

OBSERVASI	PDB	SBK	Total Industri Telekomunikasi selular				TELKOMSEL				
			exp	inf	cus	lab	EXP	INF	CUS	LAB	EXP
Q12004	8.081	11,60	3.474	10.497	19.716	10.741	1.593	5.118	10.742	3.001	1.738
Q22004	8.342	12,11	6.865	11.610	22.474	11.539	3.255	5.400	12.336	3.053	3.334
Q32004	8.731	13,45	10.324	12.247	25.652	12.167	4.878	5.762	13.692	3.201	5.125
Q42004	9.247	14,95	14.377	12.880	29.152	12.633	6.744	6.205	16.291	3.331	7.232
Q12005	9.680	16,33	4.110	13.844	31.322	12.720	1.832	6.936	17.867	3.391	2.010
Q22005	10.441	16,04	8.150	15.282	38.768	12.897	3.904	7.741	21.548	3.315	3.967
Q32005	11.092	16,28	12.506	17.494	42.036	13.265	6.145	9.017	23.483	3.406	6.049
Q42005	11.645	16,83	17.175	19.921	45.760	13.570	8.772	9.895	24.269	3.566	7.937
Q12006	12.235	17,53	5.120	22.109	48.128	13.565	2.670	10.776	26.951	3.557	2.051
Q22006	12.975	17,83	10.337	24.010	51.518	13.467	5.666	12.156	29.270	3.694	4.199
Q32006	13.967	17,89	15.862	27.245	55.467	13.591	8.894	14.249	32.466	3.751	6.425
Q42006	14.992	17,58	22.480	31.004	61.830	13.644	12.896	16.057	35.597	3.797	8.870
Q12007	15.993	17,38	7.213	33.181	67.024	13.748	3.866	17.644	38.903	3.865	2.733
Q22007	16.850	16,91	15.901	35.979	73.018	13.701	8.989	18.677	42.811	3.939	5.662
Q32007	17.693	16,47	25.447	39.127	79.294	13.852	13.757	19.767	44.457	4.037	8.695
Q42007	19.000	16,14	35.369	42.778	87.904	13.869	18.920	20.858	47.890	4.088	11.969
Q12008	20.326	15,84	9.640	45.748	96.171	22.506	4.911	21.752	51.335	12.776	3.222
Q22008	22.148	15,72	19.320	48.528	107.729	22.713	9.401	23.056	52.443	12.927	6.738
Q32008	23.592	15,88	29.975	53.296	121.063	24.750	14.665	25.089	60.503	14.851	10.316
Q42008	25.247	16,42	41.257	57.763	127.826	25.696	20.401	26.872	65.300	15.815	13.926

Lampiran 1 Data Penelitian

INDOSAT			EXELCOMINDO			
INF	CUS	LAB	EXP	INF	CUS	LAB
3.888	6.590	6.770	143	1.491	2.384	970
4.102	7.354	7.210	276	2.108	2.784	1.276
4.267	8.977	7.602	321	2.218	2.983	1.364
4.318	9.754	7.820	401	2.357	3.107	1.482
4.409	10.189	7.786	268	2.499	3.266	1.543
4.564	12.875	7.931	279	2.977	4.345	1.651
4.851	12.688	8.107	312	3.626	5.865	1.752
5.702	14.512	8.137	466	4.324	6.979	1.867
5.971	12.956	8.052	399	5.362	8.221	1.956
6.248	13.860	7.787	472	5.606	8.388	1.986
6.459	14.233	7.818	543	6.537	8.768	2.022
7.221	16.705	7.786	714	7.726	9.528	2.061
7.666	18.021	7.786	614	7.871	10.100	2.097
8.366	20.007	7.648	1.250	8.936	10.200	2.114
9.413	22.027	7.689	2.995	9.947	12.810	2.126
10.763	24.545	7.645	4.480	11.157	15.469	2.136
11.667	26.438	7.592	1.507	12.329	18.398	2.138
12.064	32.387	7.639	3.181	13.408	22.899	2.147
13.096	35.473	7.746	4.994	15.111	25.087	2.153
14.162	36.510	7.784	6.930	16.729	26.016	2.097

EViews

File Edit Objects View Procs Quick Options Window Help

Group: UNTITLED Workfile: DATATIMESERIES

View Procs Objects Print Name Freeze Transform Edit+/- Smpl+/- InsDel Transpose Title

obs	PDB	SBK	EXD	INF	CUS
2004:1	8.081000	12.00000	3.474000	10.49700	19.1
2004:2	8.342000	12.00000	6.865000	11.61000	22.1
2004:3	8.731000	13.00000	10.32400	12.24700	25.1
2004:4	9.247000	15.00000	15.08200	12.88000	29.1
2005:1	9.680000	16.00000	4.110000	13.84400	31.1
2005:2	10.44100	16.00000	8.150000	15.28200	38.1
2005:3	11.09200	16.00000	12.50600	17.49400	42.1
2005:4	11.64500	17.00000	17.17500	19.92100	45.1
2006:1	12.23500	18.00000	5.120000	22.10900	48.1
2006:2	12.97500	18.00000	10.33700	24.01000	51.1
2006:3	13.96700	18.00000	15.86200	27.24500	55.1
2006:4	14.99200	18.00000	22.48000	31.00400	61.1
2007:1	15.99300	17.00000	7.213000	33.18100	67.1
2007:2	16.85000	17.00000	15.90100	35.97900	73.1
2007:3	17.69300	16.00000	25.44700	39.12700	79.1
2007:4	19.00000	16.00000	35.36900	42.77800	87.1
2008:1	20.32600	16.00000	9.640000	45.74800	96.1
2008:2					

Workfile: DATATIMESERIES - (c:\documents and settings\setiawan\my...)

View Procs Objects Save Label+/- Show Fetch Store Delete Genr Sample

Range: 2004:1 2008:4 Filter: * Default Eq: Untitled

Sample: 2004:1 2008:4

- c
- cus
- exd
- inf
- lab
- pdb
- resid
- sbk
- ser01
- ser02
- ser03
- ser04
- ser05
- ser06

Equation: UNTITLED Workfile: DATATIMESERIES

View Procs Objects Print Name Freeze Estimate Forecast Stats Resids

Dependent Variable: LOG(PDB)
 Method: Least Squares
 Date: 07/22/09 Time: 13:22
 Sample(adjusted): 2004:2 2008:4
 Included observations: 19 after adjusting endpoints
 Convergence achieved after 17 iterations

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.255569	0.092439	2.764741	0.0171
LOG(EXD)	0.002077	0.007858	0.264356	0.7960
LOG(INF)	0.331733	0.066511	4.987659	0.0003
LOG(CUS)	0.303159	0.079796	3.799197	0.0025
LOG(LAB)	0.089045	0.036501	2.439507	0.0312
SBK	-0.009792	0.004477	-2.187110	0.0493
AR(1)	0.152062	0.282054	0.539124	0.5997

R-squared	0.998767	Mean dependent var	2.648121
Adjusted R-squared	0.998150	S.D. dependent var	0.347210
S.E. of regression	0.014934	Akaike info criterion	-5.293054
Sum squared resid	0.002676	Schwarz criterion	-4.945103
Log likelihood	57.28401	F-statistic	1619.650
Durbin-Watson stat	1.720866	Prob(F-statistic)	0.000000

Inverted AR Roots .15

Path = c:\docume~1\setiawan\mydocu~1\tesis\ekonom~1\data~1\pool DB = progdemo WF = datatimeseries



This document contains certain financial conditions and results of operation, and may also contain certain projections, plans, strategies, and objectives of the Company, which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements, by their nature, involve risk and uncertainty and actual results and development could differ materially from those expressed or implied in these statements. Telkomsel does not guarantee that any action will bring results as expected.

PT TELEKOMUNIKASI SELULAR (TELKOMSEL) JANUARY – DECEMBER 2008 RESULTS

Telkomsel reports its audited financial and operational results for the year ended December 31, 2008. The Company's financial statements are consolidated by PT Telekomunikasi Indonesia, Tbk.

SUMMARY

Since the beginning of 4Q08, price war has slowed down and it remained stable until the year ended. In 4Q08, Telkomsel refined its tariff structure and ran the *simPATI* TalkMania program nationwide which resulted in strong growth both in customer base and traffic. The market also responded very positive to other Telkomsel's offers such as BlackBerry® and *kartuHALO* Flash Unlimited. This quarter was also filled with Moslem festive season and year-end celebration. All these factors brought 12% revenue growth quarter on quarter.

Telkomsel recorded strong customer base growth in FY08 by adding 17.41 million new customers. The growth mainly came from the strong growth on the prepaid *simPATI* product. Chargeable MOU (minutes of use) has increased significantly as a result of the decline in effective tariff. It grew 257% from 25.2 billion minutes in FY07 to 90.2 billion minutes in FY08. Chargeable SMS also showed a positive growth of 58% from 49.5 to 78.0 billion records YoY. Operating revenue for the FY08 grew 1.4% year-on-year (YoY) to Rp 37.20 trillion.

Telkomsel has maintained its leading position, driven by *simPATI* that showed consistent positive results together with strong balance sheet and positive free cash-flow, built a good foundation for Telkomsel long-term business growth.

The followings are the highlights of Telkomsel financial and operational results for FY08:

Operating revenues	Rp 37.20 trillion
EBITDA	Rp 24.06 trillion
Net income	Rp 11.42 trillion
Net Add	17.4 million customers
Total customers	65.3 million customers
EBITDA margin (net revenue)	65%
Debt to equity ratio	0.35

FINANCIAL RESULTS (AUDITED)

Earnings & EBITDA

For the full year of 2008, Telkomsel's **operating revenues** grew by 1.4% YoY to Rp.37.20 trillion. This growth was attributable to the 36% YoY customer base growth and 257% minutes of use (MoU) growth combined with 70% effective tariff decline.

- *Operating revenue from prepaid* products which dominated by *simPATI*, increased 7% YoY to Rp 31.89 trillion on the back of 38% prepaid customer base growth combined with tariff decline. Prepaid revenues accounted for 86% of operating revenues.
- *Postpaid revenue* decreased 17% to Rp 4.24 trillion as a result of tariff reductions.
- *International roaming revenue* increased 13% to Rp 0.65 trillion, mainly contributed by the increase of tap-out revenue (revenue from inbound roamers).
- *Interconnection revenue* decreased 8% to Rp 3.01 trillion YoY due to tariff decline in April 2008, while *interconnection expense* increased 24% YoY to Rp 2.64 trillion. The increase is a result of promo on off-net calls which further stimulated off-net traffic which explained the 68% decrease in net interconnection YoY from Rp 1.15 trillion in 2007 to Rp 0.37 trillion in 2008.
- *Other (Network lease)* increased 105% from Rp 21 billion in 2007 to Rp 44 billion in 2008. It refers to usage of Telkomsel's telecommunication facilities. Previously, it was recorded under Interconnection Revenue.

Operating expenses (including depreciation) increased 22% to Rp 20.40 trillion, which was mainly due to the increase in operation & maintenance costs and depreciation expense.

- *Personnel expenses* decreased 4% YoY to Rp 1.34 trillion due to lower employee incentive in 2008.
- *Operation & maintenance expenses* rose 27% to Rp. 7.94 trillion, mainly due to network infrastructure growth (the number of BTS increased by 29% and overall network capacity increased by 33%), which affected frequency fees, repair & maintenance costs and power supply for the network equipment.
- *General & administration expenses* decreased 3% YoY to Rp. 0.74 trillion, which was mainly from lower rental expenses.
- *Marketing expenses* grew 31% YoY to Rp. 1.21 trillion, due to higher advertising and sales support costs following tight competition in the course of 2008.
- *Other operating expenses* consist of the cost of cards, concession fees & USO charges, accounts receivable collection costs and provision for bad debt, all of which increase in line with sales/customer base growth. In 2008, these expenses increased 9% to Rp. 1.90 trillion, which was largely the result of higher concession and USO fees (in line with revenue growth) and the higher cost of cards.
- *Depreciation expenses* increased 27% to Rp. 7.26 trillion mainly due to network infrastructure growth (BTS grew by 29%, while overall network capacity expanded by 33%).

EBITDA for FY08 reached Rp 24.06 trillion, a 6% decrease compared to Rp 25.60 trillion in FY07. The decrease in EBITDA growth was a result of the 1% operating revenue growth combined with a relatively higher operating expenses growth (excluding depreciation 19%). EBITDA margin decreased from 70% in FY07 to 65% in FY08.

Other income/(expenses) increased 104% from a net expense of Rp 479 billion in FY07 to a net expense of Rp 979 billion in FY08. Following the global economic downturn, rupiah experienced depreciation against the foreign currencies, hence impacted the company with a forex losses amounted to Rp 468 billion in 4Q08, which mostly was an accounting loss. The other contributor was an increase on net interest expenses in FY08 due to higher interest rate and outstanding loans balance in FY08 as compared to FY07.

Income tax expenses decreased 24% due to lower income before tax and the recognition of one-time tax benefit adjustment from the application of the new income tax law, which will reduce the corporate income tax rate to 28% (in 2009) and further to 25% (in 2010 - onwards) from the current tax rate progressively ranging from 10% - 30%. The adjustment amounted to Rp 414 billion.

Net income decreased 16% to Rp 11.42 trillion in FY08 from Rp 13.62 trillion in FY07.

Non-voice/data revenue (net) in FY08 of Rp 10.10 trillion decreased 14% YoY mainly due to the tariff adjustment in April 2008. Non-voice revenue during FY08 contributed 27% of net operating revenue.

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008
(In Billions of Rupiah and Millions of U.S. Dollar)

	2007 Rp .	2008		Growth
		Rp .	US\$ (*)	
OPERATING REVENUES				
Post-paid	5,086	4,243	435	-17%
Prepaid	29,838	31,888	3,268	7%
International roaming	579	652	68	13%
Interconnection : - Revenues	3,276	3,008	308	-8%
- Expense	(2,129)	(2,636)	(270)	24%
Other (Network lease)	21	44	4	105%
Net Operating Revenues	36,671	37,199	3,812	1%
OPERATING EXPENSES				
Personnel	1,397	1,345	139	-4%
Operation & maintenance	6,236	7,944	814	27%
General & administrative	761	740	76	-3%
Marketing	923	1,208	124	31%
Other operating expenses	1,750	1,900	195	9%
Depreciation	5,725	7,264	745	27%
Total Operating Expenses	16,792	20,401	2,093	22%
EBIT (EARNINGS BEFORE INTEREST & TAXES)	19,879	16,798	1,719	-16%
OTHER INCOME/(EXPENSES)				
Interest income & financing charges	(330)	(650)	(66)	97%
Foreign exchange gain/(loss)	(57)	(468)	(48)	714%
Others - net	(92)	139	14	-252%
Other income/(expenses) - net	(479)	(979)	(100)	104%
INCOME BEFORE TAX	19,400	15,819	1,619	-18%
INCOME TAX EXPENSE	5,776	4,397	451	-24%
NET INCOME	13,624	11,422	1,168	-16%
EBITDA	25,604	24,062	2,464	-6%
EBITDA Margin - over net oper. revenues	70%	65%	65%	-5%
ROA	33%	24%	24%	-9%
ROE	55%	43%	43%	-12%

- (*) US\$ 1 = Rp. 9,757 (average end of months Jan-Dec 2008 mid-rate, quoted from Bank Indonesia)

- Revenues are presented net of discounts and international roaming & mobile data provider charges

Balance Sheet

Telkomsel's Total Assets increased 16% to Rp 51.93 trillion. Total liabilities increased 35% to Rp 24.90 trillion. Meanwhile, Total Equities increased 3% to Rp 27.03 trillion.

- Current assets decreased 16% to Rp 4.26 trillion, mainly from a lower cash & cash equivalent balance.
- Non-current assets increased 20% to Rp 47.67 trillion mainly due to the increase in Fixed Assets (FA). FA rose 21% to Rp 46.36 trillion as a result of a significant growth in network infrastructures (29% growth in BTS and 33% expansion in overall network capacity).
- Current liabilities grew 43% to Rp 17.76 trillion, largely due to the increase in accrued liabilities and current maturities of medium-term loans.
- Non-current liabilities increased 17% to Rp 7.14 trillion, mainly from medium-term loans.

As of December 31, 2008 Telkomsel's outstanding loans was Rp 9.38 trillion, of which Rp 4.74 trillion was presented as current liabilities and Rp 4.64 trillion as non-current liabilities.

BALANCE SHEETS
AS OF DECEMBER 31, 2007 AND 2008
(In Billions of Rupiah and Millions of U.S. Dollar)

ASSETS	2007 Rp .	2008		Growth
		Rp .	US\$ (1)	
CURRENT ASSETS				
Cash and cash equivalents (2)	2,776	1,155	107	-58%
Acct. /Unbilled receivables	856	550	50	-36%
Prepayments	938	1,341	122	43%
Others	489	1,211	111	147%
Total Current Assets	5,059	4,257	389	-16%
NON-CURRENT ASSETS				
Long-term Investment	20	20	2	0%
Fixed assets - net	38,251	46,359	4,234	21%
Advances for fixed assets	98	1	0	-99%
Equipment no used in operations - net	56	37	3	-34%
Intangible assets - net	378	331	30	-12%
Others	815	926	85	14%
Total Non-Current Assets	39,618	47,674	4,355	20%
TOTAL ASSETS	44,677	51,931	4,744	16%
CURRENT LIABILITIES				
Short-term loans	533	-	-	-
Accounts payable & Accr. Liabilities	5,356	10,239	935	91%
Taxes payable	1,878	236	22	-87%
Unearned revenue	2,004	2,416	221	21%
Curr. maturities of med/long-term loans	2,632	4,740	433	80%
Curr. maturities of oblig. under cap. lease	-	130	12	-
Total Current Liabilities	12,403	17,761	1,623	43%
NON-CURRENT LIABILITIES				
Med/Long term loans - net of current maturities	3,880	4,640	424	20%
Deferred tax liabilities	2,042	2,245	205	10%
Others	160	252	23	58%
Total Non-current Liabilities	6,082	7,137	652	17%
EQUITY				
Capital stock - Rp 1,000,000 par value				
Authorized - 650,000 shares				
Issued and fully paid - 182,570 shares	183	183	17	0%
Additional paid-in capital	1,505	1,505	137	0%
Retained earnings	24,504	25,345	2,315	3%
Total Equity	26,192	27,033	2,469	3%
TOTAL LIAB. & STOCKHOLDERS' EQUITY	44,677	51,931	4,744	16%

Notes:

(1) US\$ 1 = Rp.10,950 (middle rate at end of reporting year).

(2) Consisting of US\$ 56.4 mln, Euro 25.5 mln and Rp 144.7 bn for 2008

Cash Flows and Capital Expenditures

Net cash generated from operations in FY08 was Rp. 18.78 trillion, a 9% decrease compared to FY07 as a result of increase in payment to suppliers and tax. Net cash used in financing activities increased 19% to Rp 8.07 trillion, mainly due to repayment of medium-term loans in FY08.

In Rp. Billion	FY07	FY08	Growth
Cash Flow from Operating Activities ^{*)}	20,660	18,780	-9%
Cash Flow for Investing Activities	(13,180)	(12,333)	-6%
Cash Flow from Financing Activities	(6,788)	(8,068)	19%
Net Decrease in Cash & Cash Equivalents	692	(1,621)	-334%
Addition to Fixed Assets (incl. CIP)	12,367	15,373	24%
New Contracts Issued during the Period	13,329	15,915	19%

*) Include effect of exchange rate changes

Cash flow for investing activities decreased 6% to Rp 12.33 trillion (approximately USD 1.26 billion), which was mostly to support network infrastructures and capacity growth. Telkomsel added Rp 15.37 trillion (USD 1.54 billion) to fixed-assets in FY08. There were 6,014 new BTS (including 1,278 3G-BTS) installed.

OPERATIONAL RESULTS

Customer Base

At the end of FY08, Telkomsel customers reached 65.3 million (36% YoY growth), consisting of 1.94 million postpaid and 63.36 million prepaid customers (representing 3% and 97% of total customers, respectively). Telkomsel added 17.41 million customers in FY08, which was 42% higher than the net-addition in FY07. This higher net-add in FY08 as compared to FY07 was a result of the strong growth of *simPATI* with more than 19 million new customers due to our continuously attractive pricing on *simPATI* PeDe.

MOU & Revenue Per Minute (RPM)

For the full year of 2008, chargeable MoU reached 90.2 billion minutes, which was 257% higher than FY07 MoU. It still keeps on increasing as a result of attractive pricing offers on *simPATI* PeDe. Voice RPM for FY08 is around Rp 290, 70% lower than FY07 Rp 980.

SMS & Revenue Per SMS (RPS)

Chargeable SMS reached 78.0 billion records for FY08, increased 58% compared to 49.5 billion records in FY07. Revenue per SMS for FY08 is around Rp 110, declined 39% than Rp 180 in FY07.

ARPU

ARPU is derived from monthly recurring customers' usage. Following a big drop in tariff due to intense competition, effective price per minute has declined over the last few quarters. It resulted in a drop in ARPU for both postpaid and prepaid. ARPU of postpaid customers decreased 18% YoY to Rp 216K, ARPU for *simPATI* decreased 25% YoY to Rp 63K and ARPU of Kartu As decreased 35% YoY to Rp 37K. As a result, blended ARPU declined 27% to Rp 59K.

OPERATIONAL INDICATORS AS OF DECEMBER 31, 2007 & 2008

	Unit	2007	2008	Growth
CUSTOMER BASE				
Customer Base				
<i>kartuHALO</i>	Subscriber (000)	1,913	1,940	1%
<i>simPATI</i>	Subscriber (000)	23,986	43,033	79%
Kartu As	Subscriber (000)	21,991	20,327	-8%
Total	Subscriber (000)	47,890	65,300	36%
Net Additions				
<i>kartuHALO</i>	Subscriber (000)	251	27	-89%
<i>simPATI</i>	Subscriber (000)	2,608	19,047	630%
Kartu As	Subscriber (000)	9,434	(1,664)	-118%
Total	Subscriber (000)	12,293	17,410	42%
MOU (excluding free & incoming mins)	Billion minutes	25.2	90.2	257%
ARPU				
Total (12 months average)				
<i>kartuHALO</i>	Rp.'000 per mo.	264	216	-18%
<i>simPATI</i>	Rp.'000 per mo.	84	63	-25%
Kartu As	Rp.'000 per mo.	57	37	-35%
Blended	Rp.'000 per mo.	80	59	-27%
Non-voice/Data (12 months average)				
<i>kartuHALO</i>	Rp.'000 per mo.	49	40	-19%
<i>simPATI</i>	Rp.'000 per mo.	25	16	-36%
Kartu As	Rp.'000 per mo.	23	18	-23%
Blended	Rp.'000 per mo.	25	17	-30%
NETWORK DATA				
Network Capacity				
Base stations installed (GSM/DCS/3G)	Unit	20,858	26,872	29%
Overall capacity all network elements	Subs. mln.	50.5	67.3	33%
Quality of Service				
Call success rate	%	94.24%	93.61%	-0.63%
Call completion rate	%	99.20%	98.73%	-0.47%
EMPLOYEE DATA				
Total employees	person	4,080	4,129	1%
Efficiency ratio	Subs/employee	11,738	15,815	35%

ACTIVITY HIGHLIGHTS

New Products & Programs

In 4Q08, Telkomsel introduced the following programs:

- Launched "*Kartu As 1 get 1*" in October 2008. Kartu As users could enjoy one minute free after one minute on-network calls (voice and video calls).
- In November 2008, we launched "*Forever Kartu As*". By making a call or SMS or other services with Rp 10 minimum usage, Kartu As and Kartu As Fress users earn 30 days active period.

- The Talk Mania program was modified and ran nationally (except Ambon, Papua and Nusa Tenggara Timur) in December 2008, offering *simPATI* customers to have cheaper calls. By registering Rp 2,000 per day (Jawa, Bali and Nusa Tenggara Barat) or Rp 3,000 per day (Sumatera, Kalimantan and Sulawesi), customers are entitled for a 1.5-hour calls (on-network) between 01.00-18.00 hours.
- In December 2008, we introduced a new pricing on *simPATI* PeDe. Offering Rp 15/second for early seconds in all time bands and Rp 0.5/second afterwards (for Sumatera, Kalimantan, Sulawesi, Maluku, Papua and Nusa Tenggara Timur, cyclical scheme applies).

Awards

During the 4th quarter of 2008, Telkomsel received *Indonesia Telecoms Awards 2008 as Mobile Data Service Provider of the Year* from Frost & Sullivan.

LOAN/DEBT

During the year 2008, Telkomsel signed Rp 5.3 trillion new loan facilities with several local banks. As at December 31, 2008 Rp 5 trillion were drawdown. The remaining amount was drawn down in January 2009.

Telkomsel's outstanding medium-term loan balance at December 31, 2008 totalled Rp 9.38 trillion.

Telkomsel has to observe certain agreed financial covenants related to its loans/debts. As at December 31, 2008 these covenants were as follows:

	Covenants t/b maintained	Required	Actual
ECA facilities	Debt to equity ratio	≤ 2	0.35
	Debt service coverage ratio	> 1.25	4.77
	Permitted indebtedness	≤ Rp 48.11 trln	Rp 9.38 trln
Bank loans	EBITDA to debt service	≥ 1.25	5.27
	Debt to tangible net worth	≤ 2.00	0.35

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

1. Agreement with Apple South Asia Pte.Ltd

On January 9, 2009, Telkomsel entered into an agreement with Apple South Asia Pte. Ltd. for purchasing of iPhone products and provision of cellular network services in Indonesia. In addition, under the iPhone Contract of Adherence and Agreement between Telkomsel and PT Trikomsel OKE ("Trikomsel") dated January 9, 2009, Telkomsel has appointed Trikomsel as the Authorized Purchaser (AP).

2. USO Program

Telkomsel is selected as provider of USO program in package 1,2,3,6 and 7 with a total price of Rp 1.66 trillion.

3. Telecommunication Traffic Clearing System ("SKTT")

- In accordance with Agreement on Operation of Telecommunication Traffic Clearing among 12 operators (including Telkomsel) and PT Pratama Jaringan Nusantara (PJN) dated March 2, 2009, PJN is appointed to conduct voice interconnect clearing process.

4. 2G BSS and 3G UTRAN Roll Out Agreements

- On March 3, 2009 and March 13, 2009, the Company and several vendors (Ericsson, Nokia Siemens Network and Huawei) entered into 2G BSS and 3G UTRAN Roll Out Agreements for the provision of 2G GSM Based Station Subsystem and 3G UMTS Radio Access Network. Based on the agreement, the vendors should provide equipment and related services.

OUTLOOK 2009

Telkomsel remains focus on maintaining revenue market share. Operating revenue for 2009 is expected to grow at mid single digit. We expect to grab 50% of the Big 3 total net add. Margins may potentially decline around 1-2%. Our capex is expected to be between USD 1.3 - 1.5 billion.

SIGNIFICANT ACCOUNTING POLICIES

Indonesian GAAP

Revenue Recognition

Revenues from new connections are recognized upon delivery of starterpacks/SIMcard to distributors, dealers or directly to customers. Airtime, value-added services and monthly subscription charges are recognized when earned. Prepaid vouchers are initially recorded as unearned income and then proportionately recognized as usage revenue based on successful calls made or the usage of value added services by subscribers or whenever the unused stored value of the voucher has expired.

Revenues from interconnection with other operators (usage revenue) are recognized monthly on the basis of the actual recorded traffic for the month. Operating revenues for interconnection services under interconnection agreements based on revenue-sharing arrangement are reported on a net basis, after interconnection expenses/charges.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets (infrastructures 5 and 10 years; supporting facilities and measurement equipment 3-10 years).

Fixed assets are insured to cover any possible losses caused by destruction or damage by riots, strike and malicious acts and any damage which cause business interruption.

Intangible Asset

Upon winning the right to operate the 3G license, the Company is required to pay an upfront fee and annual rights of usage fee for the next ten years. The upfront fee is recognized as intangible asset and amortized over the term of the license (10 years). The annual rights of usage is recognized as expense when incurred.

Significant Differences Between Indonesian GAAP and U.S. GAAP

Foreign Exchange Differences Capitalized for Assets Under Construction Under Indonesian GAAP, foreign exchange losses from borrowings used to finance assets under construction are capitalized only during severe devaluation or depreciation of a currency. Under U.S. GAAP, foreign exchange differences are charged to the results of operations.

Interest Capitalized on Assets under Construction Under Indonesian GAAP, qualifying assets to which interest cost can be capitalized, are those that take a substantial period of time to be prepared for intended use or sale, i.e. minimum 12 months. Under U.S. GAAP, there is no limit to the length of the construction period in which the interest cost may be capitalized. The interest income arising from any unused borrowings is recognized directly to the results of operations.

Employee Benefits Under U.S. GAAP (FAS No.158, effective December 2006), unrecognized gain or losses, past service cost and the transition of asset or obligation, net of tax, are recognized as other comprehensive income. Indonesian GAAP does not include such provision.

Embedded derivative on contracts denominated in foreign currencies Under U.S. GAAP, unless it is routinely denominated in international commerce in a single currency, it should be separated from the host contract and accounted for under embedded foreign currency derivative instruments.

**RECONCILIATION TO U.S. GAAP
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

(in billions of Rupiah)	2008	2007
Net income as reported under Indonesian GAAP	11,422	13,624
U.S. GAAP Adjustments - Incr./((decr.) due to:		
Capitalization of forex differences	22	22
Capitalization of interest expense	13	62
Recognition of finance leases	17	(17)
Forex gain/(loss) (net of depreciation) on contracts contain derivative	(490)	49
Asset retirement obligations	26	(12)
Amortization of landrights	(22)	(12)
Deferred income tax effect on U.S. GAAP adjustments	117	(31)
Net adjustments	(317)	61
Net Income in accordance with U.S. GAAP	11,105	13,685
S/H equity as reported under Indonesian GAAP	27,033	26,192
U.S. GAAP Adjustments - Incr./((decr.) due to:		
Capitalization of foreign exchange difference	-	(22)
Capitalization of interest expense	293	280
Forex gain/(loss) (net of depreciation) on contracts contain derivative	(441)	49
Asset retirement obligations	-	(26)
Employee benefits	6	6
Recognition of finance leases	0	(17)
Amortization of landrights	(66)	(44)
Recognition of other comprehensive inc. related to empl. benefits	(49)	(85)
Deferred income tax effect on U.S. GAAP adjustments	35	(82)
Net adjustments	(222)	59
S/H Equities in accordance with U.S. GAAP	26,811	26,251

PT Telekomunikasi Selular ("Telkomsel"/"the Company") was officially established in 1995. The Company is 65% owned by PT Telekomunikasi Indonesia, Tbk. ("Telkom": JSX: TLKM; NYSE: TLK; LSE: TKIA) and 35% owned by SingTel Mobile, a 100% owned subsidiary of Singapore Telecommunications Ltd. ("SingTel": SGX: ST; ASX: SGT). Telkomsel is the largest mobile telecommunication company in Indonesia with a market share of subscribers of approximately 47%.

You can register to receive these highlights automatically through Telkomsel's Corporate Info site on www.telkomsel.com

26 February 2009

PT Indosat Tbk

IDX : ISAT
NYSE : IIT
Reuters : ISAT.JK
Bloomberg : ISAT.IJ

Market Capitalization
(As at 31 December 2008)
Rp31.25 trillion

Issued shares
5,433,933,500

Share Price (IIT)
(As at 31 December 2008) US\$25.85.
Hi/Lo (12 mo) US\$47.01/US\$16.00

Share Price (ISAT)
(As at 31 December 2008) Rp5,750.-
Hi/Lo (12 mo) Rp8,750 / Rp3,950

Major Shareholders
(As at 31 December 2008)

ICL entities	40.81%
Government of Indonesia	14.29%
Fidelity entities	10.05%
Goldman Sachs entities	8.64%
Noonday / Farallon entities	7.95%
Skagen AS entities	6.44%
Public	11.81%

IDR to USD Conversion
1 USD = Rp10,950 (31 December 2008)

Corporate and Bond Ratings

Moodys: Stable Outlook
: Ba1/Local Currency Rating
: Ba2/Foreign Currency Rating

S&P : Stable Outlook
: BB/LT Foreign Issuer Credit
: BB/LT Local Issuer Credit

Fitch : Stable Outlook
: BB-/Foreign Currency LT Debt
: BB-/Local Currency LT Debt

Pefindo: idAA+/LT Local Currency Debt

Investor Relations Division
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Financial Summary For Period Ended 31 December 2008 (in Rp billion)

	FY -2007	FY -2008	Change (%)
Operating Revenues	16,488.5	18,659.1	13.2%
Operating Expenses	11,968.9	13,925.9	16.4%
Operating Income	4,519.6	4,733.3	4.7%
Other Income (Expenses)	(1,590.0)	(2,408.2)	51.5%
Net Income	2,042.0	1,878.5	-8.0%
EBITDA	8,714.8	9,321.2	7.0%
EPS (in Rp)	375.8	345.7	-8.0%

Balance Sheet as at 31 December 2008 (in Rp billion)

	FY -2007	FY -2008	Change (%)
Total Assets	45,305.1	51,693.3	14.1%
Total Liabilities*	28,463.0	33,994.8	19.4%
Total Stockholders Equity	16,544.7	17,409.6	5.2%

*exclude minority interests

Financial Ratios as at 31 December 2008

	Formula	FY-2007 (%)	FY-2008 (%)
EBITDA Margin	EBITDA/Operating Revenues	52.9	50.0
Interest Coverage	EBITDA/Interest Expense	624.2	519.0
Gross Debt to Equity	Gross Debt /Total Equity	100.9	125.0
Net Debt to Equity	Net Debt / Total Equity	52.2	92.0

2008 Results Highlights

- Indosat has continued to grow its consolidated revenue during the year, delivering double-digit year on year revenue growth in 2008 despite intensifying competition mostly in the cellular business.
- Cellular revenue grew by 11.2% in 2008 driven by an increased subscriber base that reached 36.5 million at the period end.
- Fixed data services revenue grew by 26.1% in 2008, driven mainly by increases in demand for Internet, IPVPN and leased line services.
- Fixed voice (Fixed Telecommunication) services revenue grew by 11.3% in 2008, driven mainly by an increase in IDD traffic and growth at StarOne, which had 761,000 subscribers at the period end.
- The committed capital expenditure for 2008 was Rp13,073.8 billion, with 77.1% of this allocated to the cellular network. The company has rolled out 3,402 new BTSs during the year and operates a total of 14,162 BTS as at 31 December 2008.

FULL YEAR 2008

OPERATING AND FINANCIAL RESULTS

Jakarta, 26 February 2009. PT Indosat Tbk ("Indosat" or "the Company") released its consolidated financial statements for the year of 2008 audited by independent auditor (Purwantono, Sarwoko & Sandjaja, a member of Ernst & Young Global). The financial statements were prepared in accordance with the Indonesian Generally Accepted Accounting Principles (GAAP).

Operating revenue

Operating Revenue for 2008 is Rp18,659.1 billion

This is an increase of Rp2,170.6 billion, or 13.2%, on 2007

Cellular services, fixed data services and fixed voice services contributed 76%, 15% and 9% of revenue, respectively

Cellular. The cellular operating revenue for 2008 stands at Rp14,178.9 billion, an increase of 11.2% from Rp12,752.5 billion in 2007. This growth was driven by increases in Indosat's cellular subscriber base. As at 31 December 2008, Indosat's cellular subscriber base totaled 36.5 million subscribers, which equates to total net adds during the year of 12 million subscribers: Indosat's highest ever annual increase. ARPU cellular was Rp38,639, a decline of 26.9% year on year due to the continued decrease in tariffs and the impact of lower interconnection charges: both aspects of the intensified competition seen in this market during the year.

Fixed Data (MIDI). Operating revenue from fixed data services grew 26.1% in 2008 from Rp2,168.6 billion in 2007 to Rp2,735.5 billion at the period end. This increase is due primarily to increased demand for Internet, IPVPN and leased line services.

Fixed Voice (Fixed Telecommunication). Operating revenue from Fixed Voice services increased from Rp1,567.4 billion in 2007 to Rp1,744.7 billion at the end of 2008. This growth of 11.3% on a year-on-year basis is due to an increase in international call (IDD) revenue and fixed wireless services revenue. The increase of IDD revenue has been driven mainly by increases in IDD incoming traffic through volume commitments. Fixed wireless services contribute 14.0% of total Fixed Voice revenue.

Operating expenses

Operating expenses in 2008 stand at Rp13,925.9 billion

This is an increase of Rp1,957.0 billion, or 16.4% on 2007

This increase was mostly in marketing expenses stepped up to maintain Indosat's position in the face of intensified competition, in the cost of services and in depreciation and amortization expenses.

Cost of Services expenses increased in 2008 to Rp6,043.4 billion: an increase of Rp1,263.5 billion or 26.4% on 2007. This increase was due to increases in government levies, utilities sites, rental sites, SIM card costs, interconnection expenses and due to increased maintenance work as a result of network expansion. Government levies mostly account for frequency fees including annual 3G license payment, USO and concession fee.

Depreciation and Amortization expenses increased in 2008 to Rp4,587.9 billion: an increase of Rp392.7 billion or 9.4% on 2007. The increase in depreciation expenses follows the increase in capital expenditures. Regrouping of assets also contributed to the increase in depreciation expenses.

Personnel expenses increased in 2008 to Rp1,639.0 billion: an increase of Rp44.2 billion or 2.8% on 2007. Personnel expenses grew primarily as a result of inflation-based adjustments in salaries, brought about by the oil-price related increases seen in Indonesia's inflation rate since May 2008.

Marketing expenses increased in 2008 to Rp918.1 billion: an increase of Rp225.2 billion or 32.5% on 2007. This increase was due to aggressive marketing campaigns, promotions and customer loyalty programs strategically implemented in response to intensified competition. As a percentage of revenue, Indosat still maintains its marketing expenses at around 5% of total gross operating revenue.

Administration & General expenses increased in 2008 to Rp737.4 billion: an increase of Rp31.3 billion or 4.4% on 2007. This was due to increases in professional fees, rents, office utility costs and training costs. Against this backdrop, decreases were made in provisions for doubtful account and public relations costs.

Other expenses

Other expenses for 2008 stand at Rp2,408.2 billion

This is an increase of from Rp1,590.0 billion or 51.5% on 2007

This increase is due to increased losses in foreign exchange (particularly in Q4), higher financing costs and decreased gains on changes in the fair value of derivatives.

Loss on Foreign Exchange-Net and **Gain on change in fair value of derivatives-Net**: Indosat recorded an increased loss on net foreign exchange of Rp885.7 billion in 2008: an increase of Rp730.4 billion on 2007. This increase is due primarily to the weakening this year of the Rupiah vs the US Dollar, particularly in Q4. Indosat recorded an increased net gain in 2008 on the change in fair value of derivatives of some Rp68.6 billion over 2007 levels, due to increases in foreign exchange rates.

Financing cost increased in 2008 to Rp1,858.3 billion: an increase of Rp429.7 billion or 30.1% over 2007 due to new bond and loan issuances in 2008. These debts were issued to finance capital expenditure.

Interest income increased in 2008 to Rp460.1 billion: an increase of Rp227.7 billion or 98.0% over 2007 due to higher average cash balances and higher interest rates.

Status of debt

Indosat debt composition at the close of 2008 stands at Rp11,384.6 billion in loans and Rp10,372.0 billion in bonds.

Indosat debt currency composition at the close of 2008 stands at 51.3% denominated in Rupiah and 48.7% denominated in USD

In June 2008, Indosat entered into a credit facility agreement with 13 banks and financial institutions. ING N.V. Bank and DBS Bank Ltd. served as arrangers. The total amount of the facility is US\$450,000. The purpose of this facility is to finance the Company's (i) capital expenditure, (ii) purchase of a portion of its Guaranteed Notes Due 2010 and/or Guaranteed Notes Due 2012, and/or (iii) general working capital requirements. As of December 31, 2008, the Company has fully drawn the total facility.

As of 31 December 2008, the Company had outstanding debt of Rp21,756.7 billion. The portion of Rupiah debt increased as a result of the Rupiah Bond VI and Sukuk Ijarah Bond III issued in April 2008. The portion of US Dollar debt also increased as the Company entered into USD loan agreements with HSBC Coface, HSBC Commercial, HSBC Sinosure, and also Syndicated Loans. The Company, as at 31 December 2008 had hedging facilities amounting to USD509.0 million representing 52.3% of the Company's USD denominated bonds and loans. The Company's cash position as at 31 December 2008 stood at Rp5,737.9 billion with net debt standing at Rp16,018.8 billion.

Indosat debt composition in 2008 was Rp 11,384.6 billion in loans or around 52.3% of total debt and Rp 10,372.0 billion in bonds or around 47.7% of total debt. Indosat debt currency composition was 51.3% denominated in Rupiah and 48.7% denominated in USD.

Capital expenditures

In 2008 Indosat committed Rp13,073.8 billion for capital expenditure, mainly for use in cellular network and services expansion

The committed capital expenditure for 2008 was allocated as follows: (i) Rp10,076.1 billion for cellular network, (ii) Rp2,139.8 billion for fixed telecom, fixed data, backbone and subsidiary company, (iii) Rp429.2 billion for IT, and (iv) Rp428.8 billion for regional activities and properties.

Network Development

In 2008, Indosat added 3,402 new BTSs. As at 31 December 2008, total BTSs stood at 14,162

During 2008 the Company installed 3,402 new BTSs so that, as at 31 December 2008, the total number of BTSs stood at 14,162. Indosat cellular coverage now reaches all 33 provinces and 428 Regencies (or 97.3% of total regencies) and 3,620 districts (or 67.4% of total districts) in Indonesia.

As of 31 December	FY 2007	FY 2008	Additional
Base Stations (BTS)	10,760	14,162	3,402
Base station controllers	238	279	41
Mobile switching centers	56	73	17

Cellular Marketing Activities

Ramadhan Mudik Program



During 2008, Indosat continued to pay careful attention to the demands and communication patterns of its customers, offering new services and sponsoring cultural events under its operating brands that tapped into those patterns and demands:

During Ramadhan, Indosat launched the Ramadhan Mudik Program which provided more facilities than in previous years including a bigger tent area, messages, food stand, fashion, praying facilities, restroom stores and various value added services.

As a demonstration of the Company's appreciation for customers and members of FMC (Frontliners Matrix, Mentari, IM3 and StarOne) and IOC (Indosat Outlet Community), Indosat provided a *Mudik Bareng* (Back to Hometown Together) Program using 16 buses for 600 people and 500 motorcycles for 1,000 people. Every person who used the bus received Rp100,000, ID Card, T-shirt and bag while helmets and jackets provided for people using the motorcycles.



In August 2008, Indosat launched **Mentari Thousands Call for only One Thousand Rupiah per day**: a call package which was customized for each region. For customers in Java, customers pay Rp1,000 to get 3600 seconds to call on net between 00.00 and 17.00 while for customers outside Java who has used voice call of up to Rp1,000 will get 3600 seconds to call on net during that day. This program was valid until 31 December 2008.

In November 2008, Indosat launched an **Internet Voucher** for Mentari and IM3 customers, with denomination of Rp 5,000 that can be used for chatting, browsing, and downloading internet up to 250 minutes in 5 days.



In July 2008, Indosat launched an IM3 program **Rp1 for all day** for all IM3 customers (regional variations applied). The program was valid until August 19th 2008.

In August 2008, Indosat launched an **Rp0.1/second and Rp0.1 per SMS** offer all day for all IM3 customers (regional variations applied). The program was valid until 31 October 2008.

In November 2008, Indosat launched an **Internet Voucher** for Mentari and IM3 customers, with denomination of Rp 5,000 that can be used for chatting, browsing, and downloading internet up to 250 minutes in 5 days.

In December 2008, Indosat launched an **IM3 Super Voucher 2000 SMS**, with denomination Rp 30K, active period 30 days, and SMS tariff to all operators of Rp15/SMS.

Understanding the importance of the growing Data market, in June 2008 Indosat created special content for Indosat BlackBerry customers in a bid to differentiate its BlackBerry offer from other operators. I-GPS and I-Stock, an application which can support activation of business and mobile activity Indosat BlackBerry customers[, was also launched]



In July 2008, Indosat launched an SMS Bonus program for all **Matrix Auto customers** which offered 10 SMS for Rp7,000 usage/day. The program was valid until 31 December 2008.

Starting July 2008, BlackBerry can be used on Indosat prepaid cellular service too. The program is called BlackBerry On-Demand and has two offer packages: Weekly with subscription fee of Rp 50000,- and Monthly with subscription fee of

Rp 160.000,-

In August 2008, Indosat launched Blackberry BOLD at a very competitive price for Matrix customers who are mostly corporate customers. Customers can also pay in monthly payments bundled with the Matrix monthly usage. Indosat also agreed arrangements with five large distributors to distribute the products around the customer base.

Fixed Data Marketing Activities



PT Indosat Mega Media (IndosatM2) offers IM2 Prepaid Wireless Broadband which enables the users to access internet through HSDPA (High Speed Downlink Packet Access) with prepaid method of payment. The user must buy the USIM inserted starter pack, and reload voucher with amount of Rp150,000.

IndosatM2 also introduced HYBRID Feature to limit customers' internet usage based on specific packages. Customers can add value through reloading a prepaid voucher.

Fixed Voice Services



In June 2008, Indosat unveiled its StarOne Community Program, which offers Free On Net Local and Free Call between Community members. This program is open to any kind of community be it a sport community, hobbies community or even corporate community. This is the first Community Program for Prepaid Subscriber in the CDMA market and by registering at least 25 members, subscribers become eligible for the package benefits.

In order to accelerate sales, in July 2008 StarOne released a Bundling Handset promotion with ZTE C310 handset. Through this bundling program customers receive benefits for Free Voice Call to StarOne Local numbers & Free SMS to all StarOne National numbers during the first 6 months following activation.

In December 2008, StarOne released a Friend and Family Programme for Rp1/day, open to 5 members of the calling circle of a StarOne subscriber. 1 StarOne subscriber can register 2 other StarOne subscribers and another 2 Indosat GSM (Matrix, Mentari or IM3) subscribers. The tariff for calling these family and friend number is only Rp1/day.

RECENT DEVELOPMENTS

Mentari "Thousand Times Free Calls All Day Long" (Mentari Gratis Ribuan Kali Nelpon Sehari)

On January 16, 2009, Indosat presented the latest program dedicated to all Mentari subscribers entitled **Thousand Times Free Calls All Day Long (Mentari Gratis Ribuan Kali Nelpon Sehari)**. Customers can enjoy the program after conducting calls with minimum accumulation of Rp1500 to Indosat cellular's subscribers. Post achieving that requirement, the subscribers can enjoy voice calls to all Indosat numbers (Matrix, Mentari, IM3 and StarOne) thousand times for free up to 7,200 seconds (2 hours), both for local or IDD calls. This program starts from January 16, 2009 until March 31, 2009.

Blackberry Branded Outlet by Indosat

On January 20, 2009, as a BlackBerry services pioneer in Indonesia, Indosat launched a **'Blackberry Branded Outlet by Indosat'** which is operated by Indosat as an official partner of Research In Motion (RIM). This outlet offers various services and many benefits of Indosat's BlackBerry offering namely the opportunity to choose one of the BlackBerry smartphones, subscribe for Matrix applications, voice services and postpaid data for BlackBerry smartphone all within the retail market.

Cooperation with Biznet Networks to have Metro Ethernet network interconnection cooperation

On January 27, 2009, Indosat signed a cooperation agreement with Biznet Networks to have Metro Ethernet network interconnection cooperation. The agreement looks to expand the fiber optic network of the two companies by optimizing network capacity benefits, with total coverage reaching the entire Jakarta area within 270 buildings.

On January 20, 2009, Indosat entered into an interest rate swap contract with DBS with a notional amount of US\$26,000, which will decrease based on

Indosat entered into an interest rate swap contract with DBS with a notional amount of US\$26,000

Indosat launched Poin Plus Plus Program

Indosat received Top Brand Award 2009

Indosat launched IM3 GROOV3

Fitch Rating upgraded Indosat's Foreign and Local Currency IDRs

predetermined schedules. Based on the contract, the Company agreed to pay interest computed at a fixed rate of 3.83% every March 25 and September 25 up to March 2011, and every June 12 and December 12 up to December 12, 2012 in exchange for 6-month U.S. dollar LIBOR plus 1.85% per annum.

On January 30, 2009, Indosat launched Point Plus Plus Program as an appreciation program in 2009 to all Indosat customers, for postpaid subscribers (Matrix, StarOne) or prepaid subscribers (Mentari, IM3, StarOne) through point accumulation mechanism based on credit usage or voucher reload and subscription period.

On February 12, 2009, Indosat received Top Brand Award 2009 for its three cellular products in Postpaid GSM category for Matrix and Prepaid GSM category for Mentari and IM3. The awards were given by Frontier Consulting Group and Marketing Magazine. Top Brand Award 2009 is a prestigious award given to brands which succeed in reaching the top place as favorite brand chosen by the customers. This award became the second award received by Indosat in 2009 for its cellular product. Indosat also received an award from Forsel Award as the customer's choice of GSM product.

On February 23, 2009, Indosat launched IM3 GROOV3 focusing on the youth market. GROOV3's new IM3 Starter Pack and IM3 Starter Pack Hkian offers cheap tariffs for voice call, SMS and Internet. The tariff for voice calls can be as low as Rp0.1/sec, for SMS as low as Rp0.1/SMS and internet as low as Rp10/30seconds.

On February 25, 2009, Fitch Ratings upgraded Indosat Long-term foreign currency Issuer Default Rating (IDR) to 'BB+' from 'BB-' (BB minus) and Long-term local currency IDR to 'BBB-' (BBB minus) from 'BB-' (BB minus). The Outlook is Stable. At the same time, the ratings on Indosat's senior unsecured notes programme have been upgraded to 'BB+' from 'BB-' (BB minus).

Disclaimer Statement

This document is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of an offering circular that may be obtained from the Company and will contain detailed information about the Company and management, as well as financial statements. The Company does not intend to register any part of the offering in the United States.

This document contains certain financial information and results of operation, and may also contain certain projections, plans, strategies, and objectives of Indosat, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law.

Forward looking statements are subject to risks and uncertainties that may cause actual events and Indosat's future results to be materially different than expected or indicated by such statements. No assurance can be given that the results anticipated by Indosat, or indicated by any such forward looking statements, will be achieved.

Attachment 1
PT Indosat Tbk and Subsidiaries
Status of Debt
Period to Date Ended December 31, 2008

Facility	Amount	Maturity	Interest Rate
INDOSAT			
IDR Bond (Rp billion)			
Bonds II	200	2032	Series B Fixed 16% p.a.
Bonds III	640	2010	Series B Fixed 12.875% p.a.
Bonds IV	815	2011	Fixed 12.0% p.a.
Bonds V	2,600	2014 and 2017	Series A Fixed 10.2% p.a. and Series B Fixed 10.65% p.a.
Bonds VI	1,080	2013 and 2015	Series A Fixed 10.25% p.a. and Series B Fixed 10.8% p.a.
USD Bond (USD million)			
Guaranteed Notes I	234.7	2010	Fixed 7.75% p.a.
Guaranteed Notes II	109.4	2012	Fixed 7.125% p.a.
Sharia Bond (Rp billion)			
Syariah Ijarah I	285	2011	Fixed Ijarah Return amounting to Rp8.55 payable on a quarterly basis
Sukuk Ijarah II	400	2014	Fixed Ijarah Return amounting to Rp10.20 payable on a quarterly basis
Sukuk Ijarah III	570	2013	Fixed Ijarah Return amounting to Rp14.61 payable on a quarterly basis
IDR Loan (Rp billion)			
Mandiri Loan	1,800	2012	Fixed rate of 9.75% and 10.5% for the first 2 years, floating rate 3-month JIBOR + 1.5% for the following years
BCA Loan	1,800	2012	Fixed rate of 9.75% and 10.5% for the first 2 years, floating rate 3-month JIBOR + 1.5% for the following years
DBS Loan	500	2013	Fixed rate of 9.7% and 10.4% for the first 2 years, floating rate prevailing annual interest rate of 3-months Certificates of Bank Indonesia + 1.5% for the following years
Goldman Sachs International ("GSI")	434.3	2013	Fixed annual rate 8.75% times Rp434.3 billion. Fixed annual rate 6.45% times US\$50 million if GSI exercise its option on the beginning of 5 th year.
USD Loan (USD million)			
Finnish Export Credit Facility	19.0	2011	Fixed 4.15% p.a.
HSBC France - Coface	104.1	2019	Fixed 5.69% p.a.
HSBC Indonesia - Commercial	27.0	2016	Floating rate based on U.S. Libor + 1.45% p.a.
HSBC France - Sinosure	28.6	2019	Floating rate based on U.S. Libor + 0.35% p.a.
ING-DBS Loan Facility	450.0	2013	Floating rate based on 6m US Libor + 1.85% p.a.
LINTASARTA			
IDR Bond (Rp billion)			
Limited Bond	56.4*	2009	Floating maximum 19% p.a. and minimum 11% p.a.
IDR Loan (Rp billion)			
Facility 4 from Niaga	4.4	2009	Annual rate of 3-month Certificates of Bank Indonesia + 3% p.a.
Facility 5 from Niaga	44.9	2011	Annual rate of 1-month Certificate of Bank Indonesia + 2.25% p.a.

*After elimination of limited bonds issued to the Company

Attachment 2
PT INDOSAT Tbk AND SUBSIDIARIES
KEY OPERATIONAL DATA
FOR THE YEAR ENDED DECEMBER 31, 2007 & 2008

Description	Unit	YTD Ended	YTD Ended	Growth
		31 DEC 2007	31 DEC 2008	
		1	2	3=(2-1)/1
CELLULAR				
Prepaid	subs	8,066,651	11,645,602	44.4%
Postpaid	subs	(225,868)	319,222	-241.3%
Total Net Additions	subs	7,840,783	11,964,824	52.6%
Prepaid	subs	23,945,431	35,591,033	48.6%
Postpaid	subs	599,991	919,213	53.2%
Total Cellular Subscribers	subs	24,545,422	36,510,246	48.7%
ARPU Prepaid	Rp	47,028	34,610	-26.4%
ARPU Postpaid	Rp	182,682	189,710	3.8%
ARPU Blended	Rp	52,828	38,639	-26.9%
BTS (2G & 3G)	Unit	10,760	14,162	31.6%
MOU Blended	Minutes	70.2	97.6	39.0%
MIDI				
Indosat : (Accumulated Numbers)				
Wholesale				
International High Speed Leased Circuit	cct/64k	19,195	45,594	137.5%
Domestic High Speed Leased Circuit	cct/64k	50,750	129,315	154.8%
Satellite Transponder Leased (external usage)	# transp	13.7	17.2	25.6%
Datacom				
International High Speed Leased Circuit	cct/64k	1,055	1,482	40.5%
Domestic High Speed Leased Circuit	cct/64k	11,778	14,056	19.3%
Frame Relay	port	789	494	-37.4%
IPVPN	cct/64k	7,242	18,114	150.1%
Lintasarta : (Accumulated Numbers)				
High Speed Leased Line (SDL)	link	922	906	-1.7%
Frame Relay	access	4,652	4,431	-4.8%
VSAT	terminal	1,880	2,564	36.4%
IPVPN	link	4,206	6,182	47.0%
IM2				
Internet Dial Up	user	21,222	13,142	-38.1%
Internet Dedicated	link	1,396	1,665	19.3%
IPVPN	link	369	562	52.3%
IDD				
Outgoing Traffic	min	296,891,382	473,991,957	59.7%
Incoming Traffic	min	1,236,603,921	1,484,450,321	20.0%
Total Traffic	min	1,533,495,303	1,958,442,278	27.7%
I/C Ratio	-	4.2	3.1	-24.8%
Fixed Wireless				
Prepaid	subs	594,203	681,362	14.7%
Postpaid	subs	33,731	80,227	137.8%
Total Subscribers	subs	627,934	761,589	21.3%
ARPU Prepaid	Rp	26,590	17,955	-32.5%
ARPU Postpaid	Rp	170,160	94,555	-44.4%
ARPU Blended	Rp	34,641	22,858	-34.0%
EMPLOYEES				
Indosat and its subsidiaries (including non permanent employees)	person	7,645	7,700	0.7%

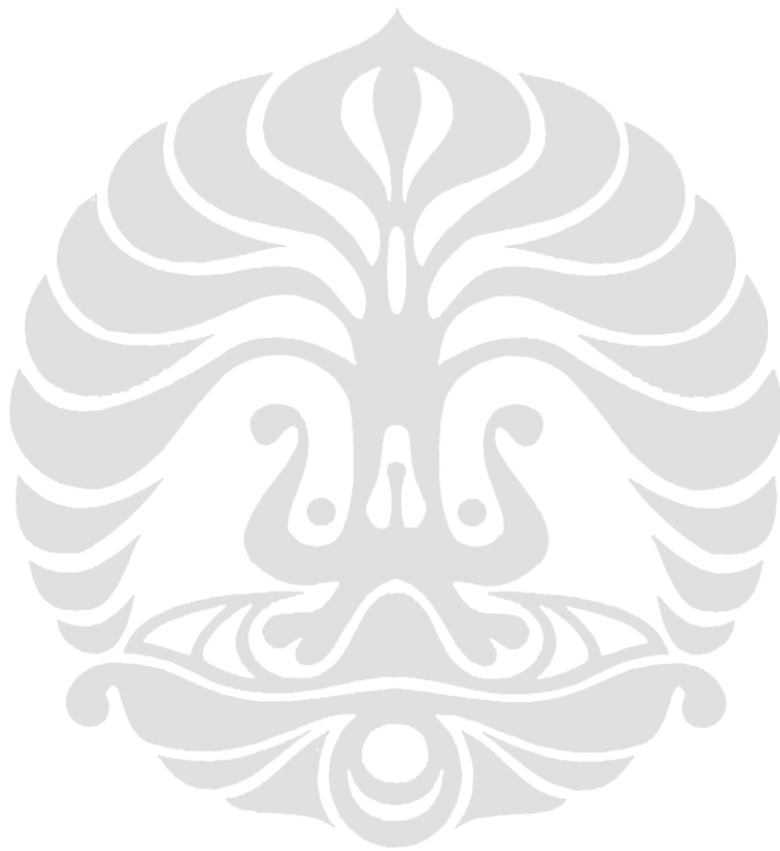
Lampiran 3
PT INDOSAT Tbk DAN ANAK PERUSAHAAN
LAPORAN KEUANGAN KONSOLIDASI
TAHUN YANG BERAKHIR PADA TANGGAL-TANGGAL 31 DESEMBER 2008 DAN 2007
(Disajikan dalam miliar rupiah, kecuali data saham)

DESKRIPSI	Tahun yang berakhir pada tanggal - tanggal 31 Desember		Pertumbuhan
	2008	2007	
	Rp	Rp	
PENDAPATAN USAHA			
Selular	14.178,9	12.752,5	11.2%
Multimedia, Komunikasi Data, Internet ("MIDI")	2.735,5	2.168,6	26.1%
Telekomunikasi tetap	1.744,7	1.567,4	11.3%
JUMLAH PENDAPATAN USAHA	18.659,1	16.488,5	13.2%
BEBAN USAHA			
Beban jasa telekomunikasi	6.043,4	4.779,9	26.4%
Penyusutan dan amortisasi	4.587,9	4.195,2	9.4%
Karyawan	1.639,0	1.594,8	2.8%
Pemasaran	918,1	692,9	32.5%
Administrasi dan umum	737,4	706,1	4.4%
JUMLAH BEBAN USAHA	13.925,9	11.968,9	16.4%
LABA USAHA	4.733,3	4.519,6	4.7%
PENGHASILAN (BEBAN) LAIN-LAIN			
Pendapatan bunga	460,1	232,4	98.0%
Beban pendanaan	136,6	68,0	100.8%
Amortisasi goodwill	(1.858,3)	(1.428,6)	30.1%
Rugi perubahan nilai wajar derivatif - bersih	(885,7)	(155,3)	470.3%
Rugi kurs - bersih	(227,3)	(226,5)	0.4%
Lain-lain - bersih	(33,5)	(80,0)	58.1%
JUMLAH PENGHASILAN (BEBAN) LAIN-LAIN - BERSIH	(2.408,2)	(1.590,00)	51.5%
LABA SEBELUM PAJAK PENGHASILAN	2.325,1	2.929,6	-20.6%
MANFAAT (BEBAN) PAJAK PENGHASILAN			
Tahun berjalan	(579,7)	(660,7)	-12.3%
Tangguhan	159,9	(198,8)	-180.4%
JUMLAH BEBAN PAJAK PENGHASILAN - BERSIH	(419,8)	(859,5)	-51.2%
LABA SEBELUM HAK MINORITAS ATAS LABA BERSIH ANAK PERUSAHAAN	1.905,3	2.070,1	-8.0%
HAK MINORITAS ATAS LABA BERSIH ANAK PERUSAHAAN	(26,8)	(28,1)	-4.6%
LABA BERSIH	1.878,5	2.042,0	-8.0%
LABA PER SAHAM DASAR	345,70	375,79	-8.0%
LABA PER ADS DASAR (50 lembar saham Seri B per ADS)	17.285,10	18.789,73	-8.0%

Lampiran 4
PT INDOSAT DAN ANAK PERUSAHAAN
NERACA KONSOLIDASI
31 DESEMBER 2008 dan 2007
(Disajikan dalam miliar rupiah, kecuali data saham)

DESKRIPSI	2008 Rp	2007 Rp
AKTIVA		
AKTIVA LANCAR		
Kas dan setara kas	5.737,9	8.053,0
Investasi jangka pendek	-	1,3
Piutang - setelah dikurangi penyisihan piutang ragu-ragu		
Usaha		
Pihak yang mempunyai hubungan istimewa	76,1	133,3
Pihak ketiga	1.264,6	897,6
Lain-lain	16,9	20,9
Persediaan	242,0	161,6
Aktiva derivatif	656,6	127,7
Uang muka	39,2	38,0
Pajak dibayar di muka	592,9	714,3
Biaya dibayar di muka	987,1	618,9
Aktiva lancar lainnya	46,6	27,5
Jumlah Aktiva Lancar	9.659,8	10.794,1
AKTIVA TIDAK LANCAR		
Piutang hubungan istimewa - setelah dikurangi penyisihan piutang ragu-ragu	42,5	56,5
Aktiva pajak tangguhan - bersih	68,4	87,1
Investasi pada perusahaan asosiasi - setelah dikurangi penyisihan penurunan nilai	0,7	0,3
Investasi jangka panjang lainnya - setelah dikurangi penyisihan penurunan nilai	2,7	2,7
Aktiva tetap - bersih	38.394,1	30.572,8
Goodwill dan aktiva tak berwujud lainnya - bersih	2.064,7	2.350,5
Piutang jangka panjang	81,5	77,5
Pensiun dibayar di muka jangka panjang - setelah dikurangi bagian jangka pendek	170,0	198,4
Uang muka jangka panjang	456,1	647,0
Lain-lain	752,8	518,3
Jumlah Aktiva Tidak Lancar	42.033,6	34.511,0
JUMLAH AKTIVA	51.693,3	45.305,1

KEWAJIBAN DAN EKUITAS		
Short-term loans	0,0	-
Hutang usaha		
Pihak yang mempunyai hubungan istimewa	12,1	40,5
Pihak ketiga	596,6	406,0
Hutang pengadaan	6.446,4	6.206,6
Hutang pajak	268,9	436,5
Biaya masih harus dibayar	1.512,5	1.340,4
Pendapatan diterima di muka	823,0	709,8
Uang muka pelanggan	32,1	40,9
Kewajiban derivatif	315,9	64,3
Bagian jangka pendek dari :		
Hutang jangka panjang	572,5	494,4
Hutang obligasi	56,4	1.860,0
Kewajiban lancar lainnya	38,8	59,1
Jumlah Kewajiban Lancar	10.675,2	11.658,6
KEWAJIBAN TIDAK LANCAR		
Hutang hubungan istimewa	14,7	64,9
Kewajiban pajak tangguhan - bersih	1.305,2	1.482,2
Hutang jangka panjang - setelah dikurangi bagian jangka pendek		
Pihak yang mempunyai hubungan istimewa	1.596,1	1.794,9
Pihak ketiga	9.216,0	2.454,1
Hutang obligasi - setelah dikurangi bagian jangka pendek	10.315,6	10.088,7
Kewajiban tidak lancar lainnya	871,9	919,6
Jumlah Kewajiban Tidak Lancar	23.319,5	16.804,4
TOTAL KEWAJIBAN	33.994,8	28.463,0
HAK MINORITAS	288,9	297,4
EKUITAS		
Modal saham	543,4	543,4
Agio saham	1.546,6	1.546,6
Selisih transaksi perubahan ekuitas perusahaan asosiasi / anak perusahaan	404,1	403,8
Selisih kurs karena penjabaran laporan keuangan	13,3	6,2
Saldo laba		
Telah ditentukan penggunaannya	100,7	80,3
Belum ditentukan penggunaannya	12.923,0	11.922,5
Laba bersih periode berjalan	1.878,5	2.042,0
Jumlah Saldo Laba	14.902,2	14.044,8
Jumlah Ekuitas	17.409,6	16.544,7
JUMLAH KEWAJIBAN DAN EKUITAS	51.693,3	45.305,1



Lampiran 5
PT INDOSAT Tbk DAN ANAK PERUSAHAAN
LAPORAN ARUS KAS KONSOLIDASI
Periode Yang Berakhir Pada Tanggal 31 Desember 2008 dan 2007
(Disajikan dalam miliar rupiah)

	2008	2007
ARUS KAS DARI KEGIATAN USAHA		
Penerimaan kas dari :		
Pelanggan	18.337,1	16.678,5
Pendapatan bunga	460,0	225,6
Penerimaan tagihan pajak	271,3	195,4
Penerimaan dari kontrak derivatif	58,4	-
Terminasi kontrak swap	-	3,7
Penerimaan dari kontrak swap suku bunga	-	1,4
Pengeluaran kas untuk :		
Karyawan, pemasok dan lainnya	(9.701,1)	(6.975,8)
Beban pendanaan	(1.776,9)	(1.367,8)
Pajak	(897,2)	(370,2)
Beban swap dari kontrak swap valuta asing	(236,0)	(117,0)
Penerimaan (pembayaran) kontrak swap suku bunga	(2,4)	-
Kas Bersih Yang Diperoleh dari Kegiatan Usaha	6.513,3	8.273,9
ARUS KAS DARI KEGIATAN INVESTASI		
Penerimaan pendapatan dividen	26,3	40,1
Penerimaan dari penjualan investasi jangka pendek	1,3	-
Penerimaan dari penjualan aktiva tetap	1,1	0,5
Perolehan aktiva tetap	(10.307,9)	(6.933,6)
Perolehan aktiva tak berwujud	(7,0)	(10,53)
Penambahan investasi pada perusahaan asosiasi	(0,7)	-
Setoran modal pemegang saham minoritas pada sebuah anak perusahaan	-	47,7
Penambahan investasi jangka panjang lainnya	-	(433,2)
Penambahan investasi jangka pendek	-	(1,25)
Kas Bersih Yang Digunakan Untuk Kegiatan Investasi	(10.286,9)	(7.290,4)
ARUS KAS DARI KEGIATAN PENDANAAN		
Penerimaan dari hutang jangka panjang	5.126,6	4.450,9
Penerimaan dari hutang obligasi	1.650,0	3.000,0
Penerimaan dari kontrak derivatif	109,1	-
Penurunan (kenaikan) kas dan setara kas yang dibatasi penggunaannya	4,2	(5,4)
Pembayaran hutang obligasi	(3.828,8)	(1.050,0)
Pembayaran dividen kas	(1.021,0)	(705,1)
Pembayaran hutang jangka panjang	(506,2)	(1.377,7)
Beban swap dari kontrak swap valuta asing	(64,0)	(61,6)
Pembayaran dividen kas anak perusahaan ke pemegang saham minoritas	(11,3)	(14,2)
Kas Bersih yang Diperoleh dari Kegiatan Pendanaan	1.458,5	4.237,0
KENAIKAN (PENURUNAN) BERSIH KAS DAN SETARA KAS	(2.315,1)	5.220,5
KAS DAN SETARA KAS AWAL PERIODE	8.053,0	2.807,3
SALDO AWAL KAS DAN SETARA KAS ANAK PERUSAHAAN YANG DIAKUISISI	-	25,3
KAS DAN SETARA KAS AKHIR PERIODE	5.737,9	8.053,1



Disclaimer

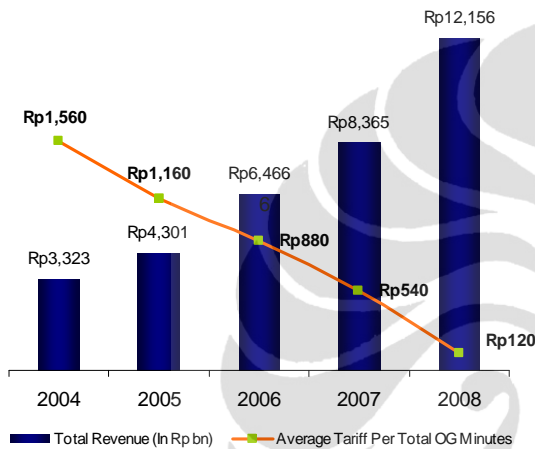
This document contains certain financial information and results of operation, and may also contain certain projections, plans, strategies and objectives of XL, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements are subject to risks and uncertainties that may cause actual events and XL's future results to be materially different than expected or indicated by such statements. No assurance can be given that the results anticipated by XL, or indicated by any such forward looking statements, will be achieved.

INTRODUCTION

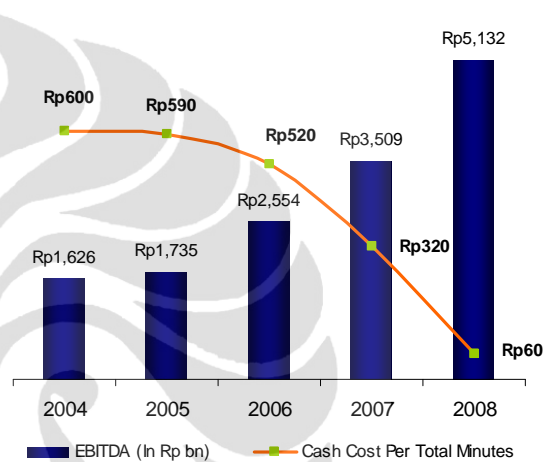
In 2008, our revenue and EBITDA grew 45% and 46% YoY respectively, resulting in a slightly improved EBITDA margin, driven by 705% increase in total OG minutes and 68% growth in subscribers.

We are pleased that executing our strategy 'value through comparable quality at a better price' has resulted in a growth rate above industry average and a much improved share of market revenues. Unfortunately, we faced headwinds from macro developments and increased competition towards the end of the year.

Total Revenue and Average Tariff per Total OG Minutes



EBITDA and Cash Cost per Total Minutes



During 2008 we continued to heavily invest in our Network capacity. We added 5,572 new BTS in 2008, bringing the total to 16,729 BTS. We have upgraded our billing system in Q3 and replaced our remaining legacy MSC with NGN MSC in Q4. With this, we have sufficient capacity to handle the much increased traffic while covering more than 90% of the population. With this in place, capex spending going forward can be much more selective, and we believe that we have seen the peak in capex spending in 2008.

To maximize product availability in the market and be closer to our subscribers, our distribution channel now consists of more than 240,000 active independent retailers throughout Indonesia.

The brand awareness of the XL monolithic brand showed strong traction and was ranked second by the end of 2008 according to brand tracking market research.

To be more focused on our core business and keeping a lean organization, we outsourced our call center to a third party in 2008. Furthermore, we conducted a voluntary early retirement program at the end of 2008 of which 68 employees made use. We changed our compensation system on both the fixed and variable elements resulting in more performance based differentiation.

At the bottom line, we recorded a loss of Rp 15 billion for FY 2008. This resulted from higher realized and unrealized forex losses due to the significant IDR weakening towards the end of the year; higher interest expenses from increased borrowings and higher IDR against USD exchange rate; and a few incidental charges for the accelerated depreciation of the remaining legacy MSC (Rp 451 billion), a provision for VAT on bonus pulsa 2006 and 2007 from the tax assessment for 2006 (Rp 110 billion), and a provision for the SMS cartel allegation (Rp 25 billion).



FINANCIAL MEASURES

Income Statement (Audited)

Income Statement (In Rp Billion)	FY07	FY08	Growth
Cellular Telecommunication Service:			
Voice	3,866	6,623	71%
Non Voice	2,634	3,145	19%
Total Cellular Telecommunication Service	6,501	9,768	50%
Cellular Interconnection and International Roaming Service	1,384	1,537	11%
Other Telecommunication Services:			
Leased lines	409	478	17%
Leased Towers	-	277	n.a
Others	72	96	34%
Total Other Telecommunication Services	480	851	77%
Revenue	8,365	12,156	45%
Less: Discount	(375)	(95)	-75%
Revenue Net of Discount	7,990	12,061	51%
Interconnection and Telecommunication Service Charges	1,530	2,296	50%
Labor Cost (Permanent & Temporary)	574	723	26%
Sales Commissions & Marketing Expenses	896	1,353	51%
Network Infrastructure Expenses	963	1,659	72%
Rental Site and Tower	114	330	190%
Support & Overhead Expenses	404	570	41%
Total OPEX	4,480	6,930	55%
EBITDA	3,509	5,132	46%
EBITDA Margin	42.0%	42.2%	n.a
Depreciation & Amortization	1,749	3,379	93%
EBIT	1,760	1,753	0%
Other (Expenses) / Income			
Interest expense	(694)	(1,122)	62%
Interest income	51	28	-46%
Forex loss	(204)	(332)	63%
Others	(394)	(401)	2%
Total Other Expenses	(1,242)	(1,828)	47%
Profit / (Loss) Before Tax	518	(75)	n.a
Income Tax (Expense) / Benefit ¹⁾	(267)	60	n.a
Profit / (Loss) After Tax	251	(15)	n.a

¹⁾ The Indonesian government issued a new income tax regulation in Sept 2008, which will decrease corporate income tax from the current marginal tax rate of 30% to a fixed rate of 28% in 2009 and 25% in 2010 and onwards. Although the regulation will be implemented starting from 1 January 2009, we already recognized the impact on our deferred tax assets and liabilities in our financial statements.

Below is the normalized net income:

Normalized Net Income (In Rp Billion)	FY07	FY08	Growth
Net Income / (Loss)	251	(15)	n.a
Less: unrealized forex loss (gain), net of tax	135	(95)	n.a
WHT on USD bond interest (net of tax)	336	-	n.a
Accelerated depreciation MSC (net of tax)	-	338	n.a
VAT Bonus Pulsa (net of tax)	-	101	n.a
SMS Cartel (net of tax)	-	19	n.a
Normalized Net Income	721	348	-52%



Revenue

Our gross revenue increased 45% to Rp. 12,156 billion by end of 2008 from Rp. 8,365 billion in the previous year, mainly due to 50% increase in cellular telecommunication service which contributed 80% of our gross revenue and the new revenue stream from tower lease.

Cellular telecommunications service

Revenue from our cellular telecommunications service, which is comprised of revenue from voice, non-voice and monthly service charge, increased 50% to Rp. 9,768 billion in FY08 from Rp. 6,501 billion in the prior year, mainly due to 71% increase in voice revenues resulting from 705% increase in total OG minutes and a 68% increase in total subscribers.

Cellular interconnection and international roaming service

Revenue from our cellular interconnection and international roaming service, which is comprised of revenue from domestic interconnection, international roaming, SMS interconnection and others, increased 11% to Rp. 1,537 billion in FY08 from Rp. 1,384 billion in the prior year, mainly due to 17% increase in domestic interconnection revenue. Domestic interconnection revenue accounted for 67% of revenue from our cellular interconnection and international roaming service in FY08.

Other telecommunications services

Revenue from other telecommunications services is comprised of revenue from leased lines, tower business unit, internet service providers and others. Other telecommunication services increased by 77% to Rp. 851 billion in FY08 from Rp. 480 billion in the prior year, mainly due to a new revenue stream from leasing out tower space to other operators, as well as an increase in the number of our corporate leased line subscribers.

Discount

Discount is comprised of discounts on our VoIP revenue, cellular revenue, and leased line revenue, decreased by 75% to Rp. 95 billion in FY08 from Rp. 375 billion in the prior year. This was driven by our transformed strategy in applying tariff reductions instead of discount schemes as we believe the direct tariff reductions are more effective to stimulate usage from our subscribers.

Operating expenses

Our operating expenses increased 55% to Rp. 6,930 billion in FY08 from Rp. 4,480 billion in the prior year, due to increases in our interconnection and telecommunication service charges, infrastructure expenses, sales commissions and marketing expenses associated with the 68% increase in our total subscribers. However, our total cash cost per total minutes decreased by 81% to Rp 60/min in FY08 from Rp 320/min in the previous year.

Interconnection and telecommunication service charges

Interconnection and telecommunication service charges, which are comprised of interconnection charges, other cellular telecommunication charges and other telecommunication service cost, increased 50% to Rp. 2,296 billion in FY08 from Rp. 1,530 billion in the prior year, mainly due to the 68% increase in total subscribers and the 77% increase in off-net total OG minutes.

Labor cost

Our labor cost increased 26% to Rp. 723 billion in FY08 from Rp. 574 billion in the prior year, mainly due to annual salary adjustments, increased performance bonuses in 2008, paid severance payment for approximately 400 contact center employees, and severance payment for 68 early retired employees. Our total number of permanent employees slightly declined to 2,097 employees in FY08 from 2,136 employees in the previous year

Sales commissions and marketing expenses

Our sales commissions and marketing expenses increased 51% to Rp. 1,353 billion in FY08 from Rp. 896 billion in the prior year, due to 51% increase in sales commissions mainly associated with 58% increase in prepaid revenue and 51% increase in advertising and promotion expenses as a result of an aggressive marketing campaign.



Network Infrastructure expenses

Our network infrastructure expenses is comprised mainly of frequency fee (40% of total network infrastructure expense), as well as operating rental leased network facilities, repair and maintenance expense, and utilities fees. In FY08, network infrastructure expenses increased 72% to Rp. 1,659 billion from Rp. 963 billion in the prior year associated with the 50% increase in number of BTS, mainly due to 40% increase in frequency fees related to the expansion of our network, an increase in rental fees paid for leased network facilities and increase in utilities fees.

Rental Site and Tower

In 2008, we have started to make use of “built to suit” arrangements for our BTS as we intend to move gradually away from self-build. Rental site and tower expense is principally comprised of rental expenses for BTS sites (including tower space) leased from third parties. Rental tower expense increased 190% to Rp. 330 billion in FY08 from Rp. 114 billion in the prior year, mainly due to an increase in leased BTS sites comprising part of the 5,572 BTS YoY added to increase our network capacity and coverage and amending lease agreements for our BTS sites in 2008. The proportion of self-build towers and our leased towers were 85% and 15%, respectively by end of 2008.

Support and overhead expenses

Support and overhead expenses increased 41% to Rp. 570 billion in FY08 from Rp. 404 billion in the prior year, mainly due to increases in professional fees.

EBITDA

EBITDA increased 46% YoY to Rp. 5,132 billion in FY08 from Rp. 3,509 billion in the prior year. The EBITDA margin was stable at 42%.

Depreciation and amortization expenses

Our depreciation and amortization expenses increased 93% to Rp. 3,379 billion in FY08 from Rp. 1,749 billion in the prior year due to higher regular depreciation over the increased asset base, and accelerated depreciation of our remaining legacy MSC amounting to Rp 451 billion.

Other Income (expense)

Other expenses increased 47% to Rp. 1,828 billion in FY08 from Rp. 1,242 billion in the prior year, mainly due to the following:

- Higher interest expenses due to a 94% increase in interest bearing debt from Rp. 9,663 billion as of 31 Dec 2007 to Rp. 18,721 billion as of 31 Dec 2008.
- Higher foreign exchange loss from the 16% depreciation of the Rupiah against the U.S. dollar in 2008. The closing rate Rupiah/USD rate as of 31 Dec 2008 and 31 Dec 2007 were Rp. 10,950/USD and Rp. 9,419/USD, respectively, whereas the closing rate Rupiah/USD as of 31 Dec 2007 and 31 Dec 2006 were Rp. 9,419/USD and Rp. 9,020/USD, respectively.
- Other expenses increased to Rp. 401 billion in FY08 from Rp. 394 billion in the prior year. FY08 other expenses were comprised of:
 - a) A recorded Rp. 13.2 billion for entire remaining issuance cost and bond discount on our USD 350 million principal amount bonds which were fully redeemed at 100% principal amount in Jan 2008
 - b) A premium paid on the partial tender offer of USD 122.3 million on our USD 250 million 7.125% bonds due in 2013 (the “2013 Bonds”) redeemed at 101% of the principal amount in Jun 2008 in the amount of USD 1.2 million
 - c) A 1% consent solicitation fee paid to consenting holders of the 2013 Bonds in Jun 2008 for amendments and waivers related to the proposed sale of our tower business in the amount of USD 2.3 million
 - d) A recorded provision for a penalty levied in Jun 2008 in the amount of Rp. 25 billion for engaging in SMS tariff fixing.
 - e) A recorded accrual for tax and penalty amounting to Rp. 110.1 billion for VAT on bonus reload transactions in 2006 and 2007 based on a tax audit assessment issued in Sept 2008

Profit/(Loss) After Tax.

In 2008 we recorded net loss of Rp 15 billion and a normalized net income of Rp 348 billion.



Balance Sheet (Audited)

Balance Sheet (In Rp Billion)	FY07	FY08	Growth
Current Assets			
Cash and cash equivalents	806	1,170	45%
Trade and other receivables - net	311	938	202%
Prepayments	504	1,133	125%
Others	59	478	707%
Total Current Assets	1,679	3,719	121%
Non-Current Assets	17,121	25,192	47%
Total Assets	18,801	28,911	54%
Current Liabilities			
Trade and other payables	3,190	3,707	16%
Taxes payable	96	101	5%
Deferred revenue	410	1,110	171%
Short term loan and current maturity of long term loan	3,323	1,278	-62%
Total current liabilities	7,020	6,196	-12%
Non-Current Liabilities			
Trade payables	296	297	0%
Long term loan	2,526	14,564	476%
Deferred tax liabilities	614	554	-10%
Long term bonds	3,814	2,879	-25%
Others	66	114	72%
Total Non-Current Liabilities	7,316	18,407	152%
Total Liabilities	14,336	24,603	72%
Equity			
Share capital & capital surplus	3,401	3,401	0%
Retained earnings	1,064	907	-15%
Total Equity	4,465	4,308	-4%
Total Liabilities and Equity	18,801	28,911	54%

Total assets increased by 54% to Rp. 28,911 billion in FY08 from Rp. 18,801 billion in the prior year, mainly due to higher investment activities.

- Current assets increased 121% YoY to Rp. 3,719 billion as of FY08 from Rp. 1,679 billion as of FY07, mainly due to higher cash and prepayments. Others increased by 707% YoY mainly due to recording of the current portion of derivative receivable in FY08 and higher inventory handset.
- Non current assets increased 47% YoY to Rp. 25,192 billion as of FY08, mainly as a result of increases in net fixed assets mainly due to 5,572 BTS deployed during 2008 or 50% increase in number of BTS YoY from 11,157 BTS in FY07 to 16,729 BTS in FY08.
- Current liabilities decreased 12% YoY to Rp. 6,196 billion as of FY08 from Rp. 7,020 as of FY07, due to lower short-term loan and current maturity of long-term loans which was partially offset by increase in trade and other payables and deferred revenue. The short-term loan and current maturity of long-term loan comprising of USD 50 million which will be due in Jul 2009; USD 31 million which will be due in Jan and Jul 2009 from EKN loan; and Rp 400 billion which will be due in Dec 2009.
- Non current liabilities increased by 152% YoY to Rp. 18,407 billion as of FY08, mainly due to an increase in interest bearing debt in FY08 despite the USD 122.3 million partial tender offer for our 2013 Bonds in Jun 2008 and the tax redemption of our entire USD 350 million bonds in Jan 2008. The original denomination long-term loans were amounting to USD 781 million and Rp 8,950 billion.

Capital Expenditure

Capital Expenditure (In Rp Billion)	FY07	FY08	Growth
Capitalized capex	7,088	10,845	53%
Paid capex	6,868	11,382	66%
Commitments entered into*	7,477	12,859	72%

* The original amount is in IDR and USD. The USD portion was converted to IDR using closing rate 31 Dec 2007 and 2008. Exchange rate Rupiah against USD as of 31 Dec 2007 and 2008 were Rp 9,419/USD and Rp 10,950/USD, respectively.



Cash Flow (Audited)

Cash Flow (In Rp Billion)	FY07	FY08	Growth
Net cash flow provided from operating activities	3,986	4,710	18%
Net cash flow used in investing activities	(7,154)	(11,514)	61%
Free cash flow	(3,168)	(6,805)	115%
Net cash flow provided from financing activities	3,383	7,263	115%
Net increase in cash and cash equivalents	215	459	113%
Cash and cash equivalents at the beginning of the year	587	806	37%
Effect of exchange rate changes on cash and cash equivalents	4	(94)	n.a
Cash and cash equivalents at the end of the year	806	1,170	45%

- Net cash flow generated from operations in FY08 increased 18% to Rp. 4.7 trillion from Rp. 4.0 trillion in FY07. The increase mainly due to 51% increase in cash received from operating revenues, which partially offset by increase in payments to suppliers and operating expenses of 84% and 415% increase in payment of corporate income tax amounting to Rp 212 billion in FY08 from Rp 41 billion in the prior year.
- Net cash flow used in investing activities increased 61% to Rp. 11.5 trillion in FY08 from Rp. 7.2 trillion in FY07 mainly due to 66% increased in fixed asset acquisition in connection with the 50% increase in our number of BTS.
- Net cash flow provided from financing activities increased by 115% to Rp. 7.3 trillion in FY08 from Rp 3.4 trillion in FY07 due to cash proceeds from additional bank loans amounting to Rp 14.4 trillion, despite the repayment of our bonds and bank loans principal amounting to Rp 5.9 trillion and interest of our bonds and bank loans amounting to Rp 1.2 trillion.

Description of Debts

The detail of debts as of 31 Dec 2007 and 2008 are as follows:

Description	Original Amount of Bond / Bank Loan Facility		(In Rp bn)		Year of Maturity
			2007	2008	
USD Bond 1	USD	350 mn	3,283	-	The bond was called in Jan 08
USD Bond 2*	USD	250 mn	2,321	-	2013
	USD	127.7 mn	-	1,384	2013
IDR Bond	IDR	1,500 bn	1,493	1,495	2012
USD Bank Loan	USD	50 mn	-	548	July 2009
	USD	230 mn	2,166	-	2010
	USD	280 mn	-	3,066	2010
	USD	190 mn	-	2,055	2011
IDR Bank Loan	USD	214 mn	-	2,328	Amortizing semi annually, final repayment is in 2015
	IDR	250 bn	-	249	2010
	IDR	4,000 bn	-	3,997	2011
	IDR	4,000 bn	400	3,600	Amortizing annually, final repayment is in 2012
TOTAL INTEREST BEARING DEBT			9,663	18,721	

* Outstanding Bond USD 250 million per 30 Sept 2008 was USD 127.7 million due to partial tender offer amounting to USD 122.3 million in June 2008.

As of 31 December 2008, we had hedged 41% of our USD debt. Our debt/EBITDA ratio stood at 3.5 and our EBITDA/Interest Expense ratio was 5.0.

XL latest credit ratings issued are as follows:

	Foreign Currency	Local Currency	Outlook
Moody's	Ba2	-	Stable
Standard & Poor's	BB-	-	Stable
Fitch Ratings	-	AA(idn)	Stable
Pefindo	-	idAA-	Stable



OPERATING MEASURES

Operating Key Performance Indicator	FY07	FY08	Growth
Total O/G Minutes of Usage (billion minutes)	6.8	54.9	705%
O/G MOU/subs/month (minutes)	50	212	326%
Total Minutes (billion minutes)	13.8	109.5	694%
Total MOU/subs/month (minutes)	101	423	320%
Total O/G SMS (billion SMS)	12.6	17.8	41%
O/G SMS/subs/month (SMS)	92	69	-25%
Total BTS	11,157	16,729	50%
Total Subs/BTS	1,386	1,555	12%
Total Minutes/BTS (million minutes)	1.2	6.5	429%
Number of Employee, (permanent)	2,136	2,097	-2%
Efficiency ratio (subs/employee)	7,242	12,406	71%

Other Parameters	FY07	FY08	Growth
Revenue (in Rp billion)			
Postpaid	821	856	4%
Prepaid	5,602	8,849	58%
Total # subscriber (000)	15,469	26,016	68%
Postpaid	481	417	-13%
Prepaid	14,988	25,599	71%
ARPU blended (Rp 000)	47	37	-21%
Postpaid	155	152	-2%
Prepaid	43	35	-19%

MoU

Total Outgoing MoU increased 705% YoY to 54.9 billion minutes in FY08 from 6.8 billion minutes in FY07. Our OG MoU/subs/month increased 326% to 212 mins in FY08 from 50 mins in FY07 while our total MoU/subs/month increased 320% to 423 mins in FY08 from 101 mins in FY07. As a result, our network efficiency ratio grew by 429% to 6.5 million mins/BTS in FY08 from 1.2 million mins/BTS in FY07.

Revenue Postpaid and Prepaid

In FY08, our postpaid revenue increased by 4% YoY to Rp 856 billion due to 16% increase in total outgoing postpaid minutes despite lower postpaid subs in FY08. Our postpaid revenue contributed 7% to our total revenue. Prepaid revenue increased by 58% YoY driven by 771% increase in total outgoing prepaid minutes and a 71% YoY increase in prepaid subscribers despite 78% decrease in our RPM to Rp 120/min in FY08 from Rp 540/min in FY07. Our prepaid revenue contributed 73% to our total revenue.

Subscribers and ARPU

Total number of subscribers increased by 68% YoY to 26 million subs with 13% decrease in postpaid subscribers and 71% increase in prepaid subscribers. ARPU postpaid, prepaid, and blended as of FY08 were 152 thousand, 35 thousand, and 37 thousand, respectively. Blended ARPU and prepaid ARPU decreased by 21% and 19%, respectively.

RECENT DEVELOPMENTS

▪ Tower business

We continued to lease out our space on our towers to other operators under our tower business unit with 7,000 towers available for the leasing. By end of 2008, we had 3,325 reserved sites from four tenants and recorded tower leasing revenue of Rp 277 billion.

We have recently decided to close the tender process for the sale and lease back of our tower portfolio. Due to the deteriorated credit climate we did not receive any bids that business wise had the merits to be pursued. We may revisit this at a later time.



- **Replaced the remaining legacy MSC with the NGN MSC**

In 4Q08, we completed replacement of our remaining legacy MSC with the Next Generation Network MSC in which has four times more capacity, and is equipped with powerful 2G and 3G features to be ready for the next technology evolution, while benefiting from reduced maintenance expense and lower power consumption.

- **Early retirement program**

In line with our objective to maintain a lean organization, we ran an early retirement program and 68 employees opted for the package. Our number of employees slightly decreased in FY08 to 2,097 employees from 2,136 employees in the prior year.

2009 GUIDANCE

Before having a better understanding of the potential impact of macro developments, we are hesitant to provide a short-term growth guidance. On capex spending however, we can be more specific given the fact that our major coverage and capacity upgrade programs are completed. Capex spending going forward will become more specific and selective. We currently expect that the value of new commitments to be entered into during 2009 will be significantly less than during 2008, therefore resulting in a cash-out for capex in the range of USD 600 -700 million.

ABOUT XL



XL is a major cellular provider in Indonesia and majority owned by TM International Bhd through Indocel Holding Sdn Bhd (83.8%), the remaining stakes are held by Emirates Telecommunications Corporation (Etisalat) International Indonesia Ltd., a wholly owned subsidiary of Etisalat (16%), and the public (0.2%).

Date: 23 February 2009