

CONTINUING TO WIN IN THE NEW DIGITAL ERA





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Our persistence to win domination over the digital market in Indonesia earned us a series of remarkable achievements in 2014. Innovations, compelling product and service launches and the leveraging of the Group's collaborative advantage all contributed to the achievement of triple-double digit growth in Revenue, EBITDA and Net Income.

Our success this year was also built on continuous transformation that has been focusing on business, people, organization and culture, to achieve 'Great People, Great Company' and therefore, we are committed to invest in the development of human resources.

We in 2014 were actually on the half way to realize our 3-year strategy to achieve Triple-3 Targets: Double the enterprise value to Rp300 trillion; cumulative revenue growth 33% and digital contribution by 33%.

With smart strategies and commitment to continuous improvements, we believe to achieve all targets and win the digital market.

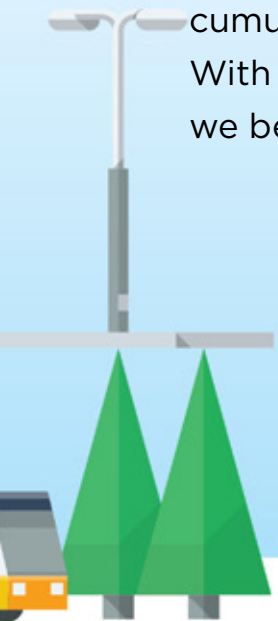


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RESPONSIBILITY FOR THE 2014 ANNUAL REPORT**CONSOLIDATED FINANCIAL STATEMENTS****ADDITIONAL INFORMATION**

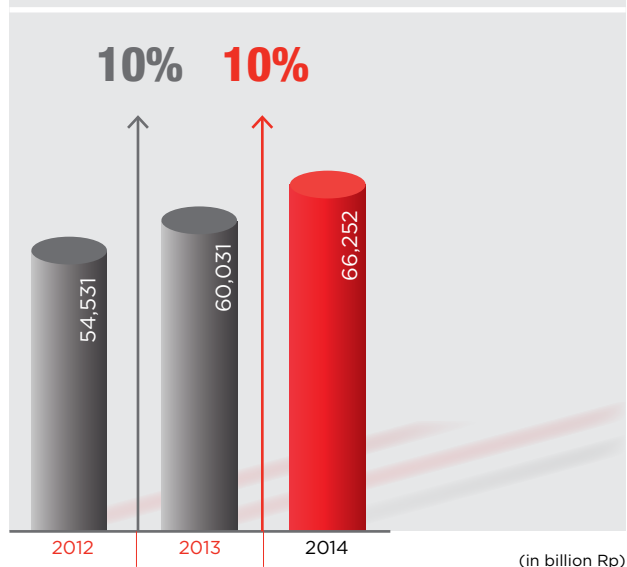
List of Abbreviations
List of GraPARI
Corporate Data

PERFORMANCE HIGHLIGHTS

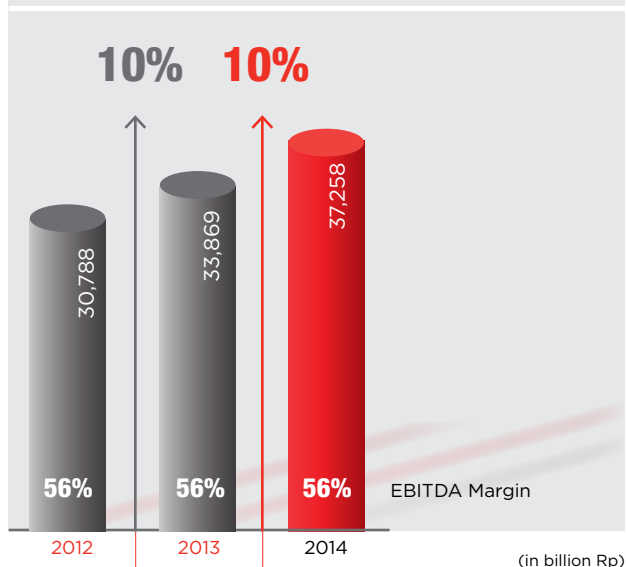


KEY FIGURES OF ACHIEVEMENT

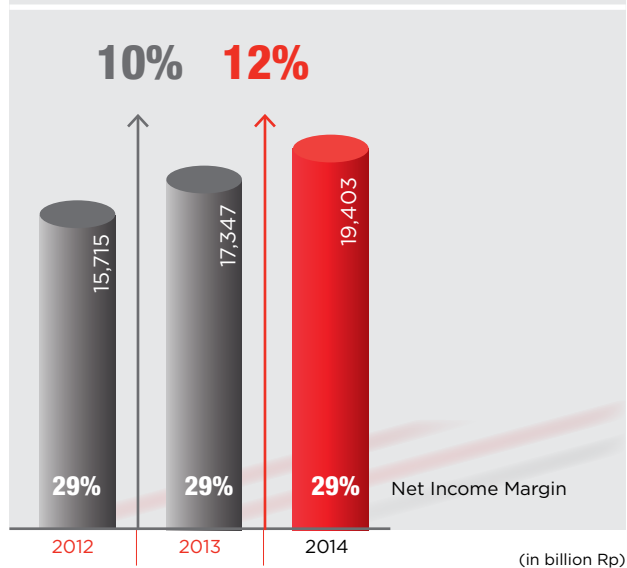
Double Digit Growth in Revenue



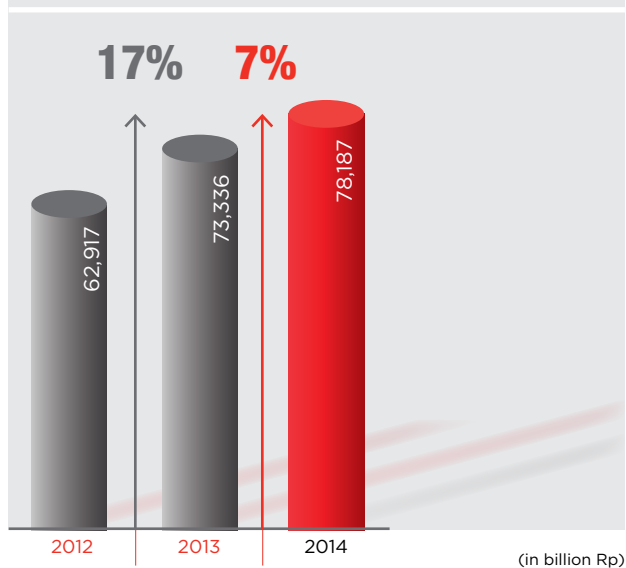
Maintain Double Digit Growth in EBITDA & Stable EBITDA Margin

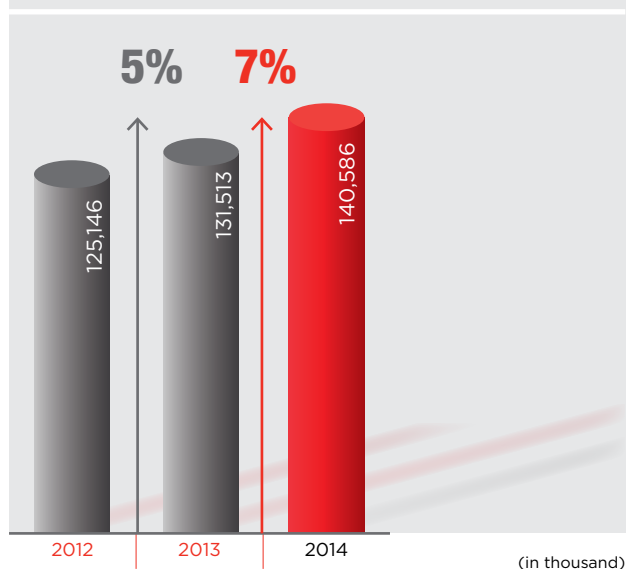
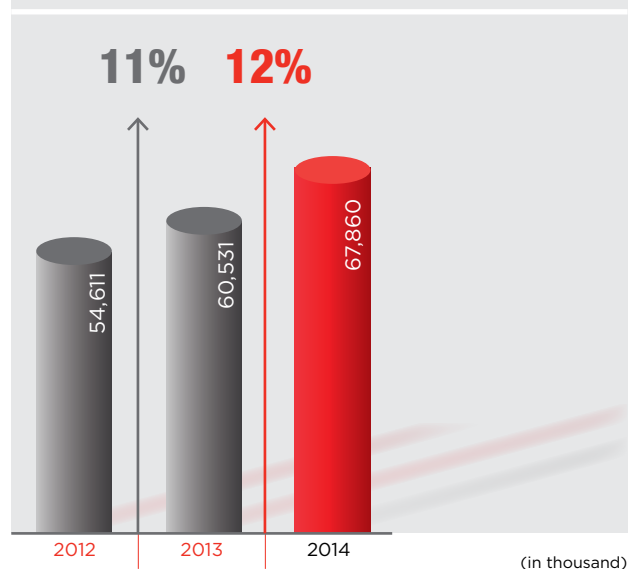
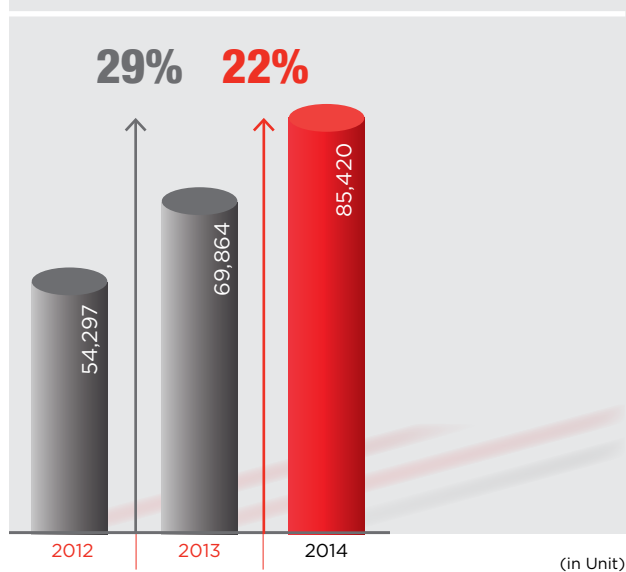
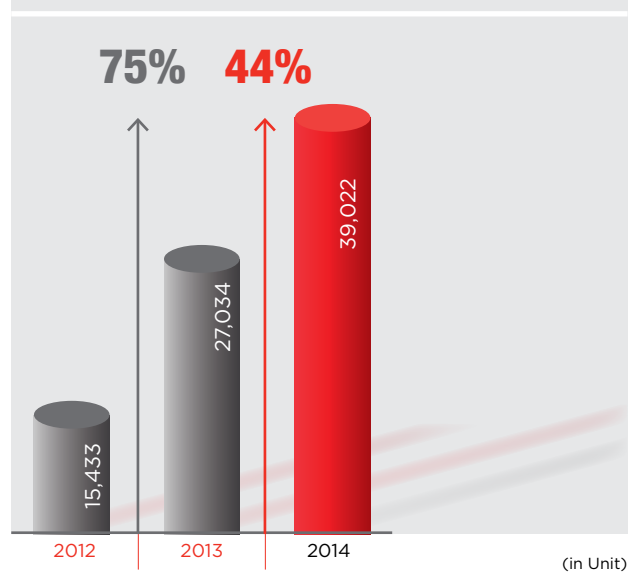


Maintain Double Digit Growth in Net Income & Stable Net Income Margin



Total Asset



Total Customer Base**Maintain Double Digit Growth in Data Enabler Users****Total BTS On-Air****Total 3G/4G BTS On-Air**

FINANCIAL HIGHLIGHTS

Description (in billion Rp)	2010	2011	2012	2013	2014
Financial Position					
Current Assets	5,787	9,855	13,582	16,603	19,300
Fixed Assets	49,118	46,208	46,480	53,182	55,021
Other Non - Current Assets	2,438	2,660	2,855	3,551	3,866
Total Assets	57,343	58,723	62,917	73,336	78,187
Current Liabilities	13,493	13,975	13,039	16,405	18,106
Non-Current Liabilities	9,644	6,372	6,046	9,109	8,469
Equity	34,206	38,376	43,832	47,821	51,612
Total Liabilities and Equity	57,343	58,723	62,917	73,336	78,187
Comprehensive Income					
Revenues	45,567	48,733	54,531	60,031	66,252
Expenses (Include Depreciation)	28,210	31,065	33,538	36,761	40,563
EBITDA	26,598	27,549	30,788	33,869	37,258
Net Income	12,362	12,824	15,715	17,347	19,403
Cash Flows					
Cash Flows from Operating Activities	19,471	22,824	26,229	29,602	30,863
Cash Flows from Investing Activities	(9,870)	(7,665)	(13,528)	(14,445)	(11,052)
Cash Flows from Financing Activities	(2,028)	(3,812)	(2,291)	(1,899)	(497)
Cash Dividend	(9,992)	(8,351)	(9,900)	(12,890)	(15,066)
Cash and Cash Equivalent at End of Year	1,222	4,223	4,787	5,555	9,851
Financial Ratios					
EBITDA Margin ¹	58%	57%	56%	56%	56%
Net Income Margin ²	27%	26%	29%	29%	29%
Return on Assets ³	21%	22%	26%	25%	26%
Return on Equity ⁴	38%	35%	38%	38%	39%

Notes:

¹ EBITDA divided by Revenues

² Net Income divided by Revenues

³ Net Income divided by Average Total Assets

⁴ Net Income divided by Average Total Equity

OPERATIONAL HIGHLIGHTS

Description	2010	2011	2012	2013	2014
Customers - in thousand					
Postpaid	2,126	2,188	2,149	2,489	2,851
Prepaid	91,884	104,829	122,997	129,023	137,734
Total	94,010	107,017	125,146	131,513	140,586
Legacy Business Driver - in billion					
MoU total	135	166	185	191	197
MoU Chargeable	129	159	141	140	161
SMS Total	200	224	253	260	256
SMS Chargeable	94	106	116	146	133
Core Business Driver					
Data Enable Users - in thousand	21,685	39,822	54,611	60,531	67,860
Data Payload - in TByte	12,069	28,275	51,938	96,683	234,862
ARPU - in thousand Rp					
Postpaid	211	193	189	184	172
Prepaid	38	35	34	35	36
Blended	42	39	37	37	39
Network Data					
Total BTS 2G	28,786	33,114	38,864	42,830	46,398
Total BTS 3G/4G	7,771	9,508	15,433	27,034	39,022
Total BTS	36,557	42,622	54,297	69,864	85,420
Employee Data					
Total Employees (excl. BOD)	4,421	4,417	4,557	4,711	4,880
Efficiency Ratio (subs/employee)	21,265	24,228	27,462	27,916	28,809

2014 EVENT HIGHLIGHTS

January



Great to Break 60T Revenue: Yes We Did!

In 2013, Telkomsel succeeded to book a triple double-digit growth in terms of Revenue, EBITDA and Net Income, as revenue was realized at Rp60 trillion or grew by 10.1%. Moreover, EBITDA and Net Income expanded by 10.0% and 10.4%, respectively. Telkomsel determined 2014 as the Smart Year and the targets for 2014, among which were a triple double digit growth, and action programs to do, including Masterpieces, i.e. CRM, M2M and Youth market.

February



Telkomsel Wins 4 Awards at Top Brand Award 2014

Telkomsel repeated its success for seventh year in a row as it won Top Brand Award presented by Marketing Magazine and Frontier Consulting Group in Jakarta, on Wednesday (February, 5th).

At the event Telkomsel won 4 awards, including Best Mobile Internet Service Provider for Telkomsel Flash, Best Prepaid Cellular Simcard for *simPATI*, Best Postpaid Cellular Simcard for kartuHalo, and Best Internet Service Provider for Telkomsel.

March



Telkomsel Launches 'LOOP' Brand for Youth Segment

On March 9, 2014, Telkomsel introduced LOOP brand to grab youth potential, which came with a number of attractive and interesting products consisting of internet, SmauLoop, digital content of LangitMusik, as well as website www.loop.co.id. LOOP completes Telkomsel's 3 other top brands, namely kartuHalo, *simPATI*, and Kartu As.



Telkomsel Poin Unveils its New Face

Continuing the success of Telkomsel Poin with Gold Prize program launched at early of the year of 2014, Telkomsel brought back the same program yet with more interesting and fresh concept and new face, exclusive only for Telkomsel's customers, of either kartuHalo, *simPATI*, or Kartu As. The New Telkomsel Poin was launched in Jakarta, on Saturday (March, 15th).

Telkomsel Integrated Digital School Program Wins The 6th Annual Global CSR Summit and Awards 2014

Telkomsel won Merit Certificate in the category of Best Community Programme presented to Telkomsel Integrated Digital School (IDS) at The 6th Annual Global CSR Summit and Awards 2014 which was held in Bali, on Thursday (April, 3rd).



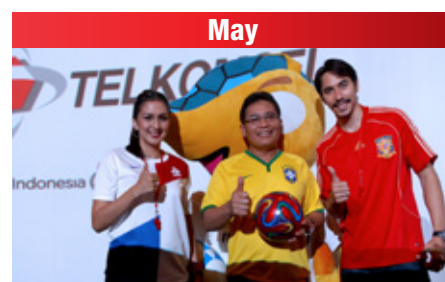
Telkomsel Presents New Trend and The Future of Technology at Telkomsel Digi Expo

As part of commitment to develop Indonesian digital ecosystem, Telkomsel held 'Telkomsel Digi Expo 2014' on 22-23 April 2014. Bringing forward a theme 'Where Smart Life Happens', the exhibition presented a digital lifestyle experience, as well as the latest trend and the future of technology.



Telkomsel Appointed as Official Mobile Broadcaster of the 2014 FIFA World Cup for Indonesia

Benefiting the momentum of World Cup 2014, Telkomsel was appointed as the Official Mobile Broadcaster of the 2014 FIFA World Cup for Indonesian. At the World Cup event this year, Telkomsel presented World Cup 2014 special digital apps that offered customer the experience for live match streaming, catch up streaming, video clip of highlight match, World Cup news, as well as goal alert and match begin alert.



Semarak 19 Ulang Tahun Telkomsel Program for Customers

In celebrating its 19th anniversary, Telkomsel held "Semarak 19 Ulang Tahun Telkomsel" program dedicated to all Telkomsel's loyal customers. The program started from May 5, 2014 until June 30, 2014. The program was valid for every customer that exchanged their Telkomsel Poin, or bought for special package of 'Semarak 19 Ulang Tahun Telkomsel' using MyTelkomsel application, or bought special voucher during the period.



Customer Relationship Management (CRM)

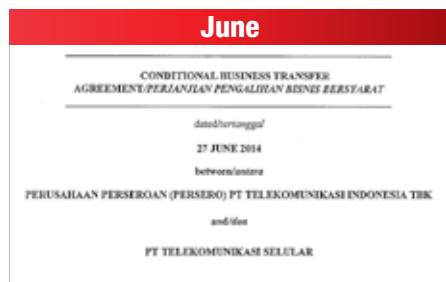
Telkomsel on May 29, 2014, launched Customer Relationship Management (CRM) to improve quality of service to be more customer-oriented. Besides, CRM system will ease customer service process through the implementation of integrated information system and will facilitate planning, time plan, and pre-sales control, management, and after-sales activity.



PERFORMANCE HIGHLIGHTS

2014 EVENT HIGHLIGHTS

June

**Conditional Business Transfer Agreement (CBTA) Telkom-Telkomsel**

In June 2014, Telkomsel and Telkom entered into a Conditional Business Transfer Agreement (CBTA) regarding with transfer of license from Telkom to Telkomsel to utilize the radio frequency spectrum in the 800 MHz frequency bandwidth which previously used by Telkom Flexi. The Government approved the reallocation of radio frequency spectrum license through the issuance of Minister of Communication and Informatics' Decree No. 934 Year 2014.

**Telkomsel - BNI Present Indonesia's First m-POS**

Telkomsel in cooperation with Bank Negara Indonesia (BNI) presented the first mobile Point of Sales (m-POS) in Indonesia. Equity Life Indonesia will be the first to use m-POS facility following the signing of a cooperation agreement with Telkomsel, BNI and Equity Life, supported with MasterCard, in Jakarta, on Thursday (June, 26th).

**Telkomsel and Samsung Fosters Strategic Cooperation on Smartphone Penetration in Indonesia**

In early April this year, Telkomsel and Samsung Indonesia signed a cooperation agreement on product, marketing and sales program activity. This was to increase penetration of Samsung smartphone, and enrich customer's digital experience. The strategic cooperation is expected to increase smartphone use and digital experience on Telkomsel 3G network.

**Telkomsel Siaga, Complete Customer Service During Ramadhan and Lebaran**

Telkomsel launched Telkomsel Siaga program on June 27, 2014, bringing a theme 'Penuh Warna, Penuh Makna'. The program extended complete customer service during Ramadhan and Lebaran Holiday 2014. Our services covered network preparation along the main road travelled by holiday travelers, Telkomsel Siaga digital apps, Ramadhan donation package, Telkomsel Poin hot promo, and holiday camp along the main road.

July

**Telkomsel Introduces GraPARI Digilife**

Aiming to get closer to its customers with Digi Lifestyle, Telkomsel officially opened the service of GraPARI Digilife at Dago Bandung, on Monday (July, 21st), which would serve as Telkomsel's Service Branch as well as the first Digital Experience Center in Indonesia. At this GraPARI Digilife, customers will have the experience of the modern Digi Lifestyle using the Telkomsel's full digital services.

August

**Telkomsel Participates at World Communication Awards 2014**

Indonesia participated at World Communication Awards 2014. At the event that presented awards for global telecommunication providers, Telkomsel was honored to represent Indonesia as one of the candidates for CEO of the Year category.

Sail Raja Ampat

Telkomsel became the only telecommunication operator appointed by Ministry of Communication and Informatics (MoCI) to serve cellular network at international event "Sail Raja Ampat" which was held on August 23, 2014, at Waisai Torang Cinta Beach, Raja Ampat, West Papua. Benefiting from the international event, "Sail Raja Ampat 2014" which brought a theme "Membangun Bahari Menuju Raja Ampat ke Pentas Wisata Dunia", Telkomsel launched Special SimCard Package of "Sail Raja Ampat".

Telkomsel and CIMB Niaga's Joint Collaboration in Enterprise Smart Connection Service

Two Indonesian major companies, Telkomsel and CIMB Niaga, held a joint collaboration in Enterprise Smart Connection. The agreement was signed by Telkomsel President Director Alex J. Sinaga and CIMB Niaga President Director Arwin Rasyid in Jakarta, on Saturday (August, 9th). CIMB Niaga will implement Telkomsel Enterprise Smart Connection with CUG (Closed User Group) facility to connect the employees, families of employees, and partners of CIMB Niaga.

Government, BI, and Cellular Operator Launch National Non Cash Movement

Government and Bank of Indonesia (BI), supported by the banking sector and the telecommunication companies together launched National Non Cash Movement in Jakarta, on Thursday (August, 14th). The movement was launched to stimulate the non-cash transaction which is considered safer and more efficient. The event was attended by Indonesia's Coordinating Minister for Economic Affairs Chairul Tanjung, Governor of Bank of Indonesia Agus Martowardojo, Chairman of the Association of Indonesian Provincial Governments Syahrul Yasin Limpo, and Vice Governor of Jakarta Special Province Basuki Tjahaja Purnama.

Telkomsel Wins 4 Awards at Frost & Sullivan Indonesia Excellence Awards

Telkomsel was presented with 4 awards at 2014 Frost & Sullivan Indonesia Excellence Awards in Jakarta, on Tuesday (September, 23rd). Telkomsel at the event was awarded the 2014 Indonesia Green BTS Operator of the Year; 2014 Indonesia Mobile Broadband Service Provider of the Year; 2014 Indonesia Mobile Data Service Provider of the Year; and 2014 Indonesia Mobile Service Provider of the Year.

Telkomsel President Director Receives Satya Lencana Pembangunan

In line with the commemoration of the 69th Post and Telecommunication Day at the Office of PT. Pos Indonesia Bandung, on Saturday (September, 27th), Telkomsel's President Director, Alex J. Sinaga, was awarded with Satya Lencana Pembangunan for his service in telecommunication industry in Indonesia, through Decision Letter No.44/TK/Year 2014 signed by President of Republic of Indonesia Susilo Bambang Yudhoyono.

August



September



PERFORMANCE HIGHLIGHTS

2014 EVENT HIGHLIGHTS

October



Telkomsel Presents General Meeting of People's Consultative Assembly Starter Pack

As the Most Indonesian operator, Telkomsel supports state activities. One form of such support was Telkomsel presented a starter pack and pulse voucher that brought a theme the General Meeting of People's Consultative Assembly. Telkomsel took the special chance to present the special edition starter pack to Chairman of People's Consultative Assembly of Republic of Indonesia, Zulkifli Hasan at Nusantara V Building in Jakarta, on Thursday (October, 16th).



Telkomsel Becomes The Most Favorite Youth Brand

Telkomsel was appointed as the most favorite brand among youth segment in Indonesia in the category of cellular operator. The award was presented at Indonesia Most Favorite Youth Brand 2014, on Wednesday (October, 22nd), in Jakarta by Marketeers Magazine and a research institution, MarkPlus Insight. The award was to recognize the brand that attracted the biggest interest from youth segment.

November



Telkomsel Presents End-to-End M2M Service

Telkomsel presented an end-to-end M2M (Machine to Machine) service that includes flexible control system for solution provider as well as for corporate customers so that they can serve all the needs of their customers. Telkomsel M2M service was officially launched in Jakarta, on Wednesday (November, 19th), marked by the signing of cooperation agreement between Telkomsel and some companies, they were, BRI, LIPI, PINS Indonesia, Ghuroba Madani and FEC Solution.



Telkomsel Wins ACES Awards as the Top Companies to Work For in Asia

Telkomsel won an award at Asia Corporate Excellence and Sustainability (ACES) Awards in Singapore (November, 26th) as one of Top Companies to Work for in Asia. The award was presented based on qualitative and quantitative assessment against a company in sustaining its business.

December



Telkomsel Wins 2 Awards at HR Excellence and Future HR Leader Award 2014

Telkomsel wins awards in the categories of Human Resources Transformation and People Development and Performance Management at HR Excellence Award 2014 & Future HR Leader Award 2014 in Jakarta, on Monday (December, 1st). The event which was held by SWA Magazine in cooperation with Faculty of Economics of University of Indonesia was to recognize a company with successful Human Resources Management.

Telkomsel Wins Three Awards at Business Review Award 2014

Telkomsel achieved 3 (three) awards at Anugerah Business Review 2014 which was held in Jakarta, on Tuesday (December, 9th). Telkomsel was presented with the awards in the categories of 1st The Best Finance Performance of the Year 2014, 1st The Best Corporate Communication of the Year 2014, and 4th The Best Non Listed Company of the Year 2014.



TMUI & IDS Programs Wins the Indonesian CSR Awards (ICA) 2014

Telkomsel Mengajar Untuk Indonesia (TMUI) Program and Integrated Digital School (IDS) Program was awarded in the event of Indonesian CSR Award (ICA) 2014. Both programs have won four awards, 2 Gold predicate and 2 Silver predicate, it proved that Telkomsel has implementing CSR programs in order to give change for the people of Indonesia.



First in Indonesia, Telkomsel Commercially Launches Mobile 4G LTE

Telkomsel commercially launched the first mobile 4G LTE service in Indonesia on December 8, 2014, following its successful trials for 4G LTE service since 2010, including a trial during KTT APEC 2013 in Bali. To serve the fourth generation technology service will sustain Indonesia on the same position with the other countries in the world, which have adopted the 4G service, and will fulfill the increasing demand from the domestic market for mobile broadband.



The Launch of www.Blanja.com

Telkomsel launched blanja.com as part of online marketplace ecosystem. The portal is a joint venture company between Telkom Group and eBay, which is a world renowned e-Commerce marketplace player. The launching event took place in Jakarta, on Monday (12/8). blanja.com will strengthen Telkomsel's digital ecosystem, particularly in the areas of e-Commerce and m-Commerce.



LOOP KePo Digital Festival

The peak event of Telkomsel's LOOP KePo roadshow (LOOP Kreatif Project) to 10 cities was the LOOP KePo Digital Festival which took place at JCC Jakarta on December 12-13. Various creative performances lighted up the event that successfully attracted attention of thousands of youth from Jakarta and beyond. In fact, the creators of digital Indonesia took the opportunity to share about creative content, such as music, writing, video, game, and the others. They encouraged the young generation to not only become a content user, but also to become creator or content developer.



Christmas and New Year

To ensure the delivery of quality service to our customers during high traffic on Christmas and New Year Celebration, Telkomsel upgraded the capacity and quality of network across Indonesia. The activity was reported to Minister of Communications and Informatics Rudiantara while he did inspection to Network Operation Centre (NOC) at Telkomsel's Head Office on the New Year's Eve of 2014/2015.



AWARDS AND ACCOLADES

Throughout the year of 2014, Telkomsel obtained total of 66 awards in various categories from various institutions for national to international level. The achievement was improved compared to last year with 55 awards. These awards are reflection of Telkomsel's business excellence which operates in high standard to stay in the lead in telco industry. With an unparalleled combination of network infrastructure, coverage areas, strategy execution and strong management operation, Telkomsel is driving breakthrough to provide customer experience. Among the awards included:

Business Excellence

Frost & Sullivan Indonesia Excellence Awards 2014

1. Indonesia Green BTS Operator of the Year
2. Indonesia Mobile Broadband Service Provider of the Year
3. Indonesia Mobile Data Service Provider of the Year
4. Indonesia Mobile Service Provider of the Year

Uptima Institute – International Data Center Certification

5. Telkomsel BSD Data Center – Tier III Design

Axeda Internet of Things Excellence Awards 2014

6. Telkomsel - International Mobile Partner

Top Brand Award

7. kartuHalo - Postpaid Cellular SIM Card
8. *simPATI* - Prepaid Cellular SIM Card
9. Telkomsel Flash - Mobile Internet Service Provider
10. Telkomsel – Internet Service Provider

Excellent Service Experience Award (ESEA) 2014

11. Excellent Performance in Delivering Positive Customer Experience

World Class Quality Achievement

12. Telkomsel – Cellular Operator

Records Museum of Indonesia

13. Live streaming of product launching that can be viewed through device by customers

Selular Award 2014

14. Telkomsel - Operator of the Year
15. Telkomsel - Best GSM Operator
16. Telkomsel - Best Digital Services
17. kartuHalo - Best Postpaid Card

Top IT Award 2014

18. Telkomsel - Outstanding Achievement in IT Implementation for Performance, Competitiveness and Customer Services

Top Telco Award 2014

19. kartuHalo - Top Post-Paid GSM 2014
20. *simPATI* - Top Pre-Paid GSM 2014
21. Kartu As - Top Pre-Paid GSM 2014
22. Telkomsel Flash - Top Wireless Internet 2014

Indonesia Cellular Award 2014

23. Operator of the Year
24. The Best Customer Service
25. The Most Favorite Stand in Indonesia Cellular Show 2014

Indonesia WOW Brand 2014

26. Telkomsel - Gold Champion of Indonesia WOW Brand 2014 in Cellular Operator
27. Telkomsel Flash - Gold Champion of Indonesia WOW Brand 2014 in Mobile Internet Service Provider

Indonesia Best Brand Award 2014

28. *simPATI* - Gold Best Brand in GSM SIM Card product category for four consecutive years (2011-2014)

Marketeers Award 2014

29. Telkomsel – Indonesia's Most Favorite Netizen Brand 2014

Indonesia Golden Ring Award 2014

30. Telkomsel - Operator of the Year
31. Telkomsel – Best Broadband Service Provider
32. *simPATI* – Best Operator Product

Indonesian Customer Satisfaction Award (ICSA) 2014

33. kartuHalo – The Best in Achieving Total Customer Satisfaction
34. *simPATI* – The Best in Achieving Total Customer Satisfaction

Indonesia Most Experiential Brand Activation 2014

35. Bintang Asik – Best of the Best Contest/ Competition Activation

Youth Community

Top Brand for Teens Award 2014

36. *simPATI* - Outstanding Achievement in Building the Top Brand

Indonesia Youngster Award

37. Telkomsel as Recognition to TemanDev as Youth Empowerment Program

Marketeers Award 2014

38. Telkomsel – Indonesia's Most Favorite Youth Brand 2014

Youth Marketing Activation Program of the Year

39. Loop Kreatif Project

Customer Service Excellence

Frost & Sullivan Best Practices in Customer Experience Awards 2014

40. Indonesia Best Customer Experience in Telecommunications - Services
41. Indonesia Best Customer Experience in Telecommunications - Customer Support Channels

Contact Center Service Excellence Award 2014

42. "GOOD" Service Performance for Customer Service Email Centers (cs@telkomsel.co.id)
43. "EXCELLENT" Service Performance for Contact Center Telkomsel (Call Center)

Service Quality Awards 2014

44. GraPARI - The Best Customer Touch Point

Corporate Image

Asia Corporate Excellence & Sustainability Awards 2014

45. Top Companies to Work for in Asia

Selular Award 2014

46. Alex J. Sinaga - CEO of the Year

The Best of Private Company Inhouse Magazine (InMA) 2014

47. Signal Magazine

Warta Ekonomi Certificate of Appreciation

48. Alex J Sinaga - Indonesia Most Admired CEO 2014

49. Telkomsel - Indonesia Most Admired Company 2014

Corporate Image Award 2014

50. Telkomsel - The Best Corporate Telecommunication

Program & People of the Year 2014

51. Digital Creative Indonesia as Indonesia Best Corporate Public Relations Program 2014
52. Signal Magazine as Indonesia Best of the Best Internal Communication Media 2014

HR Excellence Awards 2014

53. 1st Champion for People Development Category
54. 1st Champion for HR Transformation Category

Anugerah Business Review 2014

55. 1st The Best Finance Performance of the Year 2014
56. 1st The Best Corporate Communication of the Year 2014
57. 4th The Best Non Listed Company of the Year 2014

GCG & CSR

The 6th Global CSR Awards 2014

58. Merit Certificate in Best Community Program Category for Telkomsel Integrated Digital School

Regional Tax Office IV

59. Telkomsel – The Largest Tax Payer Contribution

Ministry of Communication and Informatics Republic of Indonesia

60. Telkomsel - Mentawai Megathrust Disaster Relief Exercise

61. Telkomsel - Indonesia International Maritime Festival 2014

BKKBN (National Population and Family Planning Board) Pariwara Mitra Keluarga Award 2014

62. Telkomsel Halo Family – Advertisement in service product category

Indonesian CSR Awards 2014

63. Gold Champion for Telkomsel Mengajar untuk Indonesia program
64. Silver Champion for Telkomsel Mengajar untuk Indonesia program
65. Gold Champion for Integrated Digital School program
66. Silver Champion for Integrated Digital School program

PERFORMANCE HIGHLIGHTS



Indonesia World Museum Record



Top Brand Award 2014
Telkomsel, Telkomsel Flash, kartuHalo and *simPATI*



Excellent Service Experience Award (ESEA) 2014



InHouse Magazine Awards 2014



Cellular Award
CEO of The Year, Best GSM Operator, Operator of The Year, Best Digital Service & Kartu Halo



Frost & Sullivan - Best Practices in Customer Experience Awards 2014
Customer Support Channels & Services



Kementerian Komunikasi dan Informatika
Special Acknowledgement for Indonesia International Maritime Festival 2014 & Mentawai Megathrust Relief



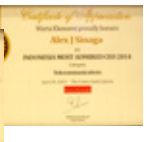
Contact Center Service Excellence Awards 2014
The Best Customer Service Emails Center for Telecommunications & The Best Call Center for Telecommunications



Top Brand for Teens
PrePaid Card



Warta Ekonomi
Indonesia Most Admire Company & Indonesia Most Admire CEO



Top IT Agility in TELCO 2014



Top Telco 2014
Telkomsel Flash, kartuHalo, *simPATI* & Kartu As



Indonesia Youngster Award
TemanDev as Youth Empowerment Program



BKKBN
Pariwara Mitra Keluarga Awards 2014

Axedit Internet of Things Excellence Awards 2014
Telkomsel as International Mobile



Indonesia Cellular Awards 2014
Operator of The Year, The Best Customer Service, The Most Favourite Booth in Indonesia Cellular Show 2014



Gold Champion of Indonesia
WOW Brand 2014 - MarkPlus Inc.
Category Cellular Operator and Mobile Internet Service Provider



Gold Indonesia Best Brand Award 2014 - SWA
simPATI GSM SIM card



Indonesia Service Excellence Award 2014
by Frost & Sullivan International
Indonesia Green BTS Operator of The Year, Indonesia Mobile Service Provider of The Year, Indonesia Mobile Data Service Provider of The Year, Indonesia Mobile Broadband Service Provider of The Year



Indonesia Most Favorite Netizen Brand 2014
Telkomsel Flash



Indonesia Most Favorite Youth Brand 2014
Telkomsel as Cellular Operator



Indonesia PR of The Year 2014
Best Corporate PR Program for Digital Creative Indonesia and Best of The Best In House Magazine for Signal Magazine



Indonesia Golden Ring Awards 2014
Operator of The Year, The Best Mobile Broadband Service, The Best Cellular Product



Indonesia Customer Satisfaction Award 2014
kartuHalo and *simPATI*



Asia Corporate Excellence & Sustainability Awards 2014
Top Company to Work for in Asia

ISO CERTIFICATION

We are committed to providing the highest customer satisfaction in accordance with the International ISO 9001:2008 standard. This is the international standard for quality management, indicating that they have consistency in delivering high quality services and guarantee customer satisfaction. This certification started on 2011 for Certification Audit, 2012 for Surveillance Audit 1 and 2013 for Surveillance Audit 2. ISO 9001:2008 certification is valid until 2015 (3 years since 2012). In 2014, we maintained our areas that are recognized by ISO certification reflecting our quality maintainance.

Customer Service

The twenty Telkomsel's GraPARI were awarded ISO 9001:2008 certification:

- Telkomsel's GraPARI North Jakarta (Mangga Dua)
- Telkomsel's GraPARI Central Jakarta (Alia Gambir)
- Telkomsel's GraPARI West Jakarta (Central Park)
- Telkomsel's GraPARI East Jakarta (Rawamangun)
- Telkomsel's GraPARI South Jakarta 1 (Wisma Mulia)
- Telkomsel's GraPARI South Jakarta 2 (Gandaria City)
- Telkomsel's GraPARI BSD Tangerang
- Telkomsel's GraPARI Bekasi
- Telkomsel's GraPARI Bogor
- Telkomsel's GraPARI Medan
- Telkomsel's GraPARI Pekanbaru
- Telkomsel's GraPARI Palembang
- Telkomsel's GraPARI Bandung
- Telkomsel's GraPARI Semarang
- Telkomsel's GraPARI Surabaya 1
- Telkomsel's GraPARI Surabaya 2
- Telkomsel's GraPARI Surabaya 3
- Telkomsel's GraPARI Denpasar
- Telkomsel's GraPARI Balikpapan
- Telkomsel's GraPARI Makassar

Call Center

5 (five) Call Centers were awarded ISO 9001:2008 Surveillance certification with zero major finding:

- Call Center Medan
- Call Center Jakarta
- Call Center Bandung
- Call Center Surabaya
- Call Center Makassar

Network and IT

Telkomsel received ISO/IEC 27001:2005 from Bureau Veritas Certification for the operation of broadband services, recharging system, e-wallet system, service desk system, customer care, billing system for postpaid and prepaid provided by the IT Directorate, Network Directorate, and GraPARI at Wisma Mulia building. It was obtained on September 23, 2013 and valid thru September 22, 2016.

REMARKS TO THE SHAREHOLDERS



REMARKS FROM THE PRESIDENT COMMISSIONER



“When we started our Telkomsel 2.0 transformation two years ago, we recognized the importance of building a strong foundation for the digital era.”

Alex J. Sinaga
President Commissioner

Dear Shareholders,

Year 2014 was a monumental year for Telkomsel, as we determined The Smart Year as theme for the year, outperformed the industry and achieved a remarkable performance, posting triple double-digit growth in Revenue, EBITDA and Net Income for the third consecutive year amidst challenging macroeconomic and market conditions. As a leading telco in Indonesia, we always strive to be the best in terms of product innovation, network, technology and customer care. We were the first operator to market the 4th generation Long Term Evolution (LTE) in Indonesia.

The success in achieving this excellent set of results in 2014 was due to a well-executed transformation agenda, as well as people development through our 'GREAT People, Great Company' program. 2014 was the halfway point in our 3-year strategy to achieve our “Triple-3” targets: Double the enterprise value to Rp300 trillion, achieve cumulative revenue growth of 33% and increase the digital business contribution to 33% by 2015. We are on track and will continue to put our maximum effort into achieving these targets.



The success in achieving this excellent set of results in 2014 was due to a well-executed transformation agenda, as well as people development through our 'GREAT People, Great Company' program. 2014 was the halfway point in our 3-year strategy to achieve our "Triple-3" targets: Double the enterprise value to Rp300 trillion, achieve cumulative revenue growth of 33% and increase the digital business contribution to 33%.

Continuing to Win in the New Digital Era

When we started our Telkomsel 2.0 transformation two years ago, we recognized the importance of building a strong foundation for the digital era. Our transformation focuses on business, people, organization and culture. For the Business transformation, each year we focus on different key Masterpiece programs building around our DNA strategy (Device-Network-Application). In 2014, we focused on CRM (Customer

Relationship Management), M2M (Machine to Machine) and Winning The Youth. For the transformation of People, Organization and Culture, we continued to develop and build on the strong foundation laid in previous years. We will safeguard the transformation process to ensure that Telkomsel stays ahead in the industry, and in the digital era.

We have witnessed exponential growth in data consumption, driven by fast-growing smartphone adoption and the abundance of data intensive applications. To monetize

these digital world opportunities and maintain our position as the leading network supplier, we continue to invest in broadband and LTE infrastructure. We are committed to build superior networks, invest in the latest network technology and bring high quality, differentiated services to our 140 million customers that will enable us to continuously deliver sustainable growth and win the competition. The presence of 4G LTE will strengthen Telkomsel's digital business position and thus accelerate the Company's business transformation into a digital company.

REMARKS FROM THE PRESIDENT COMMISSIONER

Good Corporate Governance

We aspire to the highest standards of corporate governance and our role as Commissioners is to ensure that the Board of Directors is on the right track to achieve the strategic objectives that have been established. This supervisory function is supported by a number of committees, including the Audit Committee, which oversees the financial reporting process and internal control system; the Remuneration Committee, which reviews the Company's overall remuneration policy and strategy; and the Capital Expenditure, Financing and Management Process (CFMP) Committee, which oversees the Company's capital expenditure planning and financing policies as well as capacity and operational management. The roles and functions of each committee need to be continuously strengthened to ensure that best corporate governance practice is exercised to the highest standards of transparency and disclosure.

Changes in the Boards

Following the changes in the Board of Directors (BOD) of our parent, PT Telkom, there have been changes to the composition of the Board of Commissioners (BOC) and BOD at Telkomsel. I was appointed as President Commissioner, and joining me on the Board are my two colleagues, Heri Sunaryadi and Diaz Hendropriyono. On this occasion, I would like to thank former President Commissioner Arief Yahya, who has been appointed as Minister of Tourism, and Rizkan Chandra and Priyantono Rudito for their contribution to the Company during their terms. I would also like to welcome the Company's new President Director, Ririek Adriansyah, the new Director of HCM, Priyantono Rudito and the new Director of Network, Sukardi Silalahi, as we believe their appointments bring an increased diversity of skills and experience to Telkomsel. To the outgoing Directors, Herdy Rosadi Harman and Abdus Somad Arief, I offer my sincere appreciation for helping the Company to achieve triple double-digit growth in the last 3 years. All the appointments were effective as of 1 January 2015.

Continue to Share

As the Company that prides itself on being 'The Most Indonesia', we give back to society and the environment through our Corporate Social Responsibility (CSR) programs. Our CSR programs in 2014 focused on the four pillars of Education, Community Development, Ecosystem and Environment. Our education CSR program is focused on Integrated Digital Schools, whereas with the community development and ecosystem programs, we are active during religious and festive seasons as well as helping out the communities near our BTS. On environment, we continue to build on our Emergency Response and Recovery Action capabilities, which help alleviate the impact of natural disasters.

Acknowledgement

In closing, I would like to acknowledge the contribution, hard work and dedication of Telkomsel's Board of Directors, management, and employees to achieve triple double-digit growth over the last 3 years, as well as the support and cooperation from our shareholders, business partners and regulatory authorities that has made 2014 a successful year for Telkomsel. By maintaining this Great Spirit with Solid, Speed and Smart as core values, we will be able to sustain strong performance for years to come.

Sincerely yours,



Alex J. Sinaga

President Commissioner

REMARKS FROM THE PRESIDENT DIRECTOR



“We reported remarkable financial results as our Revenue, EBITDA and Net Income grew by double-digit figures, maintaining our track record over the last 3 years.”

Ririek Adriansyah
President Director

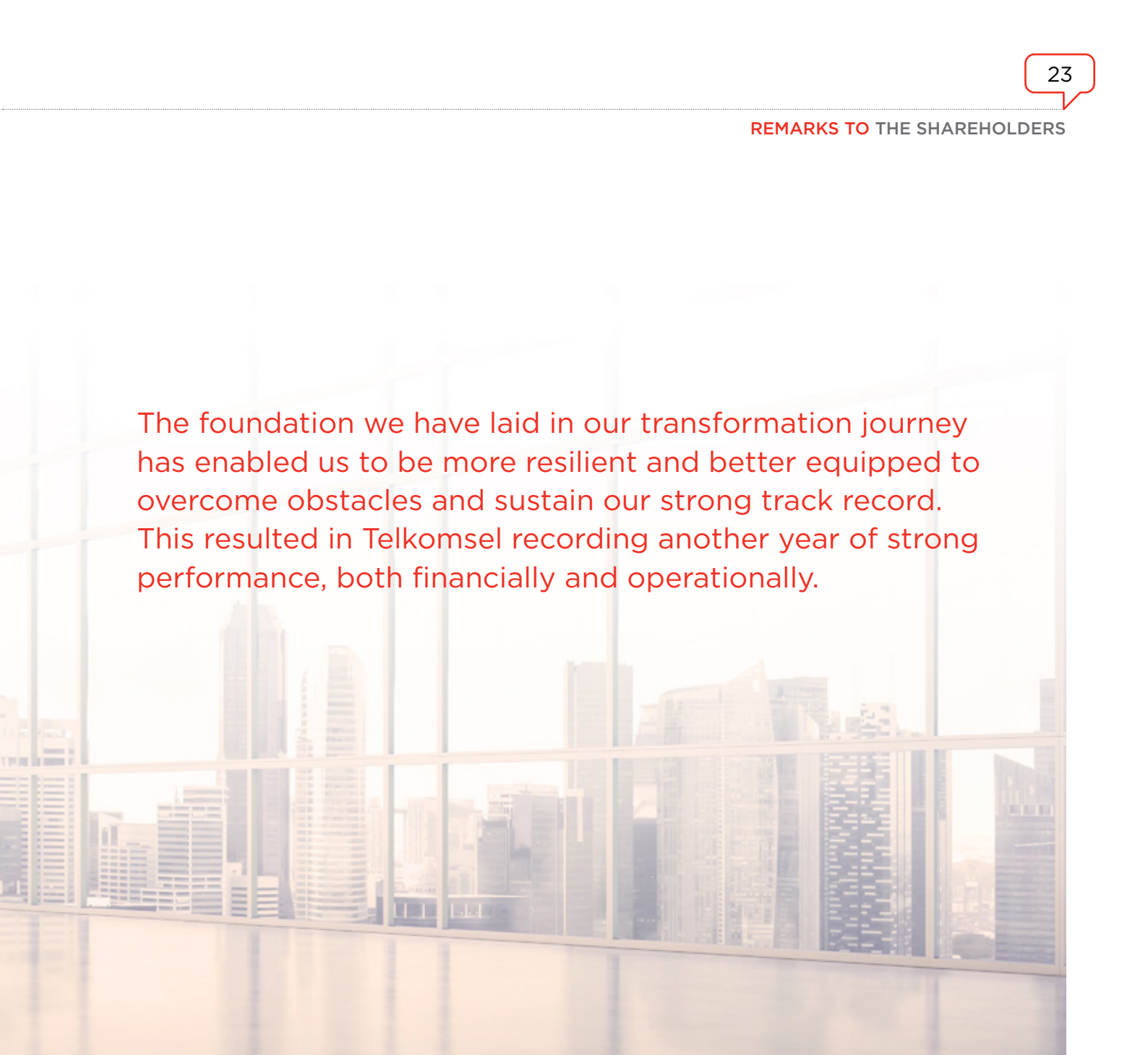
Dear shareholders,

2014 was a challenging year as the global economy remained uncertain, with slowing GDP growth in key markets, the Euro Zone crisis and declining commodity prices among the hurdles. In Indonesia, we faced similar macroeconomic challenges with a reduction in fuel subsidies and the depreciation of local currency, as well as a changing political landscape.

Despite the challenges, the foundation we have laid in our transformation journey has enabled us to be more resilient and better

equipped to overcome obstacles and sustain our strong track record. This resulted in Telkomsel recording another year of strong performance, both financially and operationally.

In the telco space, we witnessed industry consolidations and the commercial launch of next generation mobile broadband LTE. In general, telco operators' focus was on monetization and they therefore remained rational in their pricing approach. The end result was a relatively healthy industry with mid to high single digit growth.



The foundation we have laid in our transformation journey has enabled us to be more resilient and better equipped to overcome obstacles and sustain our strong track record. This resulted in Telkomsel recording another year of strong performance, both financially and operationally.

Financial Result

We reported remarkable financial results as our Revenue, EBITDA and Net Income grew by double-digit figures, maintaining our track record over the last 3 years. Our Revenue, EBITDA and Net Income grew by 10.4%, 10.0% and 11.9%, respectively. Revenue reached Rp66.2 trillion, mainly due to strong execution of our SMART Year programs (SMARTies) as well as continued sustenance of our legacy business. Our digital business recorded tremendous growth of 33.9% to Rp15.6 trillion, with broadband growing by 34.2%

to Rp14.1 trillion and digital services growing by 31.5% to Rp1.5 trillion. Digital business revenue growth was in line with our accelerated 3G network deployment and strong execution of SMARTies programs such as driving smartphone adoption, internet education and a stronger focus on the youth segment. We sustained the growth in the legacy business, with Voice growing by 7.8% to Rp33.0 trillion while SMS grew by 3.5% to Rp13.1 trillion, mainly due to the successful execution of micro cluster-based pricing and customer segmentation.

EBITDA and Net Income reached Rp37.2 trillion and Rp19.4 trillion, respectively. With the successful execution of our cost leadership initiatives, we were able to keep our EBITDA and Net Income margins stable at 56.2% and 29.3%, respectively.

Operational Milestones

We passed the 140 million mark in our customer base in 2014, mainly due to the successful execution of our SMARTies programs and strategies around our DNA (Device-Network-Application).

REMARKS TO THE SHAREHOLDERS

REMARKS FROM THE PRESIDENT DIRECTOR

The SMARTies included Smart Acquisition, where we strive to improve the quality of new customers, and Smart Loyalty/Retention to increase customer base stickiness and reduce churn.

On December 8, 2014 we became the first operator to launch 4th generation Long Term Evolution (4G LTE) in Indonesia, after a series of successful trials from 2010 to 2013, including during the APEC Summit in Bali. 4G LTE will open the door to a better digital lifestyle experience and access to rich content through 4G-enabled devices.

With data traffic increasing sharply by 142.9% YoY, driven by fast-growing smartphone adoption and the abundance of data intensive applications, we continued to be the leading network supplier. More than 15,000 new BTS deployed in 2014, of which 76% were 3G BTS, to bring our total BTS to more than 85,000 (+22.3% YoY), of which 45% are 3G BTS. We believe that continuous strong growth in smartphone adoption and easier access to content and applications will result in a big surge in data traffic consumption that will continue to drive our digital business revenue, as we have experienced in the last two years.

Continued Transformation in the New Digital Era

In ensuring Telkomsel's move towards becoming a full-fledged digital company, we have put in place our transformation strategies. This transformation journey is a continuous process in the area of business, people, organization and corporate culture, designed to help us reach our medium-term objectives that were set two years ago.

In terms of the business transformation, in 2014 we focused on the successful execution of three key Masterpiece programs, which included a new Customer Relationship Management (CRM) system, developing Machine to Machine (M2M) solutions and Winning The Youth segment.

Our new CRM system is an integrated customer service system that has enhanced the customer handling process and improved response times. In winning the youth market, we launched LOOP, a special brand dedicated to the youth segment which focuses heavily on data bundling rather than traditional legacy services. Telkomsel's M2M solution, meanwhile, will enable customers to have real time visibility, control, mobile service management, real time support diagnostics, billing, and business automation capabilities to deliver a wide range of innovative value-added connected services.

In terms of the people transformation, we continued to focus on our GREAT People Development Program (GPDP), Global Talent Program (GTP) and GREAT People Scholarship Program (GPSP). GPDP is a special coaching and mentoring program for senior leaders and managers within Telkomsel, and is a pre-requisite for career development and advancement. GTP develops our high potential people with a global mindset. In 2013, we launched our GPSP program by sending our best and brightest to top universities around the world, and we continued to do so in 2014.

In terms of the organization transformation, we continued with our area empowerment and organizational design based on the company's needs and business challenges. As of the end of 2014, around 60% of our employees are based in our four areas across Indonesia while only around 40% are in headquarters. In comparison, two years ago, 60% of our employees were in headquarters.

In terms of the cultural transformation, we continued to emphasize the importance of The Telkomsel Way as a belief system and a reference on conduct and ethics for everyone in Telkomsel. The program has been implemented through the consistent internalization of the corporate culture and code of conduct. Competent and adaptive employees who uphold The Telkomsel Way culture are GREAT people, and with GREAT people we are confident of sustainably winning the business competition in the years to come.

Triple 3 Objective

All the efforts mentioned above are aimed at the ultimate objective of achieving the "Triple 3" targets by the end of 2015. They are: Double the enterprise value to 300 trillion, achieve cumulative revenue growth of 33% and increase the digital business contribution to 33%. We will only achieve the Triple 3 targets with the precise and successful execution of our 5-part growth strategy:

1. Exploit voice and SMS services by enhancing micro-cluster based pricing and providing best-class network quality,
2. Strengthen the broadband services through a focus on driving the number of data users, smartphone penetration and network quality and coverage,
3. Trigger the Digital Ecosystem through the creation of innovative and differentiated digital products, and deliver new revenue streams,
4. Drive investment in innovation,
5. Acquire selectively as a part of the Telkom Group's strategy.

Acknowledgement

I am very fortunate to have inherited the foundation for the transformation built by Telkomsel employees led by my predecessor, Alex J. Sinaga, that has resulted in the Company meeting its triple double-digit growth targets. On behalf of the Board of Directors, I would like to thank the management and employees for their unending contributions to the Company, as well as for their dedication, commitment and integrity in 2014. We also offer our deep gratitude to our shareholders, the Board of Commissioners, our loyal customers, and all our stakeholders for their trust and support throughout the year. We hope to see similar synergy in 2015 so that we can once again be the winner of the competition.

Sincerely yours,



Ririek Adriansyah
President Director

MILESTONE CHANGES OF THE COMPOSITION OF BOC

Composition of BOC from January 1, 2014 up to October 26, 2014

Telkom's Representatives

President Commissioner	:	Arief Yahya
Commissioner	:	Rizkan Chandra
Commissioner	:	Priyantono Rudito
Commissioner	:	Muchlis Muchtar

Singtel's Representatives

Commissioner	:	Paul Dominic O'Sullivan
Commissioner	:	Yuen Kuan Moon

Composition of BOC from October 27, 2014 up to December 31, 2014

Telkom's Representatives

President Commissioner	:	Indra Utoyo
Commissioner	:	Rizkan Chandra
Commissioner	:	Priyantono Rudito
Commissioner	:	Muchlis Muchtar

Singtel's Representatives

Commissioner	:	Paul Dominic O'Sullivan
Commissioner	:	Yuen Kuan Moon

Composition of BOC effective as from January 1, 2015

Telkom's Representatives

President Commissioner	:	Alex Janangkih Sinaga
Commissioner	:	Heri Sunaryadi
Commissioner	:	Diaz Hendropriyono
Commissioner	:	Muchlis Muchtar

Singtel's Representatives

Commissioner	:	Paul Dominic O'Sullivan
Commissioner	:	Yuen Kuan Moon

MILESTONE CHANGES OF THE COMPOSITION OF BOD

Composition of BOD at 31 December 2014

Telkom's Representatives

President Director	:	Alex Janangkih Sinaga
Director of Sales	:	Mas'ud Khamid
Director of Finance	:	Heri Supriadi
Director of Human Capital Management	:	Herdy Rosadi Harman
Director of Network	:	Abdus Somad Arief

Singtel's Representatives

Director of Planning and Transformation	:	Edward Ying Siew Heng
Director of Information and Technology	:	Ng Soo Kee
Director of Marketing	:	Alistair David Johnston

Composition of BOD effective as from January 1, 2015

Telkom's Representatives

President Director	:	Ririek Adriansyah
Director of Sales	:	Mas'ud Khamid
Director of Finance	:	Heri Supriadi
Director of Human Capital Management	:	Priyantono Rudito
Director of Network	:	Sukardi Silalahi

Singtel's Representatives

Director of Planning and Transformation	:	Edward Ying Siew Heng
Director of Information and Technology	:	Ng Soo Kee
Director of Marketing	:	Alistair David Johnston

PROFILE OF THE BOARD OF COMMISSIONERS



Diaz Hendropriyono
Commissioner

Heri Sunaryadi
Commissioner

Yuen Kuan Moon
Commissioner



Alex J. Sinaga
President Commissioner

Paul O'Sullivan
Commissioner

Muchlis Muchtar
Commissioner

REMARKS TO THE SHAREHOLDERS

PROFILE OF THE BOARD OF COMMISSIONERS

Alex J. Sinaga

(President Commissioner)

Mr. Alex J. Sinaga has been appointed as President Commissioner since January 2015 with his appointment to the Board was confirmed with the Resolutions of Shareholders of PT Telekomunikasi Selular. He is currently also the President Director of PT Telekomunikasi Indonesia Tbk (Telkom). Prior to this, he held various strategic positions in Telkom Group, including as Telkomsel's President Director since May 2012 and President Director of TelkomMetra, a subsidiary of PT Telekomunikasi Indonesia (Telkom) Tbk that operates as a strategic investment company with focus on areas of Information, Media, Edutainment and Services (IMES). Now, he is also serving as President Commissioner of PT Sigma Cipta Caraka (telkomsigma), Chairman of Indonesian Cellular Telecommunication Association (ATSI), executive member of Indonesia Commerce Chamber (KADIN) for England-Europe in the field of Information, Communication and Technology (ICT).

The holder of a degree in Telecommunications Electronic Engineering from the Bandung Institute of Technology (ITB) and a Master degree in Telematics from the University of Surrey, Guildford, United Kingdom, has built a 27-year career in Telkom and served various positions, including as an Executive General Manager in the Wireless Division, where he successfully led the CDMA business to be the market leader, as well as the Executive General Manager of the Enterprise Service Division.

He was awarded as The Best Achiever in Telkom Leadership Course (SUSPIM) and also honored with Satya Lencana Pembangunan medal from the Government of Indonesia.

Heri Sunaryadi

(Commissioner)

Joining as a member of the Board of Commissioners of Telkomsel since January 2015, his appointment to the Board was confirmed with the Resolutions of Shareholders of PT Telekomunikasi Selular.

He has also been the Director of Finance of PT Telekomunikasi Indonesia since December 2014. Prior to this, Mr. Heri Sunaryadi held various strategic positions such as President Director of PT Kustodian Sentral Efek Indonesia (2013 - 2014), President Director and CEO of PT Bahana Pembinaan Usaha Indonesia (2009 - 2013), and President Director of PT Bahana Securities (2007-2009).

Furthermore, the holder of Bachelor Degree from Bogor Agricultural University also has many experiences as a member of Board of Commissioner. He was a President Commissioner of PT Bahana Securities (2009 -2014), a Commissioner of PT Sarana Jatim Ventura, and a commissioner of PT Mitra Tani Dua Tujuh.

Diaz Hendropriyono

(Commissioner)

Joining as a member of the Board of Commissioners of Telkomsel since January 2015, his appointment to the Board was confirmed with the Resolutions of Shareholders of PT Telekomunikasi Selular.

He is currently a Special Staff for Politics and Intelligence at the Coordinating Ministry for Political, Legal, and Security Affairs, Republic of Indonesia. Prior to this, he has held various strategic positions including a Member of the Strategic Analysis Council at the State Intelligence Agency, Republic of Indonesia, Director of Operations at PT Andalusia Andrawina, and briefly as a Research Associate at global think tank RAND Corporation in the United States.

The holder of Bachelor in Management from Norwich Military University, Master of Business Administration from Hawaii Pacific University, Master of Public Administration from Virginia Tech, he is an alumni of the National Resilience Institute, Republic of Indonesia (Lemhannas PPRA XLIX), and is currently a PhD candidate in Public Administration at Virginia Tech. He has keen interests in social and political activities, and is the founder of volunteer organization Kawan Jokowi.

Muchlis Muchtar (Commissioner)

Mr. Muchlis Muchtar has been serving as Telkomsel's Commissioner since May 2012. Prior to his appointment in Telkomsel, he was Head of Commissioner of Gelora Bung Karno 2009-2011. Between 1994-2009, the holder of a Bachelor Degree in Health and Environmental Engineering from the Bandung Institute of Technology (1971) was served as President Director of PT Tangkas Timbul Fajar (1994-2007), President Director of PT Agro Translestari Nugraha (2000-2003) and President Director of PT Mahardika Era Demi Karya (2003-2009).

He was also active in a number of organizations, where he was once appointed as President of the Indonesia Water Contractors Association (AKAINDO) Jakarta, President of the Bandung Institute of Technology Alumni Foundation Yayasan Alumni ITB, member of Indonesian Society of Sanitary and Environmental Engineers (IATPI) and Specialist Member of the Indonesian Islamic Intellectuals Association (ICMI).

Paul O'Sullivan (Commissioner)

Mr. Paul O'Sullivan has been serving as a Commissioner of Telkomsel since January 2010, and currently is serving as Chairman of Optus since 7 October 2014.

This current role will draw on his extensive relationships with the Government, media and business community, to advocate for Optus and drive for competition in the Australian Telco Market.

He was previously CEO of Singtel Group Consumer, where he was responsible for Singtel's Consumer businesses including the wholly owned operations in Singapore and Australia, as well as Singtel's investments in Thailand, India, Africa, Philippines and Indonesia. He was CEO of Optus from September 2004 to March 2012 and has previously held management positions within Optus including Chief Operating Officer and Managing Director of Optus Mobile. He has also worked in various international management roles at the Colonial Group and the Royal Dutch Shell Group in Canada, the Middle East, Australia and the United Kingdom.

Mr. Paul O' Sullivan holds a Bachelor of Arts (Mod) Economics from Trinity College, University of Dublin and is a graduate of the Advanced Management Program of Harvard University, US.

Yuen Kuan Moon (Commissioner)

Mr. Yuen Kuan Moon has been serving on the Board of Commissioners of Telkomsel since September 2009.

Mr. Yuen Kuan Moon was appointed as Singtel's Chief Executive Officer, Consumer Singapore on 1 April 2012. He is responsible for leading and managing the Singapore consumer business to deliver a complete and integrated suite of services, including mobile, broadband, TV and fixed-line solutions to the consumers. He previously held the position of Executive Vice President of Digital Consumer in Singtel from July 2009 to March 2012.

A graduate in Engineering with a First Class Honors degree from the University of Western Australia and the holder of a Master of Science degree in Management from Stanford University in California, USA (Sloan Program), Mr. Yuen Kuan Moon has a long-established career in the telecommunications industry. Starting his career at Singtel in 1993, he has performed in a variety of functions, including a long-term assignment at Telkomsel from 2003 to 2007 where he was the Commerce Director from 2005 to 2007.

PROFILE OF THE BOARD OF DIRECTORS



Alistair D. Johnston
Director of Marketing

Sukardi Silalahi
Director of Network

Edward Ying Siew Heng
Director of Planning and Transformation

Ng Soo Kee
Director of IT



Heri Supriadi
Director of Finance

Ririek Adriansyah
President Director

Priyantono Rudito
Director of Human Capital Management

Mas'ud Khamid
Director of Sales

REMARKS TO THE SHAREHOLDERS

PROFILE OF THE BOARD OF DIRECTORS

Ririek Adriansyah
(President Director)

Serving as Telkomsel's President Director since January 2015, based on the Resolutions of Shareholders of PT Telekomunikasi Selular. The holder of a degree in Electronic Engineering from the Bandung Institute of Technology (ITB) and a Master degree in telecommunications from University of California - Los Angeles (UCLA) has held various positions in PT Telekomunikasi Indonesia (Telkom) and Telkom Group since 1990. Prior to joining in Telkomsel, he was appointed as Director of Wholesale & International Service in Telkom since May 2012, President Director in PT Telekomunikasi Indonesia International (Telin) - Subsidiary of Telkom (2011-2012), Director of Marketing & Sales in Telin (2010-2011), Director of International Carrier Service in Telin (2008-2010) and Deputy Executive General Manager of the Infratel Division in Telkom (2004-2008).

Mas'ud Khamid
(Director of Sales)

Mr. Mas'ud Khamid has been serving Telkomsel's Director of Sales since May 2012, and his appointment was confirmed with the GMS' decision letter No. 120 dated 24 May 2012 and the Resolutions of Shareholders of PT Telekomunikasi Selular. He also serves as Executive General Manager of Telkom's FLEXI Division and President Commissioner of PT Metra Digital Media (MD Media).

Prior to joining Telkomsel, he was trusted to serve various strategic positions in PT Telekomunikasi Indonesia Tbk, such as in Network, Corporate Customer, and Head of CDMA Cellular Business. He was also a member of Board of Commissioners of TelkomMetra.

The holder of Degree in Physical Engineering (Instrumentation & Control) from Sepuluh Nopember Institute of Technology (ITS), Surabaya (1989) actively participated in both local and international training programs, among which were the Kellogg Senior Executive program in Bangkok (2006) and the Kellogg Advanced Global Senior Executive Program at Northwestern (2009). Throughout his career, he won several awards such Best Outperforming in Division V (2008) and Division II (2009-2010) from Telkom's President Director. Some of his biggest achievements in Telkomsel are when he act as Chief of CRM Transformation and succeed implementing CRM Billing & Customer System Management (2013-2014) and then act as Chief of LTE/4G and succeed rollout LTE/4G in Telkomsel. With his vast leadership experience in operation particularly in sales, network and business, he succeeded transformed Telkomsel become number One in the world for Managing Customer Care through Social Media via twitter issued by SocialBakers (Global Social Media Analytics) from Q4 2013 - Q4 2014.

Heri Supriadi
(Director of Finance)

Serving as Director of Finance of Telkomsel since May 2012, based on the GMS' decision letter No. 120 dated 24 May 2012 and the Resolutions of Shareholders of PT Telekomunikasi Selular, Mr. Heri Supriadi is responsible for the overall finance and procurement functions.

Prior to joining in Telkomsel, he was appointed as President Director of PT Telkom Property (2010-2012) and had been dedicated to some important positions in PT Telekomunikasi Indonesia Tbk such as Vice President of Investor Relations and Corporate Secretary (2009-2010), Vice President of Subsidiary Performance (2007-2010), Assistant Vice President of Subsidiary Performance (2007) and Assistant Vice President of Funding and Debt Management (2006-2007). He was graduated with a Bachelor degree in Industrial Engineering from Bandung Institute of Technology (1991) and a Master degree in Business Administration from Saint Mary's University, Halifax, Canada (1997) and a Doctoral degree in Business Management from Padjadjaran University, Bandung (2013).

Priyantono Rudito
(Director of Human Capital Management)

Mr. Priyantono Rudito has been appointed as Director of Human Capital Management since January 2015 with his appointment to the Board was confirmed with the Resolutions of Shareholders of PT Telekomunikasi Selular. Prior to this, he was Telkomsel's Commissioner since May 2012.

Joining in Telkom since 1991, he has served in various management and marketing positions, including Director of Human Capital Management of PT Telekomunikasi Indonesia Tbk (May 2012), VP for Corporate Strategic Planning (2011-2012) and VP for Marketing & Consumer Care (2007-2011). He has also held several human capital development related positions within Telkom such as Lecturer at the Telkom University (Tel-U), Representative of HR Council for Singtel, Telkomsel & Telkom while serving as a Chairman of FHCI (Forum Human Capital Indonesia) as well as the President of ISCLO Scientific Committee (International Seminar & Conference on Learning Organization).

He holds a Bachelor Degree in Industrial Engineering from Bandung Institute of Technology (1991), a Master Degree in Business (Marketing) (1997) and a Doctoral Degree in Management (2011) from Australia. He was once named Best Achiever at the Telkom Orientation Program (1991) and Best Achiever at several Telkom Leadership Courses: SUSPIM IV (1991), SUSPIM III (2004) and SUSPIM (2006).

Sukardi Silalahi
(Director of Network)

Mr. Sukardi Silalahi has been appointed as Director of Network since January 2015 with his appointment to the Board was confirmed with the Resolutions of Shareholders of PT Telekomunikasi Selular. He has joining in Telkom since 1991 and prior to his appointment in Telkomsel's Board of Directors, he served as Director of Consumer Service in Telkom (May 2012), Executive General Manager of Consumer Service East Division (2011-2012), Deputy Executive General Manager of Consumer Service West Division (2010-2011), Executive General Manager of Region VI Kalimantan Division (2008-2010) and Deputy Executive General Manager of Fixed Wireless Network Division (2007-2008). He holds a Bachelor Degree in Civil Engineering from the Bandung Institute of Technology (ITB).

Edward Ying Siew Heng
(Director of Planning and Transformation)

Mr. Edward Ying Siew Heng has held the position of Director of Planning & Transformation since May 2012, based on the GMS' decision letter No. 120 dated 24 May 2012 and the Resolutions of Shareholders of PT Telekomunikasi Selular. Prior to this, he served as Director of Commerce of the Company in November 2011. He is now responsible for developing Strategic Plans & Transformation.

He has vast leadership experience in telecommunication industry, particularly in the telephony, entertainment and content business across many countries. He previously joined in Singtel as Chief Multimedia Group (2008-2011), where he successfully led Singtel to secure a leading position in the local content, media landscape and Pay TV Business. He was also once the COO of Maxis Communications, Malaysia's largest mobile operator (2003-2008) with primary responsibility to develop the multimedia content business, in particular the content of their mobile business, and as Chief Operating Advisor and a member of the Board of Globe Telecom in the Philippines (1996 to 2003).

In 1995-1996, he served as Managing Director at Cambridge Cable Group Pay TV Business in the UK. He graduated with a degree in Marketing from the Institute of Marketing, United Kingdom (1987), a Diploma degree in Sales and Marketing from the Marketing Institute of Singapore (1985) and attended the General Management Program at the National University of Singapore in 1984 and the International Executive Program at INSEAD, Fontainebleau, France (1996).

REMARKS TO THE SHAREHOLDERS

PROFILE OF THE BOARD OF DIRECTORS

Ng Soo Kee

(Director of IT)

Serving as Telkomsel's Director of IT since May 2012 based on the GMS' decision letter No. 120 dated 24 May 2012 and the Resolutions of Shareholders of PT Telekomunikasi Selular. Mr. Ng Soo Kee has already built 37 years of professional career in the Information Technology (IT) industry, including 13 years as CIO in various telecommunication companies in Belgium, the Philippines, Australia, Singapore and Indonesia.

He held various engineering positions at Singapore Telecoms (1975-1984). He was then appointed as a member of the IIPL-Telecoms Commercialization Task Force (1988), Manager (Customer Service Applications) at Singapore Telecoms (1989), Division Manager (Network Services/IS Plan and Product Development) at Singapore Telecoms (1992), and Division Manager (Mobile Computing Support) at Singapore Telecoms (1994).

The holder of Bachelor degree in Electrical Engineering from Taiwan National University (1970) and a Master degree in Computer Engineering from the University of Manchester, United Kingdom (1972), then joined in Belgacom, Belgium, as Assistant to CIO (1996), CIO of Global Telecoms, the Philippines (1998), Project Director (Pegasus) at Singtel Singapore Operations (2000), Head of Information Systems-Consumer at Singtel Mobile (2001), CIO at Singtel Optus (2004) and CIO at Singtel Singapore (2007).

Alistair D. Johnston

(Director of Marketing)

Serving as Telkomsel's Director of Marketing since August 2012, based on the GMS' decision letter No. 429 dated 26 July 2012 and the Resolutions of Shareholders of PT Telekomunikasi Selular, Mr. Alistair D. Johnston has also been appointed as Singtel's Director International since June 2012.

The holder of a Degree in Modern History from Oxford University, UK, initially built his professional career at Andersen Consulting. Yet, his career in the telecommunications industry was started in 1998 when he joined in the Virgin Group in the UK, Australia and Singapore.

Mr. Johnston also once held various senior positions at British Sky Broadcasting, UK (2003-2004), at Orange UK (2004-2007), at Telefonica O2, UK (2007-2010), where he served as Head of Prepay and Head of Online and Marketing Director, and as Group Chief Marketing Officer at Augere, Dubai, (2010-2012).

COMPANY'S PROFILE



TELKOMSEL IN BRIEF



Telkomsel is a leading cellular operator in Indonesia, which serves more than 140 million customers which represents around 50% market share amongst big 3 cellular operators at the end of 2014.

Operating since 1995, Telkomsel is the subsidiary of PT Telekomunikasi Indonesia Tbk (65%) and Singapore Telecom Mobile Pte Ltd (35%). We have the widest network coverage with estimated 2G population coverage of around 95% and 3G population coverage of around 60%. During 2014, we deployed more than 1,000 Base Transceiver Stations (BTSs) on average every month, of which 76% were 3G-based BTSs installed in around 300 cities nationwide. Now we have more than 85,000 BTSs on-air and more than 4,800 employees operating in 11 regions in Indonesia.

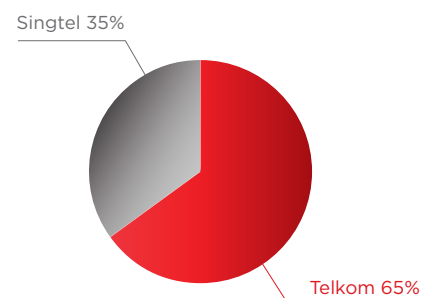
To win in the new digital era, Telkomsel continuously invest in the latest technology to support better deliverance of products and services to our loyal customers. We have successfully launched our 4G LTE services on 8 December 2014 to become the first operator in Indonesia which commercially market this new technology.

Telkomsel spectrum position will be strengthened with the additional spectrum from Telkom Flexi in 800 MHz following the Conditional Business Transfer Agreement (CBTA) between Telkomsel and Telkom in 2014.

We are committed to relentless innovations in terms of products and services which finally position us as the leader in mobile digital lifestyle today. With around 68 million data enabled users and increasing smartphone adoption has opened up infinite opportunities in the digital space for Telkomsel. Consumers use their mobile devices for entertainment, digital payment and digital VAS in their daily activities. Telkomsel is well positioned to capture these opportunities by harnessing products and services that creates complete digital experience for every customer in Indonesia. We also see great opportunities in digital advertising by delivering premium and targeted hyperlocal advertising opportunities from our extensive mobile footprint across Indonesia.

In 2014, we continued our transformation process towards digital company which focus on 4 areas: business, organization, people and culture. The transformation has

Share in the Company



started to bear fruit for us, which was evidenced in higher digital business contribution (around 24% of total revenue), successful implementation of end-to-end digital business organisation and greater area empowerment by relocating around 60% of key employees to area to better able to capture business opportunities and adapt to changing market dynamics. We implemented GREAT values to lead us to GREAT innovation and to sustain Telkomsel as a GREAT company. We continued to deliver great customer experience through bigger customer touch point (Mobile GraPARI), improving channel and distribution and revamping customer loyalty. Our strong commitment to deliver the best quality of products and services were given due recognition from market and prestigious institutions both locally and internationally.

SHARE OWNERSHIP HISTORY

1995

Telkomsel was established by Telkom and PT Indosat.

1996

KPN Netherlands (KPN) and PT Setdco Megacell Asia (Setdco) acquired stakes in Telkomsel of 17.3% and 5%, respectively.

2001

Telkom increased its ownership to 77.7%, in an acquisition deal over Indosat's shares. KPN and Setdco sold their shares to Singapore-based Singtel Mobile.

2002

Singtel increased its ownership by 12.7%, bringing its total ownership in Telkomsel to 35% and leaving Telkom's ownership at 65%.

MAIN PRODUCTS AND SERVICES

kartuHalo


Positioned as the postpaid brand of choice amongst the professionals and corporate customers segments. kartuHalo provides an unparalleled suite of full mobile services and exclusive privileges.

In 2014, we expanding our kartuHalo brand for youth segment and we positioned kartuHalo as the coolest & best value postpaid card for young professionals.

simPATI


Positioned as the prepaid brand, design for savvy middle class segments, *simPATI* is Telkomsel's award winning lifestyle prepaid brand. In 2014, *simPATI* continued to offer an exciting range of innovative packages and campaigns to drive demand for mobile data.

In 2014, we expanding our *simPATI* brand as the most reliable prepaid card to help pursue youth passions.

Kartu As


Positioned as an 'Affordable, Value Prepaid Brand', Kartu As is Telkomsel's most popular prepaid brand which offers the best value to our customers.

LOOP


Officially launched on 9 March 2014, LOOP is new Telkomsel Prepaid Brand which is targeted for Youth Segment. Bringing Tagline "Ini KITA" (meaning: This Us), LOOP gives young impression by its Brand Proposition "Medium of Youth expression to be better together", with focuses on offering attractive Data & Digital Services.

ORGANIZATIONAL STRUCTURE



MILESTONE

1995

- Telkom and PT Indosat established Telkomsel.
- The launch of the kartuHalo postpaid service.

1997

- Offering mobile telecommunication services to all 27 provinces.
- The launch of *simPATI* Nusantara as the first prepaid service in Asia.

2002

- Kicking off mobile data services, including WAP over GPRS (General Packet Radio Services), MMS (Multimedia Messaging Services), and content services.

2003

- The first commercial launch of international roaming services to Indonesian prepaid customers.

2004

- The introduction of a secure mobile-to-mobile prepaid top up system.
- Joining in a regional mobile alliance (Bridge Alliance) for enhanced customer benefits.
- The launch of Kartu As prepaid service.

2005

- The Call Center acquired ISO 9001:2000 certification.
- The launch of Mobile Banking ATM services.

2006

- The launch of 3G network and services, the first in Indonesia.

2007

- The introduction of push email services.
- The roll out of HSDPA (High Speed Downlink Packet Access) and Telkomsel Flash service
- The launch of TCash to facilitate mobile financial transactions.

2008

- Becoming the Pioneer in renewable energy powered BTS in Asia.
- The launch of Indonesia's first mobile voice and data services for PELNI ships on the open ocean.

2009

- The launch of HSUPA (High Speed Uplink Packet Access) broadband network based services.
- Kicking off Desa Dering Program to provide telecommunications access for over 25,000 villages.

2010

- The first trial of the implementation of Long Term Evolution (LTE) network broadband technology in Indonesia.
- The introduction of Indonesia's first Mobile Newspaper services.

2011

- Breaking the target of 100 million subscribers which positioned Telkomsel as the world's seventh largest telecommunication operator by customer base.
- The inauguration of the Indonesia's first Research & Development Facility for cellular technology.
- The introduction of Tap Izy, the Indonesia's first mobile contactless payment system that turns mobile phone into an electronic wallet.

COMPANY'S PROFILE

MILESTONE

2012

- The introduction of the first Seamless Mobile Wi-Fi to Indonesian customers for transferring automatically from a 2G/3G network connection to a Wi-Fi network to access high-speed data.
- Breaking the number of 125 million customer base, which secured Telkomsel's position as the nation's largest licensed cellular provider by customer base.

2013

- The launch of Masterpiece, a program that included 268 units of mobile GraPARI, the establishment of 268 mobile Broadband Cities, 68 applications from local developers to support the development of digital creative industry.
- The launch of 450 units of Compact Mobile Base Station (COMBAT).
- Successful LTE trial during APEC 2013.
- Breaking Rp60 trillion in revenue.

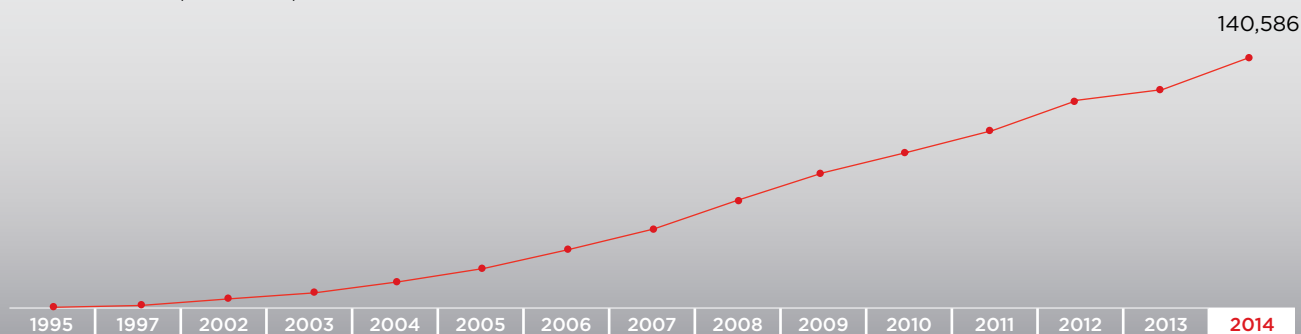
2014

- Telkomsel launched Masterpiece programs: CRM, M2M and Winning The Youth.
- Telkomsel & Telkom reached agreement on Conditional Business Transfer Agreement (CBTA) to utilize Flexi's spectrum.
- Telkomsel becomes the first to commercially launch 4G LTE in Indonesia.
- Telkomsel achieved triple double digit growth in Revenue, EBITDA and Net Income for 3 consecutive years.

Revenue (in billion)



Subscribers (in thousand)



BUSINESS REVIEW



VISION AND MISSION

Vision:

Be a world-class, trusted provider of mobile digital lifestyle services and solutions.

Mission:

Deliver mobile digital services and solutions that exceed customers' expectations, create value for our stakeholders, and support the economic development of the nation.

BRIEF CORPORATE STRATEGY

Telkomsel continues its strategies to sustain business growth in the midst of slower growth for legacy services (voice and SMS), which are the main revenue driver for telcos. Through Telkomsel's formalized five growth strategies, we succeeded in exploiting legacy services above the industry while significantly growing broadband and digital services.

Telkomsel anticipated the global trend of slowing legacy services revenue, creating new initiatives to grow broadband and digital services. Aligned with our vision of becoming a 'world-class trusted provider of mobile digital lifestyle services and solutions,' we continue to deliver new products, offerings, and solutions in digital services. New digital businesses are launched to seize the opportunities and continue to capture robust growth in broadband and digital.

Telkomsel is progressively transforming into Telkomsel 2.0 to capture the opportunities arising from digital space, undertaking a transformation of the business, organization, people and culture. Telkomsel has set out a 5-Year Corporate Strategic Plan to sustain the business growth over the long term. As part its corporate strategy, Telkomsel has formalized five growth strategies, which include exploiting the legacy business, strengthening

core business (data), triggering the digital services ecosystem, driving investment in innovation and acquiring/partnering selectively as a part of the Group strategy. These growth strategies have been expanded to 10 strategic initiatives that cover all aspects required for the realization of the objectives. We are on track on the first four growth strategies while the fifth strategy, which is inorganic acquisition, will be done selectively through synergy with our parents' Group strategy.

For the medium term, Telkomsel has also set its ambitious Triple 3 goals over 3 years (revenue growth by 33%, Enterprise Value Rp300 T, digital business contribution 33%). 2014 was the mid-point of this medium term strategy, and we are on track through our Smart Year programs (Smarties).

TRANSFORMATION PROGRAM

In 2012, Telkomsel launched a transformation program to ensure the successful execution of its growth strategy. Known as Telkomsel 2.0, it represents Telkomsel's commitment to transform our business, organization, people and culture to meet the strategic objectives and to anticipate the dynamic shifts in the market.

Telkomsel aims to continue to win in the broadband and digital service market to offset the slowing growth in legacy voice and SMS, and to capture the wider opportunities in broadband and digital services by delivering solutions to enhance customer experiences and to exceed customer expectations.

Telkomsel 2.0 consists of transformation in Business with the DNA (Device-Network-Application) ecosystem, as well as transformation in Organisation, People and Culture, emphasizing collaborative innovation and a series of strategies focusing on service excellence, cost leadership, business expansion, innovation,

strategy and partnership. To ensure its success we are leveraging the synergy with Telkomsel's parents, Telkom and Singtel, to create sustainable competitive growth and to make Telkomsel a center of excellence in the digital business.

DNA is our core transformation in the broadband and digital business, enhancing innovation and quality in delivering services to customers, and leveraging the customer experience in Indonesia. We have also established partnerships with major international and local smartphone device and tablet manufacturers to drive smartphone adoption in Indonesia. We continue to be the leading network supplier in 3G network investment, driving internet education and strengthening our content applications.

In 2014, to ensure we are on the right track towards Telkomsel 2.0, we implemented PDCA cycles (Planning, Doing, Controlling and Acting) which are aligned with our 2014 Smart Year strategy.



TELKOMSEL MASTERPIECE 2014

CRM

To strengthen its position as market leader and provide customized services to subscribers, Telkomsel shifted its focus from product-centric to customer-centric through the implementation of its new Customer Relationship Management (CRM) system and process.

CRM has overhauled the way we create value for customers as well as a better customer experience through changes in our process, technology and integration. The benefits of our CRM include:

- Simplified process to improve customer service quality.
- Integrated system – CRM integrates information from various sources and applications from customer data all the way to billing.
- Reliable system – CRM ensures that customers receive reliable information and services according to their needs.
- Faster customer response time – by having customer profiles, usage and an end-to-end integrated system we are able to respond to customer requests faster.

Telkomsel completed the first phase of CRM in July 2014, covering postpaid customers and several services for prepaid interaction and customer handling.

M2M

In November 2014, Telkomsel launched M2M (Machine-to-Machine) integrated services, which provides end-to-end solutions with a flexible control system for solution providers as well as corporate customers.

With our M2M solutions, it is possible for our customers to capitalize on the system by deploying the cloud-based Internet of Things (IoT), purpose-built to enable companies of all sizes to easily launch, manage and monetize their IoT/M2M businesses. Telkomsel set up the M2M Control Center which will offer customers the real time feasibility, mobile service management, support diagnostics, billing and automation necessary to deliver a wide range of innovative value-added services. We use a specially designed SimCard to support our M2M businesses.

In the initial phase, Telkomsel focused on three major vertical industries, namely Automotive, Finance, and Utilities. Telkomsel solutions in M2M applications include Branchless Banking, Driving Analytics, Fleet Tracking Management, Home Automation, m-POS, Sales Force Automation, Smart metering (for agriculture, gas, and water), and usage-based auto insurance (UBII), among others.

Winning The Youth

Attracting the youth segment as early as possible is important as this segment is heavily data-centric and will grow into the PMEB (Professional, Manager, Executive and Businessman) segment. The importance of growing the youth segment is significant aspect in moving towards the digital era.

Telkomsel launched several programs catering to the youth segment, taking into account their lifestyle. We launched a new product brand, 'LOOP', which offers attractive data bundling combined with digital services (games, music, and so on). We set up LOOP Stations, which are special places for our LOOP customers (LOOPers) consisting of several zones, including an Entertainment Zone, Hangout Zone, Food Zone, Sales Zone, Service Zone, and Back End Zone. LOOP Stations are also equipped with a high-speed internet corner delivering speeds of up to 100 Mbps.

To keep the youth segment engaged, we launched several music and education-themed programs such as dream submission, a school band competition, the one million dream music concert, and a joint movement for education.

We also set up special distribution channels, a promo package plan and sales programs to schools, as well as offering our loyalty program to create stickiness in the youth segment. We aim to have a 30% share of the market and 33% of the revenue of Indonesia's youth segment.

MARKETING

Our strategic marketing objectives are to maintain the positioning of our leading brands, products and solutions and to ensure that they remain the leading products in their respective segments: Prepaid, Postpaid or Data Services.

In 2014, we focused primarily on our Smart Year programs (Smarties) which consist of Smart Acquisition, Smart Retention, Smart Youth Engagement, Smart Broadband Education, Smart Device Penetration and Smart Pricing.

Smart Acquisition

With Smart Acquisition, we created various acquisition programs to target high value segment customers through our excellent customer experience, drove micro clustering to win key market segments, and enhanced our touch points with sales capabilities especially for postpaid customers.

With the successful execution of the above, we managed to grow our customer base by a 9.1 million net add to 140.6 million customers, while at the same time growing our ARPU by 2.8% to Rp39K.

Smart Retention

We revamped our loyalty programs on March 15, 2014 to increase our customer base stickiness. We offered new point-based loyalty rewards with a focus on the High Value Customer (HVC) segment to increase their benefits and give more meaningful and relevant rewards based on their lifestyle. The key objective of this program is to improve the customer experience and build long-term

engagement through their lifestyle interests. Customers can enjoy rewards simply by redeeming their points.



The new Telkomsel Poin 2014 comes with many advantages. The More attractive rewards catalogue has various categories consisting of hundreds of items to choose from, while the enhanced redemption channel provides convenient and easy access to UMB *700#, My Telkomsel or website: www.telkomsel.com to rewards catalogue anytime, anywhere.

Smart Youth Engagement

We strengthened our youth positioning by understanding the Youth DNA, introduced brands relevant to young people's aspirations and needs (LOOP) and created enduring and sustainable marketing and branding efforts to attract youth.

Smart Broadband Education

We embarked on several internet education campaigns to educate the market on the importance and relevant of the internet. We held internet festivals in our key broadband cities, carried out door-to-door activation activities in communities, made mobile GraPARIs the center of attention in

villages to showcase the internet, and introduced relevant apps and contents to stimulate internet usage.

The impact of these programs resulted in an increase in data users of 12.1% YoY to 67.9 million.

Smart Device Penetration

To drive the adoption of data capable devices, Telkomsel established strategic partnerships with key handphone manufacturers to introduce smartphone devices at the right segment prices. We entered into strategic partnerships with Samsung, LG and Huawei and collaborated with other 17 device principals under Telkomsel Android United (TAU) and through the online channel blanja.com. We empowered our dealers to take part in device bundling programs as well as preloading relevant apps to drive data usage.

As a result, our smartphone users grew 70.8% to 40.4 million customers, accounting for 29% of our total customers.

Smart Pricing

To continue to sustain our legacy business for as long as possible, we focused on correct market segmentation and cluster-based pricing. Geographically, we split Indonesia into four areas, 11 regions and over 200

clusters. With this, we are able to introduce differentiated pricing that uses conjoint simulation and elasticity modeling to maximize revenue impact in each cluster.

As a result, we have been able to sustain our legacy business, with voice growing by 7.8%, SMS by 3.5% and the digital business by 33.9%, and we achieved double-digit growth in total revenue.

In term of brands, kartuHalo, *simPATI* and Kartu As succeeded in maintaining their market leadership in both the postpaid and prepaid segments. The significant performance of these three products enabled us to maintain our position as the operator of choice. In the meantime, LOOP, our newly launched brand targeting youth, recorded significant achievements in its first year.

- **kartuHalo**, positioned as the coolest & best value postpaid card for young professionals.
- ***simPATI***, positioned as the most reliable prepaid card to help me pursue my passions.
- **LOOP**, positioned as the key of youth expression.
- **Kartu As**, positioned as 'the most affordable brand for the mass segment.
- **Telkomsel Flash**, positioned as the best data network quality and widest coverage across Indonesia, the most broadband ready (HSPA+) & LTE.

kartuHalo



Positioned as postpaid brand of choice for the premium market, professional and corporate customer segments, kartuHalo provides an unparalleled suite of full mobile services and exclusive privileges with a brand positioning as the 'Most Preferred Postpaid Brand'.

In 2014 we expanded the product portfolio with products such as Halo Fit Hybrid and Halo Fit My Plan to grab new high value segments. kartuHalo also introduced Halo Instant to enhance our Postpaid acquisition.

With our Postpaid service, customers enjoy unique value differentiation and benefits:

- Network prioritization (broadband access and voice call priority)
- Best broadband experience (data package with no limitation on time band and 2G/3G network)
- Biggest loyalty rewards (double Telkomsel Poin, free access to Airport Lounges, and exclusive rewards for kartuHalo customers)
- Usage monitoring and One Bill feature

As a result, kartuHalo registered a 14.5% growth in its customer base to 2.9 million.

simPATI



Our *simPATI* brand is designed to meet the needs of the middle market segment, with total subscribers reaching 76.6 million (+28.4% YoY). In 2014, our award-winning premium prepaid card launched a new brand preposition, 'Discover Excitement' to strengthen its position as the ultimate prepaid card for young professionals and continue to acquire high value customers, especially data and digital lifestyle users, through the 'Your Everyday Discoveries' campaign.

Our Telkomsel POIN loyalty program is also extended to *simPATI* customers to create customer stickiness and reduce churn.

Telkomsel's postpaid product are well perceived and in 2014 obtained many awards including the following:

Cellular Award
kartuHalo
Best Postpaid Card

Top IT & Telco
kartuHalo
Top Postpaid Award

ICSA
kartuHalo
Top Postpaid Product

Pariwara Mitra Keluarga Award (BKKBN)
kartuHalo Family
Best Product Advertisement

BUSINESS REVIEW

MARKETING

LOOP



On March 9, 2014, a new brand, LOOP, was officially launched. LOOP is a new Prepaid Brand targeted at the youth segment. By using the tagline 'ini KITA' (meaning: This is Us), LOOP relates to the youth segment through its brand proposition, 'Medium of youth expression to be better together'. LOOP focuses on offering attractive data and digital services. We ran several key programs to engage the youth segment, such as the One Million Dreams Concert, LOOP Soccer Fun Fest, Launching LOOP Station and LOOP Kreatif Project Digital Festival.

Kartu As



In 2014, our prepaid Kartu As remained a fighting brand for the mid-low segment with a subscriber base of 61.1 million. Key programs launched in 2014 were Kartu As Internet Murah, Kartu As Kasbuloh, Kartu As Paket 500 and Kartu As Pas Buat Semua Rp 5000.



KartuAs Flexi

Kartu As Flexi is a card dedicated to migrating Telkom's Flexi subscribers to Kartu As Flexi, which has a similar tariff to Flexi. The program started on October 9, 2014 and by the end of 2014, we had successfully migrated 550,000 subscribers.

Voice and SMS

For all the focus on the future that is the digital world, Telkomsel is still counting on the contribution of Voice and SMS services, which make up more than two-thirds

of total revenue. Voice, which accounted for around 50% of total revenue, recorded a sustained growth of 7.8%, while SMS, which accounted for around 20% of total revenue, still grew by 3.5% despite the popularity of instant messaging applications. The healthy growth in legacy voice and SMS was attributed to the successful implementation of our micro cluster-based pricing strategy and market segmentation.

In terms of traffic, Voice grew 2.7% to 196.5 billion minutes, while SMS declined slightly by 1.2% to 256.4 billion SMS. In 2014 our SMS revenue was overtaken by mobile broadband for the first time.

Digital Business

We are committed to providing the best quality data access nationwide through the deployment of high capacity broadband infrastructure. Accordingly, broadband and digital services' contribution to revenue increased to 24% in 2014 from 19% in 2013. The contribution from broadband is expected to continue to grow in future with the implementation of the D-N-A platform strategy and education to create awareness among customers and trigger digital service use.

One of the key drivers of data consumption is smartphone usage. As of 31 December 2014, Telkomsel had a total of 40 million smartphone users with various operating systems.

Mobile Broadband

At the end of 2014, Telkomsel had 68 million data users, an increase of 12.1% from last year, or 48% of total customers. Telkomsel implemented various programs in an effort to further increase mobile broadband penetration in Indonesia, amongst which were Indonesia Genggam Internet and the World Cup Campaign.

Indonesia Genggam Internet Program



Indonesia currently has one of the lowest internet penetration rates amongst the ASEAN countries and we therefore have the highest growth opportunities.

To capture this opportunity, we launched Indonesia Genggam Internet (IGI, or Indonesia Embraces the Internet) to educate people on the benefits of internet connectivity to increase internet penetration in Indonesia. We placed IGI agents equipped with specific tools and special incentives throughout Indonesia to increase utilization of our network.

World Cup Campaign



To show our appreciation to all our loyal customers and strengthen our position in the market as a Digital Lifestyle Provider, Telkomsel became the Official Mobile Broadcaster of the 2014 FIFA World Cup for Indonesia. We offered attractive promotion data packages to access World Cup content.

Mobile Broadband Services

Zone Pricing

Telkomsel implemented zone pricing for our broadband services in 2014. We have designated 12 zones across Indonesia by mapping the city and district allocation, taking into account the level of competition and data payload in each zone.

As a result, we were able to grow our digital revenue by 33.9% to Rp15.6 trillion.

Telkomselflash

Telkomselflash is our flagship product for mobile broadband services. By the end of 2014, Telkomselflash users had reached 31 million, increasing sharply by 80.7% from a year earlier. In terms of revenue, Telkomselflash recorded Rp6.5 trillion in 2014, increasing 97.7% YoY and contributing 46% of total broadband revenue, compared to 31% last year.

To strengthen the performance of Telkomselflash, we introduced several key strategies to drive data sales, including re-pricing tariffs and accelerating 3G handset penetration. The new pricing strategy is zone-based to better understand local demand characteristics.

BlackBerry Service

With smartphone growth mainly driven by manufacturers on the Android platform combined with the opening up of the BlackBerry platform in late 2013, our BlackBerry subscribers declined 22.8% in 2014. Telkomsel still has one of the biggest BlackBerry subscriber bases in the world, with 5.8 million customers at the end of 2014. We are committed to maintaining the competitiveness of our BlackBerry packages in the market.

Pay As You Use (PAYU)

Our PAYU services primarily cater to first time and non-regular broadband users who are new to the mobile internet. Once these PAYU customers have experience of the digital world, we will upsell our broadband packages.

BROADBAND - Product and Services

Indonesia Genggam Internet	World Cup Campaign	Preload Data Card
		
A movement from Telkomsel to educate people about the benefit of Internet Connectivity and convert them to be Active Data User by using Existing Data User as the Agent (Launched on March'14).	To seize FIFA World Cup 2014 moment, Telkomsel as the FIFA Official Mobile Broadcaster offered an interesting promo by giving free unlimited access to World Cup Content and Special Packages with Free World Cup Content. Subs who buy Flash Packages can enjoy this promo.	In order to boost sales to get more New Data User, Telkomsel launched Special Preload Data Card with affordable price (Rp.23k - 33k) with 3 types of Quota (National, Island, and Cities Quota) in One Card.
Zone Pricing Initiatives	Seasonal Pricing Initiatives	
	  <ul style="list-style-type: none"> During RAFI season, Telkomsel initiates Price Adjustment by moving All Cities to higher Zone. Special Donation Flash Packages was also initiated. During NARU season, Telkomsel initiates Price Adjustment by moving selected BlackBerry Cities and selected Area I Cities to Higher Zone, and giving Double Quota for Flash Big Deno to increase package attractiveness and increase purchasing. 	

MARKETING



Digital Services

Our strategy in 2014 was to support the realization of the Company's objectives of growing digital services and strengthening our presence in the broadband business.

In 2014, digital services continued its strong performance with 31.5% YoY revenue growth, which was above last year's YoY growth of 30.3%. The four key pillars of digital services are digital lifestyle, digital advertising, digital payment, and M2M Business, which are designed to help trigger the growth of the digital ecosystem in Indonesia. To further strengthen the digital services foundation, we launched a few key programs in 2014 such as games and entertainment, and re-launched digital advertising and M2M business.

Digital Lifestyle

Digital Lifestyle provides various attractive content to support our customers' modern lifestyle, at work, in schools and home life. Through engagement with developers and device manufactures, Telkomsel helps to promote and create a supportive environment which has allowed these digital services to be known nationwide.

In 2014, Telkomsel launched various breakthrough digital services such as Moovigo, Hello Doctor, PopCall, LangitMusik Full Track, and Payment Gateway for games which offer transaction solutions using a Telkomsel balance instead of a credit card and/or debit card. Telkomsel strives to create innovation within digital services. As a result, Telkomsel was the first operator with the capability to allow customers to use their Telkomsel balance as a payment gateway in games on chat applications. Several digital items such as e-books and e-magazines can be purchased using Telkomsel Poin as payment, which has increased customer loyalty and engagement.

Telkomsel also worked with game publishers to create special offerings using the Telkomsel games payment gateway as a means of leveraging our business. Telkomsel also developed an Android-based application store as well as a revamp for Android mobile browsers to enhance the customer experience. With almost 900 game titles, customers can choose from various genres, from Adventure to Casual Games.

Through LangitMusik, Telkomsel offers the best and the most complete local music streaming and download application. The LangitMusik Festival and Be My Hero was part of Telkomsel's commitment to the anti-piracy campaign. Supported by 25 top artists and 16 major labels in Indonesia on one stage, these events were major highlights of the campaign.

In developing the creative industry in Indonesia, Telkomsel always strives to develop innovative digital services and aims to be the leader in mobile digital world, in particular in Games, Music and Video. This will strengthen Telkomsel's position as the First Mobile Operator to launch LTE Technology.

Digital Advertising

Telkomsel Digital Advertising is the largest mobile advertising service provider in Indonesia. In 2014, we expanded our product offerings to give more value and new experiences for our subscribers, including digital signage, e-coupon and vending machines, and big data insight.

Telkomsel has always been committed to providing maximum service to subscribers. For each campaign, we emphasize the accuracy of the campaign profiling using big data insights, which provide analysis of mobile consumers' collective behavior based on Telkomsel's



active subscriber data. These insights provide a better understanding of the market place and assist business owners in critical decision making.

Telkomsel will continue to innovate in delivering new digital advertising opportunities such as retail services, DOOH (digital out of home), and Interactive Personalized (SMS, MMS, USSD, and IVR).

Digital Payment and Banking

Telkomsel Digital Payment and Banking aim to create a digital financial ecosystem by offering various digital payment and banking solutions to the market. The company is progressively building a comprehensive ecosystem of digital payment and banking to fulfill consumer needs and wants.

To reach this objective, Telkomsel has sharpened its customer segmentation while also successfully enhancing existing payment services and developing new business initiatives such as the T-Cash product revamp, T-Wallet, and MPOS connectivity and aggregator model, as well as conducting a trial of T-Cash Tap.

Telkomsel is working with major banks to reach un-banked communities in rural areas through branchless banking initiatives. This is aligned with the Government's financial inclusion program. In mobile banking services, Telkomsel has continued to accelerate adoption and enhancement of the customer experience.

M2M Business

Telkomsel M2M Business is ready to help companies in Indonesia to grow their businesses with Telkomsel M2M (Machine to Machine) Solutions, which comprise the Telkomsel M2M Control Center and M2M Application Platform. With these solutions, product-oriented companies

will have the chance to transform into product and services companies.

Other than M2M, Telkomsel also provides T-Zone, a Femto Technology with private and secure network. T-Zone solution is bundled with some applications that could help SME in efficiently manage their operational business and communication cost.

M2M usage continues to grow in various industry sectors alongside the increasing usage of mobile technology for communicating with assets or devices in particular areas. The effective use of M2M will help to reduce costs, increase access to information and increase the choice of products being offered.
















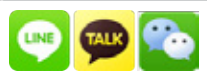
With M2M solutions, companies can receive information related to assets and machinery owned by the company in a real-time and controlled manner through a single platform (control center). Telkomsel's wide network across Indonesia will support M2M solutions and provide the best service quality. At the same time, the special Telkomsel M2M SIMcard will complement companies' need for reliable M2M solutions.

M2M solutions will also help customers manage their business anywhere. This will help our corporate customers to improve efficiency, monitoring and control in running their businesses.





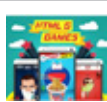


MARKETING




Digital Services - DIGITAL LIFESTYLE

Dunia Games	Games Payment Gateway	Line Webstore
		
Telkomsel Games Portal offers a variety of games for smartphones and features by accessing *900# and/or m.duniagames.co.id. Users can use their Telkomsel balance as payment.	A service that allows customers to purchase online games using their Telkomsel recharge balance instead of charging their credit card.	A service that allows customers to purchase games in Line Messenger using their Telkomsel balance instead of their credit/debit card.
WePlay	Moovigo	Speedy Instant WiFi Service
		
An Android-based games marketplace which allows customers to buy various kinds of Android games with Telkomsel's pulsa.	Telkomsel Moovigo is a mobile application service which provides branded video on demand, live linear TV, and Internet Clips that can be played on your mobile phone.	A high-speed WiFi service which simplifies customer purchases by using their Telkomsel balance.
*500# UMB Access	PopCall	Hello Doctor
		
One-stop access to explore and enjoy all Digital Lifestyle content and services.	A personalized status message to recipient numbers before incoming calls.	Hello doctor working together with Telkomsel to provide you online health services such as advice and health information that you need to access easily, anywhere, and anytime.
LangitMusik	My NSP	
		
One-stop music platform with more than 2 million songs in the library in various genres, available through streaming and downloading by buying a subscription package. Now user can sing along with hundreds of official music video using Langit Musik Karaoke and also download the music in mp3 format using Langit Musik Ala Carte.	A breakthrough enhancement from Telkomsel's existing NSP service which allow customers to create & have their own NSP.	
Appworld BlackBerry	Windows Market Place	OperaMini Webpass
		
A BlackBerry appstore which offers social media, chatting, games, video, music, editing, etc. for BlackBerry users which can be purchased with their Telkomsel balance.	A Windows phone market place which offers various applications for purchase using a Telkomsel balance.	Allows existing Opera Mini users as well as potential users to purchase data plans directly from inside the browser without the need to use SMS or USSD.
Social Media Package (SNC)	Messenger	
		
A data package plan for social network and chat lovers which allows them to have unlimited access to their own community/user group.	We have exclusive programs with various chat applications such as Line, Kakaotalk and WeChat.	










Digital Services - DIGITAL ADVERTISING

Telkomsel Vending Machine	Telkomsel Mobile Coupon	Telkomsel M-Sight
		
A vending machine that builds interactive communication and attracts and engages customers in innovative ways.	A mobile transaction solution that offers consumer discounts and promotions on selected products and services.	Telkomsel Big Data and Big Data Analytics, which provide customer insights for better decision making, faster decisions, and high business performance.
Digital Signage - Commuter Line		HTML 5 Games
		
Telkomsel Digital Advertising offers the Commuter Line Package as 'A Way to Grab Mobile Customers'. This package provides valuable information in text, photos, video and broadcast TV as well as advertising through LCD/LED TV (Digital Signage), which allows advertisers to promote their products to Telkomsel subscribers riding the commuter train.		Mobile games are amongst the most popular and the most engaging apps. Telkomsel Digital Advertising proudly presents our newest feature of HTML 5 Games.

Digital Services - DIGITAL PAYMENT

T-Cash	T-Wallet	Mobile Banking
		
An electronic money service with rich features such as bill payment, airtime top up, P2P, purchase, online shopping, etc.	We are conducting trials on a mobile wallet application with various payment features and value added services.	Provides customers with the best mobile banking services via SMS, USSD, IVR and Dynamic SIM Tool Kit (DSTK).

Digital Services - M2M BUSINESS

Tracking & Fleet Management	Driving Analytics	Smart Telemetry
		
Track, monitor and control all mobile assets in real time and access via a desktop computer in the company.	Analyzes driving behavior by collecting data from your vehicle and analyzing it to provide insights into costs and driving style.	A special application that can collect various data from different locations and send it using data services/SMS technology to the company's database center.
Smart Metering	Smart Building	Mobile EDC
		
Technology that can accurately measure and transmit electricity consumption data.	Improves office/home living by the automation of lighting and appliances and security devices, and monitors energy consumption via mobile applications.	Reduced operational costs and higher mobility for existing EDCs.
M-POS	Mobile ATM	T-Zone
		
Deployment of the new wave of payment acceptance technology, combining smartphone/tablet, secured dongle and mobile data connectivity to replace the older big and space-hungry POS PC and EDCs.	Enables banks or ATM providers to quickly and easily connect ATM machines with the ATM host servers in the head office, using Telkomsel data technology as an alternative method of data communication.	A small indoor BTS providing network security and reliability as well as more affordable member-to-member communication services.

MARKETING

Interconnection

To ensure customer satisfaction, we focused on upholding the least cost routing principle by implementing several interconnect programs, ensuring smooth relations with our interconnect partners and optimizing our business scheme to minimize outpayment.

In 2014, our interconnect initiatives included accelerating our wholesale strategy to support the retail business by increasing retail revenue through providing attractive rates for outgoing calls, and winning back losing clusters in certain regions through synergizing marketing efforts with the parent companies in both domestic and international markets.

The Ministry of KOMINFO implemented CBI (Cost-Based Interconnection) 2014 with effect from February 1, 2014. To ensure the success of this policy, we have been amending interconnect agreements, updating billing parameters as basic settlements, ensuring affordable retail tariffs for retail customers and guaranteeing interconnect growth revenue.

To support the transition to modern and efficient infrastructure, we continued to upgrade our interconnect infrastructure from legacy-based (TDM) to IP-based, particularly for international gateways, and conducted a trial of the IP-based interconnection services with our interconnection partners.

International Roaming

We implemented several initiatives to improve the customer experience of International Roaming, including Network Agnostic (one roaming package can be used on all operators in certain countries), Zone tariffs (aligning tariff zones with package coverage), attractive promo packages (a 3-in-1 package that includes internet as well as calls and SMS to Indonesia), a roaming campaign to educate outbound roamers on a hassle-free roaming experience with Telkomsel, Bill-Shock Protection (by implementing credit limit supervision for internet and SMS roaming usage, restricting PAYU internet access in certain countries) and Auto-roam for new postpaid subscribers. We simplified our roaming services by implementing daily data pass and package registration.

To drive growth in roaming traffic and revenue from international roaming partnerships, we increased our roaming agreements to 538 operators in almost 200 countries. More than 80% of those agreements covered data roaming. We also established preferential roaming partnerships with more than 156 operators worldwide to maximize inbound traffic, save roaming costs and enhance our roaming retail proposition.



Our membership of the Bridge Alliance, an alliance of Asia's leading telecommunications operators, not only facilitated the management of traffic

steering among Alliance members but also extended the benefits to Telkomsel's customers abroad, through programs such as Data Roaming Packages and attractive voice and SMS package in Bridge and Other countries. In 2014 the Alliance intensified its focus on improving the customer experience not only by encouraging members to simplify zonal retail tariffs and network agnostic within the group and alliance countries but also focus on quality of service by regular roaming testing. Each Bridge Member Operator is responsible for delivering the full cycle of customer experience management from subscription and pre-departure to in-country roaming and eventual home arrival.

A series of intensive marketing campaigns throughout the year increased customer awareness and strengthened the image of Telkomsel's international roaming products and services. Several were focused on strategic areas, including international airports, welcome greetings, LBA (Location Based Advertising), and UMB, and digital media campaigns were also extensively used. Loyalty programs included a free Roaming Call Center for kartuHalo and Prepaid subscribers, which can be accessed from all roaming countries.

Towers

As of December 31, 2014 Telkomsel had 17,615 towers located across Indonesia to support BTS network deployment. Telkomsel rents out some of its towers, as by law an operator has to share its towers with other local operators. During the year, revenue contribution from tower rent reached Rp657 billion, increasing 49% from the previous year. Our towers are managed by PT Dayamitra Telekomunikasi, a subsidiary of our parent company that specializes in tower operation.

SALES

Our telecommunication services cover more than 95% of Indonesia's population. The country is divided into four Sales Areas, namely Sumatra (Area 1), Greater Jakarta and West Java (Area 2), Java and Bali (Area 3) and Papua, Maluku, Sulawesi, Kalimantan (Area 4). Within the four areas, we have 11 regions and over 200 clusters. With this zone marking and strong distribution channels, we are able to reach the market faster and better.



Sales Business Strategy

In 2014, our sales business strategy focused mainly on our retail and corporate customers and communities.

Retail Market

In this market, we met customer needs through sales device bundling (from low-end to high-end segments), broadband sales activities, outlet enhancement and management, cluster management and internet education.

We strengthened our sales strategy through zonal marking/cluster-based marketing with more than 200 clusters, sales and distribution enhancement, modern channel empowerment and device bundling to sustain the legacy business, strengthen our broadband and trigger digital services. The retail segment represents the biggest market portion for Telkomsel. We manage the retail market down to the smallest unit of sales territory, known as a cluster. Each cluster is managed by sales team that comprises an internal and external sales team (authorized distributors). Through localized area programs, we have specifically approached and penetrated new and existing markets for telecommunication services with priority-based and cluster-based programs.

We improved the customer experience with the new CRM (Customer Relationship Management) system as well as improvements throughout our 88 GraPARIs.

Corporate Customers

Corporate and Community Account Management (CCAM) manages our corporate and SME customer accounts. Our corporate customer base comprises more than 28,000 companies nationwide.

In 2014, we continued to bring new, personalized corporate and SME solutions to the market through our kartuHalo Corporate brand with a greater variety of packages. This again delivered strong results in terms of both total revenue and customer base, which grew by double digit in 2014. We use kartuHalo as the priority brand to maintain our lead in the postpaid corporate market.

BUSINESS REVIEW

SALES

kartuHalo Corporate launched several new solutions tailored to the needs of our business customers that leverage IP enterprise technology:

- **Enterprise Smart Connection:** simply integrates a mobile phone with an IP fixed phone using the same identity.
- **Call Center Advanced Solution:** offers cost efficiency to the call center business.

Telkomsel's Corporate Business Solutions are focused on the following needs:

- **Business Mobility**

These are data (GPRS/EDGE/3G/HSDPA/HSPA+) and SMS solutions that allow access to company data on a mobile on a secure and cost-effective basis. Business Mobility solutions include Push Email, Sales Force Automation and Intranet Application Access.

- **Wireless Connectivity**

As more companies adopt flexible hours and remote working, they are challenged to meet their employees' need for wireless connectivity anytime, anywhere. Mobile ATM, Mobile EDC, Mobile Tracking and Fleet Management, Telemetry Application and Small and Remote Office Connectivity are among the solutions that can make online and wireless operational procedures more efficient and effective.

- **Business Leveraging**

Our Business Leveraging solutions are designed to improve and optimize businesses even where resources may be limited. SMS Service, NSP1212 for Corporate, Mobile VPN, Fixed Wireless Connectivity, TELKOMSELCash (T-Cash), TELKOMSELFlash, and TELKOMSEL Enterprise Hosting Service (Business Connect) all fall into this category.

- **Machine to Machine**

As market demand for M2M data solutions continue to grow, Telkomsel launched the most complete and comprehensive suite of M2M solutions in Indonesia. Machine-to-machine (M2M) technology changes the way business and industry use automation processes, and monitoring and control become more effective and efficient. To provide the best M2M experience and exceed customer expectations, we offered M2M Smart Connectivity through the M2M Control Center as a cloud-based platform that will automate the entire process, improve service reliability and expand customers' business scale globally.

Our commitment is to seamlessly and consistently serve the needs of corporate and SME customers to help them achieve better efficiency, productivity and competitiveness through our Business Mobility, Wireless Connectivity, Business Leveraging and Machine-to-Machine products and services.

Young Engagement Masterpiece Journey 2014

Q1 - MUSIC	Q2 - SPORT	Q3 - EDUCATION
<ul style="list-style-type: none"> • Dream submission • School band competition • One Million Dream Music Concert • Join Movement for better education 	<ul style="list-style-type: none"> • Nobar Event • School Mini Soccer Competition • Talent hunt for National Team 	<ul style="list-style-type: none"> • Create the Creators through writing and video digital challenge • Inspiring, Knowledge, Fun and Digital Experience • Famous Young Speakers & Coaching Clinic
<p>Program Output: OMDC Band with NSP Produced</p> <p>10 Band winner has their own NSP</p>	<p>Program Output 100 Best Players in National Elite Team</p> <p>Yogyakarta, 7-11 Dec 2014</p>	<p>Program Output Digital Writer - Ebook Digital Video Maker -</p> <p>LoopKepo winner with Expert collaboration</p>
<p style="text-align: center;">Big Bang Youth Digital Festival #121314 International Main Speaker, 20 Inspirational guest speakers, Digital Xpo</p>		
<p>Other</p> <div style="display: flex; justify-content: space-around;"> <div> <p>Rekor MURI "KOMPETISI BASKET 3X3 PELAJAR TERBESAR DAN PESERTA TERBANYAK DI INDONESIA"</p> </div> <div> <p>Develop Aplikasi "Soccertalk"</p> </div> <div> <p>LOOP Elite Camp bersama Coach Indra Sjafri</p> </div> <div> <p>Muri (Loop launch)</p> </div> <div> <p>Frontier (Top brand for Teen)</p> </div> <div> <p>Marketers (Most Favorite Youth Brand)</p> </div> </div>		

Community Segment

To tap into the community segment, Telkomsel recognizes the importance of building strong bonding and loyalty programs within the youth community. In 2014, we focused on aggressive acquisition in youth hang-out places such as schools, campuses, cinemas, sports centers and coffee shops. We empowered our authorized dealers to enhance channels and strategic partnership with youth brands and principles.

We launched a new brand focusing on youth in May 2014. The LOOP brand relates to the youth segment through its brand proposition, 'Medium of youth expression to be better together'. We implemented several key programs to engage the youth segment and community, such as the One Million Dreams Concert, LOOP Soccer Fun Fest, Launching LOOP Station and LOOP Kreatif Project Digital Festival.

Area Sales Activities

3A Strategic Sales Direction

Telkomsel has developed strategic market and sales guidance to maintain its market leadership in the mobile cellular market in Indonesia. Our sales strategy guidance for 2014 was called 3A (Accuracy – Acceleration – Acquisition):

- **Accuracy:** accurate and precise in determining the right target market, the right product based on market demand and the right resources to grow the business (infrastructure, people, budget etc.)
- **Acceleration:** acceleration in grabbing market opportunities such as demand-based network roll-out, attention to the youth segment and faster time-to-market for new products.
- **Acquisition:** acquire selectively by targeting high value segment customers, and win back losing clusters from our competitors.

Our 3A Strategic Sales Direction, combined with the six Smarties strategies (Smart Acquisition, Smart Retention, Smart Youth Engagement, Smart Broadband Education, Smart Device Penetration and Smart pricing) were cascaded to all areas for execution to ensure that our corporate strategic objectives are met.

A. Sumatra



Telkomsel continued to maintain its market dominance in Sumatra. The Sumatra Area has the largest customer base. Our sales programs for Sumatra were developed with the aim of strengthening our market presence through an effective micro clustering program, as well as event-based programs to target the youth segment and maintain customer loyalty.

In targeting the youth segment, our focus was on offering an attractive broadband internet package tailored specifically to the youth segment, as well as driving smartphone adoption through device bundling to increase data consumption and grow digital business. The programs resulted in significant achievements, especially increasing internet payload and broadband services usage.

B. Greater Jakarta - West Java



Greater Jakarta – West Java remains the most competitive and populated area as well as having the most number of telcos. The market is highly competitive and has more than 100% mobile penetration.

To maintain market leadership in this competitive market, we developed a zone marking strategy by breaking down our regional sales territories from three regions (West Java, Outer Jakarta and Inner Jakarta) to four regions (Western Jabotabek, Eastern Jabotabek, Central Jabotabek, and West Java). With four regions, our marketing operations and customer handling were more effective.

To improve the customer experience and be more engaged, we launched new GraPARI branches in the West Java Region and introduced MoRe (Motor Recharge) to expand our sales and distribution coverage, especially in remote areas.

To monetize and grow our digital business, we offered several preload packages and smartphone bundles and introduced the digital experience through GraPARI digital. We also started our LTE commercial launch in Jakarta in December 2014.

SALES

C. Java-Bali



Java-Bali is a competitive area with tight competition and has the highest population in Indonesia while having relatively lower penetration compared to other areas. It therefore offers the greatest opportunity to grow our revenue.

In order to maintain our market leadership, we continuously improved our network quality, augmented by better coverage and capacity, especially in terms of mobile data. Moreover, to capture the opportunities from increasing mobile data traffic, we also focused on smartphone bundling programs which offer high value at attractive promotional prices for customers.

In addition to increasing our market share in the youth segment, the Java-Bali Area held segmented events and activities on sports, music and educational themes to stimulate broadband data utilisation, which resulted in a significant increase in revenue growth. In 2014, the Java-Bali Area recorded the highest revenue growth compared to all other areas.

D. Papua, Maluku, Sulawesi, Kalimantan (Pamasuka)



Telkomsel has a strong competitive advantage in the Pamasuka area as we have the highest coverage compared to other operators. In 2014, we implemented several programs to maintain our market share dominance, including empowering sales distributors and outlet channels to strengthen the retail market and further enhance the customer experience, as well as to penetrate the market by enhancing network coverage and quality.

We also strengthened our digital business by embracing the youth and community segments through innovative collaboration, and strengthened our position amongst corporates, SMEs and government institutions through kartuHalo solutions. We enhanced the integrated DNA platform to lead device bundling and delivery of data broadband services.

Customer Care and Channel Management

Our brands revolve around providing the best possible experience for our customers through a wide range of products, efficient service delivery and support, as well as delivering consistent service across a range of channels and touch points.

Service excellence means consistently delivering quality, reliability, value and ease. We always strive to exceed customer expectations by anticipating and responding to the needs of all our customers in every segment, which will generate long-term satisfaction and loyalty. Our customer touch points provide ready and easy access to Telkomsel's products, services and assistance to customers anytime, anywhere. Key programs in 2014 to achieve service excellence and retain customers' loyalty included the following:

CRM – Strengthening Customer Care

Customer Relationship Management Transformation is an integrated and innovative business process to improve the quality of service to customers. CRM also provides an integrated information system that can be utilized to support planning right up to the control of pre-sales and post-sales activities.

We have also integrated CRM with contact centers so that the system can provide multichannel interaction solutions. CRM accelerates response times and improves the way we handle customers.

In July 2014 Telkomsel completed the first phase of CRM, which covers postpaid customers and several services for prepaid interaction and customer handling. In 2014, Telkomsel's customer services received several awards in 2014 including the Best Call Center and Customer Service Email Centers in CCSEA.

Expanding the Customer Touch Point (CTP) Network

Our walk-in customer touch points (CTPs) include 409 GraPARIs (321 of which are managed in cooperation with partners and 88 directly by Telkomsel), and synergy with 37 Plasa Telkom outlets. We served more than 9 million transactions through our walk-in CTPs in 2014 and opened two new GraPARI sites: GraPARI Cibubur in Jakarta and GraPARI Medan Lippo Plaza in Medan. Telkomsel is preparing for international expansion in 2015, to serve existing customers in Saudi Arabia.



Telkomsel has opened a GraPARI with a DigiLife zone (digital lifestyle experience tools and facilities) in Dago, Bandung. This is a walk-in Contact Center as well as a Telkomsel Digital Experience Center.

LOOP Stations were officially opened in Jakarta and Bandung as hangout places where Loopers can gather, enjoy their hobbies, express themselves positively and try out the latest digital services.

We have more than 2,500 Call Center Officers stationed at our five Call Centers, more than 2,800 Customer Service officers ready to serve at our GraPARIs as well as more than 140 ECare officers ready to respond to customers via email, social media (Facebook and Twitter) and the MyTelkomsel web.

Self Service Channel (KIOSK)

Telkomsel opened 10 Self Service Channel KIOSKS and will continue to expand these in 2015. We strive to keep the customer experience at our Self Service KIOSKS at the same level as in our traditional walk-in channels, but at a lower cost of service. KIOSKS are also used to deliver digital services in crowded areas such as airports, malls and train stations.

My Telkomsel Application

MyTelkomsel is mobile application for smartphones and tablets with Android, iOS, BlackBerry and Windows Phone Operating Systems. This app was made to improve the broadband customer experience in accessing personal service information. The My Telkomsel app allows customers to easily check their current balance, remaining internet quota and remaining bonus, buy packages, submit complaints, transfer balance, view billing statements, activate roaming, etc. The application supports access through WiFi connections and other operator networks using MSISDN and Token.

Several enhancements were made to this app in 2014. We added additional features for our loyalty program, Telkomsel Poin, as well as 4G LTE packages. We also implemented performance enhancements to improve customer satisfaction with the My Telkomsel app.

SelfCare

There are various methods of accessing SelfCare services, including through UMB, SMS, Web, email and social media. We introduced SelfCare (<https://my.telkomsel.com>) to facilitate kartuHalo bill payment and prepaid balance top-up using credit cards as a payment channel. Bill payment and prepaid charging are usually done through GraPARI outlets, prepaid credit or ATM machines. Customers can easily take advantage of many payment options by accessing the SelfCare site.

GraPARI with Digital Lifestyle Experience Zone

To improve our customers' digital experience, we launched a GraPARI with Digital Lifestyle (Digi Lifestyle) in Dago, Bandung in July 2014. This GraPARI is a digital experience center where our customers can get hands-on experience of our digital services, from digital lifestyle products, digital payment and digital advertising to the latest innovations such as MPoS and Google Glass.



SALES

LOOP Station

We launched our LOOP Stations in Jakarta and Bandung to cater to our LOOP customers. They act as a direct channel for the youth and community segment (called LOOPers) to explore Telkomsel's digital services. LOOP Stations are equipped to handle sales, service, F&B and hangout facilities, and were set up as places where young people can gather to enjoy their hobbies, express themselves positively and try out the latest digital services.

With youth and the digital concept in mind, the Loop Station was designed to be a fun, attractive, colorful, dynamic and technology-driven place decorated with graffiti and offering lots of exciting digital content. Each LOOP Station is divided into six zones: an entertainment zone, hangout zone, food and beverage zone, sales zone, service zone, and back end support zone. The Entertainment Zone showcases our music, games, video, dance and art and is also a place to experience new digital services. The Hangout Zone is where our LOOPers socialize with friends while enjoying free WiFi and entertainment.



GraPARI Synergy with Plasa Telkom

To broaden our customer touch points, our GraPARIs were synergized with Telkom Plaza outlets. As of 2014, we are present through 37 Telkom Plaza outlets. The Telkom Group launched the GraPARI Telkom Solution in Jakarta in 2014. As a telecommunications operator, the Telkom Group continues to pursue innovation and build synergy among all its products, services, and solutions from the legacy business to new business.

The GraPARI Telkom Solution center is a showcase for all Telkom Group products and services, which cover a variety of information, media, edutainment, and digital experience services to complement the lifestyle of today's digital society. The services provided have integrated services for facilitating business processes and transactions, which include Value Added Services (VAS) for all Telkom Group products.

Strengthening Customer Relationships through Social Media

With the advent of social media, we realize the important of using this platform to engage and strengthen our relationship with our customers.

In a fragmented media landscape, digital media plays a very important role in the overall strategy and success of the campaigns. Telkomsel continues to progressively strengthen its marketing innovation and leadership in the digital space while strengthening its presence in digital as a whole, whether through paid, own or earned media strategies. We have been aggressively penetrating and focusing on digital and new emerging channels and platforms with digital initiatives that comprise online, mobile, search, social, community and content. The Digital Media team manages over 3.2 million Facebook fans and 1.4 million Twitter followers across Telkomsel's various social media accounts, generated more than 10.9 million views on Telkomsel's YouTube channel, and managed the Telkomsel.com site, which attracted over 22 million visitors in 2014.

facebook SMS

Nikmati serunya Facebook-an via SMS!

Update Status Facebook mudah dan cepat lewat SMS pake hape apapun

PAKET KAWAN	PAKET MINGGUAN	TANPA BERLANGGANAN
Rp. 1100/-/sks	Rp. 5500/-/smpg	Rp. 110/-/sks

*Tidak termasuk PPN

twitter SMS

Nikmati Serunya Twitteran via SMS!

Sekarang Twitteran bisa dimana aja kapan aja pake hape apa aja

PAKET KAWAN	PAKET MINGGUAN	TANPA BERLANGGANAN
Rp. 1100/-/sks	Rp. 5500/-/smpg	Rp. 110/-/sks

*Tidak termasuk PPN



ISO 9001:2008 Certification for GraPARI and Call Centers

We are committed to providing the highest levels of customer satisfaction in accordance with the ISO 9001:2008 standard. This is the international standard for quality management, indicating that the certified units consistently deliver high quality services and guarantee customer satisfaction.

As of 2014, 20 Telkomsel GraPARIs were ISO 9001:2008 certified:

- Telkomsel GraPARI North Jakarta (Mangga Dua)
- Telkomsel GraPARI Central Jakarta (Alia Gambir)
- Telkomsel GraPARI West Jakarta (Central Park)
- Telkomsel GraPARI East Jakarta (Rawamangun)
- Telkomsel GraPARI South Jakarta 1 (Wisma Mulia)
- Telkomsel GraPARI South Jakarta 2 (Gandaria City)
- Telkomsel GraPARI BSD Tangerang
- Telkomsel GraPARI Bekasi
- Telkomsel GraPARI Bogor
- Telkomsel GraPARI Medan
- Telkomsel GraPARI Pekanbaru
- Telkomsel GraPARI Palembang
- Telkomsel GraPARI Bandung
- Telkomsel GraPARI Semarang
- Telkomsel GraPARI Surabaya 1
- Telkomsel GraPARI Surabaya 2

- Telkomsel GraPARI Surabaya 3
- Telkomsel GraPARI Denpasar
- Telkomsel GraPARI Balikpapan
- Telkomsel GraPARI Makassar

Five Call Centers in Medan, Jakarta, Bandung, Surabaya and Makassar were ISO 9001:2008-certified.

GraPARI certification for ISO 9001:2000 started in 2005 and was updated in 2010 to ISO 9001:2008, accredited by TÜV Nord, while Call Center certification for ISO 9002:1994 started in 1997 and was updated in 2008 to ISO 9001:2000 and in 2010 to ISO 9001:2008, also accredited by TÜV Nord.

INFORMATION TECHNOLOGY

Summary

Telkomsel Information Technology is focused on enabling the company's strategic transformation journey from telco to digital company via the 'Smart Year 2014' initiative, while continuing to strengthen our broadband services and maximizing opportunities to monetize the legacy businesses. We therefore embarked on IT strategic initiatives to provide state-of-the-art systems and platforms in line with the demands of business, and streamlining our internal processes to obtain better efficiency and faster times to market.

Laying the Foundation for the Digital Company

2014 has been themed the 'Smart Year' to emphasize our focus on exploiting beyond-telco sources of revenue, in line with the transformation to a digital company. IT has been delivering enablement platforms such as Machine to Machine (M2M) which provides opportunities via device connectivity and application management that can be bundled together to construct enterprise products (Fleet Management, Utility Management) whilst opening growth for non-humane subscribers.

IT has also enabled mobile advertising services via the development of Location-Based Advertising (LBA) in 34 cities across Indonesia. Moving forward, we will continue to introduce LBA services to new cities, especially in the eastern part of Indonesia. In order to enrich our digital advertising offerings we also use customer insights to find the right product for a particular customer.

Developing a Customer Intimacy Platform

The challenge in the telecommunications industry in recent years is the saturation of the market, which stalls our growth. To continue to deliver the expected growth, we must develop tools to understand the needs of our customers so that we can monetize on top of our legacy services.

In that regard, one of our important milestones in 2014 was the launch of next generation Customer Relationship Management (CRM), which will significantly revamp customer experiences in interacting with us; this also covers the end-to-end value chain of customer interaction from pre-acquisition to after-sales service. This program is part of the IT Transformation program which started in 2012.

With more than 140 million subscribers, Telkomsel has a massive opportunity to use customer insights to improve our services to customers via our data analytics capability. In order to seize this opportunity, IT aggressively developed its Big Data Management portfolio in 2014, including the launch of the initial phase of the Operational and Strategic Decision Support System (OSDSS), and continued to leverage Broadband Customer Profiling (BCP) to enrich customer profiling and segmentation.

Improving IT Efficiency

Notwithstanding our core objective in enabling the business, we also strive to consistently improve internal IT efficiency from a technology, process, and people perspective. In 2014, IT underwent an organizational restructuring with the primary aim of reducing time-to-market for products and services delivery, in response to the ever-increasing dynamic and volatility on the demand side.

We also adapted the 'lean processes' approach to commence the IT Transformation. This is known as 'THRUST!' (Transform, Happiness, Responsive, Unified, Skillful, Together). The THRUST! Transformation focuses on eliminating unnecessary processes in our value chain, and showed sound results in 2014 by reducing the lead time and bringing the timely delivery required for the introduction of new product. This will allow more products to be commercially released on a monthly basis.

The IT Directorate is orientated towards cost competitiveness and has made efforts to reduce operational expenditures by maximizing the utilization of internal resources in the charging and billing domain (partial Handover of Charging Configuration), as well as the optimization of IT infrastructure such as servers and storage to maintain our operational cost growth rate at almost zero compared to 2013.

Support Enablement of LTE

In order to align ourselves with latest generation of the technology evolution, Telkomsel successfully launched 4G LTE (Long Term Evolution) services in 2014, which also marked the first commercial release of LTE service in Indonesia. The launch has made us the pioneer in this technology.

IT has adapted its system to enable LTE services, mainly in the domain of Charging and Provisioning, that will allow our customers to seamlessly enjoy the benefits of 4G services.

NETWORK

Building a Network Towards a Digital Company

In the fast-changing telecommunications business environment, Telkomsel has developed a comprehensive Network Master Plan to support its network development as it faces the new digital era. We continued to invest in network infrastructure through the enhancement of capacity, quality, coverage expansion and modernization programs, as well as the optimization of core network infrastructure.

In an effort to support Telkomsel's transformation process towards becoming a digital company, in 2014 Telkomsel focused on the development of network infrastructure through the implementation of the Smart and Adaptive Network Planning and Deployment program, followed by the implementation of a number of strategic initiatives, among which were Smart Network Operations, Smart Customer Experience Management, and Smart Network Cost Control and Productivity Management.

Through the implementation of the Smart and Adaptive Network Planning and Deployment program, Telkomsel pursued accelerated development of infrastructure so that it can respond to trends in customer demand and market competition, as well as the roadmap for technology development.

To secure its leadership in cellular technology, Telkomsel was ahead of its competitors in the commercial implementation of 4G (LTE) services. Supported by 186 LTE BTSs (e-NodeB), Telkomsel launched the first 4G service commercially in Indonesia on December 8, 2014 in Jakarta and Bali.

With the Smart Deployment program, we deployed around 15,500 BTS in 2014, of which around 76% were 3G BTS aligned with payload growth at 142.9% YoY. With the same amount of capex, we successfully deployed 4G BTS.

In line with the implementation of Smart Network Operations, Telkomsel launched a significant transformation of the Network Operation Center into an Integrated Service Operation Center, in order to support earlier detection of interruptions in the network and to minimize the impact on customers.

In order to improve network quality, Telkomsel continued the development of the Micro Network Performance Management System, which ensures granularity at the hotspot and POI (Point of Interest) level by strengthening the capability of PM (Performance Management) Tools as end-to-end network performance monitoring tools. Telkomsel also transformed its customer service through the implementation of Customer Experience Management, which will serve as the main focus for the management of customer service quality in 2015.

NETWORK

Network Development

In 2014, Telkomsel also continued the development of broadband networks in line with the technology roadmap through network capacity expansion, coverage and quality programs. As of December 31, 2014, Telkomsel had developed around 15,500 new BTS, of which 76% were 3G BTS or NodeB, as well as 186 LTE BTS or e-NodeB deployed for Jakarta and Bali.

Our BTS development strategy is geographically based, divided into clusters and POI (Points of Interest)-based spots, such as public facilities, schools and campuses, tourist areas, and so on.

	2013	2014	Growth
BTS - New on-air	15,567	15,556	0%
BTS - Total on-air	69,864	85,420	22.3%
3G BTS - New on-air	11,601	11,802	1.7%
3G BTS - Total on-air	27,034	38,836	43.7%

Compact Mobile Base Station (MOBILE COMBAT)

Mobile COMBAT is a Telkomsel innovation that provides service coverage and network capacity to anticipate potential traffic overloads as well as to capture business opportunities during special occasions, such as the Lebaran holiday, events in tourist sites, sports events, and entertainment. Mobile COMBAT is also used to support telecommunication services in disaster-hit areas. The service implementation is part of Telkomsel's commitment to provide quality services, including voice, data and other services, to customers regardless of the conditions.

Through December 31, 2014, Telkomsel launched a total of 742 mobile COMBAT units across Indonesia, an increase from 450 units in 2013.

Network Modernization

Network modernization is a strategy for anticipating changes in the technology roadmap, as well as for replacing obsolete equipment and upgrading the capacity of highly utilized networks.

In 2014, Telkomsel modernized 5,576 BTS, of which 80% were 2G BTS, in the Greater Jakarta and West Java area. The network modernization also covered Sumatra and the Pamasuka area.

As part of the implementation of the Adaptive Network Deployment program, Telkomsel deployed SDR (Software Define Radio) type BTS, which are ready for 4G LTE services and are compatible with all types of cellular technologies, including 2G, 3G, and LTE. From 2013 until the end of 2014, all new BTS deployed by Telkomsel were of the SDR type. The program implementation will continue into 2015.

Network Quality Management

To support the realization of the vision of being a digital company, where broadband will be the core service, Telkomsel improved the quality of data services in Broadband Cities (BBCs) in 2014. Six of these cities—Jakarta, Medan, Surabaya, Bandung, Denpasar and Makassar—have already become World Class BBCs, where the quality of broadband service is at the same standard as that in the other emerging markets in the world. Meanwhile, 24 major cities were developed into Premium Broadband Cities, where the quality of broadband service is superior to that of other operators in Indonesia.

The quality of data services was also improved through the successful deployment of the 4G LTE network service. Telkomsel launched the 4G LTE service on the 900 MHz frequency with 5 MHz band and data access speeds of up to 36 Mbps. The 900 MHz frequency can send a stronger signal, thus strengthening the penetration of Telkomsel's 4G LTE signal coverage capacity in buildings and houses in both urban and non-urban areas.

To further improve the customer experience in broadband services, Telkomsel, in synergy with Telkom, deployed 4G-equal WiFi technology to promote a seamless experience, in particular for customers in indoor areas.

USO and Telkomsel Merah Putih

USO is a government program to provide telecommunication services in rural areas, whereby the government funds the program itself and gives incentives to the winner of the USO tender. In 2014, Telkomsel won the USO tender to enable internet services in 880 villages and 287 border areas, and to provide telecommunications coverage in 25,000 villages. Telkomsel Merah Putih (TMP) is a Telkomsel initiative to provide telecommunication services in remote areas with effective technology solutions. Once the remote areas have been developed, Telkomsel serves them through a permanent solution (Macro BTS).

USO services include:

a. USO for Non-Cellular Services

USO Desa Pinter an internet service for desktop and Wi-Fi access points in 880 villages in North Sumatra, West Sumatra and East Kalimantan. The service has been implemented since 2013 and will continue into 2017.



b. USO for Cellular Services

1) **USO Perbatasan** (TELINFO TUNTAS), is a particular cellular service for people living in border areas and outer islands across Indonesia. Telkomsel manages 287 sites under a service contract that is valid from 2013 until 2017.



In 2014, Telkomsel upgraded the capacity of the USO Perbatasan service at 53 sites due to high demand for communication in these areas.

2) **USO Desa Dering** is served under the USO Desa Dering contract that was signed between Telkomsel and the Government (through BP3TI). The service, covering 25,000 villages, ended on March 31, 2014.

Our TMP services consist of:

a. Maritime & Aerospace Service

BTS installation and special cellular services on PELNI ships. Telkomsel has managed 16 onboard BTS since 2009.

b. Rural Industry/Corporate Service

- **BTS Rural Corporate** is a special cellular service for industries in remote areas.
- **T-Zone Offshore** is a special cellular service for oil and gas companies operating in offshore sites in Indonesia. We introduced the service in March 2014 and already manage 23 offshore sites in the Java Sea and Sulawesi.

c. Rural Non Industry

BTS Rural Village is a special cellular service for villages in remote areas that are categorized as potential villages. In 2014, Telkomsel installed a total of 48 BTS Rural Villages, including those installed in 7 sites in border villages in Kalimantan.

HUMAN CAPITAL MANAGEMENT

In continuing to win in the new digital era, Human Capital Management (HCM) transformation is a crucial part of our intention to transform People, Culture and Organization.

In 2014, we continued our transformation process following the business transformation to increase their core competency to fit in to the new digital era. The competence needed is skill, knowledge, ability and attitude to ensure that our people are engaged with our businesses now and in the future. Secondly, we focused on reinforcing our new Corporate Culture, THE TELKOMSEL WAY which acts as a belief system consisting of three layers to help guide our employee's behavior to realize the corporate vision, mission and growth strategies. The three layers of THE TELKOMSEL WAY are: a) Philosophy to be the Best, b) Principles to be the Star and c) Practices to be the Winner. And the third transformation is in organization, which is focused on strengthening of end to end digital business and area empowerment organization to be more agile and adaptive.

Telkomsel is committed to the consistent enhancement and improvement of Human Capital management with the main goal is to be the Center of Excellence.

Building Capacity through Smart Execution

With the theme 'Building Capacity through Smart Execution', the Directorate of Human Capital Management has applied a number of initiatives in various key programs representing the three pillars of Human Capital Management transformation.

Transform People

Find the Best People

To ensure the availability of the qualified talents, Telkomsel continued to build a stronger reputation as an Employer of Choice with People Development & Culture as a prioritized proposition and better implementation of our GREAT People Trainee Program (recruitment & on boarding program).

This year Telkomsel held Talent Scouting at some prominent universities in Indonesia including ITB, UGM, UI, ITS and some other reputable universities. Talent Scouting is a program that is designed to seek the best employee candidates through talent hunting and campus partnership. Talent Scouting this year was held in two batches to provide Telkomsel with the best candidates. About 288 participants passed the talent scouting process in 2014 and were promoted to join in our Great People Trainee Program 1 (122 participants) and Great People Trainee Program 2 (96 participants).

After the employee candidates passed the talent scouting process, they had to join in a 6-month internship program called Great People Trainee Program (GPTP). GPTP is designed to prepare for future leaders of Telkomsel that will ensure Telkomsel continue to win.

Develop Great People

Telkomsel enhances capability of the selected employees and prepares them to be future leaders through our Great People Scholarship Program (GPSP). Since 2013, Telkomsel has sent 60 employees to continue their studies abroad to 26 universities in 6 (six) countries to develop the capability of the employees with global quality.

Synergizing with Telkom and Singtel in Talent Exchange as part of a career development program, Telkomsel has launched an advanced leadership program that takes in partnerships with global institutions, such as INSEAD Business School, Thunderbird Business school, NUS (National University of Singapore, MBS (Melbourne Business School), Orange Telecom, Singapore Management University & Innosight Consulting. In addition, Telkomsel has also continued the implementation of Great People Development Program (GPDP) aimed to generate great future leaders.

Telkomsel also organizes a Global Talent Program aimed to prepare the employees for future challenges with global perspectives. The employees participate in a 3-month internship program in Telkom Group's representative offices overseas, such as in Hong Kong, Taiwan, Timor Leste, Malaysia, Singapore, Saudi Arabia and other countries.

Telkomsel is committed to the development of both managerial and technical competence to meet required business needs. In addition, Telkomsel implemented coaching counseling to ensure that the employees are accountable for their duties and responsibilities.

Retain the Best Talent through Smart Career

Telkomsel develops a dual career system, consisting of structural and functional career paths. In 2014, Telkomsel focused on developing a functional career path, including preparing a development program for Telkomsel's professional experts to facilitate them in pursuing certification on certain specialization to capitalize their expertise aligned with strategy and business.

Telkomsel arranges the succession process for structural positions through the implementation of well-planned career management and rotation. Management has identified a number of positions that are strategic and require a smooth succession plan to ensure the business objectives and continuity. Career Committee serves as the committee with highest authority in planning and facilitating competence-based career development for those employees with regards to the business needs and employees' aspiration.

In addition, we have implemented performance-based rewards to provide appropriate benefit packages and to develop comprehensive variable pay to motivate employees to be more productive. Telkomsel has a commitment to provide appealing remuneration to appreciate the employee's performance and innovation. Telkomsel has consistently held the Great Innovation Award, Expression Festival, Best Grapari, Best Cluster, Best Area, Best Region, Best AM Dept and Best Branch. Telkomsel introduced another form of reward for those employees that were categorized as Top Performers in 2014.

Promote Life Balance become an important part of organization and people management. Each employee who feels engaged and satisfied with the company will be able to bring on maximum performance. People development is focusing on 4 sides, including Spirit, Body, Sense and Ratio through various activities involving all employees.

HUMAN CAPITAL MANAGEMENT

Transform Culture through Smart System and Reward

Telkomsel's Corporate Culture, known as The Telkomsel Way, serves as guidance to Telkomsel's values and ethical standards. The Corporate Culture is necessarily implemented by all employees while interacting at work with the stakeholders. GREAT values (Integrity - Respect - Enthusiasm - Loyalty - Totality) serve as fundamental for GREAT Working Spirit (Solid - Speed - Smart). The cultural internalization in 2014 was focused on stimulating behaviors hence The Telkomsel Way is deeply rooted and can be served as vehicle of the Company to achieve business objectives. The implementation of The Telkomsel Way has become the priority agenda; our CEO leads a cultural forum for Top Management and Agent of Change of Corporate Culture. The implementation and internalization of Corporate Culture had an objective to fulfill the achievement of 10% of culture health index and to improve Employee Satisfaction/Engagement.

Our Human Capital is consistently developing the culture of sustainable innovation, continuous improvement, performance-based reward & recognition systems, talent management systems and smooth succession planning, harmonious industrial relations, exit policy implementation as well as fostering the implementation of Human Capital Information System (HCIS 2.0).

Transform Organization

In facing the new digital era, Telkomsel's organization has to be more agile and adaptive to meet business needs and challenges. The organizational structure is designed to be market responsive through optimum area empowerment. In 2013 and 2014, there were a lot of employee relocations from headquarters to outer areas, resulting in a changed percentage of headquarter to area localization from 65%:35% to 38%: 62%.

This year, of the total employees, about 63% of Telkomsel's employees are placed in Directorate of Sales while most are spread in the business locations of Telkomsel across Indonesia. The organizational assessment and evaluation process takes place periodically to ensure the effectiveness of the organization.

Innovation and Awards

Human Capital Management implemented the measurement of Human Capital innovations through OVA (Organization Value Assessment) and Culture Health Index (Entropy), resulting in achievement awards from national and international institutions.

In 2014, Telkomsel was recognized as the second highest place company from the Top 5 Companies to Work for in Asia at Asia Corporate Excellence & Sustainability (ACES) Award. HCM won an HR Excellence Award 2014 from SWA Magazine and Center for Management Studies of University of Indonesia in HR Transformation and in the People Management category. The awards represented external recognition for Telkomsel's transformation process and innovation.



SYNERGY

Strategic Initiative Alignment

Aligned with transformation in business, people, culture and organization, Telkomsel leveraged the capability of parents companies Telkom Group and Singtel. The synergy covered business, operational, people development and was more focused on development digital business based on DNA framework.

Synergy Related to Digital Business

To strengthen broadband business and trigger digital services, Telkomsel collaborated with Telkom and Singtel to launch several programs as follows:

- **Synergy U Point** is an application created by Metranet to purchase voucher games by using Telkomsel credit.
- **Synergy Q-Baca** is the application of Indonesian digital books with a variety of local book contents.
- **Synergy UseeTV** is an entertainment service: LiveTV, TV on Demand, Video on Demand, Music, Radio, and Live Events at anytimeanywhere via streaming internet access (www.useetv.com).
- **Synergy blanja.com**, Telkom has built strategic partnerships with e-bay to capture the e-commerce market.
- **Synergy Amobee** is a platform to develop digital advertising ecosystem for providing an integrated advertising solutions both for corporate and personal.
- **Synergy Weplay** is a mobile game store which has capability to connect with other gamers and share best score on social media.
- **Synergy Remittance** is the provision of remittance outlets owned by Singtel in Singapore for who will send money to Indonesia.

- **Synergy M2M - Jasper** is a platform of billing and control center for M2M device Application in automotive, finance and utility industries.

Synergy Related to Customer Experience

Telkomsel and parent companies emphasize the importance of customer education to strengthen customer's experience in broadband usage. The programs include:

- **Youth Program**, synergy with Telkom through U-zone platform for the youth market.
- **Youth Sales Creation**, wifi in schools incollaboration with TelkomIndi school community.
- **Internet Education (Bunet)** in collaboration with Broadband Learning Center (BLC), Indonesia DigitalCreative, LOOPCenter, DigiLounge, CreativeCenters and CreativeCamp.

To support Telkom's international expansion program, Telkomsel and Telin launched products in several countries, such as:

- **Kartu As 2in1** Pulang Kampung in Malaysia
- **simPATI** in Saudi Arabia
- **Kartu As 2in1** in Macao



SYNERGY

**Synergy Related to Network Infrastructure**

To strengthen the network infrastructure as well as to improve network quality, Telkomsel synergized with Telkom in the following programs:

- **Transmission synergy on wholesale scheme**, a synergy program with Telkom Group to integrate transmission with the objective of accelerating deployment, saving investment and expense and improving the quality of transmission performance.
- **Access Fiberization**, a synergy program with Telkom Group to build fiber access in 30 big cities.
- **WiFi & Femtocell deployment**, a synergy program with Telkom Group to offload broadband payload traffic to wifi and Femtocell network.
- **Telkom Flexi migration**, a synergy with Telkom Group to transfer Flexi subscribers and spectrum to Telkomsel. In 2014, around 550,000 out of 4 million customers were transferred to Telkomsel.

**Synergy related to business Support**

To strengthen leadership capability and to support international business expansion, following synergy programs as follows:

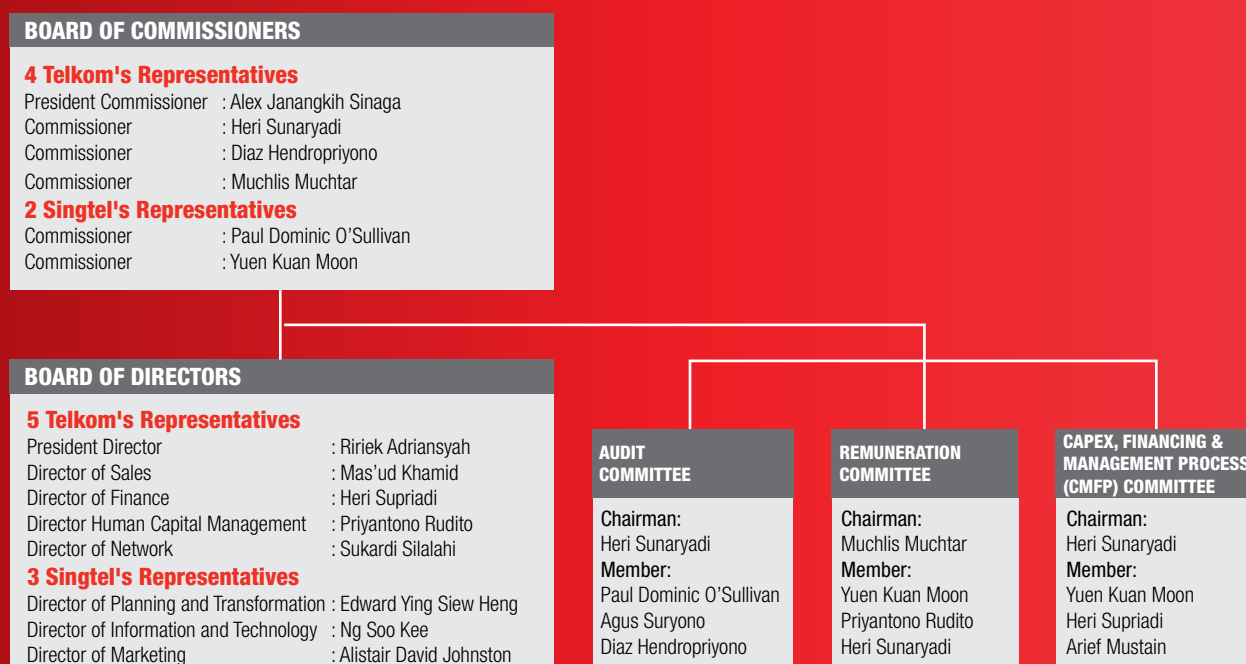
- **Talent exchange between Telkom and Telkomsel's employees**
- **Talent Development:**
 - **Advanced Leadership Program**, in collaboration with global institutions: INSEAD Business School, Thunderbird Business school, NUS (National University of Singapore, MBS (Melbourne business School), Orange Telecomm, Singapore Management University & Innosight Consulting.
 - **Great People Development Program (GPDP)**, a synergy program with Telkom Group to generate great future leaders.
 - **Global Talent**, a synergy program with Telkom Group to participate in a 3-month internship program in Telkom Group's representative offices overseas, such as in Hong Kong, Taiwan, Timor Leste, Malaysia, Singapore and Saudi Arabia.

GOOD CORPORATE GOVERNANCE



GOOD CORPORATE GOVERNANCE

Framework



Our commitment to the implementation of Good Corporate Governance (GCG) in every aspect of the business represents our compliance with the Company Law No. 40 of 2007 and some aspects of the United States Sarbanes-Oxley Act (SOA), against which all subsidiaries of PT Telekomunikasi Indonesia Tbk (TELKOM) are required to comply following its share listing on New York Stock Exchange (NYSE).

At the same time, the GCG implementation is also understood as an important element that will ensure the Company's competitiveness in continuously winning the market leadership and guide us in creating long-term values for both shareholders and stakeholders.

In order to build a strong GCG structure within the organization,

we are firmly tied to five principles which serve as the pillars of our GCG implementation. The five principles are:

a. Transparency

This principle shall be carried in the effort of presenting a fair access to all information about the Company's financial and operational performances.

b. Accountability

Management and staffs of all levels are also required to develop high accountability in every action taken and in maintaining a fruitful relationship with the shareholders and stakeholders as well as on the part of its regulatory compliance.

c. Responsibility

This principle requires commitment of the entire elements of the organization to show their integrity and responsibility in decision making

process, in defending the Company's and stakeholders' interests and assets and risk management to ensure business continuity.

d. Independence

We exercise our independence as an organization with high integrity by ensuring that all management is free from conflict of interest and/or the influence of other party.

e. Fairness

We carry the principle to ensure that all shareholders and stakeholders receive equal treatment, including fair opportunities for the employees to earn a career promotion, training and education, and access to information.

CODE OF CONDUCT

Telkomsel has adopted a code of conduct in accordance with highest standards of values and ethical conducts. The code applies to all employees representing the Company and it is envisioned to govern them in executing their sense of duty. Everyone associated with Telkomsel code of conducts should comply with law and regulations and act in the best interest of the Company.

The code influences how employees think about their actions and what they should or should not do, including to safeguard the Company' assets and revenues, and monetary adjustment beyond the Company's policy. It is the personal responsibility of each employee to adhere to the applicable standards.

GENERAL MEETING OF SHAREHOLDERS

As stated in the Articles of Association, the General Meeting of Shareholders (GMS) serves as the highest forum that is granted with the authorities other than those granted to either the Board of Directors or the Board of Commissioners, including taking the decisions against vital and strategic corporate actions and giving approval to the

reports of the Board of Commissioners and the Directors. In the GMS, the Board of Directors releases the Company Annual Report and the financial report, determine the allocation of the Company Net Profit and appoint the independent auditor.

INDEPENDENCE OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

The Company has a firm policy regarding the independence issue, which requires all members of the Board of Commissioners and the Board of Directors to report any positions they hold at other institutions potentially raising the conflict of interest or leading to the violation of the existing laws and regulations. In a situation where one of our Directors is exposed to a conflict of interest, he or she, as the Articles of Association says, shall be represented by another Board member.

It also says that the Board of Commissioners may take over part of responsibility of the Board of Directors in the case where all members of the Board of Directors are exposed to a conflict of interest. Also to ensure their independence, our policy regulates that all members of the Board of Directors and the Board of Commissioners must not possess familial relationship with any other Board member.

THE BOARD OF COMMISSIONERS

Board of Commissioners comprises of six members and one of them performs as the President Commissioner. Telkom as the majority shareholder is entitled to nominate four Commissioners while Singapore Telecom Mobile Pte Ltd reserves right to nominate two Commissioners. Based on the resolution of the shareholders dated July 26, 2012 the composition of Telkomsel's Board of Commissioners were as follows:

Telkom's Representatives

President Commissioner	: Arief Yahya
Commissioner	: Rizkan Chandra
Commissioner	: Priyantono Rudito
Commissioner	: Muchlis Muchtar

Singtel's Representatives

Commissioner	: Paul Dominic O'Sullivan
Commissioner	: Yuen Kuan Moon

Based on the updated shareholders resolution following the appointment of Arief Yahya as the Minister of Tourism of the Republic of Indonesia, the composition of Telkomsel's Board of Commissioners starting from October 27-December 31, 2014, were as follows:

Telkom's Representatives

President Commissioner	: Indra Utoyo
Commissioner	: Rizkan Chandra
Commissioner	: Priyantono Rudito
Commissioner	: Muchlis Muchtar

Singtel's Representatives

Commissioner	: Paul Dominic O'Sullivan
Commissioner	: Yuen Kuan Moon

Based on the shareholders resolution dated January 14, 2015 the composition of Telkomsel's Board of Commissioners effective January 1, 2015, were as follows:

Telkom's Representatives

President Commissioner	: Alex Janangkih Sinaga
Commissioner	: Heri Sunaryadi
Commissioner	: Diaz Hendropriyono
Commissioner	: Muchlis Muchtar

Singtel's Representatives

Commissioner	: Paul Dominic O'Sullivan
Commissioner	: Yuen Kuan Moon

The Board of Commissioners is responsible for:

- Supervising Board of Directors in managing the Company;
- Supervising the implementation of the Company's long-term business strategy;
- Ensuring the effective implementation of good corporate governance practices in the Company, including risk management and internal controls;
- Monitoring the performance of the business;
- Providing direction, recommendations and guidance for the Board of Directors in managing the company's business.

Meetings of the Board of Commissioners

The Articles of Association states that the Board of Commissioners holds a meeting at least once every three month, or whenever necessary as requested by any of the Board members or shareholder(s) who represent at least 1/10 of the total issued shares of the company with valid voting rights. The Board of Commissioners also holds joint meetings with the Board of Directors as part of the implementation of its supervisory function.

Name	Position	Meeting Attendance
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Board of Commissioners

Arief Yahya	President Commissioner	3 of 3
Indra Utoyo	President Commissioner	1 of 1
Rizkan Chandra	Commissioner	3 of 4
Priyantono Rudito	Commissioner	4 of 4
Muchlis Muchtar	Commissioner	4 of 4
Paul Dominic O'Sullivan	Commissioner	4 of 4
Yuen Kuan Moon	Commissioner	4 of 4

Board of Directors

Alex Janangkih Sinaga	President Director	4 of 4
Abdus Somad Arief	Director of Network	4 of 4
Edward Ying Siew Heng	Director of Planning and Transformation	4 of 4
Heri Supriadi	Director of Finance	4 of 4
Herdy Rosadi Harman	Director of Human Capital Management	3 of 4
Alistair David Johnston	Director of Marketing	4 of 4
Mas'ud Khamid	Director of Sales	4 of 4
Ng Soo Kee	Director of Information and Technology	4 of 4

COMMITTEES UNDER THE BOARD OF COMMISSIONERS

Board of Commissioners is an organ of the Company with responsibility for the implementation of supervisory function in general or specific term in accordance with articles of association and to provide advice to Board of Directors.

In performing its supervisory function, the Board of Commissioners takes assistance from three Committees. The Committees are:

1. Audit Committee
2. Remuneration Committee
3. CAPEX, Financing and Management Process (CFMP) Committee.

The Audit Committee

The Audit Committee assists the Board of Commissioners in fulfilling its oversight responsibilities for financial reporting process, internal control process, internal and external audit process and risk management process. In performing its duties, the Audit Committee shall develop the effective working relationship with the Board of Director, Management, Internal Auditor and External Auditor. The Audit Committee shall meet at least four (4) times a year, where at least two Committee members shall be present. The two attending members of the Audit Committee shall be the one nominated by Telkom and the other one is nominated by Singapore Telecom Mobile Pte Ltd. The Audit Committee members shall comprise of at least 3 (three) members, who are all appointed by the Board of Commissioners. It is required to have at least one member with competency in accounting and/or auditing.

The structure of the Audit Committees is:

- Heri Sunaryadi as chairman
- Paul Dominic O'Sullivan as member
- Agus Suryono as member
- Diaz Hendropriyono as member

The Audit Committee holds meetings on regular basis with the Internal Audit Group to discuss findings from the audit process.

The Remuneration Committee

The Remuneration Committee is established to assist the Board of Commissioners in getting the right visualization on the policy and remuneration scheme that is being implemented or will be implemented in the Company to ensure if it reflects a fair reward to the Board of Directors or employees effectively and efficiently, as well as whether it is quite attractive and competitive to grab new talents with required competence. The Remuneration Committee shall comprise of at least 3 members and the members are appointed by the Board of Commissioners. Pursuant

to the Charter of the Remuneration Committee, the Remuneration Committee shall meet at least once a year and the meeting shall comprise of 2 (two) members.

The structure of the Remuneration Committee is:

- Muchlis Muchtar as chairman
- Yuen Kuan Moon as member
- Priyantono Rudito as member
- Heri Sunaryadi as member

The CAPEX, Financing and Management Process (CFMP) Committee

The CAPEX, Financing and Management Process (CFMP) Committee shall assist the Board of Commissioners in fulfilling its responsibilities for overseeing the CAPEX, financing, and management processes in the Company. The CFMP Committee will provide the Board of Commissioners from time to time with its findings and recommendations. For an effective review and understanding of the CAPEX and operational processes, the CFMP Committee will need to have ongoing interaction with the management, which can be the Board of Directors members.

The CFMP Committee shall review e.g., but not limited to:

- a. The planning and management process of the Company's CAPEX.
- b. The policies and plans of the Company concerning financing activities.
- c. The capacity management, supply chain and operational target setting.

The CFMP Committee gives report to the Board of Commissioners in periodical basis. The Committee's report shall summarize the CFMP Committee's activities, findings and recommendations. The CFMP Committee shall comprise of at least 3 (three) members. The CFMP Committee's members shall consist of one member of the Board of Commissioners, nominated by Telkom and one member of the Board of Commissioners nominated by Singtel. One other member of the CFMP Committee is the representative of the Company in charge for CAPEX planning/monitoring and financing. The CFMP Committee holds regular meetings, structured via a timetable, agenda's and minutes of meeting. The frequency of meetings will depend on the CFMP Committee's objectives and scope of activities.

The structure of CFMP Committee is:

- Heri Sunaryadi as Chairman
- Yuen Kuan Moon as member
- Heri Supriadi as member
- Arief Mustain as member

THE BOARD OF DIRECTORS

Board of Directors consists of eight members and is led by the President Director. Telkom as the majority shareholder is entitled to nominate five Directors and Singapore Telecom Mobile Pte Ltd reserves right to nominate three Directors. Based on the resolution of the shareholders dated July 26, 2012, the composition of Telkomsel's Board of Directors as of December 31, 2014 and 2013 was as follows:

Telkom's Representatives

President Director	: Alex Janangkih Sinaga
Director of Sales	: Mas'ud Khamid
Director of Finance	: Heri Supriadi
Director of Human Capital Management	: Herdy Rosadi Harman
Director of Network	: Abdus Somad Arief

Singtel's Representatives

Director of Planning and Transformation	: Edward Ying Siew Heng
Director of Information and Technology	: Ng Soo Kee
Director of Marketing	: Alistair David Johnston

Based on the shareholders' resolution dated January 14, 2015, the composition of Telkomsel's Board of Directors effective as per January 1, 2015, was as follows:

Telkom's Representatives

President Director	: Ririek Adriansyah
Director of Sales	: Mas'ud Khamid
Director of Finance	: Heri Supriadi
Director of Human Capital Management	: Priyantono Rudito
Director of Network	: Sukardi Silalahi

Singtel's Representatives

Director of Planning and Transformation	: Edward Ying Siew Heng
Director of Information and Technology	: Ng Soo Kee
Director of Marketing	: Alistair David Johnston

The Board of Directors is responsible for:

- Maintaining the daily business of the company;
- Formulating Telkomsel's Business Plan and Strategy;
- Preparing the annual budget;
- Preparing the Annual Report to Shareholders;
- Ensuring the governance of the business run effectively to give value to the shareholders and stakeholders;
- Representing the Company in any legal cases.

Meetings of the Board of Directors

Board of Directors holds at least once in every two months

or whenever requested by any of the Board members or by any of the Commissioners or by shareholder(s) who represent at least 1/10 of the total issued shares of the company with valid voting rights. The Board of Directors also holds joint meetings with the Board of Commissioners to present the reports on the operational and financial performances of the company as well as to discuss and inquire necessary approval for corporate agenda. The quorum for the meetings of the Board of Directors is four members, including one Director nominated by each shareholder of the Company that possesses at least 10% of the total issued shares of the company.

Name	Position	Meeting Attendance
Board of Directors		
Alex Janangkih Sinaga	President Director	31 of 39
Abdus Somad Arief	Director of Network	33 of 39
Edward Ying Siew Heng	Director of Planning and Transformation	31 of 39
Heri Supriadi	Director of Finance	36 of 39
Herdy Rosadi Harman	Director of Human Capital Management	33 of 39
Alistair David Johnston	Director of Marketing	30 of 39
Mas'ud Khamid	Director of Sales	33 of 39
Ng Soo Kee	Director of Information and Technology	36 of 39

Remunerations

The General Meeting of Shareholders is authorized to determine the amount of remuneration for members of the Board of Commissioners and Board of Directors based on the recommendations from the Remuneration Committee. The remuneration structure for Directors and Commissioners comprises three components – fixed compensation, variable compensation, benefits and facilities.

1. Fixed Compensation

The Fixed Compensation comprises base salary refer to AGMS dated April 1, 2014.

2. Variable Compensation

Variable Compensation shall be paid in form of yearly bonus. The decision of yearly bonus will be determined in AGMS.

3. Benefits & Facilities

Telkomsel provides benefits such as medical, allowance, housing, membership, communication and insurance.

For the year ending on December 31, 2013 and 2014, the Company paid an aggregate compensation of Rp85.5 billion and Rp117.5 billion to all Commissioners and Directors, or an increase of 37.4% compared to that of the previous year.

INTERNAL AUDIT

Internal Audit (IA) is established to carry out independent, objective assurance and consulting activities. It is designed to provide an additional value and to improve Company's operational performance. The Internal Audit performs its function with reference to Internal Audit Charter that sets out vision, objectives and scope of works of the audit organization. The Charter also defines its accountability, independence, responsibility, authority and reporting requirements. Referring to the Charter, the Internal Audit has dual accountability, first to the Audit Committee on functionality and the second to the President Director on administration matters.

The Internal Audit Functions

- To provide independent, objective assurance and consulting service to management, with the principal aims of evaluating and improving the effectiveness of risk management, control and governance processes;
- To provide analysis, recommendations, advice and information about the activities under review, which are directed to realize value creation and to improve business performance;
- To provide report on the activities under review to the management and the Board of Commissioners, via the Audit Committee.

- To develop relationship with relevant audit institutions, of both national and international level, to improve the professionalism of Internal Audit Group (IAG).

In 2014, IA had performed internal audit activities which were aimed at supporting an accomplishment of strategic objective of strengthening broadband infrastructure for the digital lifestyle era.

Among the audit objects were:

- Mobile Commerce,
- Mobile Banking,
- ICT Network Security Assessment, and
- ISO 27001 Surveillance Audit.

IA has already completed additional projects that covered operational engagement (to include Delegation Effectiveness in Area Audit and Power System Efficiency), financial review and analysis (to include Quarterly Limited Review and Manual Adjustment Review) and SOA concern (to include Transactional, Entity Level and IT General Controls). IA has also provided consultancy services and following up whistle blowing, as a part of Whistle Blower System. In addition, some improvements have already been taken internally such as establishing audit universe and updating audit manual.

EXTERNAL AUDIT

During AGM, Telkomsel's shareholders empower the Board of Commissioners to appoint external auditors. The external auditors hold office until their removal or resignation. The Audit Committee assesses the external auditors based on factors such as the performance and quality of their audit and the independence of the auditors, and recommends their appointment to the Board of Directors in the frame of synergy with major shareholders.

In order to maintain the independence of the external auditors, Telkomsel has developed policies regarding the types of non-audit services that the external auditors can provide and the related approval processes. The Audit Committee has also reviewed the non-audit services provided by the external auditors during the financial year and the fees paid for such services. The Audit Committee is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided a confirmation of their independence to the Audit Committee.

WHISTLEBLOWING

Telkomsel applies a firm policy on whistleblower. The policy regulates the ways on how an employee or other parties report fraud, unethical behavior, corruption, dishonest practices or breach of internal control and code of conduct to Telkomsel's Audit Committee. The committee will then follow up with an investigation.

So long the reporting of such matters are made in good faith, Telkomsel ensures the employees making such reports would be treated fairly and protected from reprisal. All whistleblowers complaints are investigated by special audit team and the result of the investigation is reported to Audit Committee for follow up action.

CORPORATE SECRETARY

Scope of work of Corporate Secretary is to ensure regulatory compliance and to manage relationship with the Company's stakeholders in the principles of good corporate governance, including the relationships with employees, shareholders, government institutions and public media. Corporate Secretary manages the interrelationship between the Board of Commissioners and Board of Directors as well as relationship among the Board members.

The detailed scope of duties and responsibilities of the Corporate Secretary includes:

- To ensure the governance of the Company's operation, particularly in terms of the alignment of interest among the stakeholders as well as the distribution of rights and

responsibilities among the key elements of the Company.

- To ensure that all policies and business process of the Company are in compliance with the prevailing laws and regulations.
- To ensure an effective communication between the Company, the regulators and mass media and develop the Company's capability to fulfil its obligations to the Government.
- To manage working facilities and infrastructure in order to facilitate the efficient and effective operation of the Company.
- To build the Corporate Image and carry out the Corporate Social Responsibilities (CSR) activities.
- To hold the Corporate General Meetings, including Annual General Meeting of Shareholders.

INVESTOR RELATIONS

Our Investor Relations represents the commitment to promote transparency and fairness of the Company to the shareholders and stakeholders. Together with Telkom's Investor Relations team, we facilitate two-way communication with the existing and potential institutional investors, investment and market analysts as well as financial communities.

The Investor Relations is responsible for:

- The distribution of accurate and complete information about our business activities, strategies and performance at timely basis.
- The issuance of Info Memos on quarterly basis, which will be inserted in Telkom's quarterly Info Memo, and the Annual Report.

- Joining in a series of corporate events, such as road shows and conferences, investor meetings and site visits with the holding companies.

In 2014, we held 171 meetings with the investors/analysts as well as managed a total of 13 non-deal road shows/conferences in Jakarta, Singapore, Hong Kong, London, Boston, New York, Chicago and San Francisco.

For any inquiries regarding Telkomsel's financial and operational information, both shareholders and stakeholders shall visit Telkomsel's website, www.telkomsel.com or www.telkom.co.id.

ENTERPRISE RISK MANAGEMENT

The identification and management of risks reduce the uncertainty associated with the execution of our business strategy and allow us to optimize opportunities that may arise.

Risks, in many forms can have material adverse impact on Telkomsel's ability to achieve its objectives by impacting reputation, operation and financial performances.

Telkomsel is aware of the business risks that potentially hamper the efforts for achieving the business goals. Telkomsel should carefully deal with these risks in an effort to find business opportunities that could be explored and give most valuable benefits to all stakeholders. Through its Enterprise Risk Management (ERM) Unit, Telkomsel performs an annual assessment on the Corporate Wide Risks on a regular basis. The assessment is based upon Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Framework, an integrated risk management framework which provides guidelines to ensure an effective risk management.

ERM sets up coordination amongst risk owners, thus facilitating Telkomsel to conduct a risk assessment on a regular basis and develop the mitigation efforts against all potential risks, which include strategic risk, operation risk, and compliance risk as well as finance risk. These risks are identified by consideration to Telkomsel's objectives, the influence of internal and external factors, as well as the history of the previous risks.

In 2014, Telkomsel assessed and identified several risks that might adversely impact on its business continuity:

1. Insufficient ecosystem for LTE deployment

Following the successful trial on the implementation of our LTE technology during APEC in September 2013 in Bali, Telkomsel on December 8, 2014, officially launched the commercial service of the LTE technology on 900 MHz frequency band and with 5-MHz bandwidth.

We identified several risks to the LTE technology implementation, among which were inadequacy of frequency allocation, availability of the device at the market, and the price of LTE device which was relatively high compared to the public purchasing power.

Hence, we performed a number of mitigation efforts to minimize the risks through the determination of certain clusters for the LTE deployment, such as malls/ shopping centers, office complexes and airports, preparation for 900 MHz LTE ecosystem by conducting a communication with public on 900 MHz LTE service as well as increasing the bundling of low-cost device for 900 MHz LTE service.

2. Threat from Over The Top (OTT) players

The presence of OTT players particularly instant messaging applications potentially impacting the Company's revenues derived from voice and SMS. In the meantime, revenue generated from digital services remained fairly low due to a number of factors, including the fact that the market is not yet familiar with digital service products, particularly with regard to the names, advantages and features of the products offered. While, OTT players offer more diversified, user-friendly and mostly-free of charge applications to be utilized by Telkomsel's subscribers.

We performed several mitigation efforts to address those risks, including building cooperation with some application developers in bundling package and embarking on extensive communication with public on digital service products.

ENTERPRISE RISK MANAGEMENT

3. IT and Network Security Issues

Telkomsel has developed a policy on the information technology and network security. At operational level, Telkomsel enhanced the capacity of security perimeters to endure the process quality as Telkomsel applied a surveillance audit with reference to the standards of ISO 27001 – Information Security Management. Then on a regular basis, Telkomsel conducts a penetration test to ensure that the information technology and network environment are secured.

4. New/changes in regulation limiting the business and operational activities

Regulatory issue poses another risk to Telkomsel in business operational throughout 2014. The prevailing rules which are still unclear and could adversely affect the business continuity of Telkomsel are regarding business arrangement between operator and OTT players, neutral technology, LCB (Low Cost Banking) and Prepaid Registration Policy.

To mitigate risks arise from changes in telecommunication regulation, it is necessary for Telkomsel to develop strong relationship with regulator to ensure information is always updated, be more proactive in the process of regulation formulation and to propose recommendations to the regulator concerning the regulatory implementation in the future years for the benefit of the business continuity of the telecommunication industry in Indonesia, including of Telkomsel.

5. Significant loss due to volatility of foreign exchange rates

In 2014, Telkomsel's business was exposed to the risk of volatile Rupiah exchange rate against US Dollar. In the first quarter of the year, US dollar was rated at Rp11,800 against Rupiah and continued fluctuating to Rp12,800 in the fourth quarter of the year.

As Rupiah depreciated against US Dollar, Telkomsel's business was severely affected due to its significant expenditures for both CAPEX and OPEX in US Dollar and the payment for loans in US Dollar.

The mitigation efforts included well-planned cash flow management such as sufficient placement in foreign exchange currencies to cover maturing liabilities. In addition, procurement contracts should also be denominated in vendor's currencies which are stable as compared to Rupiah currency.

As part of the enterprise risk management, ERM Unit also sets policies related to risk management and internal control. In 2014, Telkomsel updated its Enterprise Risk Management policy and the technical guidance to conform with the organizational, technology and business development. The updates were expected to facilitate the risk management process by all responsible units. On the other hand, internal control is a process which is designed to ensure the accomplishment of the operational, reporting and compliance objectives. Internal control system facilitates management to focus on the realization of the operational and financial objectives in accordance with the prevailing regulation and to be able to minimize risks during the process.

COSO framework provides guidelines for management in implementing a proper internal control.

Since 2004, with refer to COSO Framework, Telkomsel continues to update its internal control in order to meet the Telkomsel's objectives.

In 2014, Telkomsel performed an assessment on business process relating to the operation and compliance control covering of Head Office, Regional and Branch Offices. The assessment results recommended some improvements and updates to its internal control to comply with the global best practices.

REGULATION AND COMPLIANCE

Telkomsel strives to always maintain an open and positive relationship with regulators, related national institutions and cellular operator associations. We provide regular reports to the regulator as part of our licensing requirements. We ensure that we always comply with prevailing regulations while contributing positively to the development and to shape regulatory environment in telecommunication industry. We conduct studies and provide inputs to the drafts of regulations that can influence telecommunication industry.

Telkomsel in 2014 fulfilled all of the aspects of compliance, relating to the provision of legacy, broadband as well as digital services. Telkomsel always conducts a thorough analysis over regulatory aspect relating business plan for new service before it commercially launches each product. The analytical results will serve as guidance for digital business unit in developing a digital service. The success therefore is measured from zero notice from regulator and minimum complaints from the customers.

During 2014, we identified a number of regulatory and compliance issues with implication to the Company's business, i.e.:

- In 2014 the regulatory authority issued a Letter number 30/BRTI/II/2014 and 161/BRTI/V/2014 concerning registration process for prepaid customers. Telkomsel in that case has taken necessary adjustments to the internal business process in the effort to secure its position as a leading telecommunication operator that supports every Government program.
- The change in SMS interconnection tariff from Rp23/SMS to Rp24/SMS as stated in Telkomsel reference interconnect offer document, agreed by Indonesian Telecommunication Regulatory Authority through approval letter number 60/BRTI/III/2014 dated March 10, 2014.
- Telkomsel on March 5, 2014 attempted to secure approval to hold a trial on e-band frequency from Directorate General of Resources and Equipment of Post and Information Technology as mentioned in a Letter No. 253/KOMINFO/DJSDPPI/SP.01.01/3/2014 concerning a Reply to Licensing Proposal for Holding an e-Band Frequency Trial, which also stated that in principle the Directorate General of Resources and Equipment of Post and Information Technology supported the Telkomsel's trial plan on 71-86 GHz e-Band frequency to serve the microwave link.
- **Approval for Operating Cellular Service on Airplane**
Government gave a nod to Telkomsel's plan for operating cellular service on the cabin of Garuda Indonesia aircrafts, which is still underway, as part of effort for increasing enterprise value in the public. The government's approval was confirmed through the issuance of Minister of Communication and Information's Letter No.: 579/M. KOMINFO/PI.02.02/8/2014 dated August 29, 2014 concerning the Approval to Operate Cellular Service on Airplane for Telkomsel.
- **Content Provider Licensing**
Telkomsel on August 7, 2014, obtained a license to serve as content provider as stated in the Decree of Director General (KEPDIRJEN) of Post and Informatics No. 232 of 2014 concerning Licensing for Content Service Provider of PT Telekomunikasi Selular, and to comply with Decree of Minister of Communication and Information No. 21 of 2013 and its revisions issued in 2014 concerning the Provision of Content Service for Mobile Cellular Network and Wireless Local Fixed Network with Limited Mobility. The Decree allows Telkomsel to be able to provide content for Mobile Cellular Network and Wireless Local Fixed Network with Limited Mobility using 10 short codes, and under mechanism of service provision: Paid Subscription, Non-Paid Subscription, Paid Non-subscription, Non-Paid Non-Subscription.
- Relating to mobile off-deck and interstitial ads cases filed by IDEA, Telkomsel took active participation with the other operators to make an approach to get the potential solution to the problem. Telkomsel and the other operators attain Regulator's support in the form of regulator's perception that no regulation on mobile advertising service was violated in the case.
- **Telkomsel Receives Authorization for Telkom's 800 MHz Frequency**
The Government on September 26, 2014, through the issuance of Minister of Communication and Informatics' Decree No. 934 of 2014 concerning the Approval for Reallocation of License to Use Radio Frequency Spectrum on 800 Mhz Radio Frequency Band, approved the reallocation of Telkom's 800 MHz frequency from PT Telekomunikasi Indonesia, Tbk to PT Telekomunikasi Selular, with given frequency allocation available for Telkomsel to use set on the

range of 880 MHz – 887.5 MHz (uplink) and 925 MHz – 932.5 MHz (downlink) to help it run neutral-technology based cellular network service nationwide. Therefore, the decision on the allocation of spectrum band for frequency of 800 MHz left all operational liabilities, such as development liability, payment for BHP frequency, etc, to also become Telkomsel's liabilities.

- **Approval for Commercial Launch of 4G LTE Technology Service on 900 MHz Band**

To support the business development through the implementation of 4G LTE technology, as well as to implement Minister of Communication and

Information's Decree No. 42 of 2014 dated January 29, 2014 concerning the Approval to Operate Mobile Cellular Network for PT. Telekomunikasi Selular, which included the determination for the use of neutral technology on the 900 MHz radio frequency spectrum band by Telkomsel. On December 1, 2014, Telkomsel obtained an Operation License No. : 180/Kominfo/DJPPI/PI.02.05/12/2014 to operate 4G Long Term Evolution (LTE) service. The license enables Telkomsel to set its position as the first operator in Indonesia to launch 4G LTE technology commercially nationwide on the 900 MHz radio frequency spectrum band.

LITIGATION CASES

SMS Cartel

Based on investigation into the allegation of SMS cartel practices by Telkomsel and eight other local operators, the Commission for the Supervision of Business Competition ("CSBC") in its decision dated June 17, 2008, decided that Telkomsel and five other local operators have violated article 5 of Law No. 5/1999 by entering into a cartel. Telkomsel was charged a penalty of Rp25 billion.

Management believes that there are no such cartel practices that led to a breach of prevailing regulations. Accordingly, on July 11, 2008, Telkomsel filed an objection with the court.

Since the operators filed the case in various courts, CSBC requested the SC to consolidate the cases into the Central Jakarta District Court ("CJDC"). Based on the SC's decision letter dated April 12, 2011, the SC appointed CJDC to examine and adjudicate the case.

As of the date of approval and authorization for issuance of these consolidated financial statements, Telkomsel has not received any notification from the court regarding the resolution of the above-mentioned case.

CORPORATE SOCIAL RESPONSIBILITY



CORPORATE SOCIAL RESPONSIBILITY

Telkomsel has always considered the surrounding society part of our stakeholder, and that is the way Telkomsel operates to ensure corporate sustainability since we believe it will leverage our resources and sustain our business in the future.

Our Corporate Social Responsibility (CSR) Programs in 2014

Telkomsel's CSR activities are always in line with our principle of sustainability in the long run. In line with our 2014 theme "Continuing to Win in the new digital era" Telkomsel CSR focuses on development of digital industry ecosystem especially in education for youth segment. We pay a lot of attention to the youth through a series of education programs as the most important thing to prepare for the future generation since 80% of the internet population are in the range of 15-19 years old.

From the aspect of society, Telkomsel supported religion festivities and provide donation to those who are in need. We also developed society empowerment program to help improve society welfare in the surrounding BTS Areas.

In addition, Telkomsel set up Emergency Response and Recovery Activity program to perform disaster mitigation action, with main objectives to secure the lives and to recover Telkomsel's production equipment, since Indonesia has many areas that are prone to natural disasters particularly earthquake and volcano eruption.

Telkomsel's Corporate Social Responsibility (CSR) determines strategic initiatives by building ICT (Information & Communication Technology) based platforms, which emphasize long-term and sustainable efficiency. Those strategic initiatives were elaborated into 4 (four) pillars that have become our CSR program implementation in Education, Community Development, Ecosystem Development and Environment.

Education

1. Indonesia Digital Creative

To support local digital creative industry in Indonesia, Telkomsel held a number of CSR programs to enhance the industry to be more dynamic and to develop innovation among youth segment. Telkomsel used 3 approaches that are suitable for youth segment,

to ensure that the CSR programs work effectively, among which were competition through DCIC (Digital Creative Indonesia Competition), community through TemanDev and education/ socialization.

- **DCIC (Digital Creative Indonesia Competition)**
DCIC is a competition intended to support youth segment in developing ideas, talents and creativities in digital creative industry.
- **TemanDev (Telkomsel Applications Developer)**
TemanDev is a community program to build digital ecosystem for local application developers and support them to market their application products.





- Digital Creative Education

The program to support the community to communicate and to provide coaching and training for young application developers to be more focused into digital creative industry in Indonesia.

2. LOOP Kreatif Project (KePo)

LOOP KePo is performed to build awareness of the importance of being creative and be a creator among youth segment. The concept of events is creative fun education to introduce the latest technology and future digital ecosystem. LOOP KePo consist of 3 big events: Intensive education in 10 cities (Bandung, Medan, Lampung, Manado, Makassar, Malang, Surabaya, Yogyakarta, Banjarmasin and Denpasar), LOOP KePo competition for Mobile Video and Digital Writing and BIG BANG event in Jakarta.

3. Integrated Digital School (IDS)

IDS is a program to digitalize school's information systems in order to develop digital school ecosystems. This program is aimed to gain understanding and to familiarize the use of digital services to support the education and communication amongst schools' community.

The program is designed to support ICT implementation in the micro community, as part of our social investment activity on education and introduction of the digital world to accelerate the digital business development of the Company. IDS program applies a DNA (Device, Network and Application) based platform, and is a continuation from previous IDS program. Through the implementation of DNA ecosystem at micro level, Telkomsel CSR activities have taken real action to provide adequate education to school communities with the supporting technology infrastructure.

4. Telkomsel Mengajar Untuk Indonesia (TMUI)

Telkomsel therefore launched 'Telkomsel Mengajar untuk Indonesia' program as part of its commitment to the country's education. Bringing a theme 'Be Positive, Be a Better U', 25 university students took part in the first batch of the program implementation, which was held at Siswa Bangsa Internasional University, Jakarta, from January 13 to January 17, 2014. All participating students were from prominent universities with a high GPA score of above 3.5. The program was initially designed to provide a better quality of education - ICT education in particular - for students of Elementary and Junior High Schools in Indonesia. Added to the training on ICT-based education, the participating students also received learning material and material containing information on the use of ICT-based interactive technology to help them in the interaction process with other teachers.

5. Telkomsel Goes to Pesantren Program

Telkomsel Goes to *Pesantren* is an entrepreneurship program for the community of Islamic Boarding Schools (*pesantren*), particularly for orphans in Indonesia. The objectives of the program are to:

- Helping orphans secure their rights to have better future through entrepreneurship programs.
- Increasing knowledge of both soft skills and hard skills, to help them adapt to economic activities at *pesantren*.
- Enhancing entrepreneurship competence of the *pesantren* students (*santri*).

Community Development

1. Religion Festivities

- **Telkomsel Siaga 2014**

Telkomsel distributed 19 tons of dates to Al-Akbar National Mosque Surabaya, Baiturrahman Mosque Aceh, Al-Mashun Mosque (Medan), Istiqlal Mosque (Jakarta), Agung Mosque in Central Java (Semarang), and Al-Markas Al Islami Mosque (Makassar). Besides dates, and also as part of Ramadhan activity, Telkomsel added the distribution of social aids to 19 notable mosques in Indonesia to participate in the renovation of the mosques' facilities. Through distribution of 19 tons of dates, Telkomsel showed its care for the community in the fasting month as well as bringing more color to Ramadhan last year.



- **'Donasi Ramadhan' Program with Baznas**

Telkomsel collected more than Rp 1.2 billion rupiah in charity funds through the implementation of our 'Donasi Ramadhan' program in cooperation with National Amil Zakat Agency (Baznas). The program enabled Telkomsel's customers who were eager to participate in giving donations each time they bought Telkomsel's packages, such as voice, SMS, or data service. The amount of donation varied depending on the package they bought.

- **Telkomsel Distributes Qurban Cows/Sheeps throughout Indonesia in 2014**

Bringing a theme "Berkah Qurban-Ku, Berkah Telkomsel-Ku", Telkomsel continued to share qurban cows/sheep in 4 (four) Areas, i.e. Sumatra, Greater Jakarta and West Java, Java Bali, and Pamasuka. This year, Telkomsel donated 499 qurban cows/sheep amounting to the value of Rp 2.8 billion, which consisted of 64 cows and 435 sheep. We distributed a total of 23,500 sacrificial meat packages through Telkomsel branch offices, locations near to BTS (Base Transceiver Station), and TCC (Telkomsel Telecommunication Center) for communities throughout Indonesia.

- **Christmas Roadshow 2014 & New Year (NARU)**

Telkomsel held a roadshow to ensure the implementation of "Siaga Natal dan Tahun Baru (NARU)" activities in 6 (six) cities in 4 (four) areas in Indonesia. In the road show, Telkomsel donated school packages to foundations/orphanages and renovation aid to praying houses in 6 (six) cities it visited. In addition to the social aids, Telkomsel's Board of Directors visited South Sumatera to monitor the network preparation ahead of Christmas and New Year Celebrations.



2. M2M (Machine to Machine) Smart City Research program

Telkomsel supported research program in cooperation with top Indonesian university and research institution such as Industry and Research Affiliation Institute (LAPI) and Bandung Institute of Technology (ITB) on the technology called Smart System Platform for the Nation. The research leads us to develop a Smart City system, which is an integrated system for the development and management of technology resources applicable at major cities throughout Indonesia in a way to build integrated technology-based city services in the areas of transportation, education, healthcare, environment, etc.

Ecosystem Development

1. *Bina Tangguh Sukses (BTS) Merah Mandiri Program*

BTS Merah Mandiri Program is established as part of Telkomsel's social responsibility to empower the community living near to Telkomsel's BTSs. BTS Merah Mandiri Program is also designed as part of a community development and engagement program as required in the ISO 26000 Social Responsibility standards. BTS MerahMandiri Program participated in a competition for a national and international scale CSR Award, in terms of community development and engagement and the creation of a sustainable environment.

The program covered the provision of infrastructure and non-infrastructure support for communities living near to Telkomsel's BTSs (Base Transceiver Stations), giving education on the benefit of internet usage for the business development of the community and building understanding on how to create a cleaner and greener environment.



Environment

1. Care for Disaster Program Activity

Telkomsel launched a charity fund collection program as part of its care for the victims of natural disasters in many places in the country. The program facilitated people who are willing to give donation which would be automatically deducted from their credit/pulse balance and could be accessed simply by dialing *811#. The collected fund was then delivered to the Indonesian Red Cross to be further distributed to those that needed it most.

2. Emergency Response and Recovery Activity

In response to natural disasters that occur in many areas in Indonesia, Telkomsel set up an Emergency Response and Recovery Activity program to perform disaster mitigation action, with its main objectives being to secure the lives and to recover Telkomsel's production equipment.

In 2014, the program activity took various initiatives including Emergency Camps for Victims of the Erupted Mount Sinabung from January to April 2014, Emergency Camps for Jakarta's Flood Victims on January 19, 2014, donations for Karawang and Jakarta's Flood Victims, an Emergency Response Program for the Victims of Erupted Mount Kelud (Establishment of Emergency Camp) in February 2014, and an Emergency Response Program for Banjarnegara Landslide Victims.

MANAGEMENT DISCUSSION AND ANALYSIS



GLOBAL AND INDONESIA MACROECONOMIC REVIEW

In general, 2014 was a year full of challenges, with the global economic recovery still ongoing but not showing the strong and sustainable results expected. Despite encouraging developments in the United States, a number of key European countries that recorded economic growth at the beginning of the year started to slow down again from 2Q-2014. In Asia, meanwhile, China and Japan were also facing slow growth as a result of declining exports from lower global demand.

In Indonesia, the relatively weak global economic conditions resulted in weakening domestic exports, which still rely heavily on commodities and energy resources. Inflation remained high at 8.4%, similar to the previous year, due to higher fuel prices as the government reduced subsidies. The fuel price hike resulted in higher basic goods prices all across Indonesia. Fortunately, the telecommunication industry remained relatively resilient despite the challenges, and the infocom sector grew 10% YoY vis-a-vis economic growth of 5% (source: Badan Pusat Statistik). With regard to foreign exchange, the USD did not fluctuate significantly in 2014, staying around the Rp12,500 level compared to IDR.

We believe that if the Indonesian economy continues to grow, the infocom sector will grow at a similar or higher rate.

BUSINESS REVIEW AND INDUSTRY OUTLOOK

2014 was a year of consolidation for telecommunication companies in Indonesia, with the merger of two GSM operators at the beginning of the year followed by the closure of CDMA Telkom Flexi, which then migrated its customers and spectrum to Telkomsel. Two CDMA operators also entered into a quasi-merger by joining their spectrum and networks in an effort to improve operational efficiency in mobile services.

In 2014, the telecommunication industry grew at around 7%-8%, similar to the previous year, while the competition remained stable. Demand for legacy business services (voice and SMS) are still growing, albeit at a slow pace. The data and digital business is the new engine of growth for most of operators. Smartphone users are growing fast: Telkomsel registered 71% YoY growth due to the availability of lower cost handsets. With smartphone penetration still relatively low at 29%, we believe the digital business has a lot of room to grow. Indonesia's growing youth segment further boosted smartphone adoption and data consumption. Opportunities will also come from digital services such as digital content, advertising and payment in line with the change of customers' habits to more digital lifestyle.

OVERVIEW OF 2014 PERFORMANCE

In 2014, Telkomsel outperformed the industry with 10.4% YoY revenue growth. We passed a remarkable milestone by achieving triple-double digit growth in terms of revenue, EBITDA and net income for three consecutive years. As a result, we maintained our leading position in the cellular market with an estimated revenue market share of around 60% amongst the BIG 3 cellular operators.

Telkomsel recorded a net add of 9.1 million new customers, bringing the total customer base to 140.6 million, an increase of 6.9% from last year. Data users reached 67.9 million, of which 40.4 million are smartphone users, growing at 12.1% and 70.8% respectively. The fast-growing smartphone user base resulted in a significant increase in data traffic, which grew at 142.9% to 234,862 terabytes during the year. The growth in data users was mainly accounted for by Flash customers, growing 80.7% to 31.2 million as we provide a better experience. This experience encouraged BlackBerry and PAYU users to migrate to this flagship data package. It has also resulted in a decline in BlackBerry users of 22.8% to 5.8 million.

This shows that we are on the right track in terms of SMARTies programs, especially in SMART Broadband Education and SMART Device Penetration.

Nevertheless, the majority of the revenue is still contributed by our legacy business in voice and SMS. In terms of traffic, the legacy business remained steady, as Minutes of Usage (MoU) increased 2.7% to 196.5 billion minutes while SMS traffic declined by 1.2% to 256.4 billion units. With the successful execution of our SMARTies, especially SMART pricing with a cluster-based pricing and market segmentation strategy, overall legacy revenue was still growing at 7.8% for voice and 3.5% for SMS respectively.

Telkomsel' earnings were strong, with EBITDA increasing by 10.0% to Rp37.3 trillion and EBITDA margin remaining stable at 56%. Meanwhile, net income grew by 11.9% to Rp19.4 trillion, with a relatively stable net margin at 29%. In the meantime, our digital business revenue contribution increased significantly to around 24% from 19% last year.



OPERATION RESULTS

Customer Base

With a SMART marketing strategy including Smart Acquisition, Smart Retention and Smart Youth Engagement, we successfully increased our customer base. Telkomsel's customer base at the end of 2014 reached 140.6 million, an increase of 6.9% from last year despite saturated market penetration. *kartuHalo* recorded high growth in customers, increasing 14.5% to 2.9 million, which accounted for around 2.0% of total customers, while *simPATI* recorded the highest growth of 28.4% to 76.6 million customers or 54.5% of total customers. *Kartu As*, meanwhile, declined by 11.8% to 61.1 million customers, accounting for 43.5% of the total customer base.

Data & Smartphone Users

At the end of December 2014, Telkomsel had 40.4 million smartphone users, representing around 28.8% of the Company's total subscribers. The figure was 70.8% higher than last year, at 23.7 million smartphone users or around 18.0% of the total subscribers. The higher penetration of smartphones along with the availability of various applications is critical to increasing data traffic.

BTS

During 2014, Telkomsel deployed 15,556 new BTSs, which was relatively stable compared to 15,567 new BTS deployed in 2013. This has brought the total BTS on-air to 85,420 units, or an increase of 22.3% YoY. This aggressive BTS deployment is an effort to lead supply in anticipation of high demand for the data business. In the last two years, data traffic has increased sharply, by 142.9% in 2014 and 86.1% in 2013.

To support the growth of the digital business, around 75.9% of new BTS were 3G BTS, which brought the total proportion of 3G BTS on-air to 45.5% of all BTS. The deployment of 3G BTS is aligned with Telkomsel's strategy for facing the future of the digital era.

Minutes of Usage (MoU) and Revenue Per Minute (RPM)

MoU production in 2014 increased 2.7% to 196.5 billion minutes, in line with the increased customer base. The Company was able to increase revenue per minute by 5.0% to Rp168, which was attributable to the stable competition environment and a favorable pricing strategy.

SMS and Revenue Per SMS (RPS)

SMS traffic in 2014 declined by 1.2% to 256.4 billion units, which was mainly attributable to the popularity of instant messaging applications. However, revenue per SMS improved to Rp51 from Rp49 last year which was mainly as a result of the stable competition environment and pricing strategy.

Data Payload

In 2014, Data Payload increased sharply by 142.9% from 96,683 TB to 234,862 TB, while revenue per megabyte decreased 44.7% from Rp108/Mb to Rp60/Mb. The sharp increase in data payload was in line with the fast growth in smartphone users.

ARPU

We successfully increased our blended ARPU to Rp38.5 thousand from Rp37.5 thousand last year amidst market saturation. The higher ARPU was partly supported by high growth in data traffic as a result of the rapid growth in smartphone use, which fueled data service revenue. The higher ARPU was due to a combination of SMART pricing strategy through micro-cluster based pricing and a sharpened focus on area empowerment and market segmentation, and other SMARTies programs.

FINANCIAL RESULTS

Revenues

Revenues (in billion Rp)	2013	2014	Growth
Postpaid	4,668	5,151	10.3%
Prepaid	49,631	55,690	12.2%
Interconnection & International Roaming	4,779	4,656	-2.6%
Other	953	755	-20.7%
Total	60,031	66,252	10.4%

Revenues (in billion Rp)	2013	2014	Growth
Voice	30,642	33,039	7.8%
Broadband & BlackBerry	10,498	14,086	34.2%
SMS	12,624	13,061	3.5%
IC & IR	4,779	4,656	-2.6%
Digital Service	1,162	1,528	31.5%
Other (USO compensation & network leased)	953	755	-20.7%
Sales disc & Others revenue	(626)	(873)	39.4%
Total	60,031	66,252	10.4%

In 2014, Telkomsel recorded a 10.4% growth in revenue to Rp66.2 trillion. The healthy growth was supported by the sustained legacy business, which grew 4.7%, coupled with strong growth in the digital business (broadband and digital services), which increased 33.9% over the last year. Prepaid services remained the largest contributor, accounting for 84.1% of total revenue.

- Revenue from prepaid products (*simPATI*, Kartu As and LOOP) increased 12.2% to Rp55.7 trillion, fueled by increased prices both in terms of RPM and RPS as a result of a favorable pricing strategy coupled with the high increase in data usage which resulted in strong growth in data revenue.
- Revenue from the postpaid product, kartuHalo, grew 10.3% to Rp5.2 trillion, mainly driven by the increase in the postpaid customer base.
- Revenue from interconnection and international roaming declined 2.6% to Rp4.7 trillion, mainly due to declining traffic from other local operators as an impact of the presence of various instant messaging applications.

- Revenue from other businesses decreased 20.7% to Rp0.76 trillion, mainly due to declining revenue from USO.

The Company's digital business grew strongly by 33.9% to Rp15.6 trillion. The business contributed around 23.6% of total revenue in 2014, increasing significantly from 19.4% last year. The revenue growth was mainly driven by a sharp increase in data traffic which grew 142.9% to 234.9 petabytes. The growth was also in line with the increase in the number of broadband users, which grew by 12.1% to 67.9 million users.

Expenses

Expenses (in billion Rp)	2013	2014	Growth
Operation & Maintenance	12,992	15,127	16.4%
Depreciation & Amortization	10,318	11,672	13.1%
Cost of Services	3,998	4,176	4.5%
Interconnection	3,213	3,157	-1.7%
Personnel	2,390	2,687	12.4%
Marketing	2,322	2,451	5.5%
General & Administrative	1,246	1,396	12.0%
Others – net	280	(104)	-137.0%
Total	36,761	40,563	10.3%

During 2014, we successfully executed our cost leadership initiatives. One of the major initiatives is NG TINEM (Next Generation Tender Infrastructure Network Millennium) which is a turnkey umbrella contract that leverages our scale to manage cost savings from our network vendors. With the NG TINEM initiative, network deployment becomes faster and more efficient, translating to cost savings per unit of approximately 30% on capex and 15%-20% on maintenance costs. The other substantial initiatives were leveraging our scale to enable a wholesale transmission lease agreement, BlackBerry access fee negotiation, CMA non tower for network space rental and efficient loyalty programs.

For the year ended 2014, expenses (including depreciation) increased by 10.3% to Rp40.6 trillion, in line with revenue growth of 10.4%, an indication of Telkomsel's operational efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

- Operation & Maintenance expenses increased 16.4% to Rp15.1 trillion, inline with the Company's accelerated network deployment to maintain network quality, which resulted in higher transmission and network space rental costs.

Operation & Maintenance Expenses (in billion Rp)	2013	2014	Growth
Transmission	3,159	3,733	18.2%
Network Space Rental	2,177	3,489	60.3%
Frequency	3,011	3,086	2.5%
Repair & Maintenance	2,728	2,821	3.4%
Power Supply	1,918	1,998	4.2%
Total	12,992	15,127	16.4%

- Depreciation & Amortization expenses increased 13.1% to Rp11.7 trillion, in line with the Company's aggressive network deployment and also due to a reclassification of tower leases recognition from operating to financial lease.
- Cost of Services expenses slightly increased by 4.5% to Rp4.2 trillion, inline with higher revenue, which resulted in increased BHP fees as well as higher usage of modern channels in recharging activities.
- Interconnection expenses decreased slightly by 1.7% to Rp3.2 trillion, attributable to declining traffic, particularly SMS, from other local operators due to the presence of instant messaging applications.
- Personnel expenses were up 12.4% to Rp2.7 trillion, in line with the increase in the number of employees, increases in salaries and benefits as well as the SMART Reward program.
- Marketing expenses increased 5.5% to Rp2.5 trillion. Marketing expenses grew less than revenue growth as we have strong brand products that allow us to spend marketing expenses efficiently. The manageable marketing expenses were also due to relatively stable competition.
- General & Administrative expenses increased 12.0% to Rp1.4 trillion, mainly driven by higher building space rental expenses in line with area empowerment and additional Customer Touch Point networks.
- Other incomes declined 137.0% to Rp104 billion, mainly due to reduced forex losses as a result of the relatively stable IDR against the USD in 2014 compared to 2013. In 2014 and 2013, the IDR depreciated against the USD by 2% and 26% respectively.

EBITDA and Net Income

EBITDA increased 10.0% to Rp37.3 trillion, while net income grew 11.9% to Rp19.4 trillion. EBITDA and Net Income margins remained stable at 56% and 29%, respectively.

Balance Sheet

Statements of Financial Position (in billion Rp)	2013	2014	Growth
Current Assets	16,603	19,300	16.2%
Non-Current Assets	56,733	58,887	3.8%
Total Assets	73,336	78,187	6.6%
Current Liabilities	16,405	18,106	10.4%
Non-Current Liabilities	9,109	8,469	-7.0%
Equity	47,821	51,612	7.9%
Total Liabilities & Stockholders Equity	73,336	78,187	6.6%

Telkomsel's total assets at the end of 2014 increased 6.6% to Rp78.2 trillion.

- Current assets increased by 16.2% to Rp19.3 trillion, mainly due to significant increase in cash and cash equivalents, which grew 77.3% to Rp9.9 trillion as a result of strong cash inflow from operations.
- Fixed assets increased 3.5% to Rp55.0 trillion, in line with the additional network equipment deployed during the year.
- Current liabilities increased 10.4% to Rp18.1 trillion mainly due to an increase in short-term loans of Rp1.2 trillion.
- Non-current liabilities decreased 7.0% to Rp8.5 trillion, mainly due to lower outstanding medium and long-term loans.
- Total equity increased by 7.9% to Rp51.6 trillion due to additional retained earnings as a result of the higher net income in 2014.

Total liabilities increased slightly by 4.2% to Rp26.6 trillion. The only major factor was the increase in tax payable in line with the Company's higher Profit Before Tax during the year. Shareholders' equity grew 7.9% to Rp51.6 trillion due to additional retained earnings as a result of the higher net income in 2014.

Capital Expenditure and Cash Flows

We recorded a 4.3% YoY increase in net cash generated from operations in 2014 to Rp30,863 billion. Cash flow for investment activities decreased 23.5% YoY to Rp11,052 billion. In 2014, capital expenditure for infrastructure investment, amounting to Rp14,455 billion, grew 16.6% compared to last year's figure of Rp12,397 billion. Capital expenditure commitment reached Rp11,979 billion, a 3.7% increase from last year. Net cash used in financing activities fell 73.8% YoY to Rp497 billion due to lower outstanding loans in 2014.

(in billion Rp)	2013	2014	Growth
Cash Flow from Operating Activities	29,602	30,863	4.3%
Cash Flow from Investing Activities	(14,445)	(11,052)	-23.5%
Cash Flow from Financing Activities	(1,899)	(497)	-73.8%
Cash Dividend	(12,890)	(15,066)	16.9%
Net Increase in Cash & Cash Equivalents	368	4,248	1,053.8%
Effect of Exchange Rate Changes on Cash & Cash Equivalents	400	48	-87.9%
Cash & Cash Equivalents at Beginning of Year	4,787	5,555	16.0%
Cash & Cash Equivalents at End of Year	5,555	9,851	77.3%

Free Cash Flows

Telkomsel's Free Cash Flows at the end of December 2014 remained strong at Rp16.5 trillion, decreasing slightly by 4.6% from Rp17.3 trillion last year.

Loans

At the end of December 2014, Telkomsel had total outstanding loans of Rp2.3 trillion, of which around Rp1.9 trillion was short-term loans and current portion of medium-term & long-term loans, and the remaining Rp0.4 trillion was long-term loans. Around 75% of the total loans, or US\$138.4 million, were in the form of foreign currency. In addition, the Company has to monitor and maintain financial covenants related to its loans/debts. In 2014, Telkomsel's financial indicators were far better than the required ratios in the loan debt covenants.

(in billion Rp)	< 1 year	> 1 year	Total
Loans	1,925	379	2,304

The IDR to USD exchange rate as of December 2014 was Rp12,440 and as of December 2013, Rp12,189.

Covenant	Required	Actual
EBITDA to Debt Service	> 1.25 x	13.41
Debt to Tangible Net Worth	< 2.00 x	0.05

Forex Loss Impact

The Company recorded forex losses amounting to Rp104 billion in 2014, compared to a forex loss of Rp531 billion in 2013, as result of the relatively more stable IDR currency during 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Credit Rating

Telkomsel is one of the highest rated companies in Indonesia, reflecting its excellent credit quality. Telkomsel's latest ratings issued by Standard & Poor's Global (S&P) and Fitch Rating Indonesia (Fitch) are as follows:

Credit Rating Agency	Rating	Outlook	Issued Date
S&P	BBB- (Foreign Currency) BBB (Local Currency)	Stable	November 24, 2014
Fitch	AAA (Local Currency)	Stable	August 11, 2014

Financial Ratios

Telkomsel's strong financial profile was reflected in several key financial ratios as follows:

Solvability	2013	2014	YoY
Debt* to Equity	15.9%	15.3%	-0.6ppt
Debt* to EBITDA	22.4%	21.2%	-1.2ppt
Total Liabilities to Equity	53.4%	51.5%	-1.9ppt

*) Debt includes Obligations under Finance Lease - net of current maturities

Profitability	2013	2014	YoY
Return on Assets	25.5%	25.6%	0.1ppt
Return on Equity	37.9%	39.0%	1.1ppt

RESPONSIBILITY FOR THE 2014 ANNUAL REPORT

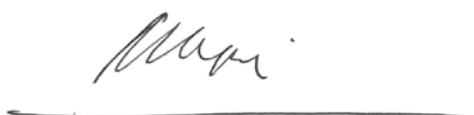
This Annual Report including the accompanying consolidated financial statements and related financial information for the year ended December 31, 2014 was authoritatively signed by members of the Board of Commissioners and the Board of Directors of PT Telekomunikasi Selular.

Jakarta, February 25, 2015

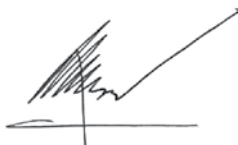
Board of Commissioners



Alex J. Sinaga
President Commissioner



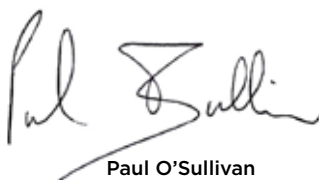
Muchlis Muchtar
Commissioner



Heri Sunaryadi
Commissioner



Diaz Hendropriyono
Commissioner



Paul O'Sullivan
Commissioner



Yuen Kuan Moon
Commissioner

Board of Directors



Ririek Adriansyah
President Director



Mas'ud Khamid
Director of Sales



Heri Supriadi
Director of Finance



Sukardi Silalahi
Director of Network



Priyantono Rudito
Director of Human Capital
Management



Alistair D. Johnston
Director of Marketing



Ng Soo Kee
Director of IT



Edward Ying Siew Heng
Director of Planning and Transformation

LIST OF ABBREVIATIONS

3G	3 rd Generation	HSPA	High Speed Packet Access
4G	4 th Generation	ICT	Information and Communication Technology
APEC	Asia Pacific Economic Cooperation	IDS	Integrated Digital School
ARPU	Average Revenue Per User	IT	Information Technology
ATM	Automated Teller Machine	IVR	Interactive Voice Response
BoC	Board of Comissioners	LTE	Long Term Evolution
BoD	Board of Directors	M2M	Machine to Machine
BTS	Base Transceiver Station	Mbps	Mega byte per second
Capex	Capital Expenditure	MMS	Multimedia Messaging Service
CCAM	Corporate and Community Account Management	MoU	Minute of Usage
CDMA	Code Division Multiple Access	NSP	Nada Sambung Pribadi
CFMP	Capital Expenditure, Financing, and Management Process	OSDSS	Operational and Strategic Decision Support System
COMBAT	Compact Mobile Base Station	OTT	Over The Top
CSR	Corporate Social Responsibility	RPM	Revenue Per Minute
CTP	Customer Touch Points	RPS	Revenue Per SMS
CUG	Closed User Group	SIM	Subscriber Identity Module
DNA	Device, Network, Applications	SME	Small Medium Enterprise
EBITDA	Earning Before Interest, Tax, Depreciation, and Amortization	SMS	Short Messaging Service
EDC	Electronic Data Capture	SOA	Sarbanes–Oxley Act
EDGE	Enhanced Data rates for GSM Evolution	TINEM	Tender Infrastructure Network Millenium
ERM	Enterprise Risk Management	TMP	Telkomsel Merah Putih
GCG	Good Corporate Governance	USO	Universal Service Obligation
GPRS	General Packet Radio Service	USSD	Unstructured Supplementary Service Data
GSM	Global System for Mobile communication	VAS	Value Added Service
HCM	Human Capital Management	VPN	Virtual Private Network
HSDPA	High Speed Downlink Packet Access	WAP	Wireless Application Protocol
		WiFi	Wireless Fidelity

LIST OF GraPARI

REGION	NAME	ADDRESS
North Sumatera	Banda Aceh	Jl. Tgk H.M Daud Beureueh No. 161, Banda Aceh 23122
	Kualanamu	Kualanamu International Airport, Medan
	Binjai	Jl. Soekarno Hatta No. 14, Binjai
	Lhokseumawe	Jl. Merdeka No. 147-148, Lhokseumawe 24312
	Medan Sun Plaza	Sun Plaza Lt. 1 Blok A1 No. 5, Jl. KH. Zainul Arifin No. 7, Medan
	Medan Lippo Plaza	Jl. Imam Bonjol No. 6 Lt. UG No. 17A-17B, 18A-18B, Medan
	Meulaboh	Jl. Nasional Ujong Baru Johan Pahlawan, Meulaboh, West Aceh
	Padang Sidempuan	JL. Merdeka No. 85, Blok A 11-12 & A 15, Padang Sidempuan
	Pematang Siantar	Kompleks Megaland, Jl. Asahan Blok A No. 53, Pematang Siantar 21136
	Sibolga	Jl. MH. Thamrin No. 58, Sibolga 22521
	Kisaran	Jl. HOS. Cokroaminoto No. 30-32, Kisaran
Central Sumatera	Batam Baloi	Komplek Baloi Office Park No. 9 Jl. Bunga Raya, Batam 29464
	Batam Center	Jl. Engku Putri Batam Centre, Batam 29432
	Dumai	Jl. Jendral Sudirman No. 153, Riau 28812
	Mall SKA Pekanbaru	Mall SKA Lt. 1 No. 5-8, Jl. Soekarno Hatta, Pekanbaru
	Padang	Jl. Khatib Sulaiman No. 51, Padang 25135
	Pekanbaru	Gedung Surya Dumai Lt. 1-2, Jl. Jend. Sudirman No. 395, Pekanbaru 28116
South Sumatera	Tanjung Balai Karimun	Komplek Karimun Centre Jl. A Yani No. 9-10, Kolong, Tanjung Balai Karimun 29661
	Tanjung Pinang	Jl. Basuki Rachmat No. 9, Tanjung Pinang 29124
	Tembilahan	Jl. Telaga Biru Parit No. 12, Tembilahan 29212
	Belitung	Jl. Jend. Sudirman No. 28 D-E, Pangkal Lalang, Belitung 33412
	Bengkulu	Jl. Kapten Tendean No. 86 KM. 6.5, Bengkulu 38225
	Jambi	Jl. Sri Sedewi, Jambi
	Lampung	Komp. Villa Citra Blok RE I-III, Jl. P. Antasari, Bandar Lampung 35132
	Lubuk Linggau	Jl. Yos Sudarso No. 13 A, RT. 04, Kelu. Taba Jemekeh, Kec. Lubuk Linggau Timur-1 Lubuk Linggau 36125
	Muara Bungo	Jl. Jend. Sudirman No. 76, Muara Bungo, Jambi
	Palembang	Jl. Veteran No. 88 A, Palembang 30114
	Pangkal Pinang	Komp. Villa Bangka Asri No. 8, Jl. Raya Koba, Pangkal Pinang, Bangka 33171
Western Jabotabek	Jakarta Barat	Mall Center Park Lt. 3, L3-116,117,118, JL. Letjen S. Parman, Jakarta 11480
	Tangerang, BSD	Graha Telekomunikasi Lt. Dasar, Jl. Raya Serpong Sektor IV BSD, Tangerang 15322
	Cilegon	Graha Sucofindo Lt.1, Jl. Jendral A. Yani No. 106, Cilegon 42426
	Serang	Jl. Raya Cilegon KM. 2 Kepandean, Serang
Central Jabotabek	Jakarta Utara	Mal La Piazza, Jalan Boulevard Kelapa Gading, Kelapa Gading, Jakarta Utara
	Jakarta Pusat	Wisma Alia Lt. 1-2, Jl. M. Ridwan Rais 10-18, Jakarta Pusat 10110
	Jakarta Selatan	Gedung Wisma Mulia Lt. G, Jl. Gatot Subroto No. 42, Jakarta 12710
	Jakarta Selatan 2 (Gandaria)	Gandaria Mall Lantai 1 Unit 137-141 Jl. KH. Syafi'i Hazami No. 8, Jakarta Selatan
	Jakarta Timur	Jl. Pemuda No.66, Rawamangun, Jakarta 13220
Eastern Jabotabek	Cibubur	Jl. Alternatif Cibubur (Kp. Pedurenan Rt 04/05) dekat Raffles Hills - Cibubur
	Bekasi	Mall Bekasi Cyber Park, Jl. KH Noer Ali No. 177, Bekasi Selatan 17144
	Bogor	Jl. Raya Pajajaran No. 3, Bogor 16143
	Karawang	Ruko Broadway, Jl. Galuh Mas Raya Blok 2 No. 1-2, Karawang
	Sukabumi	Jl. RE Martadinata No. 71, Sukabumi
West Java	Bandung	Gedung Wahana Bakti Pos Lt. 2, Jl. Banda No. 30, Bandung 40115
	Bandung Dago	Jl. Ir. H. Juanda No. 252, Bandung 40134
	Cianjur	Jl. KH. Abdullah Bin Nuh No. 64-66, Cianjur 43212
	Cirebon	Jl. Yos Sudarso No. 12, Cirebon 45111
	Tasikmalaya	Jl. Panglayungan II No. 3-5, Tasikmalaya 46134

REGION	NAME	ADDRESS
Central Java	Cilacap	Jl. S. Parman No. 8 RT. 01 RW. 03, Sidanegara Cilacap Tengah, Cilacap
	Kudus	Jl. Letkol. Tit Sudono No. 1A, Kudus 59318
	Purwokerto	Jl. S. Parman No. 950, Purwokerto 53141
	Semarang Mall Ciputra	Mall Ciputra Lantai dasar, Jl. Simpang Lima No. 1, Semarang 50241
	Semarang Pahlawan	Gedung Telkomsel, Jl. Pahlawan No. 10, Semarang
	Solo	Jl. Slamet Riyadi No. 433, Solo 57142
	Tegal	JL. Mayjen. Sutoyo No. 52, Tegal 52113
	Yogyakarta	Jl. Jend. Sudirman No. 60, Yogyakarta 55223
East Java	Banyuwangi	Jl. Adi Sucipto No. 5, Banyuwangi
	Gresik	JL. Usman Sadari No. 81, Gresik 61122
	Jember	Jl. Gatot Soebroto No. 43, Jember 68137
	Kediri	Jl. Hayam Wuruk No. 45-47, Kediri 64122
	Madiun	Gedung Telkom, Jl. Pahlawan No. 59, Madiun 63161
	Malang	Jl. S. Parman No. 47, Malang
	Probolinggo	Jl. Suroyo No. 16, Probolinggo 67211
	Surabaya Bukit Darmo	Jl. Bukit Darmo Boulevard No. 6 C-D, Surabaya
	Surabaya Graha Pena	Gedung Graha Pena Lt. 1, JL. A. Yani No. 88, Surabaya 60231
	Surabaya Pemuda	Gedung Graha Timbul Jaya, Jl. Pemuda No. 181, Surabaya 60271
Bali Nusa Tenggara	Denpasar	Graha Telkomsel, Jl. Diponegoro No. 134, Denpasar 80112
	Kupang	Jl. WJ. Lalamentik No. 88 Oebufu, Kupang 85119
	Kuta	Mall Bali Galeria Lt 2, Jl. By Pass I Gusti Ngurah Rai, Simpang Dewa Ruci Kuta Bali (Simpang Siur)
	Mataram	Jl. Pejanggik No. 47 F, Mataram, Lombok 83231
Kalimantan	Balikpapan	Jl. Jend. Sudirman No. 1, Balikpapan 76114
	Banjarmasin	Jl. Ahmad Yani Km. 5,2, Banjarmasin 70249
	Bontang	Jl. Ahmad Yani No. 20 Bontang, Kalimantan Timur 75311
	Palangkaraya	Jl. Cilik Riwut KM. 1 No. 1, Palangkaraya 73111
	Pontianak	Jl. Gusti Sulung Lelanang No. 6
	Samarinda	Komp. Mall Lembuswana, Blok A 16-18, Jl. S. Parman, Samarinda 75118
	Tarakan	Jl. Mulawarman No. 12, Tarakan 77111
Sulawesi	Gorontalo	Jl. Imam Bonjol No. 44, Gorontalo 96111
	Kendari	Jl. Abdullah Silondae No. 123, Kendari 93111
	Makassar	Gedung Diva Jl.AP. Pettarani No. 2, Makassar 90222
	Manado	Ruko Mega Style Blok I B No. 21-25, Jl. Pierre Tendean Boulevard, Manado
	Palu	JL. Dewi Sartika No. 96, Palu
	Pare-Pare	Jl. Bau Massepe No. 400, Pare-Pare 91111
Maluku Papua	Ambon	Jl. Dr. J.B Sitanala No. 09 A, Ambon 9711
	Jayapura	Gedung Telkom, Jl. Koti No. 01, Jayapura
	Manokwari	Jl. Yos Sudarso No. 1-2, depan SPBU Sanggeng, Manokwari
	Sorong	Jl. Ahmad Yani No. 25 A-B Klademak, Sorong 98414
	Timika	Jl. Hasanudin Inauga, Timika Papua 99910

Telkomsel also has GraPARI outlets which are managed in cooperation with business partners:

No.	AREA	GraPARI Type	Number of GraPARI Outlet
1	Area 1	GRA Mitra	93 Units
2	Area 2	GRA Mitra	62 Units
3	Area 3	GRA Mitra	86 Units
4	Area 4	GRA Mitra	80 Units

CORPORATE DATA



the world in your hand



Telkomsel's shareholders are PT Telekomunikasi Indonesia Tbk (TELKOM) and Singapore Telecom Mobile Pte Ltd (Singtel Mobile). TELKOM, which owns 65% of Telkomsel's issued share capital, is the largest full-service telecommunications operator in Indonesia. TELKOM is listed on the Indonesia Stock Exchange (IDX:TLKM), the New York Stock Exchange (NYSE:TLK) and the London Stock Exchange (LSE:TKIA) and is majority owned by the Government of Indonesia. Singtel Mobile owns 35% of Telkomsel's issued share capital and is a wholly-owned subsidiary of Singapore Telecommunications Limited (Singtel). Singtel is Asia's leading communications group with a network of offices in the US, Europe, Asia-Pacific and Middle East. Singtel is listed on the Singapore Exchange (SGX:ST) and the Australian Stock Exchange (ASX:SGT).

Addresses of Shareholders

PT Telekomunikasi Indonesia Tbk (TELKOM)

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Bandung 40133, Indonesia
Tel. +62-22-452 1108
Fax. +62-22-452 1408
www.telkom-indonesia.com

Singtel Mobile

31 Exeter Road - Comcentre
Singapore 239732
Tel. +65-6838 3388
Fax. +65-6738 3769
www.singtel.com

Company Address

PT Telekomunikasi Selular (Telkomsel)

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Jakarta 12710, Indonesia
www.telkomsel.com

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by Telkom Indonesia 



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