

Bakrie Telecom

1Q08 RESULTS

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:

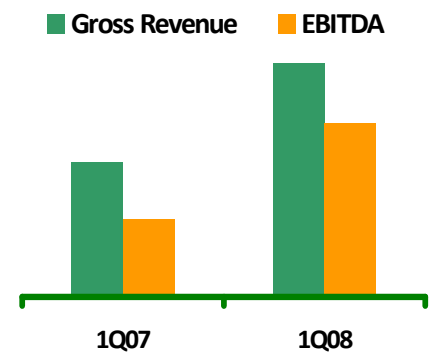
PT Bakrie Brothers Tbk.	49.13%
PT Bakrie Communication	2.09%
Richweb Investment Ltd.	1.37%
CMA Fund Management Ltd.	0.08%
Public	47.33%

HIGHLIGHTS:

- Total subscribers increased by 149.5% from 1.8 million subscribers in 1Q07 to 4.5 million subscribers in 1Q08;
- Gross revenue increased by 96.7% to Rp591.6 billion from Rp300.8 billion in the corresponding period last year;
- EBITDA increased by 50.3% to Rp147.5 billion in 1Q08 versus Rp98.2 billion in the corresponding period last year;
- Net income increased by 68.5% to Rp27.4 billion in 1Q08 compared to Rp16.3 billion in the corresponding period last year.
- BTEL successfully completed a Rp3.0 trillion rights issue by the end of 1Q08.

FINANCIAL HIGHLIGHTS

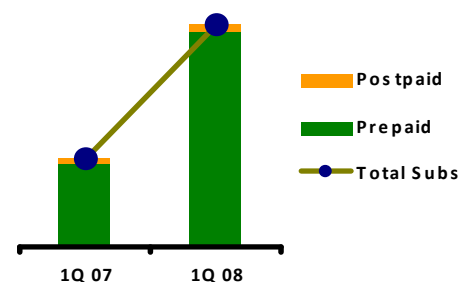
Statement of Income (in Rp bn)	1Q07	1Q08	Growth
Gross Revenue - Total	300.8	591.6	96.7%
Gross Revenue - Telco Service	271.1	531.2	95.9%
Gross Revenue - Interconnection Service	29.7	60.4	103.5%
Net Revenue	223.9	441.8	97.3%
Total OPEX	173.0	388.3	124.5%
EBITDA	98.2	147.5	50.3%
EBITDA/Gross Revenue -Total	32.6%	24.9%	
EBITDA/Gross Revenue -Telco Service	36.2%	27.8%	
EBIT	50.9	53.5	5.0%
Net Income	16.3	27.4	68.5%



Balance Sheet (in Rp bn)	1Q07	1Q08	
Cash & Cash Equivalents	140.0	3,235.2	2211.3%
Current Assets - Other	317.6	702.4	121.1%
Total Current Assets	457.6	3,937.6	760.5%
Non-Current Assets	1,817.4	4,063.9	123.6%
Total Assets	2,275.0	8,001.5	251.7%
Current Liabilities	340.5	726.1	113.2%
Non-Current Liabilities	422.9	2,189.6	417.8%
Total Liabilities	763.4	2,915.7	281.9%
Equity	1,511.6	5,085.8	236.4%

OPERATIONAL HIGHLIGHTS

Key Indicators	1Q 07	1Q 08	Growth (%)
Total Subscribers	1,799,918	4,491,103	149.5%
Prepaid	1,670,164	4,372,094	161.8%
Postpaid	129,754	119,009	-8.3%



Bakrie Telecom

FINANCIAL & OPERATING RESULTS 1Q08

The following analysis and discussion is based on the Company's unaudited financial statements for the three-month periods ended 31 March, 2008 and 31 March, 2007 and other relevant Company information.

Certain accounts in the financial statements for the year ended 31 March, 2007 have been reclassified to conform with the presentation of accounts in the financial statements for the year ended 31 March, 2008. Interconnection expenses were presented in gross and reclassified into interconnection services revenue and interconnection expenses, while operating revenue was reclassified into telecommunication service revenue 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 REVENUE & NET OPERATING REVENUE

PT Bakrie Telecom Tbk. ('BTEL') reported gross operating revenue of Rp591.6 billion for 1Q08, a 96.7% increase from Rp300.8 billion in 1Q07. Telecommunication service revenue rose by 95.9% to Rp531.2 billion from Rp271.1 billion in 1Q07, mainly due to robust growth in BTEL's subscriber base from 1,799,918 subs in 1Q07 to 4,491,103 total subs as of the end of March 2008. Interconnection service revenue increased by 103.5% to Rp60.4 billion due to increase in incoming minutes.

1Q08 net operating revenue of Rp441.8 billion was up 97.3% from Rp223.9 billion in 1Q07. The increase in net revenue was attributable to declining interconnection expense to gross revenue, which fell from 17.0% in 1Q07 to 14.1% in 1Q08.

OPERATING EXPENSES

Operating expenses represented 65.6% of Total Gross Operating Revenue in 1Q08 compared to 57.5% in 1Q07. 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 15.2% of total operating revenues in 1Q08 compared to 15.1% in 1Q07. Depreciation expense grew by 98.8% to Rp90.2 billion in 1Q08 from Rp45.4 billion in 1Q07 because of the expansion to strengthen our CDMA network and infrastructure in the Jakarta, Banten and West Java area as well as the rollout of our nationwide network and infrastructure;
- Operating and maintenance expense represented 17.6% of total operating revenues in 1Q08 compared to 19.0% in 1Q07. Operating and maintenance expense increased by 82.4% to Rp104.2 billion in 1Q08 from Rp57.1 billion in 1Q07, in line with our national network expansion. An increase in operating and maintenance expenses in 1Q08 was also attributable to increasing rental expense and site acquisition, mainly due to higher tower co-locations;
- General and administrative expense represented 7.0% of revenues in 1Q08 compared to 7.3% in 1Q07. General and administrative expense grew by 88.4% to Rp41.2 billion in 1Q08 from Rp21.9 billion in 1Q07, mainly from increased activities to accommodate our subscriber growth, especially related to our nationwide expansion;
- Personnel expense represented 8.4% of revenues in 1Q08 compared to 9.2% in 1Q07. Personnel expense increased by 81.1% to Rp49.9 billion in 1Q08 from Rp27.5 billion in 1Q07 as a result of new hires to support our nationwide rollout and a salary adjustment for employees; and

- Marketing and sales expense represented 16.7% of revenues in 1Q08 compared to 6.4% in 1Q07. Marketing and sales expense grew by 415.7% to Rp99.1 billion in 1Q08 from Rp19.2 billion in 1Q07. This was due to an increase in advertising and promotional programs related to our nationwide expansion.

EBITDA & EBIT

EBITDA increased 50.3% to Rp147.5 billion in 1Q08 from Rp98.2 billion in 1Q07. EBITDA margin from telecommunication revenue shrank from 32.6% to 24.9%, primarily caused by higher expenditure incurred in our expansion while the revenue had not been fully generated. BTEL reported 1Q08 EBIT of Rp53.5 billion, up from Rp50.9 billion in 1Q07.

OTHER INCOME/ CHARGES

Net Interest charges increased from Rp16.5 billion in 1Q07 to Rp36.6 billion in 1Q08 mainly due to rising financial charges, as a result of new debt issuance in 2007.

The decrease in other expenses from net expenses of Rp21.1 billion in 1Q07 to Rp14.4 billion in 1Q08 was mainly attributable to gains on foreign exchange, from a foreign exchange loss of Rp0.4 billion in 1Q07 to a foreign exchange gain of Rp25.9 billion in 1Q08.

NET INCOME

BTEL recorded net income of Rp27.4 billion for 1Q08, compared to Rp16.3 billion in 1Q07, an increase of 29.5% YoY.

BALANCE SHEETS

Total assets increased by 251.7% to Rp8,001.5 billion, total liabilities increased by 281.9% to Rp2,915.7 billion and total equity increased by 236.4% to Rp5,085.8 billion on the back of our business expansion.

Current assets increased by 760.5% to Rp3,937.6 billion, mostly from the Rp3.0 trillion proceeds of our rights issue, while the remainder came from higher trade receivables, inventory, and prepaid expenses.

Non-current assets increased by 123.6% to Rp4,063.9 billion, mainly from a significant increase in net fixed assets of 109.8% attributable to our network expansion, as well as derivative assets in the amount of Rp363.0 billion since we entered into swap contracts to hedge our USD145.0 million bank loan.

Current liabilities increased by 113.2% to Rp726.1 billion, mainly driven by increases in current maturities of vendor financing, trade payables and accrued expenses related to accrued interconnection expense.

Non-current liabilities rose by 417.8% to Rp2,189.6 billion, mainly due to a bank loan arranged by Credit Suisse in the amount of USD145.0 million and Rp650.0 billion of new bond issuance.

CASH FLOWS

In Rp bn	1Q07	1Q08
Net Cash from Operations	87.1	175.1
Net Cash from Investing	(173.6)	(296.0)
Free Cash Flows	(86.5)	(120.9)
Net Cash from Financing	(12.9)	3,060.5
Net(Decrease)/ Increase in Cash & Equivalents	(99.4)	2,939.5
Cash & Cash Equivalents at the Beginning of Period	239.4	295.7
Cash & Cash Equivalents at the End of the Period	140.0	3,235.2

- Net cash flows from operating activities were Rp175.1 billion, an increase of 101.0% from the equivalent period last year on the back of higher cash receipts from customers as our subscriber base expanded by 149.5%;
- Net cash flows used in investing activities were Rp296.0 billion, an increase of 70.5% from the previous year, in line with our network expansion; and
- Net cash flows from financing activities were Rp3,060.5 billion, a significant increase from the same period last year, primarily due to our Rp3.0 trillion rights issue.

DESCRIPTION OF DEBTS

In Rp bn	1Q07	1Q08
Banks	460.3	1,336.5
Bonds	-	644.0
Vendor Financing	-	256.2
TOTAL	460.3	2,236.7

As of 1Q08, total outstanding debts of Rp2,236.7 billion consisted of:

- USD145.0 million credit facility arranged by Credit Suisse due in 2012;
- Rp650.0 billion Rupiah-denominated bonds due in 2012;
- Vendor Financing Facility in the amount of USD28.0 million from Huawei Tech. Investment Co. Ltd.

OPERATING RESULTS

SUBSCRIBERS

We served 4,491,103 total subscribers by the end of 1Q08, representing a 149.5% increase from 1,799,918 subs in 1Q07.

Our Prepaid subscriber base increased significantly by 161.8% to 4,372,094 subs in 1Q08 from 1,670,164 subs in 1Q07. The increase in our prepaid subscriber base was mainly driven by our *Esia* product, which recorded an increase in subscribers of 161.8% YoY from 1,650,527 subs in the same period last year to 4,278,216 subs in 1Q08. *Wifone* prepaid subscribers increased to 89,072 subs from 18,450 subs in the corresponding period last year. *Esiatel* prepaid totaled 4,806 subs in 1Q08.

Our Postpaid subscriber base decreased by 8.3% to 119,099 subs in 1Q08 from 129,754 subs in 1Q07. Most Ratelindo subscribers have converted to either *Wifone* or *Esiatel* (prepaid or postpaid) 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 Rp199,000 (or Rp249,000 for a color handset) has been very well received by the market.

SERVICE USAGE

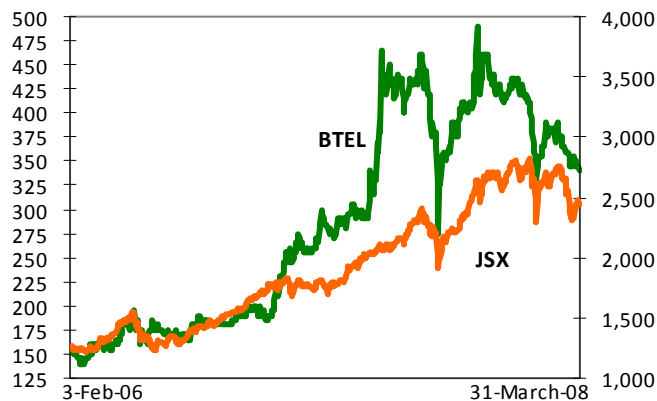
Total Minutes of Usage in 1Q08 was 2.28 billion, up by 185.0% from 0.8 billion minutes in 1Q07. The increase in MoU was attributable to the increase in subscriber numbers.

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

ARPU	1Q 07	1Q 08
Blended	55,076	46,000
Prepaid	46,183	45,500
Postpaid	158,294	142,500

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.

BTEL SHARES PRICE



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 March 2008, BTEL shares were listed at Rp340 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 1Q08, BTEL had 512 dealers and 1,942 outlets across our operating areas.

RECENT DEVELOPMENTS

NEW AREA LAUNCH

We are now commercially available in 40 cities nationwide. We have interconnection with all operators and are offering our entire available range of services in these new areas. In 1Q08, we added coverage in 6 additional cities – Wonosari, Bangkalan, Banjarmasin, Banjar Baru, Martapura and Lamongan. Initial reaction from both consumers and trade channels has been encouraging.

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 February 2008 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 their usage brand of choice among all operators (GSM & CDMA).

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 1Q08, BTEL operates in 40 cities throughout the archipelago with 1,411 BTS, an addition of 963 BTS compared to 1Q07, and 211 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's subscriber base had multiplied 20 times by the end of 2007, when BTEL was successfully reaching 3.8 million subscribers. By 1Q08, BTEL had passed the 4.5 million subscriber level.

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

IMPORTANT RECENT EVENTS

MARCH 2008

- **30 March:** BTEL opened a new 24-hour call center in Surabaya, which will serve BTEL's customers in Central Java, East Java, Kalimantan and Sulawesi;
- **28 March:** BTEL successfully completed its rights issue and received Rp3.0 trillion of new capital (fully subscribed);
- **27 March:** BTEL launched service in Banjarmasin, Banjar Baru and Martapura in Kalimantan, installing capacity in this area to cover 100,000 customers;
- **17 March:** BTEL awarded two Suzuki Karimun Estilo to the winners of the *Esia* Grand Prize program, *Esia* reload gift, for the period 1 November, 2007 to 29 February, 2008;
- **14 March:** BTEL extended its network to cover Bangkalan, Madura.

FEBRUARY 2008

- **28 February:** BTEL launched service in Wonosari, Central Java;
- **26 February:** BTEL and Sari Ayu Martha Tilaar agreed on a co-branding with *Esia* for one year;
- **20 February:** BTEL and Bank Internasional Indonesia (BII) signed an agreement to provide online banking services for *Esia* users for automatic reload and payment of postpaid bills;

- **15 February:** Extraordinary General Meeting of Shareholders approved the Rp3.0 trillion rights issue to support acceleration of BTEL's growth program. BTEL has budgeted US\$600.0 million for a 3-year capital expenditure program, where the balance of required capital will be funded by internal cash flows and vendor financing;
- **7 February:** BTEL and PT Taman Impian Jaya Ancol (TIJA) signed a MoU to set up *Esia* public phones in a number of strategic areas around Ancol and provide discounts to *Esia* users visiting Taman Impian Jaya Ancol;
- **4 February:** BTEL sent five winners of free tickets to watch *The Police* in concert in Singapore. Each winner received a prize of two tickets, accommodation, transportation and spending money.

JANUARY 2008

- **31 January:** BTEL launched *Gerai Esia* (Esia Outlet) in Binjai, North Sumatera;
- **25 January:** A brand new luxury house was awarded to a lucky winner from Bandung for the *Wifone* program "Beli Telepon Rumah Dapat Rumah" ("Purchase a Home Phone Get a Home"). Beside the new house, 100 LG handsets were also awarded to other prize winners;
- **24 January:** BTEL opened a new outlet (*Gerai Esia*) in Plaza Marina, Surabaya;
- **17 January:** BTEL announced its plan for a Rp3.0 trillion rights issue. The funds would be used for the 2008-2010 capital expenditure program, in line with BTEL's target to serve 14 million subscribers by 2010.

FINANCIAL & OPERATING SUMMARY

	Q1 07	Q2 07	Q3 07	Q4 07	FY2007	Q1 08
Total Subscribers	1,799,918	2,246,593	2,949,848	3,820,701	3,820,701	4,491,103
Prepaid	1,670,164	2,117,650	2,819,144	3,695,817	3,716,572	4,372,094
Esia	1,650,527	2,073,976	2,755,511	3,616,205	3,616,205	4,278,216
Wifone	18,450	42,028	60,356	75,435	75,435	89,072
Esiatel	1,187	1,646	3,277	4,177	4,177	4,806
Postpaid	129,754	128,943	130,704	124,884	124,884	119,009
Esia	41,932	45,221	51,684	53,341	53,341	50,854
Esiatel & Ratelindo Wartel	24,225	18,413	17,112	14,698	14,698	14,471
Wifone & Ratelindo Reguler	63,597	65,309	61,908	56,845	56,845	53,684
ARPU Average(Rp)	55,076	52,204	52,210	50,689	52,544	46,000
Prepaid	46,183	45,668	47,899	47,202	46,724	45,500
Postpaid	158,294	148,457	133,177	137,273	144,463	142,500
BTS	448	521	788	1,200	1,200	1,411
Minutes Of Usage ('000,000)	800	1,069	1,334	2,106	5,308	2,278
Long-term Debt (Rp Mn)	460,261	447,341	1,968,496	2,346,958	2,346,958	2,324,448
Gross Revenue - Total (Rp Mn)	300,798	349,273	456,494	565,468	1,672,032	591,558
Gross Revenue - Telco Service (Rp Mn)	271,140	312,695	405,399	514,156	1,503,390	531,197
Net Revenue (Rp Mn)	223,909	269,279	355,660	441,041	1,289,889	441,842
Total OPEX (Rp Mn)	172,970	213,628	258,647	326,354	971,600	388,345
Depreciation (Rp Mn)	45,385	47,393	51,498	71,964	216,240	90,206
Operating & Maintenance (Rp Mn)	57,100	60,909	61,270	88,630	267,909	104,171
General & Administrative (Rp Mn)	21,893	25,610	29,508	35,575	112,586	41,247
Personnel (Rp Mn)	27,530	31,297	49,693	45,288	153,808	49,849
Marketing & Sales Expense (Rp Mn)	19,209	46,287	64,439	80,298	210,233	99,056
Other Expenses (Rp Mn)	1,853	2,132	2,240	4,599	10,824	3,816
EBITDA (Rp Mn)	98,177	105,176	150,751	191,250	545,354	147,519
EBITDA / Gross Revenue - Total (%)	32.6%	30.1%	33.0%	33.8%	32.6%	24.9%
EBITDA / Gross Revenue - Telco Service (%)	36.2%	33.6%	37.2%	37.2%	36.3%	27.8%
EBIT (Rp Mn)	50,939	55,651	97,013	114,687	318,289	53,497
EBIT / Gross Revenue - Total (%)	16.9%	15.9%	21.3%	20.3%	19.0%	9.0%
EBIT / Gross Revenue - Telco Service (%)	18.8%	17.8%	23.9%	22.3%	21.2%	10.1%
Other Income/ (Charges)						
Interest - Net (Rp Mn)	(16,470)	(16,761)	(23,964)	(32,664)	(89,859)	(36,615)
Others (Rp Mn)	(4,592)	(2,608)	24,410	(25,947)	(8,737)	22,174
Income (Loss) Before Tax (Rp Mn)	29,878	36,281	97,458	56,076	219,693	39,057
Tax (Rp Mn)	(13,628)	(9,910)	(26,613)	(25,273)	(75,424)	(11,672)
Deferred (Rp Mn)	(13,628)	(9,910)	(26,613)	(25,273)	(75,424)	(11,672)
Net Income (RpMn)	16,250	26,371	70,845	30,803	144,269	27,384
Total Assets	2,275,037	2,356,445	4,477,208	4,664,164	4,664,164	8,001,477
Total Liabilities	763,407	818,721	2,641,032	2,788,955	2,788,955	2,915,700
Equity	1,511,630	1,537,724	1,836,176	1,875,209	1,875,209	5,085,777