10.1%
Net Income	72.8	2.7	-96.3%

Balance Sheet (in Rp bn)	1H09	1H10	Change
Total Assets	10,565.0	11,805.1	11.7%
Total Liabilities	5,513.2	6,747.8	22.4%
Total Equity	5,051.8	5,057.3	0.1%

OPERATIONAL HIGHLIGHTS

Key Indicators	1H09	1H10	Change
Subscribers	8,904,463	11,107,817	24.7%
Blended ARPU	35k	27k	-24.3%
Minutes of Usage	8,638	10,097	16.9%
BTS	3,268	3,850	17.8%

FINANCIAL & OPERATING RESULTS

The following analysis and discussion is based on the company's unaudited financial statements for the 6-month period ended 30 June 2010 and 30 June 2009 and other relevant company information.

FINANCIAL RESULTS

GROSS OPERATING REVENUES & NET OPERATING REVENUES

PT Bakrie Telecom Tbk. (BTEL) recorded a gross operating revenues of Rp 1,718.3 billion in 1H10, which represent 3.1% increase from Rp 1,666.0 billion in the previous year. This was mainly attributed to 3.5% increase in telecommunication service revenues from Rp 1,507.9 billion to Rp 1,560.6 billion, following 24.7% increase in subscribers from 8.9 million to 11.1 million. During the same period, the company also posted Rp 13.7 billion in net interconnection service revenues, coupled with Rp 197.6 billion discount. Consequently, net revenues increased by 3.5% to Rp 1,376.7 billion from Rp 1,330.8 billion.

Operating Revenue (in Rp bn)	1H09	1H10	Change
Gross Revenue	1,666.0	1,718.3	3.1%
Less: Interconnection expense & discounts	335.2	341.6	1.9%
Net Revenue	1,330.8	1,376.7	3.5%

OPERATING EXPENSES

1H10 operating expenses amounted to Rp 1,202.1 billion, increased slightly by 2.6% when compared to Rp 1,172.2 billion the year before. This was partly the result of several successful efficiency measures.

- Depreciation expense increased 20.4% to Rp 547.9 billion from Rp 455.2 billion. The increase was inline with the network expansion related to the new broadband business. The figures also include reclassification of rental expense after the adoption of PSAK 30. Thus, ratio of depreciation expense to gross revenues also increased from 27.3% to 31.9%.
- Operating & maintenance expense decreased 15.6% to Rp 217.4 billion from Rp 257.6 billion, mostly due to a much lower tower rental as well as repair & maintenance cost following PSAK 30. As a percentage of revenues, operating & maintenance expense declined from 15.5% to 12.7%.
- General & administrative expense declined slightly to Rp 113.9 billion from Rp 114.9 billion. following the company's successful efficiency effort. When compared to gross revenues, the percentage decreased from 6.9% to 6.6%.
- Employee expense increased 13.7% to Rp 157.9 billion from Rp 138.9 billion. This was mainly due to new hires to support the company's expansion into the broadband business. Employee expense represented 9.2% of gross revenues, higher than 8.3% in the previous year.
- Sales & marketing expense decreased 19.7% to Rp 165.1 billion from Rp 205.6 billion as the company was able to execute various effective advertising and campaign. As a percentage of gross revenues, the expense decreased from 12.3% to 9.6%.

Operating Expense (in Rp bn)	1H09	1H10	Change
Depreciation	455.2	547.9	20.4%
Operating & maintenance	257.6	217.4	-15.6%
General & administrative	114.9	113.9	-0.9%
Employees	138.9	157.9	13.7%
Sales & marketing	205.6	165.1	-19.7%
Total Operating Expense	1,172.2	1,202.1	2.6%

% to Gross Revenue	1H09	1H10
Depreciation	27.3%	31.9%
Operating & maintenance	15.5%	12.7%
General & administrative	6.9%	6.6%
Employees	8.3%	9.2%
Sales & marketing	12.3%	9.6%
Total Operating Expense	70.4%	70.0%

EBITDA & EBIT

BTEL booked Rp 722.5 billion of EBITDA in 1H10. This represent 17.7% increase compare to Rp 613.8 billion last year. Hence, EBITDA margin also improved from 36.8% to 42.0%. During the same period, EBIT also increased by 10.1% to Rp 174.6 billion from Rp 158.6 billion, following operating expense efficiency.

EBITDA & EBIT (in Rp bn)	1H09	1H10	Change
EBITDA	613.8	722.5	17.7%
EBITDA to Gross Revenue	36.8%	42.0%	
EBIT	158.6	174.6	10.1%
EBIT to Gross Revenue	9.5%	10.2%	

OTHER INCOME/CHARGES

Net other charges for the first six months of 2010 was Rp 159.0 billion, 149.4% higher than Rp 63.7 billion in 1H09. The increase mostly came from 95.3% higher net financing charges, inline with the issuance of US\$ 250 million global bond in 2Q10.

Other Income/Charges (in Rp bn)	1H09	1H10	Change
Financing cost - net	(105.6)	(206.3)	95.3%
Gain (loss) on foreign exchange - net	54.9	48.3	-12.2%
Amortization of deferred gain	1.3	4.9	280.8%
Others - net	(14.3)	(5.8)	-59.5%
Total other income/charges	(63.7)	(159.0)	149.4%

NET INCOME

The company posted a decline in net income to Rp 2.7 billion from Rp 72.8 billion during the period. This was mainly attributed to the significant increase in financing charges, following the global bond, in which most of the proceeds were allocated to refinance a syndicated loan as well as to fund capex related to broadband business.

(in Rp bn)	1H09	1H10	Change
Net Income	72.8	2.7	-96.3%

BALANCE SHEETS

Total assets by the end of June 2010 stood at Rp 11,805.1 billion, represented 11.7% increase compare to Rp 10,565.0 billion a year before.

- Current assets declined by 19.5% to Rp 1,532.9 billion on the back of 44.3% drop in short-term investments to Rp 558.7 billion as they were used to fund capex during the period.
- Non-current assets increased by 18.6% to Rp 10,272.2 billion. This was due to 20.8% increase in fixed assets that mainly consist of newly purchased broadband equipment.

Total liabilities was Rp 6,748.0 billion or increase by 22.4% from Rp 5,513.2 billion by 1H09.

- Current liabilities increased by 6.6% to Rp 1,576.7, driven by a much higher obligation under capital lease figures in 2010.
- Non-current liabilities increased by 28.2% to Rp 5,171.2 billion, where most of the increase came from the proceeds of US\$ 250 million global bonds.

Total equity increased slightly by 0.1% to Rp 5,057.3 billion from Rp 5,051.8 billion.

Balance Sheet (in Rp bn)	1H09	1H10	Change
Cash & cash equivalents	345.9	490.3	41.7%
Other current assets	1,558.4	1,042.6	-33.1%
Total Current Assets	1,904.3	1,532.9	-19.5%
Direct ownership	5,921.8	6,804.7	14.9%
Indirect ownership - leased assets	2,123.5	2,912.8	37.2%
Other non current assets	615.3	554.8	-9.8%
Total Non Current Assets	8,660.7	10,272.2	18.6%
Total Assets	10,565.0	11,805.1	11.7%
Other current liabilities	1,427.6	1,179.9	-17.4%
Obligation under capital lease	51.9	396.8	663.8%
Total Current Liabilities	1,479.5	1,576.7	6.6%
Long term debt	2,055.8	2,839.5	38.1%
Other non current liabilities	185.4	295.1	59.2%
Obligation under capital lease	1,792.4	2,036.5	13.6%
Total Non Current Liabilities	4,033.7	5,171.2	28.2%
Total Liabilities	5,513.2	6,747.8	22.4%
Total Equity	5,051.8	5,057.3	0.1%

CASH FLOWS

- Net cash provided by operating activities were Rp 493.3 billion during 1H10, 8.0% lower than Rp 536.0 billion recorded in the previous year. This was mainly the result of 19.9% increase in interest payment to Rp 195.3 billion, inline with higher debt outstanding.
- Net cash used in investing activities increased 79.7% to Rp 921.7 billion. This was due to Rp 112.4 billion fixed assets purchase, most of which broadband business related.
- Net cash used in financing activities were Rp 282.3 billion, where the majority came from Rp 2,270.8 billion proceeds from global bond.

Cash Flow Statement (in Rp bn)	1H09	1H10	Change
Net cash from operations	536.0	493.3	-8.0%
Net cash from investing	(513.0)	(921.7)	79.7%
Free cash flow	23.0	(428.4)	-1961.1%
Net cash from financing	(178.7)	203.0	-213.6%
Net (decrease)/ increase in cash equivalent	(155.7)	(225.4)	44.7%
Cash & cash equivalent at the beginning of period	501.6	715.7	42.7%
Cash & cash equivalent at the end of period	345.9	490.3	41.7%

DESCRIPTION OF DEBTS

As of 31 June 2010, the company's outstanding debt amounted to Rp 5,273.6 billion. These consist of:

- Rp 3.7 billion loans from BCA.
- Proceeds from US\$ 250 million global bond due in 2015, where Credit Suisse, Morgan Stanley and BofA Merrill Lynch acted as joint bookrunner.
- Proceeds from Rp 650 billion BTEL Rupiah Bonds I due in 2012.
- Rp 2,433.3 billion in financial lease liabilities.

Debts (in Rp bn)	1H09	1H10	Change
Bank loans	1,484.7	3.7	-99.8%
Global Bonds	-	2,189.4	n/a
Rupiah Bonds	645.4	647.1	0.3%
Vendor financing	134.7	-	n/a
Financial lease	1,844.4	2,433.3	31.9%
Total	4,109.2	5,273.6	28.3%

Bonds	Agency	Rating	Rating Date
BTEL IDR Bonds I	Pefindo	idA- (Stable Outlook)	1-Jul-09
Senior Guaranteed Notes	Fitch and S&P	"B" by Fitch and "B" by S&P	7-May-15

OPERATING RESULTS

SUBSCRIBERS

BTEL subscribers reached 11,107,817 by the end June 2010. This represented 24.7% growth from the previous year's figures on the back of continuous product and service innovation, strong brand positioning as well as improved network.

Prepaid subscribers increased by 25.2% to 11,029,818, inline with 26.5% Esia subscribers' growth to 10,912,587. Postpaid subscribers declined 16.2% to 77,999.

Subscribers	1H09	1H10	Change
Prepaid	8,811,397	11,029,818	25.2%
Esia	8,629,771	10,912,587	26.5%
Wifone	179,388	115,395	-35.7%
Esiatel	2,238	1,836	-18.0%
Postpaid	93,066	77,999	-16.2%
Esia	55,714	48,840	-12.3%
Wifone & ratelindo regular	31,235	24,152	-22.7%
Esiatel & ratelindo wartel	6,117	5,007	-18.1%
Total	8,904,463	11,107,817	24.7%

SERVICE USAGE

Total minutes of usage (MoU) up to the end of 1H10 was 10.1 billion, which represent an 17.4% increase from 8.6 billion in the previous year.

Blended ARPU stood at Rp 25k, 26.4% lower than Rp 34k during the same period last year. This was attributed to the new marketing initiatives that offers free minutes, coupled with much higher proportion of on-net traffic. The lower ARPU was also the result of expansion into a new area, where first time subscribers have not recorded an optimum level of usage yet.

Service Usage	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Minutes of Usage (in mn minutes)	4,090	4,548	4,878	4,932	5,348	4,749
ARPU						
Prepaid	36k	34k	32k	28k	27k	24k
Postpaid	120k	113k	107k	99k	107k	107k
Blended	36k	34k	32k	29k	28k	25k

NETWORK INFRASTRUCTURE

BTEL installed an additional 55 BTS between April to June 2010. Total number of BTS by the end 1H10 stood at 3,850, which represented an annual increase of 582 BTS. About 66.8% of the BTS are located in JBB areas. In line with our assets light strategy, 94% of the BTS were co-located.

COVERAGE

There are no new city added during second quarter 2010 as BTEL was focusing on in improving performance in the existing cities. The total coverage remained from 1Q10 at 82 cities nationwide.

Number of Cities	1H09	1H10
City Coverage	73	82
JBJB	23%	21%
Non JBJB	77%	79%

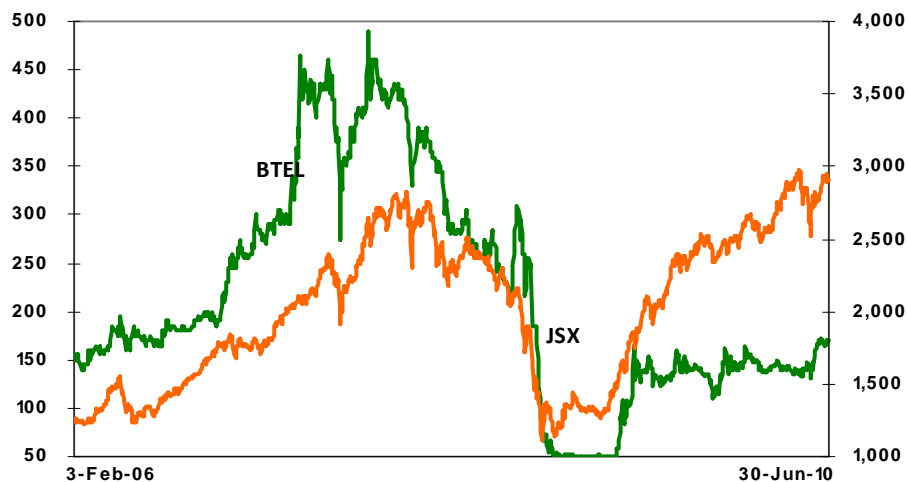
DISTRIBUTION CHANNEL

To maintain customer access to Esia services, BTEL continued aggressively to broaden its sales and distribution network by adding more Gerai Esia, dealers and outlets. By 1H10, BTEL's product and services were available through 94 Gerai Esia, 200 dealers and 100,063 outlets across all of our operating areas.

BRAND AWARENESS

Despite fierce competition within the industry, Esia maintained its strong image as the country's leading budget operator. Based on periodical survey conducted by independent global marketing research consultant up to the end of June 2010, the brand continued to be on the high side in terms of spontaneous brand awareness, the brand that offers the cheapest tariffs as well the top recommended brand by both consumers and frontliners.

BTEL SHARE 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.

Price (in Rp)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
High	54	183	165	163	167	175
Low	50	151	151	155	135	119
Close	51	130	141	147	141	170

2Q10 IMPORTANT EVENTS

US\$ 250 MILLION GLOBAL BOND

BTEL issued a US\$ 250 million global bond in May. It has a 5-year maturity and is listed in Singapore. The bond received “B” rating from S&P and Fitch. Most of the proceeds were used to refinance a syndicated loan as well as to finance capex related to broadband business.

LAUNCHING OF BWA BUSINESS

BTEL introduced its broadband wireless access (BWA) service under AHA brand in June. AHA utilizes CDMA Rev A technology that can deliver speed up to 3.1 Mbps, while offering affordable tariff structure that can be tailored to user needs. With Google as an official partner, every AHA modem is equipped with the latest google chrome browser. For this purposes, the company has established a new dedicated wholly owned subsidiary called Bakrie Connectivity.



APRIL

- Conducted Hape Esia Connect roadshow in various cities, including Yogyakarta, Surabaya, Malang, Yogyakarta, Semarang and Tasikmalaya
- Launched Pusamania Hape, the first handset specifically made for football supporters in Samarinda
- Launched Hape Esia Connect FM, with features like flash light and FM radio

MAY

- Conducted GANAS (Gratis Nelpon) roadshow to several cities, including Medan, Makassar dan Surabaya
- Supported environmental movement in Wonosobo
- Issued US\$ 250 million Global Bond listed in Singapore
- Launched Esia's 24/7 music features, where subscribers can listen to full songs via phone for 24 hours a day seven days a week
- Participated in Asia Pacific Music Forum

JUNE

- Received six awards during "The Best Contact Center Indonesia 2010"
- Launched Bakrie Connectivity, BTEL's subsidiary that is fully dedicated for Broadband Wireless Access services under AHA brand
- Participated in the Jakarta Fair

PT BAKRIE TELECOM Tbk. PROFILE

PT Bakrie Telecom Tbk. (BTEL) provides wireless communication services under the brand Esia, Wifone, Wimode, Esiatel & SLI Hemat 009. The company utilizes CDMA 2000 1x technology within the 800MHz frequency band, which resulted in a very clear voice service and data transfer capability up to 153Kbps.

BTEL began its first operation in 1996 through its original Ratelindo service. Following its relaunch in September 2004, BTEL has continually recorded positive operating as well as financial performance.

In 2004, BTEL had only 192,000 customers. The company acquired its first one million subscribers by 2Q06. By FY09, BTEL has surpassed the ten million subscribers mark. Bakrie Telecom listed on the Jakarta Stock Exchange in February 2006 with the ticker symbol BTEL.

FINANCIAL & OPERATING SUMMARY

	1Q09	2Q09	1H09	3Q09	4Q09	FY09	1Q10	2Q10	1H10
Total Subscribers	8,030,121	8,904,463	8,904,463	9,809,095	10,606,901	10,606,901	11,043,270	11,107,817	11,107,817
Prepaid	7,931,221	8,811,397	8,811,397	9,713,971	10,515,715	10,515,715	10,961,303	11,029,818	11,029,818
Esia	7,750,581	8,629,771	8,629,771	9,575,553	10,382,840	10,382,840	10,836,096	10,912,587	10,912,587
Wifone	175,834	179,388	179,388	136,780	131,232	131,232	123,683	115,395	115,395
Esiatel	4,806	2,238	2,238	1,638	1,643	1,643	1,524	1,836	1,836
Postpaid	98,900	93,066	93,066	95,124	91,186	91,186	81,967	77,999	77,999
Esia	50,073	55,714	55,714	56,368	54,833	54,833	51,057	48,840	48,840
Wifone & Ratelindo Regular	40,690	31,235	31,235	28,267	26,778	26,778	25,150	24,152	24,152
Esiatel & Ratelindo Wartel	8,137	6,117	6,117	10,489	9,575	9,575	5,760	5,007	5,007
ARPU Blended (Rp)	36k	34k	35k	32k	29k	33k	28k	25k	27k
Prepaid	36k	34k	35k	32k	28k	33k	27k	24k	25k
Postpaid	120k	113k	117k	107k	99k	110k	107k	107k	107k
Minutes Of Usage ('000,000)	4,090	4,548	8,638	4,878	4,932	18,448	5,348	4,749	10,097
BTS	3,036	3,268	3,268	3,468	3,677	3,677	3,795	3,850	3,850
City Coverage	69	73	73	76	79	79	82	82	82
(In IDR mn)									
Gross Revenue	816,097	849,853	1,665,950	878,558	891,047	3,435,556	893,625	824,688	1,718,313
Telco Service Revenue	740,292	767,632	1,507,924	789,296	820,649	3,117,869	813,008	747,582	1,560,590
Net Interconnection Service & Discounts	(82,056)	(95,076)	(177,132)	(106,710)	(91,450)	(375,292)	(104,547)	(79,332)	(183,879)
Net Revenue	658,236	672,556	1,330,792	682,585	729,200	2,742,577	708,461	668,250	1,376,711
Total Operating Expenses	588,595	583,604	1,172,200	625,577	665,543	2,463,319	605,913	596,198	1,202,112
Depreciation	162,232	292,932	455,164	250,721	273,338	979,223	266,868	281,001	547,870
Operating & Maintenance	211,138	46,483	257,622	126,984	121,525	506,131	108,793	108,578	217,370
General & Administrative	65,089	49,844	114,934	52,943	67,656	235,533	54,232	59,629	113,861
Personnel	59,471	79,441	138,912	75,447	76,605	290,965	71,753	86,161	157,914
Marketing & Sales Expense	90,664	114,904	205,568	119,481	126,418	451,466	104,267	60,830	165,097
EBITDA	231,874	381,883	613,757	307,730	336,996	1,258,482	369,416	353,053	722,469
<i>EBITDA / Gross Revenue (%)</i>	28%	45%	37%	35%	38%	37%	41%	43%	42%
EBIT	69,641	88,952	158,593	57,009	63,657	279,259	102,548	72,052	174,600
<i>EBIT / Gross Revenue (%)</i>	9%	10%	10%	6%	7%	8%	11%	9%	10%
Financial Charges	(61,108)	(2,637)	(63,745)	(20,012)	(49,786)	(133,544)	(54,354)	(104,625)	(158,979)
Interest - Net	(45,634)	(59,993)	(105,627)	(50,061)	(66,206)	(221,893)	(84,976)	(121,348)	(206,324)
Others	(15,475)	57,356	41,882	30,048	16,420	88,349	30,621	16,723	47,345
Income (Loss) Before Tax	8,533	86,314	94,847	36,996	13,871	145,714	48,193	(32,573)	15,620
Tax Expense	(2,804)	(19,264)	(22,068)	(12,445)	(12,759)	(47,272)	(19,148)	6,248	(12,900)
Net Income	5,729	67,050	72,779	24,551	1,112	98,442	29,046	(26,325)	2,721
Current Assets	2,162,748	1,904,334	1,904,334	1,913,030	1,731,809	1,731,809	1,619,117	1,532,917	1,532,917
Non Current Assets	6,534,980	8,660,680	8,660,680	9,329,139	9,704,466	9,704,466	9,975,975	10,272,232	10,272,232
Total Assets	8,697,727	10,565,015	10,565,015	11,242,169	11,436,275	11,436,275	11,595,092	11,805,150	11,805,150
Current Liabilities	1,337,659	1,479,517	1,479,517	1,593,361	2,061,972	2,061,972	2,420,279	1,576,655	1,576,655
Non Current Liabilities	2,391,512	4,033,652	4,033,652	4,523,477	4,337,372	4,337,372	4,112,568	5,171,154	5,171,154
Total Liabilities	3,729,171	5,513,169	5,513,169	6,116,838	6,399,344	6,399,344	6,532,848	6,747,809	6,747,809
Total Equity	4,968,556	5,051,846	5,051,846	5,125,331	5,036,931	5,036,931	5,062,245	5,057,341	5,057,341