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Financial Statements (Unaudited)

HIGHLIGHT

QUARTER I, 2010



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PT TELEKOMUNIKASI SELULAR (TELKOMSEL) JANUARY - MARCH 2010 RESULTS

Telkomsel reports its unaudited financial and operational results for the period ended March 31, 2010. The Company's financial statements are consolidated by PT Telekomunikasi Indonesia, Tbk.

SUMMARY

In 1Q10, Telkomsel gross operating revenues reached Rp10.67 trillion, an increase of 9% compared to the same period last year. EBITDA and Net Income reached Rp6.40 trillion (9% growth) and Rp2.84 trillion (10% growth), respectively. Our customer base grew 14% year-on-year (YoY) to 81.95 million customers.

With regard to EITF 99-19 (Reporting Revenue Gross as a Principal versus Net as an Agent) and the issuance of PPSAK No.1 (Statement on Withdrawal of Accounting Standard) that covers among other the withdrawal of PSAK No.35 (Statement on Accounting Standard) regarding Accounting for Revenue of Telecommunication Services, we present operating revenue from interconnection on a gross basis with interconnection charges are presented as part of operating expenses.

The following are the highlights of Telkomsel's financial and operational results for Q1-2010:

Operating Revenues (gross)	Rp10.67 trillion
EBITDA	Rp6.40 trillion
Net Income	Rp2.84 trillion
Total Customer Base	81.95 million customers
EBITDA Margin (gross)	60%

FINANCIAL RESULTS

Earnings & EBITDA

For the first quarter of 2010, operating revenues (gross) grew to Rp10.67 trillion, which was 9% higher compared to the 1Q09 performance. The growth was mainly attributable to increase in prepaid revenue, particularly on Kartu As.

- *Postpaid revenues* increased 8% to Rp1.08 trillion due to increase in non-voice/data revenue as reflected by increase of non-voice/data ARPU.
- *Prepaid revenues*, which accounted for 81% of operating revenues, grew 8% to Rp8.69 trillion. Prepaid revenues were mainly (78%) contributed by *simPATI* product. However, the YoY growth was mainly from Kartu As product that recorded a strong growth on minutes of use (MoU) and data revenues. *simPATI* product, which recorded a YoY decline on traffic, still recorded a positive revenue growth due to higher revenue per minute and revenue per SMS in 1Q10 compared to 1Q09.
- *International roaming revenues* decreased 4% to Rp153 billion as a result of a decline in revenue from inbound roamers combined with increase in revenue from outbound roamers.
- *Interconnection revenues* increased 5% to Rp626 billion, which was due to increase in incoming interconnection traffic as a result of off-net promotion from other operators.
- *Other operating revenues* increased 196% to Rp125 billion which was mainly due to increase in leased towers and USO compensation.

Operating expenses (including depreciation) increased 12% to Rp6.61 trillion, which was mainly due to increase in operation & maintenance and depreciation expenses.

- *Personnel expenses* increased 22% YoY to Rp356 billion, which was due to the recording of long-service allowance and salary adjustment.
- *Operation & maintenance expenses* grew 11% YoY to Rp2.43 trillion. It was due to network infrastructure growth (the number of BTS increased by 16% and overall network capacity increased by 14%), which mainly impacted frequency fee and power supply costs. There was also impact on frequency fee of additional 3G bandwidth obtained in September 2009.
- *General & administration expenses* increased 13% to Rp199 billion, which was mainly on professional fees related to business process improvement.
- *Marketing expenses* grew 13% to Rp252 billion, which was mainly on sales support costs such as sales outlets in line with the expansion of channel distribution.
- *Interconnection expenses* declined 6% to Rp533 billion due to trend on increasing of on-network campaign.
- *Depreciation expenses* increased 19% to Rp2.34 trillion due to addition of assets and impact of changes on estimated assets useful life.

EBITDA for 1Q10 reached Rp6.40 trillion, which grew by 9% from the same period last year. EBITDA margin remained stable at 60%.

Other expenses decreased 30% from net expenses of Rp354 billion in 1Q09 to net expenses of Rp249 billion in 1Q10, mainly due to foreign exchange gains recorded in 1Q10 (which was a foreign exchange loss in 1Q09) following the appreciation of the rupiah against foreign currencies (USD and EUR) in 1Q10.

Net income increased 10% YoY to Rp2.84 trillion in Q1-2010.

STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2010 (In Billions of Rupiah and Millions of U.S. Dollar)

	2009 Rp.	2010		Growth
		Rp.	US\$ ^(*)	
OPERATING REVENUES				
Postpaid	994	1,077	116	8%
Prepaid	8,026	8,689	937	8%
International roaming	159	153	17	-4%
Interconnection revenues	594	626	67	5%
Other (USO compensation & network lease)	42	125	13	196%
Total Operating Revenues	9,815	10,670	1,150	9%
OPERATING EXPENSES				
Personnel	291	356	38	22%
Operation & maintenance	2,186	2,431	262	11%
General & administrative	175	199	21	13%
Marketing	222	252	27	13%
Interconnection charges	567	533	58	-6%
Other operating expenses	479	499	54	4%
Depreciation	1,956	2,336	252	19%
Total Operating Expenses	5,876	6,606	712	12%
EBIT (EARNINGS BEFORE INTEREST & TAXES)	3,939	4,064	438	3%
OTHER INCOME/(EXPENSES)				
Interest income & financing charges	(263)	(258)	(28)	-2%
Foreign exchange gain	(84)	61	7	173%
Others - net	(7)	(52)	(6)	-639%
Other income/(expenses) - net	(354)	(249)	(27)	-30%
INCOME BEFORE TAX	3,585	3,815	411	6%
INCOME TAX EXPENSE	1,007	977	105	-3%
NET INCOME	2,578	2,838	306	10%
EBITDA	5,895	6,400	690	9%
EBITDA Margin - over oper. revenues	60%	60%	60%	0%
ROA	20%	24%	24%	4%
ROE	35%	42%	42%	7%

- (*) US\$ 1 = Rp.9,272 (average end of months Jan-Mar 2010 mid-rate, quoted from Bank Indonesia)
- The 2009 figures were reclassified to conform with 2010 presentation

As mentioned earlier with the issuance of PPSAK No.1, we present operating revenues on a gross basis with interconnection charges are presented as part of operating expenses. For a convenient purpose, we provide herewith a pro-forma operating revenues and expenses with interconnection is presented on a net basis.

In Rp. Billion	1Q09	1Q10	Growth
Net Operating Revenues *)	9,248	10,137	10%
Operating Expenses **)	5,309	6,073	14%
EBITDA	5,895	6,400	9%
EBITDA Margin - over net oper. revenues	64%	63%	-1%

- *) Net of interconnection expense
- ***) Excluding interconnection expense

Balance Sheet

Telkomsel's Total Assets increased 11% to Rp58.62 trillion. Total liabilities increased 6% to Rp24.72 trillion, while total equity increased 14% to Rp33.89 trillion.

- *Current assets* rose 31% to Rp7.68 trillion, mainly due to increase in cash & cash equivalent and prepayments.
- *Fixed assets* increased 8% to Rp50.08 trillion as a result of network infrastructure growth (the number of BTS grew by 16% and overall network capacity grew 14%).
- *Current liabilities* declined 2% to Rp16.83 trillion, largely because of decrease in accounts payable combined with increase in taxes payable.
- *Non-current liabilities* increased 27% to Rp7.89 trillion, which was mainly from increase in medium term loans.

As of March 31, 2010 Telkomsel had Rp9.88 trillion loans outstanding, which Rp4.88 trillion was presented as current liabilities and Rp5.00 trillion as non-current liabilities.

BALANCE SHEETS
AS OF MARCH 31, 2009 AND 2010
(In Billions of Rupiah and Millions of U.S. Dollar)

ASSETS	2009	2010		Growth
	Rp.	Rp.	US\$ ⁽¹⁾	
CURRENT ASSETS				
Cash and cash equivalents ⁽²⁾	2,047	3,442	377	68%
Acct. /Unbilled receivables	551	790	87	43%
Prepayments	2,400	3,035	333	26%
Others	879	418	46	-52%
Total Current Assets	5,877	7,685	843	31%
NON-CURRENT ASSETS				
Long-term Investment	20	20	2	0%
Fixed assets - net	46,568	50,080	5,494	8%
Advances for fixed assets	1	15	2	1084%
Equipment not used in operations - net	30	1	0	-98%
Intangible assets - net	319	689	76	116%
Others	130	127	14	-2%
Total Non-Current Assets	47,068	50,932	5,588	8%
TOTAL ASSETS	52,945	58,617	6,431	11%
CURRENT LIABILITIES				
Accounts payable & Accr. Liabilities	9,431	8,028	881	-15%
Taxes payable	540	1,418	156	163%
Unearned revenue	2,461	2,494	274	1%
Curr. maturities of med-term loans	4,560	4,881	535	7%
Curr. maturities of oblig. under finance lease	114	13	1	-89%
Total Current Liabilities	17,106	16,834	1,847	-2%
NON-CURRENT LIABILITIES				
Medium-term loans - net of current maturities	3,680	4,949	543	34%
Long-term loans	-	46	5	-
Deferred tax liabilities	2,293	2,552	280	11%
Others	255	342	38	34%
Total Non-current Liabilities	6,228	7,889	866	27%
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	27,923	32,206	3,533	15%
Total Equity	29,611	33,894	3,718	14%
TOTAL LIAB. & STOCKHOLDERS' EQUITY	52,945	58,617	6,431	11%

Notes:
(1) US\$ 1 = Rp.9,115 (middle rate at end of reporting period, quoted from Bank Indonesia)
(2) Consisting of USD 71.6 mln, EUR 32.1 mln and IDR 2.39 tn for 2009

Cash Flows and Capital Expenditures

Net cash generated from operations in 1Q10 was Rp5.10 trillion a sound figure compared to 1Q09.

In Rp. Billion	1Q09	1Q10	Growth
Cash Flow from Operating Activities *)	5,196	5,106	-2%
Cash Flow for Investing Activities	(3,130)	(2,683)	-14%
Cash Flow from Financing Activities	(1,174)	2,623	123%
Net increase in Cash & Cash Equivalents	892	(200)	-122%
Addition to Capitalized Fixed Assets (incl. CIP)	2,157	2,071	-4%

*) Include effect of exchange rate changes

Cash flow for investment activities, which was mostly spent for the acquisition of network infrastructures, decreased 14% to Rp2.68 trillion (approximately USD 293 million) due to the changes of term of payments. There were 1,251 new BTS and node B installed in 1Q10. Additional fixed-assets (including CIP) booked in 1Q10 was Rp2.07 trillion.

Net cash used in financing activities increased 123% to Rp2.62 trillion mainly due to payment of cash dividend in February 2010.

OPERATIONAL RESULTS

Customer Base

At the end of the first quarter 2010, Telkomsel customers reached 81.95 million (14% YoY growth), consisting of 2.05 million postpaid and 79.90 million prepaid customers (representing 2% and 98% of total customers, respectively). We added 306 thousand new customers in 1Q10.

Minutes of Use (MOU) & Revenue Per Minute (RPM)

For the first three months of 2010, chargeable MoU reached 27.8 billion minutes which was 16% lower than the MoU at the same quarter last year. The decline of MoU was due to decline in *simPATI* traffic as there was aggressive *simPATI* Talkmania promotion in 1Q09. *simPATI* was still the main MoU contributors in 1Q10 that contributed 82% of total MoU. However, the YoY growth was mainly from MoU generated by Kartu As.

Voice RPM for 1Q10 grew 25% from 1Q09 to Rp247.

SMS & Revenue Per SMS (RPS)

Chargeable SMS reached 21.0 billion records in 1Q10, a decrease of 8% compared to 22.9 billion records in 1Q09. Revenue per SMS for 1Q10 was approximately Rp112, which grew 14% from 1Q09.

ARPU

ARPU is derived from monthly recurring customers' usage. Blended ARPU for 1Q10 was Rp43K or decreased 9% YoY from 47K in 1Q09. The decline in blended ARPU was due to decline in *simPATI*'s ARPU from Rp49K in 1Q09 to Rp42K in 1Q10 (14% decline). However, ARPU for other products improved in 1Q10. ARPU of *kartuHALO* increased 4% YoY to Rp208K, while ARPU of Kartu As increased 15% YoY to Rp30K, as a result of increase in non-voice/data ARPU.

OPERATIONAL INDICATORS AS OF MARCH 31, 2009 & 2010

	Unit	2009	2010	Growth
CUSTOMER BASE				
Customer Base				
<i>kartuHALO</i>	Subscriber (000)	1,954	2,047	5%
<i>simPATI</i>	Subscriber (000)	50,206	57,692	15%
Kartu As	Subscriber (000)	19,973	22,211	11%
Total	Subscriber (000)	72,133	81,950	14%
Net Add				
<i>kartuHALO</i>	Subscriber (000)	14	12	-14%
<i>simPATI</i>	Subscriber (000)	7,173	(300)	-104%
Kartu As	Subscriber (000)	(353)	594	268%
Total	Subscriber (000)	6,834	306	-96%
MOU (excluding free & incoming mins)	Billion minutes	33.1	27.8	-16%
ARPU				
Total (3 months average)				
<i>kartuHALO</i>	Rp.'000 per mo.	200	208	4%
<i>simPATI</i>	Rp.'000 per mo.	49	42	-14%
Kartu As	Rp.'000 per mo.	26	30	15%
Blended	Rp.'000 per mo.	47	43	-9%
Non-voice/Data (3 months average)				
<i>kartuHALO</i>	Rp.'000 per mo.	40	53	33%
<i>simPATI</i>	Rp.'000 per mo.	13	12	-8%
Kartu As	Rp.'000 per mo.	12	16	33%
Blended	Rp.'000 per mo.	13	14	8%
NETWORK DATA				
Network Capacity				
Base stations installed (GSM/DCS/3G)	Unit	27,800	32,243	16%
Overall capacity all network elements	Subs. mln.	74.6	85.1	14%
Quality of Service				
Call success rate	%	96.26%	96.64%	0.38%
Call completion rate	%	98.66%	98.93%	0.27%
EMPLOYEE DATA				
Total employees	person	4,128	4,234	3%
Efficiency ratio	Subs./employee	17,474	19,355	11%

ACTIVITY HIGHLIGHTS

New Products & Programs

- *simPATI* TalkMania 100 minutes promotion program started on February 9, 2010, which is a modified and extended program of *simPATI* TalkMania 60 minutes promotion program.
- A New modified Kartu As starter pack was launched on February 12, 2010 which provides customers with additional 1,000 SMS (on-network) after sending chargeable SMS of Rp1,000. This offer is valid for 24 hours.
- On February 18, 2010 Telkomsel introduced iPhone 3GS which are available at GraPARI's and other official distributors (Oke Shop, Global Teleshop, Sarindo and Telesindo Shop).
- In February 2010, we officially started BTS Go Green program, using eco-friendly energy such as solar cell to provide power to operate our BTS. Up to this moment, we already had 132 BTS Go Green, scattered in Sumatera (33 BTS), Jawa (22 BTS), Bali Nusa Tenggara (23 BTS), Kalimantan (18 BTS) and Sulawesi Maluku Papua (36 BTS).
- In line with Telkomsel business transformation to the new data-based era, on 24 February 2010, we launched Mobile Advertising service, a business solution for all business players where commercial message can be sent directly to customers in a massive and targeted way.
- To give a wider and more affordable access to customers, in March 2010 Telkomsel launched a new *simPATI* starter pack priced at Rp5,000. The starter pack includes additional 100 SMS, 1MB internet access and also content, RBT and weekly social networking packages.

Awards

During the first quarter of 2010, Telkomsel received several awards for our innovative products branding, reliable network and excellent customer service. The followings are the awards we received during the first quarter 2010:

- Certified ISO 9001: 2008 for Call Center from TUV Nord Indonesia.
- GSM Favorite Operator, GSM Favorite Product and Multimedia Handset iPhone from Forsel Magazine.
- Hot Game Award for iPhone from Hot Game Magazine.
- Top Brand Awards for postpaid, prepaid and mobile internet service provider from Marketing & Frontier Magazine.
- Call Center Award 2010 for Achieving Excellence Service Performance from Marketing & CCSL Magazine.
- Indonesia's Most Favorite Youth Brand 2010 for *simPATI* from Marketeers & Markplus.

LOAN/DEBT

During 1Q10, Telkomsel drew down Rp350 billion and USD 5 million from our existing facilities. The remaining amount of facilities as at end of March 2010 was around Rp6.77 trillion (including facilities in foreign exchange). Telkomsel has to observe certain agreed financial covenants related to its loans/debts. As of March 31, 2010 these covenants were as follows:

	Covenants t/b maintained	Required	Actual
Bank Loans	EBITDA to debt service	≥ 1.25	4.40
	Debt to tangible net worth	≤ 2.00	0.30

OUTLOOK 2010

Telkomsel remains focus on maintaining revenue market share. The followings are our guidance for 2010:

- Customer base : maintain market share at 50%
- Operating revenues : grow at high single digit
- EBITDA margin : slightly decline
- Capex : around USD1.4 billion

SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN GAAP & U.S. GAAP

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

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

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

RECONCILIATION TO U.S. GAAP FOR THE PERIODS ENDED MARCH 31, 2009 AND 2010

(In billions of Rupiah)	2009	2010
Net Income as reported under Indonesian GAAP	2,578	2,838
U.S. GAAP Incr./decr. due to:		
Capitalization of interest expense - net of related depreciation	(5)	(4)
Depreciation on contracts containing an embedded foreign currency derivative instruments	1	(10)
Amortization of landrights	(6)	(7)
Deferred income tax effect on U.S. GAAP adjustments	1	3
Net adjustments	(9)	(17)
Net Income on the basis of U.S. GAAP	2,569	2,821
S/H equity per consolidated balance sheets prepared under Indonesian GAAP	29,611	33,894
U.S. GAAP adjustments incr./decr. due to:		
Capitalization of interest expense - net of related depreciation	288	287
Forex exchange gain, net of related depreciation, on contracts containing an embedded foreign currency derivative instruments	(440)	451
Employee benefits	6	6
Amortization of landrights	(72)	(98)
Recognition of other comprehensive inc. related to empl. benefits	(52)	(104)
Deferred tax liabilities on U.S. GAAP adjustments	36	(186)
Net adjustments	(234)	356
Stockholders' equity on the basis of U.S. GAAP	29,377	34,250

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