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Financial Statements (unaudited)



QUARTER I, 2007

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PT TELEKOMUNIKASI SELULAR (TELKOMSEL) JANUARY - MARCH 2007 RESULTS

OWNERSHIP

PT Telekomunikasi Selular ("Telkomsel"/"the Company") was officially established in 1995. The Company is for 65% owned by PT Telekomunikasi Indonesia, Tbk. ("Telkom": JSX: TLKM; NYSE: TLK; LSE: TKIA) and for 35% by SingTel Mobile, a 100% owned subsidiary of Singapore Telecommunications Ltd. ("SingTel": SGX: ST; ASX: SGT). Telkomsel is the largest mobile telecommunication company in Indonesia with market share of subscribers of approximately 55%.

FINANCIAL STATEMENTS

Telkomsel reports its unaudited financial statements and operational results for the period ended March 31, 2007. The Company's financial statements are consolidated by PT Telekomunikasi Indonesia, Tbk. The financial statements are prepared in accordance with Generally Accepted Accounting Principles in Indonesia (Indonesian GAAP).

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

Expenses are recognized on an accrual basis.

Allowance for Doubtful Accounts Allowance is provided based upon the evaluation of the collectibility of the accounts.

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

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

Foreign Currency Transactions & Balances Transactions involving foreign currencies are recorded at the prevailing rates at the time the transactions are made. At the balance sheet date, assets and liabilities denominated in foreign currencies are adjusted to reflect the prevailing rates of exchange at such date as published by the Central Bank. The resulting gains or losses are credited or charged to current operations, except any net foreign exchange loss on obligations arising from the acquisition of property, plant and equipment, which is capitalized to the related qualifying asset.

Conversion Rate The Statements of Income use an average end of months January-March 2007 middle conversion rate of Rp.9,123 to the US Dollar and the rates applied to the Balance Sheets are the Bank Indonesia middle rate of Rp.9,118 to US\$ 1.00 quoted from Bank Indonesia March 30, 2007.

EARNINGS & EBITDA

For the first quarter 2007, Telkomsel's gross revenues grew by 22% year-on-year (YoY) from Rp.7.81 trillion in 2006 to Rp.9.55 trillion in 2007, while net operating revenues increased by 26% YoY from Rp.6.53 trillion to Rp.8.21 trillion. This revenue growth was attributable to the strong customer base growth (44% growth YoY). As most of the customer base growth came from our second prepaid brand (Kartu As), which is targeted at lower market segments and has lower ARPU, the revenue growth was not as strong as the customer base growth.

Network expansion program to outside Java and quality improvement program in Java have caused some pressures on operating expenses, particularly on depreciation expenses and operation & maintenance costs. It increased 45% YoY from Rp.2.67 trillion in 1Q06 to Rp.3.87 trillion in 1Q07.

EBITDA for 1Q07 reached Rp.5.66 trillion, an 18% increase compared to Rp.4.80 trillion in 1Q06. EBITDA margin over gross revenues declined to 59% in 1Q07 from 61% in 1Q06 and EBITDA margin over net revenues decreased to 69% from 73%. Net income increased 8% from Rp.2.79 trillion in 1Q06 to Rp.3.0 trillion in the same period of 2007.

The growth in operating revenues was driven by prepaid products. Prepaid revenues accounted for 77% of total gross revenues.

- *Gross Postpaid revenues* grew 8% to Rp.1.26 trillion due to the 12% postpaid customer base growth.
- *Gross Prepaid revenues* rose by 31% to Rp.7.34 trillion due to the 46% prepaid customer base growth.
- *Gross International roaming revenues* stood at Rp.0.20 trillion.
- *Gross Interconnection revenues* decreased 12% to Rp.0.75 trillion, which was caused by the lower interconnection rate due to the implementation of the new interconnection regime (cost-based interconnection). The new interconnection tariff caused decline in both interconnection revenue and payment with the net impact of a net revenue of Rp.0.25 trillion (7% lower than Rp.0.27 trillion in 1Q06).
- *Discounts* increased 22% to Rp.0.65 trillion, which was in line with the customer base growth and increasing bonus program on starter-packs and recharges.
- *Interconnection/International roaming/Data provider charges* decreased 7% to Rp.0.69 trillion mainly because of the decline in interconnection payment. Approximately 72% of these charges came from interconnection payment.

Operating Expenses (including depreciation) increase was mainly as a result of aggressive network development, which caused a significant growth in operation & maintenance and depreciation expenses.

- *Personnel expenses* rose 46% YoY to Rp.0.32 trillion, due to the impact of salary scheme adjustments (as part of company retention program to have a competitive remuneration package) in 4Q06 and growth in the number of employees (by 9%)
- *Operation & maintenance expenses* grew 65% YoY to Rp.1.45 trillion mainly resulting from the network infrastructure growth (BTS grew 64% and overall network capacity increased by 45%) and activities to increase network quality, which affected transmission costs, frequency fees, power supply costs and repair & maintenance costs of network equipments.
- *General & administration expenses* increased 7% YoY to Rp 0.18 trillion. Most of the increase came from rental and travel & transportation expenses.
- *Marketing & selling expenses* grew 25% YoY to Rp.0.19 trillion, which was mainly because of higher advertising and sales support costs.
- *Other operating expenses* consist of cost of cards, concession fees, account receivable collection costs and provision for bad debt, which will increase in line with sales/customer base growth. It increased 30% YoY to Rp.0.40 trillion in 1Q07, which was mainly because of higher concession costs and cost of card.
- *Depreciation expenses* increased 41% to Rp.1.32 trillion due to the network infrastructures growth.

Other income/(expenses) decreased from a net income of Rp.118 billion in 1Q06 to a net expense of Rp.65 billion in 1Q07. It was mainly because of higher interest expenses from new loan facilities secured in 2006 (amounted Rp.3.5 trillion) combined with the decline in foreign exchange gain due to the relatively stable rupiah rate compared to foreign currencies in 1Q07 (it was strengthening in 1Q06).

Non-voice/data revenues (gross) in 1Q07 increased 32% YoY to Rp.2.41 trillion. It contributed 25% of gross revenues or 28% of net revenues. Although this was still largely dominated by SMS revenues, revenues from mobile data services indicated a steady growth particularly on the content download and ring-back tones, which are now contributing approximately 5% of gross revenues.

STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2007 (In Billions of Rupiah and Millions of U.S. Dollar)

	2006 Rp.	2007		Growth
		Rp.	US\$ ⁽¹⁾	
OPERATING REVENUES				
Post-paid	1,170	1,265	139	8%
Prepaid	5,592	7,338	804	31%
International roaming	201	201	22	0%
Interconnection revenues	847	748	82	-12%
Gross Operating Revenues	7,810	9,552	1,047	22%
Less:				
- Discounts	536	655	72	22%
- Intercon. / intl. roam. / data provider charges	744	690	75	-7%
Net Operating Revenues	6,530	8,207	900	26%
OPERATING EXPENSES				
Personnel	221	323	36	46%
Operation & maintenance	880	1,448	159	65%
General & administrative	165	177	19	7%
Marketing & selling	155	193	21	25%
Other operating expenses	310	402	44	30%
Depreciation and amortization	939	1,323	145	41%
Total Operating Expenses	2,670	3,866	424	45%
EBIT (EARNINGS BEFORE INTEREST & TAXES)	3,860	4,341	476	12%
OTHER INCOME/(EXPENSES)				
Interest income & financing charges	15	(68)	(7)	-553%
Foreign exchange gain/(loss)	121	4	-	-97%
Others - net	(18)	(1)	-	94%
Other income/(expenses) - net	118	(65)	(7)	155%
INCOME BEFORE TAX	3,978	4,276	469	7%
PROVISION FOR INCOME TAX	1,192	1,279	140	7%
NET INCOME	2,786	2,997	329	8%
EBITDA	4,799	5,664	621	18%
EBITDA Margin - over gross revenues	61%	59%	59%	-2%
EBITDA Margin - over net revenues	73%	69%	69%	-4%
ROA	39%	34%	34%	-5%
ROE	53%	49%	49%	-4%

Notes:

- 2006 figures have been reclassified to conform with 2007 presentations
- (1) US\$ 1 = Rp.9,123 (average end of months Jan-Mar 2007 mid-rate, quoted from Bank Indonesia)

ACTIVITY HIGHLIGHTS

- As at end of March 2007, six months after its launch, there were 1.8 million customers registered in Telkomsel's 3G network. Of the 1.8 million 3G customers, 88% were prepaid customers. The highest 3G customer was in greater Jakarta area, which was close to 500K customers. For this early stage of services, 3G are mainly available as part of Telkomsel retention program and to maintain its technology leadership.

- Telkomsel launched in February 2007 the new *simPATI* starter pack edition called "*simPATI* Ekstra". The package is priced at IDR 10K and includes a regular credit of IDR 5,000 plus another IDR 5,000 credit for on-net calls, and a bonus of IDR 10,000 on first recharge. Telkomsel subscribers can also enjoy special IDD tariff to 16 predetermined countries with only IDR 99 per 6 seconds.
- In March 2007, Telkomsel introduced *HALOhybrid*. This latest innovation allows postpaid users to have both postpaid and prepaid services. Users are able to set their monthly credit limit (postpaid service) and if the credit limit is reached, they then could switch to the prepaid service by using prepaid vouchers.
- In the same month, Telkomsel received Top Brand Award 2007 for *simPATI* and *kartuHALO* products.

CUSTOMER BASE

At the end of 1Q07, Telkomsel customer base reached 38.90 million (44% YoY growth), consisting of 1.71 million postpaid and 37.19 million prepaid customers (representing 4% and 96% of total customers, respectively). Telkomsel added 3.31 million customers in 1Q07 which was 23% higher than the net-addition in 1Q06. As the industry was penetrating to lower market segment, Telkomsel's growth in 1Q07 mainly came from our second prepaid brand (Kartu As), which is targeted at lower market segment.

The growth contribution from outside Java has been increasing. It contributed approximately 60% of the total net-addition in 1Q07.

ARPU

ARPU is derived from monthly recurring customer usage. ARPU of postpaid customers decreased 4% YoY from Rp.274K to Rp.263K and ARPU for *simPATI* decreased 7% YoY, from Rp.84K to Rp.78K. However, ARPU of Kartu As increased 8% YoY from Rp.51K to Rp.55K, which was attributable to the launch of per second Kartu As charging in April 2006. Penetration to lower market segment caused decline in blended ARPU. It declined 10% to Rp.77K in 1Q07.

OPERATIONAL INDICATORS AS OF MARCH 31, 2006 AND 2007

	Unit	2006	2007	Growth
CUSTOMER BASE				
Net Additions				
<i>kartuHALO</i>	Subscriber (000)	62	52	-16%
<i>simPATI</i>	Subscriber (000)	1,822	(131)	-107%
Kartu As	Subscriber (000)	797	3,384	325%
Total	Subscriber (000)	2,681	3,305	23%
Customer Base				
<i>kartuHALO</i>	Subscriber (000)	1,533	1,714	12%
<i>simPATI</i>	Subscriber (000)	17,827	21,247	19%
Kartu As	Subscriber (000)	7,591	15,942	110%
Total	Subscriber (000)	26,951	38,903	44%
MOU (chargeable minute of use)-total	Billion Minutes	3.7	5.4	46%
ARPU				
Total (3 months average)				
<i>kartuHALO</i>	Rp. '000 per mo.	274	263	-4%
<i>simPATI</i>	Rp. '000 per mo.	84	78	-7%
Kartu As	Rp. '000 per mo.	51	55	8%
Blended	Rp. '000 per mo.	86	77	-10%
Non-voice/Data (3 months average)				
<i>kartuHALO</i>	Rp. '000 per mo.	46	47	2%
<i>simPATI</i>	Rp. '000 per mo.	25	22	-12%
Kartu As	Rp. '000 per mo.	17	19	12%
Blended	Rp. '000 per mo.	24	22	-8%
NETWORK DATA				
Network Capacity				
Base stations installed (GSM/DCS/3G)	Unit	10,770	17,644	64%
Overall capacity all network elements	Subs. mln.	28.9	41.9	45%
Quality of Service				
Call success rate	%	94.65%	95.49%	0.84%
Call completion rate	%	99.29%	99.47%	0.18%
EMPLOYEE DATA				
Total employees	Person	3,557	3,865	9%
Efficiency ratio	Subs./employee	7,577	10,065	33%

BALANCE SHEETS

Telkomsel's Total Assets increased 45% to Rp.40.10 trillion. Total Liabilities increased 99% to Rp.14.03 trillion. Meanwhile, Total Equities increased 27% to Rp.26.07 trillion. This significant increase in total assets was a result of the growth of investment and business activities.

- Current assets increased 27% to Rp.4.83 trillion mainly due to the increase in the prepaid rental for network sites and higher cash balance.
- Non-current assets increased 48% to Rp.35.27 trillion mainly due to the increase in Property, Plant and Equipment (PPE). PPE rose 52% to Rp.34.40 trillion as a result of a significant growth in network infrastructures (64% growth in BTS and a 45% expansion in overall network capacity).
- Current liabilities grew 120% to Rp.10.76 trillion, largely because of an increase in accounts payable & accrued liabilities (mostly for network infrastructures procurement). It also contributed by the increase in unearned revenues (represents the remaining balance of vouchers not yet used by prepaid subscribers), as well as part of the Rp.3.5 trillion new loan facilities signed in 2006.
- Non-current liabilities increased 50% to Rp.3.27 trillion, which was mainly from deferred tax liabilities.

As of March 31, 2007 the outstanding balance of the ECA loan facilities totaled Rp. 498 billion (Rp.320 billion was recorded under current liabilities and Rp.178 billion recorded as non-current liabilities). Of the Rp.3.5 trillion loan granted from local banks in 2006, Rp.1.17 trillion has been repaid, Rp.1.33 trillion was recorded under current liabilities and Rp.1.0 trillion was under non-current liabilities.

BALANCE SHEETS AS OF MARCH 31, 2006 AND 2007 (In Billions of Rupiah and Millions of U.S. Dollar)

ASSETS	2006 Rp.	2007		Growth
		Rp.	US\$ ⁽¹⁾	
CURRENT ASSETS				
Cash and cash equivalents ⁽²⁾	2,174	2,380	261	9%
Acct./Unbilled receivables	697	794	87	14%
Prepayments	738	1,208	132	64%
Others	189	445	49	135%
Total Current Assets	3,798	4,827	529	27%
NON-CURRENT ASSETS				
Long-term Investment	9	9	1	0%
Property, plant & equipment - net	22,706	34,402	3,773	52%
Advances for PPE	155	265	29	71%
Equipment not used in operations - net	458	150	17	-67%
Intangible assets - net	429	413	45	-4%
Others	30	30	3	0%
Total Non-Current Assets	23,787	35,269	3,868	48%
TOTAL ASSETS	27,585	40,096	4,397	45%
CURRENT LIABILITIES				
Short-term loans	-	333	36	-
Accounts payable & Accrued Liabilities	2,378	6,534	717	175%
Taxes payable	853	712	78	-17%
Unearned revenue	1,349	1,857	204	38%
Curr. maturities of med/long-term loans	300	1,320	145	340%
Total Current Liabilities	4,880	10,756	1,180	120%
NON-CURRENT LIABILITIES				
Med/long-term loan - net of current maturities	1,168	1,177	129	1%
Deferred tax liabilities	945	1,956	214	107%
Others	66	137	15	108%
Total Non-current Liabilities	2,179	3,270	358	50%
EQUITY				
Capital stock - Rp 1,000,000 par value				
Authorized - 650,000 shares				
Issued and fully paid - 182,570 shares	183	183	20	0%
Additional paid-in capital	1,505	1,505	165	0%
Retained earnings	18,838	24,382	2,674	29%
Total Equity	20,526	26,070	2,859	27%
TOTAL LIAB. & STOCKHOLDERS' EQUITY	27,585	40,096	4,397	45%

Notes:

- 2006 figures have been reclassified to conform with 2007 presentations
- (1) US\$ 1 = Rp.9,118 (middle rate on March 30, 2007, quoted from Bank Indonesia)
- (2) Consisting of US\$ 81.6 million, Euro 73.4 million and Rp.742 billion for 2007

CAPITAL EXPENDITURES AND CASH FLOWS

In 1Q07, Telkomsel spent Rp.3.10 trillion (USD 0.34 billion) and added Rp.4.09 trillion (USD 0.45 billion) to fixed-assets for network infrastructure and other investment. These expenditures were mostly used for Telkomsel's network coverage, capacity expansion and quality enhancement. There were 1,587 BTS (including 192 3G-BTS) installed and 3.1 million subscriber capacity added in 1Q07.

In Billions of Rupiah and Millions of U.S. Dollar	2006 Rp.	2007		Growth
		Rp.	US\$ ¹⁾	
CAPEX				
Cash spending	2,726	3,102	340	14%
New contracts issued during the period	4,658	3,553	389	-24%
Total open commitments end of period	8,093	7,918	868	-2%
Free Cash Flow ²⁾	(205)	1,218	134	694%

1) US\$ 1 = Rp. 9,123 (average end of months Jan-Mar 2007 mid-rate, quoted from Bank Indonesia)

2) Cash flow from operations less cash flow for capex

Capital Expenditures were mostly financed by the cash flow from operations. Telkomsel's net cash flow from operating activities in 2007 was Rp.4.32 trillion and free cash flow was Rp.1.22 trillion.

LOAN/DEBT

Telkomsel's loan facilities as of end of March 2007 were as follows:

	Outstanding	Interest	Repayment
ECA 1	Euro 22.0 mln	appr. 4.48%*)	2007 - 2008
ECA 2	US\$ 25.17 mln	4.02%	2007 - 2008
Bank loans	IDR 2.33 trln	9.6 - 9.85%*)	2007 - 2009
	Amount	In use	Deferred repayment
L/C Facility	US\$ 20 mln	IDR 120 bln equivalent to US\$ 13.2 mln	-

*) floating rate

Telkomsel has to observe certain agreed financial covenants related to its loan/debt. As of end of March 2007, these covenants were as follows:

	Covenants t/b maintained	Required	Actual
ECA Facilities	Debt to equity ratio	≤ 2	0.11
	Debt service coverage ratio	> 1.25	4.51
	Permitted indebtedness	≤ Rp 43.16 trln	Rp 2.83 trln
Bank loans	EBITDA to debt service	≥ 1.25	12.03
	Debt to tangible net worth	≤ 2.00	0.11

RATINGS

Telkomsel's latest credit ratings issued by several institutions are as follows:

	Local currency	Foreign currency	Outlook
Moody's	Baa2	-	stable
S&P	BB+	BB+	stable
Fitch	BBB-	BB	stable
Fitch Indonesia	AAA	-	stable

FOREIGN CURRENCY RISK MANAGEMENT

The Company's foreign exchange policies are to effectively manage exposure that arises from business operations within a framework of controls that does not expose the Company to unnecessary foreign exchange risks. The policies include:

- Progressive accumulation of USD and EUR using excess funds to continually match the foreign exchange exposures based on the Company's cashflow projections.
- Hedging foreign exchange exposures with derivative financial instruments such as forward foreign exchange contracts.

DIVIDENDS

In June 2006, Telkomsel declared dividends for an amount of Rp.7.35 trillion (85% of 2005 net income), of which Rp.1.5 trillion was paid in December 2005 as interim dividends and the remaining was paid in 3Q06. Dividends for 2007 will be decided on the next Telkomsel's annual general meeting of shareholders.

OUTLOOK 2007

In 2007, we predict the mobile cellular market will grow with around 18-20 million customers, which we aim to capture at least 50% of the growth. Revenue and EBITDA growth are expected to be at least 20%. Margins may potentially decline 2-3%. Our cash out for capex is expected to be at least USD 1.5 billion.

SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN GAAP AND U.S. GAAP

Foreign Exchange Loss Capitalized to Construction in Progress Under Indonesian GAAP, foreign exchange differences from borrowings used to finance property under construction are capitalized. Under U.S. GAAP, foreign exchange differences are charged to current operations.

Interest Capitalized on Property under Construction Under Indonesian GAAP, one of the criteria for capitalizing interest cost into a qualifying asset is that the interest should be attributable (an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, i.e. minimum 12 months). Under U.S. GAAP, there is no limit on the length of construction period in which the interest expenses could be capitalized and interest cost need not arise from borrowings specifically made to acquire the qualifying assets.

Landrights Under Indonesian GAAP, land ownership is not depreciated unless it can be foreseen that the possibility for the holder to obtain an extension or renewal of rights is remote. Under U.S. GAAP, the cost of acquired land rights is amortized over the period the holder is expected to retain the land rights. The amortization of land rights represents a permanent non deductible tax expense and is excluded from the deferred income tax effect on GAAP adjustments.

Revenue Under Indonesian GAAP, revenue from cellular service connection fees are recognized as income when the connection takes place (for postpaid service) or at the time of delivery of starter packs to distributors, dealers or customers (for prepaid service). Under U.S. GAAP, revenue from connection fees and incremental direct costs up to, but not exceeding such fees, are deferred and recognized over the expected term of the customer relationship.

Employee Benefits In September 2006, the Financial Accounting Standard Board (FASB) issued Statement of Financial Accounting Standards (FAS) No.158 "Employers' Accounting for Defined Benefit, Pension and Other Postretirement Plans", which is an amendment of FASB Statement No.87, 88, 106 and 132 (R). According to FAS 158, unrecognized gain or losses, past service cost and the transaction of asset or obligation, net of tax, are recognized as other comprehensive income (part of equities). Indonesian GAAP does not include such provision.

RECONCILIATION TO U.S. GAAP FOR THE PERIODS ENDED MARCH 31, 2007 AND 2006

(In billions of Rupiah)	2007	2006
Net Income as reported under Indonesian GAAP	2,997	2,786
U.S. GAAP adjustments - Incr./ (decr.) due to:		
Capitalization of forex differences	5	5
Capitalization of interest expense	23	2
Amortization of deferred connection fees	1	1
Asset retirement obligations	(3)	(1)
Employee benefits	0	0
Capital leases	(3)	8
Amortization of landrights	(3)	(2)
Deferred income tax effect on U.S. GAAP	(7)	(5)
Net adjustments	13	8
Net Income in accordance with U.S. GAAP	3,010	2,794
S/H equity as reported under Indonesian GAAP	26,069	20,526
U.S. GAAP adjustments - Incr./ (decr.) due to:		
Capitalization of forex differences	(38)	(60)
Capitalization of interest expense	241	146
Deferral of connection fees	(1)	(3)
Asset retirement obligations	(17)	(6)
Employee benefits & other related income	(114)	7
Capital leases	(3)	11
Amortization of landrights	(35)	(25)
Deferred tax liabilities on U.S. GAAP adjustments	(58)	(29)
Net adjustments	(24)	41
S/H Equities in accordance with U.S. GAAP	26,045	20,567