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Financial Statements unaudited

TELKOMSEL

HIGHLIGHT

QUARTER II, 2002

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PT TELEKOMUNIKASI SELULAR *(TELKOMSEL)*
SECOND QUARTER 2002 RESULTS

Financial Statements

PT Telekomunikasi Selular ("Telkomsel") reported its unaudited financial statements and operational results for the six months ended June 30, 2002. The Company's financial statements are consolidated by PT Telekomunikasi Indonesia, Tbk. ("TELKOM"; JSX: TLKM; NYSE: TLK; LSE: TKID). All figures in Telkomsel's financial statements are prepared in accordance with Generally Accepted Accounting Principles in Indonesia (Indonesian GAAP).

Accounting Policies

Revenue and Expense Recognition
Revenues from service connections are recognized as income at the time the connections take place and those from airtime and monthly subscription charges are recognized when earned.
Sales of prepaid card are recognized upon delivery of starter packs. 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 and has averaged at 2.4% of the subscribers monthly billing in the past periods.

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 (e.g.: infrastructures 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 act.

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

For the purpose of convenient translations, the Statements of Income use an average middle conversion rate of Rp.9,499 to the US Dollar from January through June 2002 and the rates applied to the Balance Sheets are the Bank Indonesia middle rate of Rp.8,730 to US $1.00 quoted from Bank Indonesia June 28, 2002.

RECONCILIATION TO U.S. GAAP
For the six months ended June 30, 2001 and 2002

(in millions of rupiah)	2001	2002
Net Income as reported under Indonesian GAAP	884,275	1,259,270
U.S. GAAP adjustments		
Capitalization of Interest expense	-	28,269
Depreciation expense	8,793	9,172
Amortization of landrights	(229)	(1,207)
Net periodic pension cost	(142)	128
Deferred income tax effect	(2,638)	(11,232)
Net adjustments	5,785	25,130
Net Income in accordance with U.S, GAAP	890,060	1,284,400
S/H Equities as reported under Indonesian GAAP	3,847,796	5,661,183
U.S. GAAP adjustments		
Capitalization of forex loss	(214,770)	(217,617)
Capitalization of interest expense	-	47,960
Depreciation expense	46,871	68,653
Amortization of landrights	(1,087)	(3,274)
Depreciation of equipment to be installed	(9,707)	(9,707)
Net periodic pension cost	400	953
Deferred tax liabilities	53,282	33,213
Net adjustments	(125,012)	(79,818)
S/H Equities in accordance with U.S, GAAP	3,722,784	5,581,365
Balance Sheet		
Current Assets	1,355,890	2,946,854
Total Assets	5,649,571	9,755,283
Current Liabilities	1,926,787	2,863,818
Total Liabilities	1,926,787	4,173,917
Statement of Income		
Operating Revenues	2,510,365	3,947,530
Operating Income	1,300,849	2,124,442

Significant Differences Between Indonesian Gaap and U.S. Gaap

The financial statements have been prepared in accordance with Indonesian GAAP, which differ in certain aspects from U.S. GAAP.

Foreign Exchange Loss on Construction in Progress
Under Indonesian GAAP, starting 1997, foreign exchange loss on borrowings used to finance the construction of assets should be capitalized. Under U.S. GAAP, foreign exchange differential 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 interest should be attributable to the qualifying asset.

Landrights
In Indonesia, the title of land rests with the State under Basic Agrarian Law No. 5 of 1960. Landuse 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 idle equipment or equipment that is awaiting installation is not 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, "Employees' Accounting for Pensions".

Earnings & Ebitda

For the first semester 2002 the Company reported a net income of Rp.1,259 billion, representing an increase of 42% compared to the comparable period of 2001. The growth of net income is mainly attributable to the increased number of the prepaid card (***simPATI***) subscribers.

Total operating revenues grew by 62%, from Rp.2,057 billion in the first six months of 2001 to Rp.3,326 billion in the comparable period of 2002; while total operating expenses grew by 69% from Rp.622 billion in 2001 to Rp.1,053 billion in 2002.

EBITDA for 2002 grew by 58% from Rp.1,435 billion in 2001 to Rp.2,273 billion in 2002. EBITDA margin was 68% for 2002, a slight decrease compared to an EBITDA margin of 70% in the year 2001.

The operational expenses in 2002 include frequency fees based upon the new Regulation that came into force in second quarter 2001. Under the new Regulation the basis for the frequency fee calculation is the number of TRX's in the network, whereas previously the number of BTS's was the basis. Consequence is a significant increase in frequency fees. For further quality enhancement new maintenance contracts have come in place.

Customer Base

As of June 30, 2002, Telkomsel recorded 4,200,427 subscribers consisting of 926,602 postpaid subscribers representing 22% of total subscribers and 3,273,825 prepaid subscribers representing 78% of total subscribers.

The total customer base grew with 93% compared to the first semester 2001. In the first semester 2002, the total of additional subscribers was 948,395, which is 92% higher than the 493,333 subscribers added during the same period of 2001. Of the net additional subscribers, 61,391 are postpaid (***kartuHALO***) and 887,004 are prepaid (***simPATI***) subscribers.

ARPU (Average Revenue Per User)

In the first semester 2002, the ARPU from postpaid and prepaid subscribers increased by 4% and 3% respectively, compared to the same period in 2001.

ARPU from ***kartuHALO*** subscribers increased to Rp.291 thousand in the first semester 2002 from Rp.281 thousand in the same period of 2001. ***simPATI***'s ARPU grew to Rp.103 thousand in 2002 from Rp.100 thousand in 2001. The blended ARPU decreased by 10% from Rp.166 thousand to Rp.149 thousand in the two comparable periods, due to the decreasing proportion of ***kartuHALO*** subscribers to the total subscribers from 35% to 22% in the same periods.

Capital Expenditure

We currently aim at a subscriber base of at least 5 million at the end of 2002 with sufficient network capacity and quality.

During the first semester 2002, the Company installed 559 new BTSs, 6,635 TRXs, and added 3,325,000 subscribers capacity to the switching capacity (HLR). In the first six months of 2002, the Company invested Rp.2,054 billion for network infrastructures and other investments.

During 1997-2001, Telkomsel has financed network expansion with internal cash flows. Since demand for mobile services is high, Telkomsel has sped up the network expansion since late 2001. As a result, we currently foresee that our expansion plans in 2002 will be financed through internal cash flows and various other sources of fund, including the proceeds of the USD Bonds issued in April 2002.

Bonds Issue and Ratings

In April this year, Telkomsel raised USD 150 million through a Eurobond issue. Tenor is 5 years with a coupon of 9.75%.

RATINGS	LOCAL CURRENCY	FOREIGN CURRENCY
Moodys	B1	B3
Standard & Poor's	-	B+
Fitch	BB-	B
Pefindo	AAA	-

Balance Sheet

From June 2001 to June 2002, Telkomsel's Total Assets increased from Rp.5,775 billion to Rp.9,835 billion. Meanwhile, Current Liabilities increased from Rp.1,927 billion to Rp.2,864 billion, mostly due to the increases of operating & investing activities and a short term loan disbursement in October 2001. Total Stockholders' Equity increased from Rp.3,848 billion to Rp.5,661 billion. Furthermore, due to the $150 million bonds issue, long term liabilities are currently Rp.1,310 billion.

Change In Ownership

Singtel has replaced KPN Mobile and Setdco Megacell Asia as Shareholder in Telkomsel by taking over the shares on October 31, 2001. On 3 April 2002, SingTel signed a Conditional Sale and Purchase Agreement with PT Telkom, to purchase an additional 12.7% stake to increase SingTel's stake in Telkomsel to 35%. This conditional SPA is approved by Telkom's Shareholders on June 28th, 2002. The transaction is closed on July 30th, 2002.

Dividends

In 2002, Telkomsel declared dividends for an amount of Rp.818 billion of which Rp.266 billion has been paid in June.

In 2001, Telkomsel declared and paid dividends for an amount of Rp.538 billion.

Human Resources

As of June 30, 2002, Telkomsel employed 2,500 persons throughout Indonesia. The number represents an efficiency ratio of 1,680 subscribers per employee or an efficiency increase of 51% compared to 1,109 subscribers per employee in 2001.

PT Telekomunikasi Selular ("Telkomsel"/"the Company") was officially established in 1995. The Company is currently owned by PT Telekomunikasi Indonesia, Tbk. ("Telkom": JSX: TLKM; NYSE: TLK; LSE: TKID) with 65% of shares and Singapore Telecom ("Singtel": SGX: TELE.SI) with 35% of shares. Telkomsel is the largest cellular telecommunications services company in Indonesia with more than 50% of total cellular market.

PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
BALANCE SHEETS
AS OF JUNE 30, 2001 AND 2002
(In Millions of Rupiah and Thousands of U.S. Dollar)

	2001	2002		Growth
	Rp (000,000)	Rp (000,000)	U.S.$*) (000)	(%)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	557,909	1,910,170	218,805	242%
Accounts receivable trade				
Trade - net of allow. for doubtful acct. of Rp.90,397 in 2002 and Rp.96,499 in 2001	234,549	307,175	35,186	31%
Others	8,674	7,884	903	-9%
Accrued income - net of allow. for doubtful acct. of Rp.8,948 in 2002 and Rp.9,552 in 2001	226,171	296,958	34,016	31%
Inventories - net of allow. for obsolescence of Rp.10,808 in 2002 and Rp.9,454 in 2001	68,967	53,570	6,136	-22%
Prepaid tax and expenses	87,435	126,743	14,518	45%
Advances	171,786	172,081	19,711	0%
Sinking Funds	-	71,320	8,170	
Total Current Assets	**1,355,491**	**2,945,901**	**337,446**	**117%**
PROPERTY, PLANT AND EQUIPMENT				
Fixed assets	4,309,347	8,231,121	942,855	91%
Work in progress	918,738	381,994	43,756	-58%
Accumulated depreciation	(1,166,206)	(1,817,496)	(208,190)	56%
PPE - net book value	**4,061,879**	**6,795,619**	**778,421**	67%
OTHER ASSETS				
Equipment to be installed	281,496	53,284	6,104	-81%
Security deposits	12,409	11,016	1,262	-11%
Due from stockholders	63,308	-	-	-100%
Deferred notes issuance cost	-	25,547	2,926	
Deferred discount on notes payable	-	3,733	428	
Total Other Assets	**357,213**	**93,580**	**10,719**	-74%
TOTAL ASSETS	**5,774,583**	**9,835,100**	**1,126,586**	70%

*) US$ 1 = Rp.8,730
For the purpose of convenient translations, the rates applied to the Balance Sheets are the buying and selling rates of Rp.8,230 and Rp.9,230 with the middle rate of Rp.8,730 to US$ 1.00 on June 28, 2002 quoted from Bank Indonesia.

PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
BALANCE SHEETS
AS OF JUNE 30, 2001 AND 2002
(In Millions of Rupiah and Thousands of U.S. Dollar)

	2001	2002		Growth
	Rp (000,000)	Rp (000,000)	U.S.$*) (000)	(%)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable				
Trade	263,091	287,823	32,969	9%
Others	497	295	34	-41%
Accrued expenses & liabilities	596,508	985,336	112,868	65%
Taxes payable	253,380	276,799	31,707	9%
Unearned revenue	249,006	230,843	26,442	-7%
Dividend payable	544,306	551,882	63,217	1%
Deferred tax liabilities - net	19,999	30,031	3,440	50%
Current maturities of obligation under capital lease	-	809	93	
Short-term loan (matures October 2002)	-	500,000	57,274	
Total Current Liabilities	**1,926,787**	**2,863,818**	**328,043**	49%
OTHER LIABILITIES				
Long-term Guaranteed Notes Payable	-	1,309,500	150,000	
Obligation under cap.lease - net of current maturities	-	599	69	
Total Noncurrent Liabilities	**0**	**1,310,099**	**150,069**	
EQUITY				
Capital stock - Rp 1,000,000 par value				
Authorized - 650,000 shares				
Issued and fully paid - 182,570 shares	182,570	182,570	20,913	0%
Additional paid-in capital	1,292,866	1,504,854	172,377	16%
Retained earnings	2,372,360	3,973,759	455,184	68%
Total Equity	**3,847,796**	**5,661,183**	**648,475**	47%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**5,774,583**	**9,835,100**	**1,126,586**	70%

*) US$ 1 = Rp.8,730
For the purpose of convenient translations, the rates applied to the Balance Sheets are the buying and selling rates of Rp.8,230 and Rp.9,230 with the middle rate of Rp.8,730 to US$ 1.00 on June 28, 2002 quoted from Bank Indonesia.

PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2001 AND 2002
(In Millions of Rupiah and Thousands of U.S. Dollar)

	2001	2002		Growth
	Rp (000,000)	Rp (000,000)	U.S.$*) (000)	(%)
OPERATING REVENUES				
Post-paid (KartuHALO)	1.176.722	1.473.912	155.165	25%
Prepaid (SimPATI)	740,325	1,687,843	177,686	128%
International roaming	218,273	205,791	21,664	-6%
Interconnection revenues (outpayment) - net	(78,023)	(41,831)	(4,404)	-46%
Total Operating Revenues	**2,057,297**	**3,325,715**	**350,112**	62%
OPERATING EXPENSES				
Personnel	90,821	124,325	13,088	37%
Operation & maintenance	254,149	508,842	53,568	100%
General & administrative	117,992	143,569	15,114	22%
Marketing & selling	41,582	54,480	5,735	31%
Other cost of services	117,268	221,905	23,361	89%
Total Operating Expenses	**621,812**	**1,053,121**	**110,867**	69%
EBITDA	**1,435,485**	**2,272,594**	**239,246**	58%
Depreciation and amortization	220,184	424,374	44,676	93%
EBIT	**1,215,301**	**1,848,220**	**194,570**	52%
OTHER INCOME (CHARGES)				
Interest income/expenses	27,370	(15,285)	(1,609)	-156%
Foreign exchange gain/loss	19,201	7,876	829	-59%
Others - net	1,402	(50,915)	(5,360)	-3732%
Other income (charges) - net	**47,973**	**(58,324)**	**(6,140)**	-222%
INCOME BEFORE TAX	**1,263,274**	**1,789,896**	**188,430**	42%
PROVISION FOR INCOME TAX	378,998	530,626	55,861	40%
NET INCOME	**884,276**	**1,259,270**	**132,569**	42%

For the purpose of convenient translations, the Statements of Income use an average middle conversion rate of Rp.9,499 to the US Dollar from January through June 2002.

PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
OPERATIONAL INDICATORS AS OF JUNE 30, 2001 & 2002

	Unit	2001	2002	Growth (%)
1	2	3	4	5=(4-3)/3
CUSTOMER BASE AND ARPU				
Net additions				
KartuHALO	Subscriber	95,913	61,391	-36%
SimPATI	Subscriber	397,420	887,004	123%
Total	**Subscriber**	**493,333**	**948,395**	**92%**
Customer base				
KartuHALO	Subscriber	753,349	926,602	23%
SimPATI	Subscriber	1,427,323	3,273,825	129%
Total	**Subscriber**	**2,180,672**	**4,200,427**	**93%**
ARPU (six months average)				
KartuHALO	Rp. (thousand)	281	291	4%
SimPATI	Rp. (thousand)	100	103	3%
Blended	Rp. (thousand)	166	149	-10%
ARPU (Non Voice/SMS)				
KartuHALO	Rp. (thousand)	9	19	111%
SimPATI	Rp. (thousand)	7	17	143%
Blended	Rp. (thousand)	7	17	143%
NETWORK DATA				
BTS/TRX				
Base stations	Unit	1,620	2,554	58%
Transmit receive exchanges	Unit	10,872	21,616	99%
Element availability				
Overall availability switching network	%	99.99%	99.43%	-0.56%
Overall availability radio network	%	99.49%	99.77%	0.28%
Availability prepaid system	%	100.00%	100.00%	0.00%
Availability voicemail	%	99.69%	99.98%	0.29%
Capacity				
Switching (HLR) capacity	Subscribers	3,335,000	7,295,000	119%
Prepaid capacity	Subscribers	1,558,000	4,150,000	166%
Quality of service				
Call success rate	%	89.21%	91.44%	2.23%
Call completion rate	%	97.48%	98.21%	0.73%
EMPLOYEE				
Total employee's	person	1,966	2,500	27%
Subscribers per employee	Subscr/persons	1,109	1,680	51%