PT TELEKOMUNIKASI SELULAR *(TELKOMSEL)*
THE NINE MONTHS (JAN-SEP) 2003 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: TKID) and for 35% SingTel Mobile, a 100% owned subsidiary of Singapore Telecommunications Ltd. ("SingTel": SGX: TELE.SI). Telkomsel is the largest cellular company in Indonesia with estimated market share of 52.8% at the end of September 2003.

FINANCIAL STATEMENTS
Telkomsel reports its unaudited financial statements and operational results for the nine months ending September 30, 2003. The Company's financial statements are consolidated by PT Telekomunikasi Indonesia, Tbk. All figures in Telkomsel's financial statements are prepared in accordance with Generally Accepted Accounting Principles in Indonesia (Indonesian GAAP).

Revenue and Expense Recognition Revenues from new service 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 by subscribers or whenever the unused stored value of the voucher has expired. Operating revenues are presented net of interconnection and international roaming charges.

Expenses are recognized when incurred.

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 (infrastructure 5-10 years; supporting facilities and measurement equipment 3-5 years).

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

Foreign Currency Transaction & Balances Transactions involving foreign currencies are recorded at the prevailing rate 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 asset.

Conversion Rate The Statements of Income use an average middle conversion rate of Rp.8,595 to the US Dollar from January through September 2003 and the rates applied to the Balance Sheets are the Bank Indonesia middle rate of Rp.8,389 to US$ 1.00 quoted from Bank Indonesia September 30, 2003.

EARNINGS & EBITDA
For the nine months of 2003 the Company reported a net income of Rp.3,056 billion, representing an increase of 50% compared to the same period last year. Total operating revenues grew by 50%, from Rp.5,362 billion to Rp.8,022 billion, while total operating expenses (including depreciation) grew by 48% from Rp.2,382 billion in 2002 to Rp.3,534 billion in 2003.

EBITDA grew by 53% from Rp.3,658 billion in the nine months of 2002 to Rp.5,613 billion in the same period of 2003. EBITDA margin was 70% for 2003, a 2% increase compared to an EBITDA margin of 68% in 2002.

The operating revenues increase mainly resulted from the prepaid customer base growth. SMS/data revenues grew with 130% from Rp.643 billion in 2002 to Rp.1,479 billion in 2003.

The net interconnection revenues in the nine months of 2003, compared to a net interconnection outpayment in the comparable period of 2002, resulted from the change in customer base composition (more prepaid results in a change in ratio incoming/outgoing traffic) and the absolute size of the customer base (more intra-network calls).

The increase of operational expenses was mainly because of the operation & maintenance costs increase, in line with the growth of network infrastructure and capacity.

STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2003
(in Billions of Rupiah and Millions of U.S. Dollar)

	2002 Rp	2003 Rp	2003 US$ (1)	Growth
OPERATING REVENUES				
Post-paid (***kartuHALO***)	2,285.9	2,554.3	297.2	12%
Prepaid (***simPATI***)	2,808.9	5,053.7	588.0	80%
International roaming	320.3	287.6	33.5	-10%
Interconnection revenues (outpayment) - net	(53.1)	126.0	14.7	337%
Total Operating Revenues	**5,362.0**	**8,021.6**	**933.3**	**50%**
OPERATING EXPENSES				
Personnel	194.7	264.9	30.8	36%
Operation & maintenance	877.8	1,334.4	155.3	52%
General & administrative	231.2	279.8	32.6	21%
Marketing & selling	86.2	126.0	14.7	46%
Rev. dependent & other cost of services	314.2	403.8	47.0	29%
Depreciation and amortization	677.8	1,125.1	130.9	66%
Total Operating Expenses	**2,381.9**	**3,534.0**	**411.2**	**48%**
EBIT (EARNINGS BEFORE INTEREST & TAXES)	**2,980.1**	**4,487.6**	**522.1**	**51%**
OTHER INCOME/(CHARGES)				
Interest income (expenses)	(57.1)	(75.1)	(8.7)	32%
Foreign exchange gain (loss)	(14.4)	2.1	0.2	115%
Others - net	(18.9)	(13.8)	(1.6)	-27%
Other income (charges) - net	**(90.4)**	**(86.8)**	**(10.1)**	**4%**
INCOME BEFORE TAX	**2,889.7**	**4,400.8**	**512.0**	**52%**
PROVISION FOR INCOME TAX	**854.6**	**1,345.2**	**156.5**	**57%**
NET INCOME	**2,035.1**	**3,055.6**	**355.5**	**50%**
EBITDA	**3,657.9**	**5,612.7**	**653.0**	**53%**
EBITDA MARGIN	**68%**	**70%**	**70%**	**2%**

Notes:
- 2002 figures have been reclassified to conform with 2003 presentations
- (1) US$ 1 = Rp.8,595 (average end of months Jan-Sep 2003 mid-rate, quoted from Bank Indonesia)

PRODUCTS & SERVICES
Telkomsel continues its efforts to strengthen its competitiveness against other operators. After launching international roaming services facility for its prepaid subscribers and reducing its points of charging (POC) from 27 to 18, during the third quarter 2003 Telkomsel launched several new programs i.e. prepaid multi-media starter-pack (to enhance the use of MMS) and Wi-Fi facility (internet access through a wireless LAN) for the postpaid subscribers.

After receiving Indonesian Best Brand Awards for its postpaid and prepaid products (based on a survey held by MARS Research Company in cooperation with SWA Magazine) last July 2003, Telkomsel recently was awarded the Indonesian Customer Satisfaction Award by SWA Magazine and Frontier Research Company for both postpaid and prepaid products.

CUSTOMER BASE
As of September 30, 2003, Telkomsel recorded 8,792,871 subscribers consisting of 989,994 postpaid subscribers representing 11% of total subscribers and 7,802,877 prepaid subscribers representing 89% of total subscribers.

The total customer base grew with 76% compared to the end of September 2002. During the nine months of 2003, the total additional subscribers was 2,782K, which was 59% more than the 1,744K subscribers added during the same period of 2002. Of the net additional subscribers, 67K were postpaid (***kartuHALO***) and 2,715K were prepaid (***simPATI***) subscribers.

ARPU
The ARPU from postpaid subscribers increased by 5% YoY (from Rp.297 thousand to Rp.312 thousand) and for prepaid subscribers decreased by 11% YoY (from Rp.104 thousand to Rp.93 thousand). This development results from successful stimulation of prepaid customers with high usage to migrate to postpaid and vice-versa, combined with an expected pressure on prepaid ARPU's as a result of increasing penetration into lower market segments. Prepaid ARPU QoQ, however, remained very stable at Rp.93 thousand.

The blended ARPU decreased by 17% from Rp.148 thousand to Rp.123 thousand, due to the increasing proportion of ***simPATI*** subscribers to the total subscribers from 81% in 2002 to 89% in 2003.

OPERATIONAL INDICATORS AS OF SEPTEMBER 30, 2002 & 2003

	Unit	2002	2003	Growth
CUSTOMER BASE				
Net Additions				
kartuHALO	Subscriber	72,304	66,989	-7%
simPATI	Subscriber	1,672,107	2,715,110	62%
Total	**Subscriber**	1,744,411	2,782,099	59%
Customer base				
kartuHALO	Subscriber	937,515	989,994	6%
simPATI	Subscriber	4,058,928	7,802,877	92%
Total	**Subscriber**	4,996,443	8,792,871	76%
ARPU Total (9 months average)				
kartuHALO	Rp.'000 per mo.	297	312	5%
simPATI	Rp.'000 per mo.	104	93	-11%
Blended	Rp.'000 per mo.	148	123	-17%
ARPU Non-voice/SMS (9 months average)				
kartuHALO	Rp.'000 per mo.	20	28	40%
simPATI	Rp.'000 per mo.	17	22	29%
Blended	Rp.'000 per mo.	18	23	28%
NETWORK DATA				
BTS/TRX				
Base stations installed	Unit	3,039	4,594	51%
Transmit receive exchanges (TRX)	Unit	25,116	37,045	47%
Capacity				
Switching (HLR) cap.	Subs. '000	7,605	14,565	92%
Prepaid capacity	Subs. '000	5,455	10,987	101%
Quality of service				
Call success rate	%	91.48%	95.34%	3.86%
Call completion rate	%	98.41%	99.20%	0.79%
EMPLOYEE DATA				
Total employees	person	2,516	2,809	12%
Efficiency ratio	Subs/employee	1,986	3130	58%

TELKOMSEL

BALANCE SHEET
From September 2002 to September 2003, Telkomsel's Total Assets increased from Rp.11,062 billion to Rp.14,299 billion. Total Liabilities increased from Rp.4,625 billion to Rp.5,169 billion. Meanwhile, Total Equities increased from Rp.6,437 billion to Rp.9,130 billion.

The increase of total assets was a result of the increase of investment activities and the prepayment of credit insurance premium for the export credit facilities.

The significant increase in Deferred Tax Liabilities resulted from the difference between the accounting depreciation and the fiscal depreciation based on Directorate General of Taxation of the Republic of Indonesia's decree No.KEP 520/PJ/2002, in which the depreciation rate and classification have been adjusted.

BALANCE SHEETS
AS OF SEPTEMBER 30, 2002 AND 2003
(In Billions of Rupiah and Millions of U.S. Dollar)

ASSETS	2002 Rp	2003 Rp	2003 US$ (1)	Growth
CURRENT ASSETS				
Cash and cash equivalents (2)	1,842.0	1,242.7	148.1	-33%
Acct. receivable - net of allow. for doubtful acct.	322.0	253.4	30.2	-21%
Accrued income - net of allow. for doubtful acct.	304.7	346.5	41.3	14%
Inventories - net of allow. for obsolescence	114.8	47.7	5.7	-58%
Prepaid tax and expenses	119.3	317.5	37.8	166%
Advances	175.6	1.4	0.2	-99%
Others	111.1	60.0	7.2	-46%
Total Current Assets	**2,989.5**	**2,269.2**	**270.5**	**-24%**
PROPERTY, PLANT AND EQUIPMENT				
Fixed assets	9,662.2	15,249.2	1,817.8	58%
Work in progress	397.2	236.6	28.2	-40%
Accumulated depreciation	(2,070.9)	(3,500.7)	(417.3)	69%
PPE - net book value	**7,988.5**	**11,985.1**	**1,428.7**	**50%**
OTHER ASSETS	**83.9**	**44.3**	**5.3**	**-47%**
TOTAL ASSETS	**11,061.9**	**14,298.6**	**1,704.4**	**29%**
CURRENT LIABILITIES				
Short-term loan	500.0	-	-	-100%
Accoutits payable	475.2	305.3	36.4	-36%
Accrued liabilities	1,168.9	1,454.9	173.4	24%
Taxes payable	336.3	536.7	64.0	60%
Unearned income	353.4	462.6	55.1	31%
Dividend payable	408.8	-	-	-100%
Curr. niaturities of obligation under cap. lease	0.9	-	-	-100%
Other current liabilities	-	215.7	25.7	-
Total Current Liabilities	**3,243.5**	**2,975.2**	**354.7**	**-8%**
LONG-TERM LIABILITIES				
Long-term guaranteed notes payable - net	1,348.6	1,255.6	149.7	-7%
ECA loan	-	432.4	51.5	-
Oblig. under cap.lease - net of current maturities	0.3	-	-	-100%
Total Long-term Liabilities	**1,348.9**	**1,688.0**	**201.2**	**25%**
DEFERRED TAX LIABILITIES - NET	**32.5**	**505.6**	**60.3**	**1456%**
EQUITY				
Capital stock - Rp 1,000,000 par value				
Authorized - 650,000 shares				
Issued and fully paid - 182,570 shares	182.6	182.6	21.8	0%
Additional paid-in capital	1,504.8	1,504.8	179.4	0%
Retained earnings	4,749.6	7,442.4	887.2	57%
Total Equity	**6,437.0**	**9,129.8**	**1,088.3**	**42%**
TOTAL LIAB. & STOCKHOLDERS' EQUITY	**11,061.9**	**14,298.6**	**1,704.4**	**29%**

Notes:
- 2002 figures have been reclassified to conform with 2003 presentations
- (1) US$ 1 = Rp.8,389 (middle rate on September 30, 2003, quoted from Bank Indonesia).
- (2) Consisting of US$ 55.3 mln, Euro 35.1 mln and Rp.435 bln for 2003

Telkomsel. So Close So Real

CAPITAL EXPENDITURES

In the nine months of 2003, the Company added Rp.4,027 billion (US$ 468 million) to fixed-assets for network infrastructures and other investments. Cash spending on capex during the nine months of 2003 was Rp.4,238 billion (US$ 493 mln). There were 1,111 new BTS's and 8,984 TRXs installed and 5,390,000 subscribers capacity added to the switching capacity (HLR).

Capital expenditures are mostly financed by cash flow from operations. The remainder is covered by external funding from ECA financing and L/C – TRL.

LOAN/DEBT

Loan facilities as per end of September 2003 were as follows:

	AMOUNT	DRAWN	INTEREST	REPAYMENT
Guaranteed Notes M	US$ 150 mln	US$ 150 mln	9.75%	Call 2005 / 2007
ECA 1	Euro 76.2 mln	Euro 40.6 mln	2.90%	2003 - 2008
ECA 2	US$ 70.5 mln	US$ 17.2 mln	4.27%	2003 - 2008
	AMOUNT	**IN USE**	**DEFERRED REPAYMENT**	
L/C Facility 1	US$ 40 mln	US$ 8 mln	US$ 1.5 mln	
L/C Facility 2	US$ 25 mln	US$ 19.3 mln	US$ 12.8 mln	

Financial covenants Telkomsel should maintain related to its loan/ debt as per end of September 2003 were as follows:

	COVENANTS T/B MAINTAINED	TARGET	ACTUAL
Bonds	None	-	-
ECA Facilities	Debt to equity ratio	<2	0.21
	Debt service coverage ratio	>1.25	2.50
	Permitted indebtedness	<Rp. 13.9 trln	Rp. 1.9 trln
L/C Facility 1	None	-	-
L/C Facility 2	None	-	-

RATINGS

	LOCAL CURRENCY	FOREIGN CURRENCY
Moody's	B1 *)	B2
S&P	B+	B+
Fitch	BB-	B
Pefindo	AAA	

*) Under review for upgrade

FOREIGN CURRENCY RISK MANAGEMENT

Telkomsel minimizes its foreign currency exposure by immediate conversion of excess Rupiah into USD/EUR, and the use of derivatives. As per end of September 2003 we had covered the 12-months forex cash requirements in EUR/USD for approximately 58% with cash deposits, derivatives and expected foreign currency cash inflows.

DIVIDENDS

In 2003, Telkomsel has paid dividends for an amount of Rp.1,115 billion. The dividends declared and paid in 2002 were Rp.818 billion.

OUTLOOK 2003

With the continuous strong subscriber additions in the third quarter of 2003, Telkomsel has revised the 2003 FY subscriber base forecast upward to appr. 9.6 mln. Network capacity at the end of the year will be at least 10.5 mln with an investment level of appr. USD 650 mln. We expect postpaid ARPU to remain stable, whereas prepaid ARPU might slightly decline from the current level. EBITDA margin for the full year is expected around 68-70%.

OUTLOOK 2004

For 2004, Telkomsel expects to add 3 mln more customers with a further decline in prepaid ARPU's, and slightly lower margin compared to 2003.

SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN GAAP AND U.S. GAAP.

Foreign Exchange Loss on Construction in Progress Under Indonesian GAAP, foreign exchange loss on borrowings used to finance the construction of assets may be capitalized. Under U.S. GAAP, foreign exchange differences would be included in current operations.

Interest Capitalizable to Construction in Progress Under Indonesian GAAP, one of the criteria for capitalizing interest cost to a qualifying asset (i.e. construction in progress) is that the qualifying asset should be under construction for a minimum period of 12 months. Under U.S. GAAP, SFAS No.34 does not specify a minimum construction period or that the interest cost be specifically attributable to the qualifying assets.

Landrights In Indonesia, the title of land rests with the State under Basic Agrarian Law No. 5 of 1960. Land use is accomplished through landrights whereby the holder of the right enjoys the full use of the land for a stated period of time, subject to extensions. The landrights generally are freely tradable and maybe pledged as security under borrowing agreements. Under Indonesian GAAP, land ownership based on various kinds of rights is not depreciated unless it can be foreseen that there is a remote possibility for the holder to obtain extension or renewal of rights.

Equipment to be Installed Under Indonesian GAAP, temporarily unused equipment or equipment that is awaiting installation is not depreciated. Under U.S. GAAP, temporarily unused equipment should continue to be depreciated.

Pension Plan The company adopted PSAK No.24, an accounting method for pension benefits cost that is substantially consistent with the requirements of U.S. GAAP. Under U.S. GAAP, starting from January 1, 1991, the accounting for these benefits is governed by SFAS No.87, "Employers' Accounting for Pensions".

RECONCILIATION TO U.S. GAAP
For the periods ended 30 September 2003 and 2002

(in billions of rupiah)	2003	2002
Net Income as reported under Indonesian GAAP	3,055.6	2,035.1
U.S. GAAP adjustments		
Capitalization of interest expense	32.5	63.9
Depreciation expense	(5.7)	12.9
Depreciation of equipment to be installed	-	(0.7)
Amortization of deferred connection fees	(82.5)	-
Recognition of finance leases	22.1	-
Amortization of landrights	(3.2)	(1.9)
Net periodic pension cost	-	3.7
Deferred income tax effect	10.1	(22.8)
Net adjustments	(26.7)	55.1
Net Income in accordance with U.S. GAAP	**3,028.9**	**2,090.2**
S/H Equities as reported under Indonesian GAAP	**9,129.9**	**6,437.0**
U.S. GAAP adjustments		
Capitalization of forex loss	(217.6)	(217.6)
Capitalization of interest expense	94.7	83.6
Depreciation expense	72.5	72.4
Recognition of finance leases	36.3	-
Deferral of connection fees	(184.7)	-
Amortization of landrights	(8.0)	(3.9)
Depreciation of equipment to be installed	-	(10.4)
Net periodic pension cost	1.0	4.5
Deferred tax liabilities	58.7	21.6
Net adjustments	(147.1)	(49.8)
S/H Equities in accordance with U.S. GAAP	**8,982.8**	**6,387.2**
Balance Sheet		
Current Assets	2,313.7	2,994.0
Total Assets	14,538.1	10,990.5
Current Liabilities	3,077.8	3,243.5
Total Liabilities	5,555.3	4,603.3
Statement of Income		
Operating Revenues	9,701.0	6,629.6
Income from Operations	4,415.1	2,994.1

Issued: October 2003
Financial Statements unaudited

TELKOMSEL

QUARTER III, 2003

HIGHLIGHT

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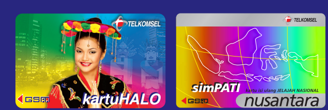

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