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Financial Statements (Unaudited)

HIGHLIGHT

QUARTER II, 2010



TELKOMSEL Head Office
Wisma Mulia 12th Floor
Jln. Jend. Gatot Subroto No. 42
Jakarta 12710, Indonesia
Telephone : +62 21 5240811
Facsimile : +62 21 52906112
E-mail : investor@telkomsel.co.id

www.telkomsel.com

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

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PT TELEKOMUNIKASI SELULAR (TELKOMSEL) JANUARY - JUNE 2010 RESULTS

Telkomsel reports its unaudited financial and operational results for the period ended June 30, 2010. The Company's financial statements are consolidated by PT Telekomunikasi Indonesia, Tbk.

SUMMARY

In the second quarter 2010, Telkomsel regained strong growth in customer base. We added 6.37 million new customers in 2Q10, which was attributable to attractive pricing plans and innovative products that we continued to offer to our customers. Operating revenues performance also improved that grew 6% from earlier quarter to Rp11.28 trillion. The growth of operating revenues in 2Q10 was a result of growth of non-voice (SMS and data) revenues and increase in voice revenues driven by the increase of chargeable minutes of use (MoU), which grew 11% to 30.8 billion minutes.

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

Operating Revenues	Rp21.95 trillion
EBITDA	Rp13 trillion
EBITDA Margin	59%
Net Income	Rp5.93 trillion
Total Customer Base	88.32 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.

FINANCIAL RESULTS

Earnings & EBITDA

For the first semester of 2010, operating revenues (gross) grew to Rp21.95 trillion, which was 7% higher compared to the 1H09 performances. All products showed a positive growth, with the main growth contributor was from prepaid Kartu As product.

- *Postpaid revenues* increased 5% to Rp2.21 trillion, mainly due to increase in data revenue.
- *Prepaid revenues*, which accounted for 81% of gross operating revenues, grew 6% to Rp17.83 trillion. Prepaid revenues were mainly (78%) contributed by *simPATI* product. However, the year-on-year (YoY) growth was mainly from Kartu As product that recorded a strong growth on both voice and non-voice revenues.
- *International roaming revenues* decreased 6% to Rp333 billion as a result of a decline in revenue from inbound roamers combined with a slight increase in revenue from outbound roamers.
- *Interconnection revenues* increased 9% to Rp1.32 trillion, which was due to increase in incoming interconnection traffic from international calls.
- *Other operating revenues* increased 235% to Rp251 billion which was mainly from USO compensation fees.

Telkomsel's operating revenues showed a positive YoY growth despite the decline of traffic. This is due to improved revenue per minute and revenue per SMS, a result of our tariff optimization efforts. The growth of data revenues has also given significant impact to the operating revenues growth.

Non-voice data revenues grew approximately 14% to Rp6.17 trillion, which represented 28% of gross operating revenues or 30% of net operating revenues.

Operating expenses (including depreciation) increased 15% to Rp13.60 trillion, which was mainly due to increase in operation & maintenance and depreciation expenses. This is in line with the growth of Telkomsel's network infrastructures.

- *Personnel expenses* increased 19% YoY to Rp747 billion, which was due to organization restructuring and increase in number of employees.
- *Operation & maintenance expenses* grew 23% YoY to Rp5.05 trillion. It was mainly due to last year one time technical and service price adjustment approximately Rp400 billion, network infrastructure growth (the number of BTS increased by 19% and overall network capacity increased by 15%), which impacted frequency fee, power supply, network site rental and repair & maintenance costs. The additional 3G bandwidth obtained in September 2009 also impacted the increase in frequency fees.
- *General & administration expenses* increased 8% to Rp411 billion, which was mainly on professional fees related to Telkomsel's business process improvement.
- *Marketing expenses* grew 15% to Rp552 billion, which was mainly on sales support costs (such as sales outlets) and advertising & promotional expenses.

- *Interconnection expenses* declined 2% to Rp1.14 trillion, which was in line with the decline of outgoing interconnection traffic as a result of increase in on-network promotions.
- *Depreciation expenses* increased 16% to Rp4.65 trillion due to addition of assets and impact of changes on estimated assets useful life.

Other expenses increased 115% from net expenses of Rp179 billion in 1H09 to net expenses of Rp385 billion in 1H10, mainly due to higher foreign exchange gains recorded in 1H09 compared to 1H10 as a result of the appreciation of the Rupiah against foreign currencies (USD and EUR).

Net income decreased 4% YoY to Rp5.93 trillion in 1H10.

STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2010 (In Billions of Rupiah and Millions of U.S. Dollar)

	2009 Rp.	2010		Growth
		Rp.	US\$ ^(*)	
OPERATING REVENUES				
Postpaid	2,100	2,209	241	5%
Prepaid	16,823	17,833	1,942	6%
International roaming	353	333	36	-6%
Interconnection revenues	1,217	1,322	144	9%
Other (USO compensation & network lease)	75	251	27	235%
Total Operating Revenues	20,568	21,948	2,390	7%
OPERATING EXPENSES				
Personnel	628	747	81	19%
Operation & maintenance	4,091	5,052	550	23%
General & administrative	379	411	45	8%
Marketing	481	552	60	15%
Interconnection charges	1,164	1,144	125	-2%
Other operating expenses	1,023	1,045	114	2%
Depreciation	4,021	4,649	506	16%
Total Operating Expenses	11,787	13,600	1,481	15%
EBIT (EARNINGS BEFORE INTEREST & TAXES)	8,781	8,348	909	-5%
OTHER INCOME/(EXPENSES)				
Interest income & financing charges	(439)	(438)	(48)	0%
Foreign exchange gain	256	53	6	-79%
Others - net	4	0	-	-95%
Other income/(expenses) - net	(179)	(385)	(42)	115%
INCOME BEFORE TAX	8,602	7,963	867	-7%
INCOME TAX EXPENSE	2,412	2,037	222	-16%
NET INCOME	6,190	5,926	645	-4%
EBITDA	12,802	12,997	1,415	2%
EBITDA Margin - over oper. revenues	62%	59%	59%	-3%
ROA	21%	22%	22%	1%
ROE	49%	50%	50%	1%

(*) US\$ 1 = Rp. 9,182 (average end of months Jan-Jun 2010 mid-rate, quoted from Bank Indonesia)

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	1H09	1H10
Net Operating Revenues *)	19,404	20,804
Operating Expenses **)	10,623	12,456
EBITDA	12,802	12,997
EBITDA Margin - over net oper. revenues	66%	62%

*) Net of interconnection expense

**) Excluding interconnection expense

Balance Sheet

Telkomsel's Total Assets increased 11% to Rp60.78 trillion. Total liabilities increased 7% to Rp33.01 trillion, while total equity increased 15% to Rp27.77 trillion.

- *Current assets* rose 54% to Rp10.11 trillion, mainly due to increase in cash & cash equivalent and prepaid expenses.
- *Fixed assets* increased 4% to Rp49.79 trillion as a result of network infrastructure growth (the number of BTS grew by 19% and overall network capacity grew 15%).
- *Current liabilities* declined 1% to Rp24.98 trillion, largely because of decreases in accounts payable and taxes payable combined with increase in unearned revenues.
- *Non-current liabilities* increased 45% to Rp8.03 trillion, which was mainly from increase of medium-term loans.

As of June 30, 2010 Telkomsel had Rp9.14 trillion loans outstanding, which Rp4.12 trillion was presented as current liabilities and Rp5.02 trillion as non-current liabilities.

BALANCE SHEETS
AS OF JUNE 30, 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⁾	2,630	5,366	591	104%
Acct. /Unbilled receivables	629	895	99	42%
Prepayments	2,522	3,463	381	37%
Others	791	386	43	-51%
Total Current Assets	6,572	10,110	1,113	54%
NON-CURRENT ASSETS				
Long-term Investment	20	20	2	0%
Fixed assets - net	47,798	49,790	5,482	4%
Advances for fixed assets	1	35	4	2727%
Equipment not used in operations - net	22	1	0	-97%
Intangible assets - net	308	699	77	127%
Others	128	129	14	1%
Total Non-Current Assets	48,277	50,674	5,579	5%
TOTAL ASSETS	54,849	60,784	6,692	11%
CURRENT LIABILITIES				
Accounts payable & Accr. liabilities	9,054	8,696	957	-4%
Taxes payable	784	581	64	-26%
Unearned revenue	1,881	2,365	260	26%
Dividend payable	9,137	9,212	1,014	1%
Curr. maturities of med-term loans	4,280	4,120	454	-4%
Curr. maturities of oblig. under finance leases	77	7	1	-91%
Total Current Liabilities	25,213	24,981	2,750	-1%
NON-CURRENT LIABILITIES				
Med-term & long term loans - net of current maturities	2,880	5,022	553	74%
Deferred tax liabilities	2,444	2,640	291	8%
Others	227	371	41	63%
Total Non-current Liabilities	5,551	8,034	886	45%
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	166	0%
Retained earnings	22,398	26,082	2,872	16%
Total Equity	24,086	27,770	3,057	15%
TOTAL LIAB. & STOCKHOLDERS' EQUITY	54,849	60,784	6,692	11%

Notes:
(1) US\$ 1 = Rp.9,083 (middle rate of end of reporting period)
(2) Consisting of US\$ 75.07 mln, Euro 29.98 mln and Rp 4.35 tn for 2010

Cash Flows and Capital Expenditures

Net cash generated from operations in 1H10 was Rp10.25 trillion, slightly declined compared to 1H09.

In Rp. Billion	1H09	1H10	Growth
Cash Flow from Operating Activities	10,512	10,251	-2%
Cash Flow for Investing Activities	(6,676)	(5,068)	-24%
Cash Flow from Financing Activities	(2,295)	(3,362)	46%
Net Increase in Cash & Cash Equivalents	1,541	1,821	18%
Effect of Foreign Exchange Rate Changes	(66)	(96)	45%
Cash and Cash Equivalents at Beginning of Periods	1,155	3,641	215%
Cash and Cash Equivalents at End of Periods	2,630	5,366	104%
Addition to Fixed Assets (incl. CIP)	5,446	4,098	-25%

Cash flow for investment activities, which was mostly spent for the acquisition of network infrastructures, decreased 24% to Rp5.07 trillion (approximately USD 552 million), which was mainly due to the changes of term of payments.

Additional fixed-assets (including CIP) booked in 1H10 was Rp4.09 trillion.

Net cash used in financing activities increased 46% mainly due to increasing of repayment loan.

OPERATIONAL RESULTS

Customer Base

Telkomsel added 6.37 million new customers in 2Q10, which was much higher compared to 306 thousand customers we added in 1Q10. Both our prepaid products *simPATI* and Kartu As were the main contributors of the customer base growth in 2Q10. The new attractive pricing plans of both products successfully regained customer base growth in 2Q10. Telkomsel's *simPATI* "Jagoan Nelpon" and Kartu As "Jagoan Serbu" promotional programs have received a strong

response from the market. The launch of new starter-packs for both *simPATI* (Rp.5,000) and Kartu As (Rp.2,000) has also expanded our penetration to broader market segments. There was also strong net add contribution from broadband business.

Total customer base net-add in the first half of 2010 reached 6.67 million customers. At the end of the second quarter 2010, Telkomsel customer base was 88.32 million customers, consisting of 2.10 million postpaid and 86.22 million prepaid customers. It grew 16% from a year ago.

The estimated Telkomsel's customer base market share at the end of the first half period of 2010 was approximately 47% (full-mobility market only).

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

Chargeable MoU also showed an increase in 2Q10. It grew 10% from 1Q10 to 30.8 billion minutes. The growth was due to customer base growth and improved MoU per subscriber in 2Q10. For the first half of 2010, total chargeable MoU reached 58.5 billion minutes, which was 14% lower than the MoU generated in the same period last year. The lower MoU in 1H10 was due to the more aggressive *simPATI* Talkmania promotion in 1H09. *simPATI* was still the main MoU contributors in the first half of 2010. However, the YoY growth was generated by Kartu As.

Revenue per minute declined in 2Q10, which caused RPM for 1H10 slightly declined to Rp239. However, it is still much better (20% higher) than RPM of Rp200 recorded in 1H09.

SMS & Revenue Per SMS (RPS)

Due to the aggressive SMS promotions in the industry that we have seen since the fourth quarter 2009, Telkomsel's chargeable SMS traffic still slightly declined in 1Q10. We recorded 20.7 billion chargeable SMS in 2Q10, a decline of 1% from earlier quarter. For the first half of 2010, chargeable SMS traffic reached 41.7 billion records, a decrease of 11% compared to 46.8 billion records in 1H09.

Although SMS traffic was slightly lower in 2Q10, revenue per SMS (chargeable only) improved in 2Q10. This is due to the right pricing strategy in our SMS promotional packages. Revenue per SMS for 1H10 reached Rp118, which grew 15% from 1H09.

ARPU

ARPU is derived from monthly recurring customers' usage. Blended ARPU for 1H10 was Rp43K or decreased 9% YoY from 47K in 1H09. The decline in blended ARPU was due to decline in *simPATI*'s ARPU from Rp48K in 1H09 to Rp42K in 1H10 (13% decline). However, ARPU for other products improved in 1H10. ARPU of *kartuHALO* increased slightly to Rp211K, while ARPU of Kartu As increased 7% YoY to Rp30K, as a result of increase in non-voice/data ARPU.

OPERATIONAL INDICATORS AS OF JUNE 30, 2009 & 2010

	Unit	2009	2010	Growth
CUSTOMER BASE				
Customer Base				
<i>kartuHALO</i>	Subscriber (000)	2,017	2,098	4%
<i>simPATI</i>	Subscriber (000)	53,613	60,201	12%
Kartu As	Subscriber (000)	20,384	26,017	28%
Total	Subscriber (000)	76,014	88,316	16%
Net Add				
<i>kartuHALO</i>	Subscriber (000)	76	64	-16%
<i>simPATI</i>	Subscriber (000)	10,581	2,208	-79%
Kartu As	Subscriber (000)	57	4,401	7621%
Total	Subscriber (000)	10,714	6,673	-38%
MOU (excluding free & incoming mins)	Billion minutes	68.1	58.5	-14%
ARPU				
Total (6 months average)				
<i>kartuHALO</i>	Rp.'000 per mo.	209	211	1%
<i>simPATI</i>	Rp.'000 per mo.	48	42	-13%
Kartu As	Rp.'000 per mo.	28	30	7%
Blended	Rp.'000 per mo.	47	43	-9%
Non-voice/Data (6 months average)				
<i>kartuHALO</i>	Rp.'000 per mo.	44	55	25%
<i>simPATI</i>	Rp.'000 per mo.	13	12	-8%
Kartu As	Rp.'000 per mo.	13	14	8%
Blended	Rp.'000 per mo.	14	14	0%
NETWORK DATA				
Network Capacity				
Base stations installed (GSM/DCS/3G)	Unit	28,481	34,005	19%
Overall capacity all network elements	Subs. mln.	78.8	90.9	15%
Quality of Service				
Call success rate	%	96.98%	95.67%	-1.31%
Call completion rate	%	98.78%	98.74%	-0.04%
EMPLOYEE DATA				
Total employees *)	person	4,146	4,313	4%
Efficiency ratio	Subs/employee	18,334	20,477	12%

*) Excluding Board of Directors

ACTIVITY HIGHLIGHTS

New Products & Programs

- To give appreciation to *kartuHALO* loyal customers, we offer additional 88 minutes for every 8 minutes call to our customers. This promo is valid from April up to end of August 2010.
- In April 2010, we launched a new edition of Kartu As starter pack called Kartu As Rp2,000, which includes a preload credit of Rp2,000.
- In order to grab new potential user of prepaid customer, in April 2010 Telkomsel launched JAGOAN DUO promotional program: “*simPATI* Jagoan Nelpon” which gives additional 300 minutes call and 300 SMS after Rp4,000 of usages; and “Kartu As Jagoan Serbu” which offers a cheap package for 100 minutes calls and 1,000 SMS. This program has received very good responses from the market.
- In April 2010, we launched a new service called SMS Translator, which helps customer to translate directly Indonesian text messages to other 51 languages (vice versa) with support from Google technology.
- Telkomsel, together with Media Nusantara Citra (MNC) Group and Electronic City Entertainment, enjoys the privilege of being the official broadcaster for World Cup 2010. Through our Dunia Bola Telkomsel program, we also provide various contents such as match video streaming, world team update, match schedule, wallpaper, player info and live score through *465# access.
- In May 2010, we launched a new Flash Unlimited prepaid starter-pack in order to give broader and high quality broadband service to customers. The starter-pack is sold at Rp60,000 with a preload credit of Rp55,000 plus additional 1MB internet access and 100 SMS off-network.
- To celebrate our 15th anniversary, we provide 15 special gifts to our customers among others are 15 MB internet access, 150 MMS, 15 minutes video calls, 15 minutes international call via SLI 007 to all countries and access for 15 days to download full track song from *LangitMusik*, etc.

Awards

During the second 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 semester 2010:

- Service Quality Awards for GraPARI Telkomsel from Marketing Magazine & CCSL.
- Certified ISO 27001 : 2005 for Customer Care and Billing System for Postpaid Customer from Berau Veritas Indonesia.
- The Greatest Brand of the Decade (Editor's and Netizen's Choice) for *simPATI* from Marketeers & Markplus.
- Platinum Contact Center Indonesia 2010 for above 100 Seats Category from Indonesia Contact Center Association.
- Business Record award for Cellular GSM operator with the highest number of customers from Seputar Indonesia and Tera Foundation.
- WOM Award 2010 for *kartuHALO* – The most recommended postpaid GSM from SWA Magazine & Onbee Marketing Research.
- Asia Pacific ICT Award 2010 for Wireless Services Provider of The Year from Frost & Sullivan.

LOAN/DEBT

During 1H10, Telkomsel drew down Rp350 billion and USD 12 million from our existing facilities. The remaining amount of facilities as at the end of June 2010, including facilities in foreign exchange, was equivalent to Rp8.96 trillion. Telkomsel has to observe certain agreed financial covenants related to its loans/debts. As of June 30, 2010 these covenants were as follows:

	Covenants t/b maintained	Required	Actual
Bank Loans	EBITDA to debt service	≥ 1.25	4.52
	Debt to tangible net worth	≤ 2.00	0.34

For subsequent events in July 2010, the company paid the dividend payable of Rp5.06 trillion and entered a new loan facilities of Rp5 trillion.

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 single digit
- EBITDA margin : slightly decline
- Capex : around USD1.3 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 JUNE 30, 2009 AND 2010

(In billions of Rupiah)	2009	2010
Net Income as reported under Indonesian GAAP	6,190	5,926
U.S. GAAP adjustments - Incr./decr.) due to:		
Capitalization of interest expense - net of related depreciation	(16)	(24)
Depreciation on contracts containing an embedded foreign currency derivative instruments	3	(20)
Employee benefits	(0)	(0)
Amortization of landrights	(12)	(13)
Deferred income tax effect on U.S. GAAP adjustments	3	11
Net adjustments	(22)	(47)
Net Income in accordance with U.S. GAAP	6,168	5,879
S/H equity as reported under Indonesian GAAP	24,086	27,769
U.S. GAAP adjustments - Incr./decr.) due to:		
Forex exchange gain (loss), net of related depreciation, on contracts containing an embedded foreign currency derivative instruments	(438)	441
Capitalization of interest expense - net of related depreciation	277	266
Amortization of landrights	(78)	(105)
Employee benefits	6	6
Recognition of other comprehensive inc. related to empl. benefits	(55)	(106)
Deferred tax liabilities on U.S. GAAP adjustments	39	(178)
Net adjustments	(250)	324
Stockholders' equity in accordance with U.S. GAAP	23,836	28,093

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).