

PT BAKRIE TELECOM Tbk.

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Ticker : BTEL

Major Shareholders:
PT Bakrie Brothers Tbk. 21.0%
Public 79.0%

HIGHLIGHTS:

- Total subscribers increased from 11.0 million in 1H10 to 14.1 million in 1H11
- Gross revenues increased from Rp 1,718.3 billion in 1H10 to Rp 1,726.9 billion in 1H11
- EBITDA decreased from Rp 722.5 billion in 1H10 to Rp 622.3 billion in 1H11
- Net income decreased from Rp 2.7 billion in 1H10 to net loss Rp 179.7 billion in 1H11

FINANCIAL HIGHLIGHTS

Statement of Income (in Rp bn)	1H10	1H11	Change
Gross Revenues	1,718.3	1,726.9	0.5%
Net Revenues	1,376.7	1,378.0	0.1%
Total Operating Expenses	1,202.1	1,396.3	16.2%
EBITDA	722.5	622.3	-13.9%
EBIT	174.6	(18.3)	n/a
Net Income	2.7	(179.7)	n/a

Balance Sheet (in Rp bn)	FY10	1H11	Change
Total Assets	12,352.9	12,624.1	2.2%
Total Liabilities	7,158.1	7,579.5	5.9%
Total Equity	5,194.8	5,044.6	-2.9%

OPERATIONAL HIGHLIGHTS

Key Indicators	1H10	1H11	Change
Subscribers	11,107,817	14,062,580	26.6%
Blended ARPU	27k	22k	-18.5%
Minutes of Usage	10,097	9,451	-6.4%
BTS	3,850	4,019	4.4%

FINANCIAL & OPERATING RESULTS

The following analysis and discussion is based on the company's comparative figures of financial statements for the six-month period ended 30 June 2011 (audited) and 30 June 2010 (limited review) as well as 31 December 2010 (audited) with other relevant company information.

Certain comparative figures in the consolidated interim statement of income for the six-month period ended 30 June 2010 have been reclassified to conform to the consolidated interim statement of income presentation for the six-month period ended 30 June 2011.

FINANCIAL RESULTS

GROSS OPERATING REVENUES & NET OPERATING REVENUES

PT Bakrie Telecom Tbk. (BTEL) recorded a gross operating revenues of Rp 1,726.9 billion in 1H11, increased 0.5% when compared to Rp 1,718.3 billion in 1H10. During the same period, telecommunication service revenues increased 1.5% from Rp 1,560.6 billion to Rp 1,583.6 billion. The Company also posted Rp 205.6 billion from interconnection service as well as discount. Consequently, net revenues during the period also increased to Rp 1,378.0 billion from Rp 1,376.7 billion.

Operating Revenue (in Rp bn)	1H10	1H11	Change
Gross Revenue	1,718.3	1,726.9	0.5%
Telecommunication Service Revenue	1,560.6	1,583.6	1.5%
Net Interconnection and discounts	(183.9)	(205.6)	11.8%
Net Revenue	1,376.7	1,378.0	0.1%

Voice revenues decreased by a slight 2.4% yoy to Rp 950.4 billion from Rp 974.1 billion. On the other hand, non voice revenues, which comprise of SMS, VAS and data experienced an 11.4% growth. The broadband wireless access (BWA) services contributed about 9.0% of the non voice revenue, from virtually nothing in the previous year. This was inline with the company's aim to promote non voice revenues in order to reduce dependency from voice revenues, especially following the launch of our BWA services.

Gross Revenue (in Rp bn)	1H10	1H11	Change
Voice	974.1	950.4	-2.4%
Non Voice	527.3	587.6	11.4%
Others	216.9	188.9	-12.9%
Total	1,718.3	1,726.9	0.5%

% to Gross Revenue	1H10	1H11
Voice	56.7%	55.0%
Non Voice	30.7%	34.0%
Others	12.6%	10.9%
Total	100.0%	100.0%

OPERATING EXPENSES

1H11 operating expenses was Rp 1,396.3 billion, 16.2% higher than Rp 1,202.1 billion in the year before.

- Depreciation expense increased 16.9% to Rp 640.6 billion from Rp 547.9 billion. This was mainly the results of BWA related investments, coupled with continuous effort to strengthen network within existing areas. Consequently, ratio of depreciation expense to gross revenues also increased from 31.9% to 37.1%.
- Operating & maintenance expense decreased 6.2% to Rp 203.8 billion from Rp 217.4 billion, mainly due to lower tower rental as well as repair & maintenance cost after the implementation of PSAK 30. As a percentage of revenues, operating & maintenance expense declined from 12.7% to 11.8%.
- General & administrative expense decreased 5.4% to Rp 107.8 billion from Rp 113.9 billion. When compared to gross revenues, the percentage increased from 6.6% to 6.2%.
- Personnel expense increased 12.6% to Rp 177.9 billion from Rp 157.9 billion, mainly attributed to new hires in order to support the company's expansion into the broadband business. This represented 10.3% of 1H11 gross revenues, compare to 9.2% in 1H10.
- Sales & marketing expense increased 61.3% to Rp 266.3 billion from Rp 165.1 billion. This was as a result of the company's extensive advertising and campaigns due to the BWA business roll-out. As a percentage of gross revenues, it increased from 9.6% to 15.4%.

Operating Expense (in Rp bn)	1H10	1H11	Change
Depreciation	547.9	640.6	16.9%
Operating & maintenance	217.4	203.8	-6.2%
General & administrative	113.9	107.8	-5.4%
Personnel	157.9	177.9	12.6%
Sales & marketing	165.1	266.3	61.3%
Total Operating Expense	1,202.1	1,396.3	16.2%

OPEX as % to Gross Revenue	1H10	1H11
Depreciation	31.9%	37.1%
Operating & maintenance	12.7%	11.8%
General & administrative	6.6%	6.2%
Personnel	9.2%	10.3%
Sales & marketing	9.6%	15.4%
Total Operating Expense	70.0%	80.9%

EBITDA & EBIT

BTEL booked a Rp 622.3 billion EBITDA in 1H11. This represented 13.9% decline compare to Rp 722.5 billion in the previous year. Hence, EBITDA margin also decreased from 42.0% to 36.0%. At the same time, EBIT also declined to operating loss of Rp 18.3 billion from an operating profit of Rp 174.6 billion.

EBITDA & EBIT (in Rp bn)	1H10	1H11	Change
EBITDA	722.5	622.3	-13.9%
EBITDA to Gross Revenue	42.0%	36.0%	
EBIT	174.6	(18.3)	n/a
EBIT to Gross Revenue	10.2%	-1.1%	

OTHER INCOME/CHARGES

Net other charges during the first six months of 2011 increased to Rp 214.7 billion from Rp 159.0 billion in the previous year. This was mostly due to a 68.1% higher financing charges of Rp 377.2 billion, inline with the issuance of USD 250 million global bond in May 2010 and USD 130 million in January 2011.

Other Income/Charges (in Rp bn)	1H10	1H11	Change
Gain (loss) on foreign exchange - net	48.3	154.4	219.8%
Amortization of deferred gain	4.9	5.0	3.1%
Interest income	18.1	4.8	-73.3%
Financing charges	(224.4)	(377.2)	68.1%
Others - net	(5.8)	(1.7)	-70.7%
Total other income/charges	(159.0)	(214.7)	35.0%

NET INCOME

The company posted a net loss of Rp 179.7 billion in 1H11 from a net profit of Rp 29.0 billion in the same period the year before.

(in Rp bn)	1H10	1H11	Change
Net Income	2.7	(179.7)	n/a

BALANCE SHEETS

Total assets stood at Rp 12,624.1 billion in 1H11, which shown 2.2% increase compare to Rp 12,352.9 billion in FY10.

- Current assets increased by 13.3% from Rp 1,436.1 billion to Rp 1,245.5 billion on the back of the redemption of short-term investment during the period.
- Non-current assets increased by 4.2% to Rp 11,378.5 billion. This was due to 4.1% growth in fixed assets that mostly comprised of newly purchased BWA equipment.

Total liabilities was Rp 7,579.5 billion or increased by 5.9% from Rp 7,158.1 billion during FY10.

- Current liabilities increased by 5.7% to Rp 1,860.2 billion due to the increase of trade payable to equipment vendor.
- Non-current liabilities increased by 5.9% to Rp 5,719.2 billion. Most of the increase came from the proceeds of the global bonds.

Total equity decreased slightly by 2.9% to Rp 5,044.6 billion from Rp 5,194.8 billion in FY10.

Balance Sheet (in Rp bn)	FY10	1H11	Change
Cash & cash equivalents	333.7	370.5	11.0%
Other current assets	1,102.5	875.1	-20.6%
Total Current Assets	1,436.1	1,245.5	-13.3%
Direct ownership	7,527.1	7,805.8	3.7%
Indirect ownership - leased assets	2,769.2	2,699.0	-2.5%
Other non current assets	620.4	873.8	40.8%
Total Non Current Assets	10,916.8	11,378.5	4.2%
Total Assets	12,352.9	12,624.1	2.2%
Other current liabilities	1,361.3	1,459.2	7.2%
Obligation under capital lease	398.3	401.0	0.7%
Total Current Liabilities	1,759.6	1,860.2	5.7%
Long term debt	3,065.7	3,859.0	25.9%
Other non current liabilities	369.7	331.0	-10.5%
Obligation under capital lease	1,963.1	1,529.3	-22.1%
Total Non Current Liabilities	5,398.5	5,719.2	5.9%
Total Liabilities	7,158.1	7,579.5	5.9%
Total Equity	5,194.8	5,044.6	-2.9%

CASH FLOWS

- Net cash provided by operating activities were Rp 397.1 billion during 1H11, 18.7% lower than Rp 488.6 billion in the previous year. This was due to the increase of financing charges inline with the global bond issuance.
- Net cash used in investing activities also decreased 15.1% to Rp 782.7 billion, on the back of the redemption of short-term investment during the period.
- Net cash provided by financing activities were Rp 428.8 billion, where the majority came from Rp 2,270.8 billion proceeds from global bond.

Cash Flow Statement (in Rp bn)	1H10	1H11	Change
Net cash provided by operating activities	488.6	397.1	-18.7%
Net cash used in investing activities	(921.7)	(782.7)	-15.1%
Free cash flow	(433.2)	(385.6)	-11.0%
Net cash provided by financing activities	203.0	428.8	111.2%
Net (decrease) increase in cash equivalent	(230.1)	43.2	n/a
Cash & cash equivalent at beginning of period	715.7	333.7	-53.4%
Cash & cash equivalent at end of period	490.3	370.5	-24.4%

DESCRIPTION OF DEBTS

The company's total outstanding debt as of 30 June 2011 amounted to Rp 5,975.1 billion, consisting of:

- Rp 3.2 billion loans from BCA.
- Proceeds from US\$ 380 million global bond due in 2015.
- Proceeds from Rp 650 billion Rupiah bond I due in 2012.
- Rp 1,930.3 billion in financial lease liabilities.

Debts (in Rp bn)	FY10	1H11	Change
Bank loans	273.5	3.2	-98.8%
Global Bonds	2,172.6	3,209.0	47.7%
Rupiah Bonds	648.0	648.2	0.0%
Financial lease	2,361.4	1,930.3	-18.3%
Total	5,455.4	5,790.7	6.1%

Bonds	Agency	Rating
BTEL IDR Bonds I	Pefindo	idBBB+ (Stable Outlook)
Senior Guaranteed Notes	Fitch and S&P	"B" by Fitch and "B" by S&P

OPERATING RESULTS

SUBSCRIBERS

BTEL subscribers have reached 14,062,580 by the end June 2011 or growing by 26.6% when compared the last year's figures of 11,107,817. The increase was due to the company's continuous product as well as service innovation, strong brand positioning and improved network quality.

Prepaid subscribers increased by 27.0% to 14,003,579, inline with 25.8% Esia subscribers' growth to 13,723,484, while postpaid subscribers declined 24.4% to 59,001

Subscribers of AHA have amounted to 208,392 since the service was launched mid last year, which consist of 207,950 prepaid and 442 postpaid.

Subscribers	1H10	1H11	Change
Prepaid	11,029,818	14,003,579	27.0%
Esia	10,912,587	13,723,484	25.8%
Wifone	115,395	71,640	-37.9%
Esiatel	1,836	505	-72.5%
AHA	-	207,950	n/a
Postpaid	77,999	59,001	-24.4%
Esia	48,840	38,560	-21.0%
Wifone	24,152	18,569	-23.1%
Esiatel	5,007	1,430	-71.4%
AHA	-	442	n/a
Total	11,107,817	14,062,580	26.6%

SERVICE USAGE

Total minutes of usage (MoU) up to the end of 1H11 was 9,451 billion or 6.4% lower than 10.1 billion in the previous year.

1H11 blended ARPU stood at Rp 22k or 18.5% lower than Rp 27k in 1H10. This was the result of a much higher proportion of on-net traffic, in line with the subscriber growth. Lower ARPU was also attributed to BTEL's expansion into a new area, where first time subscribers have not recorded an optimum level of usage yet.

Service Usage	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Minutes of Usage <i>(in mn minutes)</i>	5,348	4,749	4,999	5,008	4,761	4,689
ARPU						
Prepaid	27k	24k	24k	24k	22k	20k
Postpaid	107k	107k	104k	110k	111k	112k
Blended	28k	25k	25k	24k	23k	20k

NETWORK INFRASTRUCTURE

In order to improve coverage within its existing cities BTEL installed an additional 27 BTS between April and June 2011. This brought total number of BTS by the end 1H11 to 4,019, where 68.7% were located in JBJB areas. Following the launch of broadband wireless data business, 2,352 BTS were already equipped with EVDO equipment. In line with our assets light strategy, 94.9% of the BTS were co-located.

Number of BTS	1H10	1H11
Total BTS	3,850	4,019
BTS: Voice & SMS	3,850	4,019
EVDO	-	2,352

COVERAGE

There are no new city added during the second quarter 2011 as BTEL was focusing on in improving performance within the existing cities. The total coverage remained at 82 cities nationwide.

Number of Cities	1H10	1H11
City Coverage	82	82
JBJB	20.7%	20.7%
Non JBJB	79.3%	79.3%

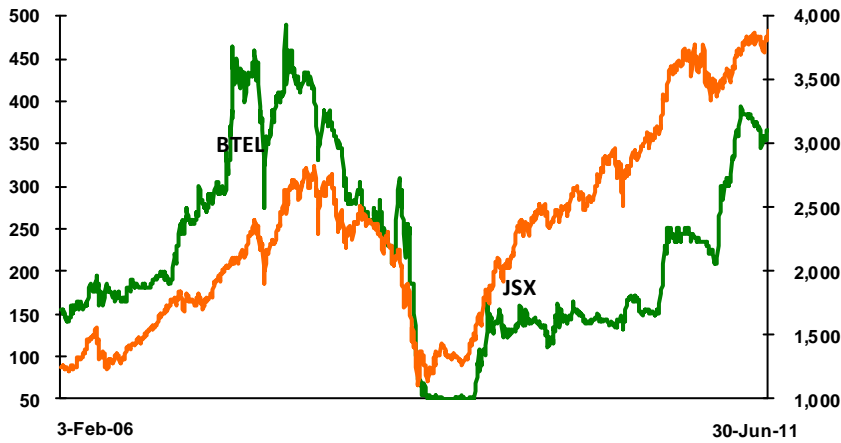
DISTRIBUTION CHANNEL

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 1H11, BTEL's product and services were available through 78 Gerai Esia, 135 dealers and 113,991 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 2011, 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. Throughout 1H11, the share was traded between 330 to 395.

Price (in Rp)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
High	167	175	255	255	360	395
Low	135	119	245	220	200	330
Close	141	170	235	235	355	365

2Q11 IMPORTANT EVENTS

“Melek Tarif, Sadar Sinyal”

“Melek Tarif, Sadar Sinyal” program was introduced in May 2011 as yet another evidence for BTEL’s commitment toward subscriber satisfaction. Esia now provides a simple and cheapest tariff not only for on-net but for off-net calls as well, while supported by high quality and strong signal. To back this claim, BTEL is willing to give refund to the subscribers in the event of call drop within the company’s network.



APRIL

- Received The Best Bundling Program Award for Hape Esia Qwerty Games from Celluar Magazine

MAY

- Launched AHA Touch, an Adroid based phone that can also be used as a portable WiFi.
- Participated in Investor Day sponsored by Indonesia Stock Exchange.
- Presented Hijau Untuk Negeri as a green business initiative during a seminar organized by Indonesian Foundation for Biodiversity (KEHATI) and Indonesia Stock Exchange.

JUNE

- Launched Nusantara Incubation Fund, a project facilitating the best ideas in web, mobile services, application development and media, consistent with Bakrie's Telecommunication, Media and Technology Vision 2015.
- Received Best CDMA Award as well as Best CDMA prepaid SIM card by SWA magazine.

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. In the middle 2010, the company launched its broadband wireless access (BWA) services business that utilized CDMA EVDO technology.

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 only had 192,000 subscribers. The company acquired its first one million subscribers in 2Q06. By 1H11, BTEL has surpassed the 14 million subscribers mark, spread across 82 cities nationwide.

Bakrie Telecom was listed on the Jakarta Stock Exchange since February 2006 with the ticker symbol BTEL

FINANCIAL & OPERATING SUMMARY

	1Q10	2Q10	1H10	3Q10	4Q10	FY10	1Q11	2Q11	1H11
Total Subscribers	11,043,270	11,107,817	11,107,817	12,072,322	13,026,734	13,026,734	13,623,585	14,062,580	14,062,580
Prepaid	10,961,303	11,029,818	11,029,818	11,999,763	12,961,678	12,961,678	13,561,936	14,003,579	14,003,579
Esia	10,836,096	10,912,587	10,912,587	11,872,607	12,802,890	12,802,890	13,336,502	13,723,484	13,723,484
Wifone	123,683	115,395	115,395	98,013	86,962	86,962	79,080	71,640	71,640
Esiatel	1,524	1,836	1,836	1,041	878	878	702	505	505
AHA	-	-	-	28,102	70,948	70,948	145,652	207,950	207,950
Postpaid	81,967	77,999	77,999	72,559	65,056	65,056	61,649	59,001	59,001
Esia	51,057	48,840	48,840	47,723	41,655	41,655	39,425	38,560	38,560
Wifone	25,150	24,152	24,152	22,390	21,417	21,417	20,434	18,569	18,569
Esiatel	5,760	5,007	5,007	2,446	1,984	1,984	1,660	1,430	1,430
AHA	-	-	-	-	-	-	130	442	442
ARPU Blended (Rp)	28k	25k	27k	25k	24k	26k	23k	20k	22k
Prepaid	27k	24k	25k	24k	24k	25k	22k	20k	21k
Postpaid	107k	107k	107k	104k	110k	107k	111k	112k	112k
Minutes Of Usage ('000,000)	5,348	4,749	10,097	4,999	5,008	20,104	4,761	4,689	9,451
BTS	3,795	3,850	3,850	3,900	3,947	3,947	3,992	4,019	4,019
City Coverage	82	82	82	82	82	82	82	82	82
<i>(In IDR million)</i>									
Gross Revenue	893,625	824,688	1,718,313	826,648	902,158	3,447,118	900,033	826,826	1,726,859
Net Revenue	708,461	668,250	1,376,711	671,170	717,202	2,765,084	717,941	660,063	1,378,003
Total Operating Expenses	605,913	596,198	1,202,112	655,054	717,115	2,574,280	704,982	691,288	1,396,269
Depreciation	266,868	281,001	547,870	291,910	304,868	1,144,648	314,231	326,322	640,553
Operating & Maintenance	108,793	108,578	217,370	103,051	112,727	433,148	102,118	101,679	203,797
General & Administrative	54,232	59,629	113,861	52,083	56,264	222,208	57,555	50,206	107,762
Personnel	71,753	86,161	157,914	85,206	77,859	320,979	79,076	98,810	177,886
Marketing & Sales Expense	104,267	60,830	165,097	122,804	165,397	453,297	152,002	114,270	266,272
EBITDA	369,416	353,053	722,469	308,026	304,956	1,335,451	327,190	295,097	622,287
<i>EBITDA / Gross Revenue (%)</i>	41%	43%	42%	37%	34%	39%	36%	36%	36%
EBIT	102,548	72,052	174,600	16,116	88	190,803	12,959	(31,225)	(18,266)
<i>EBIT / Gross Revenue (%)</i>	11%	9%	10%	2%	0%	6%	1%	-4%	-1%
Other Income/ (Charges)	(54,354)	(104,625)	(158,979)	167,630	(106,921)	(98,270)	(74,647)	(140,030)	(214,677)
Interest - Net	(84,976)	(121,348)	(206,324)	(101,172)	(130,949)	(438,445)	(196,568)	(175,803)	(372,371)
Others	30,621	16,723	47,345	268,802	24,028	340,175	121,921	35,773	157,694
Income (Loss) Before Tax	48,193	(32,573)	15,620	183,746	(106,833)	92,533	(61,687)	(171,255)	(232,943)
Tax Expense	(19,148)	6,248	(12,900)	(37,875)	(31,783)	(82,557)	20,559	32,691	53,250
Net Income	29,046	(26,325)	2,721	145,876	(138,621)	9,976	(41,129)	(138,564)	(179,693)
Current Assets	1,619,117	1,532,917	1,532,917	1,622,582	1,436,140	1,436,140	1,614,996	1,245,541	1,245,541
Non Current Assets	9,975,975	10,272,232	10,272,232	10,688,572	10,916,751	10,916,751	11,075,562	11,378,522	11,378,522
Total Assets	11,595,092	11,805,150	11,805,150	12,311,154	12,352,891	12,352,891	12,690,557	12,624,063	12,624,063
Current Liabilities	2,420,279	1,576,655	1,576,655	1,692,072	5,398,455	5,398,455	1,616,859	1,860,243	1,860,243
Non Current Liabilities	4,112,568	5,171,154	5,171,154	5,350,735	5,398,455	5,398,455	5,929,429	5,719,223	5,719,223
Total Liabilities	6,532,848	6,747,809	6,747,809	7,042,807	7,158,061	7,158,061	7,546,288	7,579,465	7,579,465
Total Equity	5,062,245	5,057,341	5,057,341	5,268,347	5,194,830	5,194,830	5,144,269	5,044,598	5,044,598