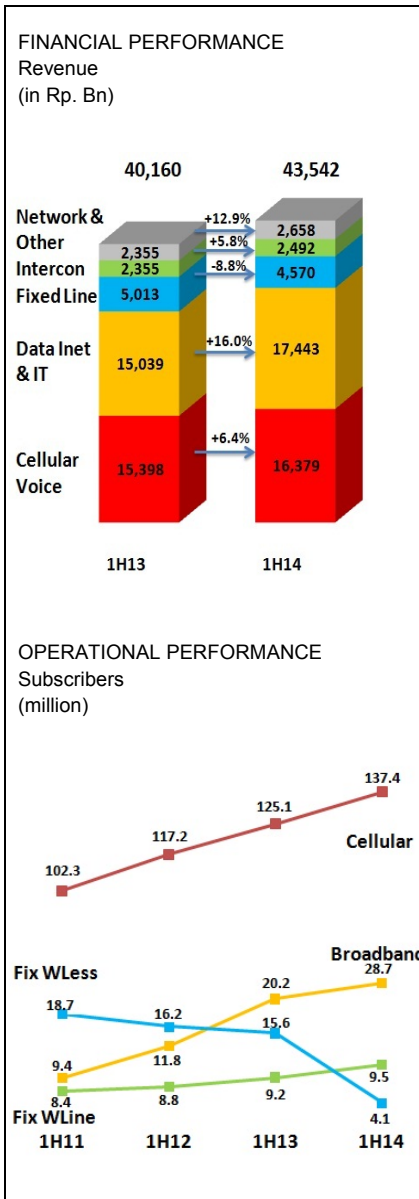


TICKERS: IDX : TLKM NYSE : TLK	ISSUED SHARES: 100,799,996,400 shares	SHAREHOLDER COMPOSITION: Govt. of Indonesia : 52.6% Public : 47.4% Excl. Treasury stock : 2,624,142,800 shares.	CONVERSION RATES (US\$ 1.00): June 30, 2014 = Rp11,855 June 30, 2013 = Rp9,925
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Highlight

- Consolidated revenue for 1H14 grew by 8.4% YoY to Rp43.5 trillion and our cellular subsidiary recorded a 10.0% Year on Year (YoY) revenue growth to Rp 31,3 trillion.
- Data, Internet & IT Services revenue continued to become the biggest contributor of total group revenue with 40.1% contribution and 16.0% growth YoY.
- Broadband users that consist of fixed broadband, Flash and Blackberry, grew by 41.8% YoY, meanwhile cellular subscribers increased by 9.8% YoY to 137.4 million.
- Telkomsel kept enhancing its network with more than 1,600 new BTSs per month deployed during 1H14 where 75% of which were 3G Node B.

Financial Highlights

Key Indicators (Rp. Bn)	YoY			QoQ				Growth (%)
	1H14	1H13	Growth (%)	2Q14	1Q14	4Q13	3Q13	
Revenues	43,542	40,160	8.4	22,292	21,250	21,468	21,339	4.9
Expenses	29,349	26,314	11.5	15,079	14,270	14,924	13,883	5.7
Operating Profit	14,193	13,846	2.5	7,213	6,980	6,544	7,456	3.3
EBITDA	22,329	20,475	9.1	11,338	10,991	9,498	11,803	3.2
EBITDA Margin (%)	51.3	51.0	0.3	50.9	51.7	44.2	55.3	(0.9)
Net Income	7,411	7,125	4.0	3,762	3,649	3,148	3,932	3.1

Operational Highlights

Subscribers (000)	YoY			QoQ				Growth (%)
	1H14	1H13	Growth (%)	2Q14	1Q14	4Q13	3Q13	
Broadband								
Fixed Broadband/Speedy	3,216	2,781	15.6	3,216	3,120	3,013	2,894	3.1
Mobile Broadband/Flash	18,195	11,113	63.7	18,195	17,315	17,271	12,665	5.1
BlackBerry	7,279	6,332	15.0	7,279	7,631	7,556	7,021	(4.6)
Total	28,690	20,226	41.8	28,690	28,066	27,840	22,580	2.2
Cellular								
Postpaid	2,616	2,326	12.5	2,616	2,525	2,489	2,412	3.6
Prepaid	134,757	122,765	9.8	134,757	130,126	129,023	125,492	3.6
Total	137,373	125,091	9.8	137,373	132,651	131,513	127,904	3.6
Fixed Line								
LIS Wireline	9,521	9,151	4.0	9,521	9,442	9,351	9,245	0.8
LIS Wireless	4,109	15,550	(73.6)	4,109	6,830	6,766	11,551	(39.8)
Total	13,630	24,701	(44.8)	13,630	16,272	16,117	20,796	(16.2)

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DISCLAIMER

This document contains financial conditions and result of operation, and may also contain certain projections, plans, strategies, and objectives of the Company, which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements, by their nature, involve risk and uncertainty that could cause actual results and development to differ materially from those expressed or implied in these statements. Telkom Indonesia does not guarantee that any action, which may have been taken in reliance on this document, will bring specific results as expected.

PT TELEKOMUNIKASI INDONESIA, Tbk. THE FIRST HALF 2014 RESULTS (UNAUDITED)

The following analysis and discussion is based on our Indonesian GAAP financial statements for the six months ended June 30, 2013 and 2014. The reports have been submitted to Indonesia Financial Services Authority (OJK).

FINANCIAL RESULTS

Revenues

Key Indicators (Rp.Bn)	YoY			QoQ				
	1H14	1H13	Growth (%)	2Q14	1Q14	4Q13	3Q13	Growth (%)
Cellular Voice	16,379	15,398	6.4	8,340	8,039	8,473	8,267	3.7
Fixed Line Voice	4,570	5,013	(8.8)	2,261	2,309	2,306	2,382	(2.1)
Data, Internet & IT Service (Incl.SMS)	17,443	15,039	16.0	9,044	8,399	8,376	8,294	7.7
Interconnection	2,492	2,355	5.8	1,274	1,218	1,210	1,278	4.6
Network	706	655	7.8	335	371	342	256	(9.7)
Other Telco Services	1,952	1,700	14.8	1,037	915	761	862	13.3
Total	43,542	40,160	8.4	22,292	21,250	21,468	21,339	4.9

Total revenue for 1H14 is Rp43.5 trillion, an increase of 8.4% YoY, with Data, Internet & IT Services being the largest contributor. Cellular Voice revenue is the second largest contributor. Total revenue increased by 4.9% Quarter on Quarter (QoQ) with the details as follows:

- **Cellular voice revenues** increased by 3.7% QoQ and increased by 6.4% YoY due to better pricing and higher traffic in cellular voice service.
- **Fixed line voice revenues**, which consist of Fixed Wireline and Fixed Wireless Voice revenues, decreased by 2.1% QoQ and by 8.8% YoY.
 - **Fixed wireline revenue** went down both QoQ and YoY respectively by 0.8% and 7.4%. The revenue decreased as a result of the continuing downtrend of fixed wireline usage. However, the number of subscribers increased by 1.1% QoQ and 4.4% YoY as fixed broadband customers should register fixed wireline service.
 - **Fixed wireless revenue** decreased by 14.6% QoQ and by 21.3% YoY; as traffic went down along with the declining subscribers by 39.8% QoQ and 73.6% YoY.
- **Data, Internet & IT Services revenues** increased by 7.7% QoQ, while for the YoY it increased by 16.0%, a double digit rise, mainly as a result of sharp increase in mobile broadband revenue.
- **Interconnection revenues** increased by 4.6% QoQ and 5.8% YoY as a results of increase in incoming international.
- **Network revenues** decreased by 9.7% for QoQ as the decrease of capacity in use of our leased line service; whereas for the YoY it increased by 7.8% resulted from the ascending performance of our leased line service.

- **Other telecommunication services revenues** increased by 13.3% QoQ due to the increase of our directory assistance business. While for the YoY, it also grew by 14.8% from the rising performance of our corporate solution business.

Expenses

Key Indicators (Rp. Bn)	YoY			QoQ				
	1H14	1H13	Growth (%)	2Q14	1Q14	4Q13	3Q13	Growth (%)
Operation, Maintenance & Telecommunication Services	10,699	9,732	9.9	5,593	5,106	5,217	4,383	9.5
Personnel	4,668	4,605	1.4	2,426	2,242	2,766	2,362	8.2
Interconnection	2,545	2,371	7.3	1,251	1,294	1,291	1,265	(3.3)
Marketing	1,455	1,339	8.7	758	697	939	766	8.8
General & Administrative	1,846	1,638	12.7	926	920	1,757	760	0.7
Depreciation & Amortization	8,163	6,940	17.6	4,215	3,948	4,708	4,132	6.8
(Gain)/Loss on Forex – net & Others – net	(27)	(311)	91.3	(90)	63	(1,754)	215	242.9
Total	29,349	26,314	11.5	15,079	14,270	14,924	13,883	5.7

Compared to previous quarter's result, total expenses increased by 5.7%; while for the yearly basis, it was also increased by 11.5% with the following details:

- **Operation & Maintenance (“O&M”) expenses** went up by 9.5% QoQ and 9.9% YoY which in line with our accelerated network development.
- **Personnel expenses** grew by 8.2% QoQ due to additional benefit paid in second quarter, while on yearly basis it grew by 1.4% due to salary adjustment.
- **Interconnection expenses** went down slightly by 3.3% QoQ, whereas for the YoY it grew by 7.3%, both contributed by cellular international traffic.
- **Marketing expenses** went up by 8.8% QoQ and by 8.7% YoY both resulted from the increase in our marketing/sponsorship activities and more attractive customer loyalty programs to support our cellular business.
- **General & Administrative expenses** slightly went up by 0.7% QoQ contributed by the decrease of our provision of doubtful account for about 90% which resulted from the improvement of our enterprise customers collection process. While for the YoY, it went up by 12.7% mostly for training and education.
- **Depreciation & Amortization expenses** increased by 6.8% QoQ and 17.6% YoY resulted from accelerated network deployment in our cellular business.

EBITDA, EBITDA Margin, and Net Income

In the first half of 2014, EBITDA increased by 9.1% YoY and by 3.2% QoQ to Rp22.3 trillion. While EBITDA margin slightly increased by 0.3% YoY, whereas for the QoQ it slightly decreased by 0.9%.

Our Net Income is Rp7.4 trillion, went up both for YoY and QoQ, by 4.0% and 3.1% respectively.

The basis to calculate the EBITDA is the expenses without Depreciation and Amortization expenses, Forex Exchange Gain or Loss, and Others-Net.

Financial Position

Key Indicators (Rp.Bn)	YoY			QoQ				
	1H14	1H13	Growth (%)	2Q14	1Q14	4Q13	3Q13	Growth (%)
Assets	130,160	111,472	16.8	130,160	130,472	127,951	120,795	(0.2)
Liabilities	55,166	46,723	18.1	55,166	47,945	50,527	48,055	15.1
Non-controlling Interests	14,482	13,783	5.1	14,482	18,418	16,882	15,385	(21.4)
Equity attributable to owners of the company	60,512	50,966	18.7	60,512	64,109	60,542	57,355	(5.6)

- A decrease in assets slightly by 0.2% QoQ due to the decrease in our short-term deposit.
- An increase in liabilities by 15.1% QoQ as the increase in our account payable to third-parties and short-term bank loans.
- A decrease in non-controlling interest of 21.4% QoQ due to the dividend payment in Telkomsel.
- A decrease in Equity of 5.6% QoQ due to the decrease in our unappropriated Retained Earnings, resulted from dividend payment in Telkom.

Cash Flows

Key Indicators (Rp. Bn)	YoY		
	1H14	1H13	Growth (%)
Cash Flow provided by Operating Activities	17,295	14,388	20.2
Cash Flow (used in) received from Investing Activities	(5,532)	(2,447)	126.1
Cash Flow used in Financing Activities	(9,505)	(13,605)	(30.1)
Net Increase in Cash & Cash Equivalent	2,258	(1,664)	(235.7)
Effect of Foreign Rate Changes	(126)	97	(229.9)
Cash & Cash Equivalents at Beginning of Periods	14,696	13,118	12.0
Cash & Cash Equivalents at End of Periods	16,828	11,551	45.7

- Net cash provided by operating activities increased by 20.2% YoY as higher cash receipts from customers.
- Net cash used in investing activities went up by 126.1% due to higher property and equipment acquisition compared to the same period last year.
- Net cash used in financing activities decreased by 30.1% YoY mostly due to cash generated from private placement for Share Buy Back Phase 2 Program and new debt withdrawal in the form of short and long-term bank loan.

Debts

Currencies (Rp.Bn)	YoY			QoQ			Portion (%)		
	1H14	1H13	Growth (%)	2Q14	1Q14	Growth (%)	2Q14	1Q14	1H13
IDR/Rupiah	15,140	14,014	8.0	15,140	12,040	25.7	80.0	78.9	84.6
USD/US Dollar	2,849	1,659	71.7	2,849	2,288	24.5	15.0	15.0	10.0
JPY/Japanese Yen	946	886	6.8	946	940	0.6	5.0	6.2	5.4
Total	18,935	16,559	14.3	18,935	15,268	24.0	100.0	100.0	100.0

Our debts consisted of Short and Long-Term Bank Loans, Two-Step Loans (“TSL”), and Bonds and Notes. During second quarter 2014, we made repayment of Short-Term Bank Loans amounting to Rp242 billion, Long-Term Bank Loans amounting to Rp1,399 billion, TSL amounting to Rp78 billion, and Notes of Rp122 billion. We also made new debts for working capital purposes in the form of Short-Term Bank Loans amounting to Rp2,382 billion and Long-Term Bank Loans amounting to Rp3,486 billion.

Gearing

Key Indicators	YoY		
	1H14	1H13	Growth
Net Debt to Equity (%)	2.3	8.5	(6.2)
Debt to Equity (%)	31.3	32.5	(1.2)
Debt to EBITDA (%)	84.8	80.9	3.9
Debt Service Ratio (Times)	3.0	3.5	(0.5)

Financial Ratios

Ratios (%)	YoY			QoQ				
	1H14	1H13	Growth	2Q14	1Q14	4Q13	3Q13	Growth
Profit Margin	32.6	34.5	(1.9)	32.4	32.8	30.5	34.9	(0.5)
Profit for the year attributable to owners Margin	17.0	17.7	(0.7)	16.9	17.2	14.7	18.4	(0.3)
EBITDA Margin	51.3	51.0	0.3	50.9	51.7	44.2	55.3	(0.9)
Current Ratio	100.7	95.4	5.3	100.7	137.0	116.3	118.3	(36.3)
Return on Assets	5.7	6.4	(0.7)	2.9	2.8	2.5	3.3	0.1
Return on Equity	12.2	14.0	(1.7)	6.2	5.7	5.2	6.9	0.5
Total Liabilities to Equity	91.2	91.7	(0.5)	91.2	74.8	83.5	83.8	16.4

Telkomsel Financial Result

Telkomsel continued its strong performance supported by healthy growth in legacy business and solid performance from digital business. Total revenue grew by 10.0% Year on Year (YoY), driven by strong growth in digital business (33.1% YoY) with broadband grew by 33.6% YoY and digital services grew by 28.6% YoY. Data payload increased by 147.1% to 93,591 TB with data user reached 63.3 million (22.3% YoY) and smartphone user grew sharply to 31.2 million (56.8% YoY). As a result, digital business contribution to total revenue increased to 22.5% from 18.6% last year. At the same time, we managed to sustain growth in legacy business (4.8% YoY) with Voice grew by 7.2% YoY and SMS grew by 1.1% YoY, thanks to stable competition environment and favorable pricing strategy. The growth was also driven by increasing subscriber which was recorded at 137.4 million (9.8% YoY). As a result, we maintained our margins at healthy level with EBITDA and Net Income margins reached 55.5% and 28.1% respectively.

We continued our focus on digital business as new growth engine, as we deployed a total of 9,696 new BTS during 1H-14, of which around 75% were 3G BTSs to support customer's best experience in digital business. By end of June 2014, our BTS on-air totaled to 79,560 units (27.9% YoY), 43% of which were 3G BTS, confirming our network superiority.

Income Statement

Statement of Income (Rp. Bn)	YoY			QoQ		
	1H14	1H13	Growth %	2Q14	1Q14	Growth %
Revenues	31,331	28,471	10.0	16,041	15,289	4.9
Expenses (incl. Depreciation)	19,684	17,092	15.2	10,112	9,571	5.7
EBITDA	17,392	16,071	8.2	8,927	8,466	5.4
EBITDA Margin (%)	55.5	56.4	(0.9)	55.6	55.4	0.3
Net Income	8,812	8,575	2.8	4,424	4,388	0.8
Net Income Margin (%)	28.1	30.1	(2.0)	27.6	28.7	(1.1)

Telkomsel recorded operating **revenues** of Rp31,331 billion in 1H14, an increase of 10.0% YoY. On quarterly basis, operating revenue increased by 4.9%, slightly better than QoQ growth of 4.4% in 2Q13.

- *Prepaid revenue* increased by 11.0% YoY to Rp26,145 billion (5.2% QoQ) driven by 9.8% YoY growth in prepaid subscriber base coupled with higher broadband usage which resulted in increased ARPU.
- *Postpaid revenue* increased by 9.9% YoY to Rp2,452 billion (4.5% QoQ) driven by 12.5% YoY growth in postpaid subscriber base.
- *Interconnection and international roaming revenues* relatively stable at Rp2,334 billion (-0.1% YoY and 2.5% QoQ) which reflected relatively flat traffic in interconnection and international roaming.

In 1H14, total **expenses** including depreciation and amortization increased by 15.2% YoY and 5.7% QoQ.

- *Operation & maintenance expenses* increased by 17.7% YoY (6.6% QoQ) to Rp7,324 billion, as a consequence of the Company's accelerated network deployment, resulted in higher transmission and network space rental costs.
- *Depreciation and amortization expenses* increased by 22.5% YoY (2.6% QoQ) to Rp5,793 billion, mainly due to significant increase in fixed assets as a result of accelerated network deployment, including from tower rent under finance lease.
- *Cost of Services* increased by 4.5% YoY to Rp1,966 billion mainly due to increased BHP fee in line with increased revenue, increase in subscribers resulted in higher cost of card and customer handling. On quarterly basis however, cost of services decreased in line with reducing blackberry access fee.
- *Interconnection charges* was relatively stable (1.2% YoY and -2.3% QoQ) at Rp1,601 billion, reflecting stable outgoing international traffic.
- *Personnel expenses* increased 12.2% YoY (7.0% QoQ) to Rp1,278 billion, due to salary adjustment, re-organization as well as additional employees during the year.
- *Marketing expenses* increased 9.2% YoY (5.2% QoQ) to Rp1,087 billion mainly due to increase in marketing/sponsorship activities and more attractive customer loyalty programs.

- *General & administration expenses* increased by 17.1% YoY (45.3%QoQ) to Rp682 billion mainly due to higher office rental costs to support area empowerment and increased operational activities.

In 1H14 **EBITDA** grew by 8.2% YoY (5.4% QoQ) to Rp 17,392 billion. EBITDA margin slightly decreased by -0.93ppt to 55.5% which was attributable to higher operating expense in-line with additional network infrastructure to support digital business.

Net income for 1H14 grew by 2.8% YoY (0.8% QoQ) to Rp 8,812 billion, as depreciation and amortization expenses significantly increased by 22.5% YoY due to aggressive network deployment and impact from tower under financial lease. We also posted loss on foreign exchange of Rp108.5 billion (93.2% YoY) due to weakening IDR during 1H14, and increase in financing charges of 56.6% YoY to Rp295.8 billion due to additional interest-bearing debts. Net income margin was recorded at 28.1% a decrease of 2.0 ppt on YoY basis.

Financial Position

Statements of Financial Position (Rp Billion)	1H14	FY13	Growth %
Current Assets	10,909	16,603	(34.3)
Non-Current Assets	57,624	56,733	1.6
Total Assets	68,533	73,336	(6.5)
Current Liabilities	18,883	16,405	15.1
Non-Current Liabilities	8,628	9,109	(5.3)
Equity	41,022	47,821	(14.2)
Total Liabilities & Stockholders Equity	68,533	73,336	(6.5)

Total Assets decreased by 6.5% Year To Date (YTD) to Rp 68,533 billion. Total liabilities increased by 7.8% to Rp 27,511 billion and total equity decreased by 14.2% to Rp 41,022 billion.

- *Current assets* decreased by 34.3% to Rp 10,909 billion, mainly due to decrease in short-term investment in the form of time deposit.
- *Fixed assets* increased 2.3% to Rp 54,392 billion mainly due to acquisition of network infrastructure assets.
- *Current liabilities* increased 15.1% to Rp 18,883 billion mainly due to higher accrued liabilities in relation with infrastructure construction activities and newly-drawn short term bank loans.
- *Non-current liabilities* decreased 5.3% to Rp 8,628 billion, mainly due to medium and long-term loans.
- Total equity decreased by 14.2% to Rp 41,022 billion as the Company distributed dividend of Rp 15,612 billion in 2Q14.

Cash Flow

Net cash generated from operations in 1H14 was relatively stable at Rp 14,443 billion (0.9% YoY). Cash flow from investment activities was recorded at Rp 259 billion as compared to (Rp1,022 billion) last year due to maturity of short-term investment in the form of time deposits amounting to Rp 6,200 billion, while the payment for infrastructure spending amounting to Rp6,033 billion, grew by 19.7% compared to last year of Rp5,041 billion. Cash flow from financing activities was amounting to Rp 1,111 billion as compared to (Rp817 billion) last year, as the Company received proceeds of new short-term bank loan facilities amounting Rp 2,154 billion.

STATEMENT OF CASH FLOWS AS OF JUNE 30, 2013 AND 2014

(In Billions of Rupiah)

	1H14	1H13
Cash Flow from Operating Activities	14,443	14,320
Cash Flow from Investing Activities	259	(1,022)
Cash Flow from Financing Activities	1,111	(817)
Dividend	(15,066)	(12,890)
Net Increase in Cash & Cash Equivalents	748	(409)
Effect of Foreign Exchange Rate Changes	(43)	41
Cash and Cash Equivalents at Beginning of Periods	5,555	4,787
Cash and Cash Equivalents at End of Periods	6,260	4,419

Debt Profile

At end of 30 June 2014, total debt was Rp 3,557 billion of which 51.1% was local IDR currency and 48.9% was in US Dollar, as compared to total debt of Rp2,745 billion at the end of 30 June 2013.

In April 2014, Telkomsel amended the loan agreement with BCA which was entered in year 2010 for providing additional facility in term of short-term loan revolving facility of Rp1 trillion. Telkomsel also entered into short-term loan revolving facility agreement with Citibank for a loan facility of USD100 million. The Company's Debt to Equity ratio at the end of June 2014 was still relatively low at 8.7%.

Telkomsel has to observe certain agreed financial covenants related to its loans/debts. As of 30 June 2014 these covenants were as follows:

	Covenants t/b maintained	Required	Actual
Bank Loans	EBITDA to Debt Service	≥ 1.25	15.65
	Debt to Tangible Net Worth	≤ 2.00	0.09

OPERATIONAL RESULTS

Broadband Services

Customer Base

- **Fixed Broadband**

Consist of 3.2 million users, grew by 15.6% YoY and 3.1% QoQ.

- **Mobile Data & Broadband**

Consist of 18.2 million Flash users, grew by 63.7% YoY; 7.3 million Telkomsel's BlackBerry customers, grew by 15.0% YoY. The total number of data users, including of pay-as-you-use, reached 63.3 million or around 46% of total subscribers, grew by 22.3% YoY.

ARPU & Revenue

- **Fixed Broadband**

Speedy revenue grew by 3.5% QoQ and 8.1% YoY to Rp2,413 billion mainly due to increase of fixed broadband subscribers 3.1% QoQ and 15.6% YoY. ARPU on 2Q14 was recorded Rp129 thousand, increased by 0.1% QoQ and decreased 9.6% YoY.

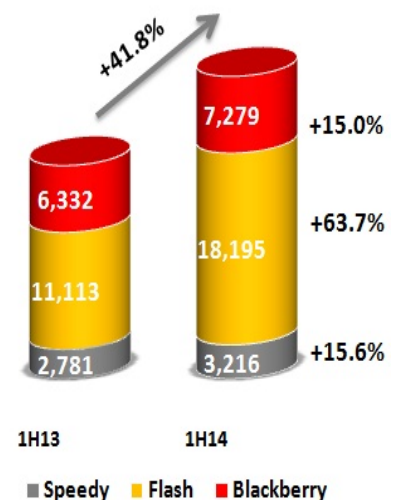
- **Mobile Data & Broadband**

Digital business showed a very strong performance, which recorded 33.1% YoY (9.5% QoQ) growth to Rp 7,047 billion. The contribution to total revenue from this segment substantially increased to 22.5% from 18.6% last year.

Revenue from mobile broadband grew by 33.6% YoY (8.8% QoQ) to Rp 6,372 billion, driven by growing smartphone users which are highly data consumptive. Total data usage sharply increased to 93,591 TB in data payload, or grew by 147.1% YoY (19.1% QoQ).

Digital service also grew strongly by 28.6% YoY (15.9% QoQ) to Rp 675 billion. The business included Digital Lifestyle, VAS & Content, Mobile Advertising, Mobile Payment and Application.

Broadband Subscriber ('000)



Cellular Services

Customer Base

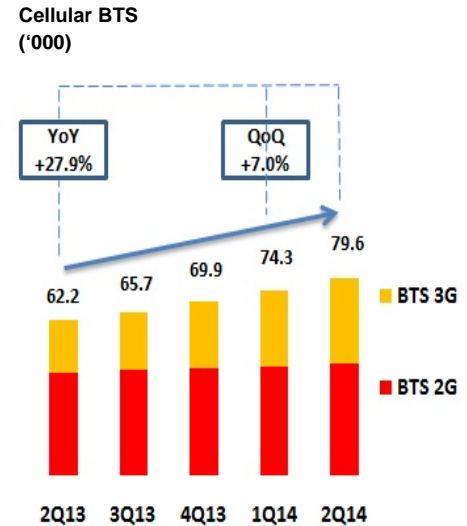
At the end of June 2014, Telkomsel served 137.4 million subscribers, grew by 9.8% YoY (3.6% QoQ). As many as 31.2 million subscribers use smartphone (3G device capable), representing around 23% of total subscribers, and grew sharply by 56.8% YoY (10.8% QoQ).

Traffic Production & ARPU

Voice traffic minute of usage (MoU) slightly increased by 1.9% YoY (6.6% QoQ) to 96.4 billion minutes. Voice services revenue grew by 7.2% YoY (4.1% QoQ) to Rp15,734 billion. The revenue growth was a result of micro-cluster based pricing strategy which allowed us to set prices differently in different micro zones mainly based on demand.

On top of voice, we generated Rp6,195 billion revenue from SMS, or grew by 1.1% YoY (3.5% QoQ). SMS traffic increased by 4.3% YoY (-5.0% QoQ) to 133.2 billion units amidst popularity of instant messaging.

Blended ARPU for 1H14 slightly increased to Rp37k, or grew by 1.7% YoY (2.2% QoQ), partly supported by higher data usage and favorable pricing strategy.



The following table presents a comparison of our cellular business performance:

Key Indicators	Unit	YoY			QoQ				Growth (%)	
		1H14	1H13	Growth (%)	2Q14	1Q14	4Q13	3Q13		
CUSTOMER BASE										
Total Customer										
Postpaid (kartuHALO)	Subs (000)	2,616	2,326	12.5	2,616	2,525	2,489	2,412	3.6	
Prepaid (simPATI + Kartu As)	Subs (000)	134,757	122,765	9.8	134,757	130,126	129,023	125,492	3.6	
Total	Subs (000)	137,373	125,091	9.8	137,373	132,651	131,513	127,904	3.6	
Net Add										
Postpaid (kartuHALO)	Subs (000)	126	177	(28.6)	91	36	77	86	154.7	
Prepaid (simPATI + Kartu As)	Subs (000)	5,733	(232)	N/A	4,631	1,103	3,531	2,727	319.9	
Total	Subs (000)	5,860	(55)	N/A	4,721	1,138	3,609	2,813	314.7	
TRAFFIC										
MoU (Total)	Bn Minutes	96	95	1.9	50	47	49	48	6.6	
MoU (Chargable)	Bn Minutes	78	68	14.3	40	37	37	35	8.2	
SMS (Total)	Bn Units	133	128	4.3	65	68	68	64	(5.0)	
SMS (Chargable)	Bn Units	71	68	5.1	33	38	41	37	(13.2)	
ARPU										
Postpaid (kartuHALO)	Rp.'000/month	173	186	(7.0)	174	171	182	183	1.7	
Prepaid (simPATI + Kartu As)	Rp.'000/month	34	34	2.2	35	34	36	36	2.3	
Blended	Rp.'000/month	37	36	1.7	37	37	39	39	2.2	
NETWORK DATA										
BTS	Unit	79,560	62,225	27.9	79,560	74,326	69,864	65,653	7.0	
DATA/BROADBAND										
Data Enable Users	Subs (000)	63,294	51,766	22.3	63,294	62,996	60,531	55,328	0.5	
3G Device Capable	Unit (000)	31,207	19,902	56.8	31,207	28,170	23,662	20,041	10.8	
Data Payload	TB	93,591	37,873	147.1	50,878	42,713	33,327	25,483	19.1	
EMPLOYEE DATA										
Total employees	Person	4,795	4,671	2.7	4,795	4,697	4,711	4,673	2.1	
Efficiency ratio	'000 subs/employee	29	27	7.0	29	28	28	27	1.4	

Network Development

While we are protecting our legacy businesses, we are also focused to grow our digital business in an effort to secure future growth. We continued to accelerate our network development with aggressive 3G BTS deployment. During 1H14, Telkomsel built 9,696 new BTSs, an increase of 22.3% YoY (17.3% QoQ), around 75% of which were 3G BTSs. The network roll out brought total BTS on air to 79,560 units at end of June 2014, or increase by 27.9% YoY (7.0% QoQ), of which 34,274 units were 3G BTS (64.6% YoY and 12.1% QoQ).

Fixed Line Services

Customer Base

■ Fixed Wireline

There are 9.5 million subscribers, a 4.0% increase from first half last year.

■ Fixed Wireless

Consist of 4.1 million subscribers recorded at the end of 1H14, decrease both YoY and QoQ respectively by 73.6% and 39.8%

ARPU

■ Fixed Wireline

1H14 ARPU was at Rp69 thousand, a decrease of 13.1% YoY.

■ Fixed Wireless

1H14 ARPU was at Rp17 thousand, a 143.0% increase YoY.

New Products & Programs

- In order to continue to exploit voice and SMS by **improving loyalty program on high value customer**, Telkomsel 19th Anniversary was launched with prizes consist of 19 Vespa Primavera motor scooters, 19 travel trips for domestic destination, variety of smartphones and lot of Rp 1 million prepaid credit vouchers. By having Telkomsel point exchanged, purchasing special package or special prepaid voucher, customers will have chance to win the prize.
- Due to excitement of 2014 FIFA World Cup Brazil and as Official Mobile Broadcaster in Indonesia, Telkomsel launched **World Cup 2014 digital application** called *Telkomsel Bola Samba* which available by activating World Cup package (weekly and monthly data package) through *465# access. By the application, customers are able to have an update on World Cup 2014 such as live match streaming, catch up streaming, video clip highlight, world cup news, goal alert, match begin alert and ring back tone for World Cup theme song.
- Telkomsel launched T-Zone **services for SME (Small and Medium Enterprises)** to improve their business, to maximize business potential in rural area, countryside, offshore and remote area and also to fulfill enterprise business communications need in more efficient and secured way. T-Zone is an access point which similar to Wi-Fi that **extend 3G coverage** and designed to support four to eight users at the same time or for a larger service (16 to 32 users) that can be used for small corporate. At the moment, T-Zone is available in Jakarta, Bandung, Yogyakarta, Surabaya, Makassar, Medan and Denpasar.
- Telkomsel is ready to **grow M2M (Machine to Machine) business** in Indonesia and help companies to grow their businesses with Telkomsel M2M Solution that comprises of Telkomsel M2M Control Center and M2M Application Platform. With Telkomsel M2M solution, customers can manage their business

anywhere and everywhere that will help them to have a better efficiency, monitoring and controlling in running their businesses. Telkomsel M2M SIM card will also complement the companies' need on reliable M2M solutions that will support various industries.

- In order to present **LOOP as new brand of youth product** with variety of attractive packages, *LOOPKita* was introduced which offers bonus to other LOOP numbers, bonus recharge and active period based on usage. *WikenLOOP* was also introduced as special data package for weekend consist of *WikenLOOP Sabtu* and *WikenLOOP Minggu*
- To provide a **contact center with better service quality for LOOP** customers (LOOPers), LOOP Station in Bandung was launched. With "Youth and Digital" concept and fun, colorful, dynamic and attractive design with lot of facilities (internet browsing area, interactive games, music studio, skateboard arena, workshop room and mini café), LOOP station is not only a contact center but also a place that LOOPers can express their hobby and try variety of updated Telkomsel digital services.
- To encourage mass adoption of 3G device, Telkomsel built a strategic partnership with Samsung for product portfolios, sales, marketing activities and digital applications especially to **educate customers on internet awareness** and activation under Indonesia Genggam Internet initiatives. **Low cost 3G smartphone** with priced as low as Rp 599,000 (USD 50 – exchange rate at Rp 11,969) was also being introduced by collaborating with local brand device principle, such as TiPhone (made by Foxconn), Advan, Evercoss and Maxtron.

ADDITIONAL INFORMATION

Capital Expenditure

For the first half of 2014, Capex commitment of Telkom, Telkomsel and other subsidiaries were amounting to Rp3.9 trillion, Rp6.5 trillion and Rp1.7 trillion respectively. Telkom's Capex was mainly utilized for deploying access and backbone infrastructure to support the broadband services, Telkomsel's Capex was mainly utilized for radio access network, while other subsidiaries' Capex was utilized among others for erecting towers and developing infrastructures.

Recent Development

- **Deregistered from TSE and Delisted from LSE** - On May 16, 2014 Telkom was deregistered from the Tokyo Stock Exchange (TSE) and on June 5, 2014 was delisted from the London Stock Exchange (LSE).
- **CSPA PINS and Tiphone** - On May 19, 2014, Telkom through its subsidiary PT Pramindo Ikat Nusantara ("PINS") signed a Conditional Sale and Purchase Agreement (CSPA) with PT Upaya Cipta Sejahtera, PT Esa Utama Inti Persada, PT Sinarmas Sekuritas and PT Tiphone Mobile Indonesia, Tbk ("TiPhone"). PINS plans to have at least 25% of Tiphone shares. The transaction was expected to finish by the third quarter this year.
- **Sale of Share Buyback Phase II** - On June 18, 2014, the company was selling back the stock from the share buyback phase II 1.075.000.000 shares worth Rp2.58 Trillion. By that, as of June 30, 2014 the balance of Telkom's treasury share is 2.624.142.800 shares.
- **Reflexi** - On June 27, 2014 Telkom signed a conditional business transfer agreement to transfer the Flexi frequency and customer from Telkom to Telkomsel.

Awards & Recognition

During 1H14, we have been awarded by several institutions for our achievements, among others:

- Telkom was awarded *Fortune Indonesia's Most Admired Companies (FIMAC)* from Fortune Indonesia Magazine and Hay Group Indonesia for Categories 1st in Infrastructure, Utilities and Transportation, The Best 20 of Most Admired Companies in Indonesia, and Highest Leap – the special award for Telkom's Enterprise Business Services Director, Muhammad Awaluddin.
- Telkom was awarded *Indonesia's Most Admired Companies (IMAC) 2014 for Telecommunication Category* from Warta Ekonomi Magazine.
- Telkom was awarded *Technology Company of The Year* and *New Business Service of The Year* in the event The 1st Asia-Pacific Stevie Awards in Seoul, South Korea. In this event Telkom was also obtain the silver award as *Customer Service of The Year* and deserved for *the Grand Stevie Award*.
- Telkom was awarded as *The Best Stock Emiten* for Capital Market over 10 Trillion Rupiah category in the Capital Market Award 2014 event.
- Telkom was awarded as *The Best Contact Center 2014* held by Indonesia Contact Center Association (ICCA) for 19 medals in categories The Best Agent Outbond Telesales, The Best Agent Specialist, and The Best Team Leader.
- Telkom was awarded as *1st WiFi Service Provider in Indonesia and 2nd in Southern Asia* by Broadband Alliance (WBA). This award was given because Telkom has the certification in Interoperability Compliance Program (ICP).
- Telkom was awarded as *Best Managed Company, Best Corporate Governance, Best Investor Relations, Best Corporate Social Responsibility, and Most Committed to a Strong Dividend Policy* in the event Asia Best Companies Award 2014 held by Finance Asia Magazine.
- *Axeda Internet of Things Excellence Awards 2014* for Telkomsel as International Mobile Partner from Axeda Corporation - May 2014.
- *Certificate of Appreciation* for Alex J Sinaga as Indonesia Most Admired CEO 2014 and for Telkomsel as Indonesia Most Admired Company 2014 in Telecommunications Category from Warta Ekonomi Magazine – April 2014.
- *Top IT Award 2014* for Telkomsel (Top IT Agility in Telco 2014 Category) in Recognition of Outstanding Achievement in IT Implementation for Performance, Competitiveness and Customer Services from itech Magazine and IKTII (Ikatan Konsultan Teknologi Informasi Indonesia – The Indonesian IT Consultants Association) – May 2014.
- *Corporate Image Award 2014* for Telkomsel as The Best Corporate Telecommunication Category from Frontier Consulting Group – June 2014.

Table 1
PERUSAHAAN PERSEROAN (PERSERO)
PT. TELEKOMUNIKASI INDONESIA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2013 (AUDITED)
(Figures in tables are presented in billions of Rupiah, unless otherwise stated)

	2014	2013	Growth (%)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	16,828	14,696	14.5
Other current financial assets	707	6,872	(89.7)
Trade receivables – net of provision for impairment of receivables			
Related parties	1,054	900	17.1
Third parties	6,594	5,126	28.6
Other receivables – net of provision for impairment of receivables	320	395	(19.0)
Inventories – net of provision for impairment obsolescence	1,043	509	104.9
Advances and prepaid expenses	3,969	3,947	0.6
Prepaid taxes	914	525	74.1
Asset held-for-sale	57	105	(45.7)
Total Current Assets	31,486	33,075	(4.8)
NON-CURRENT ASSETS			
Long-term investments	321	304	5.6
Property and equipment – net of accumulated depreciation	90,282	86,761	4.1
Prepaid pension benefit costs	942	927	1.6
Advances and other non-current assets	5,497	5,294	3.8
Intangible assets – net of accumulated amortization	1,553	1,508	3.0
Deferred tax assets - net	79	82	(3.7)
Total Non-current Assets	98,674	94,876	4.0
TOTAL ASSETS	130,160	127,951	1.7

Table 1 (Continued)
PERUSAHAAN PERSEROAN (PERSERO)
PT. TELEKOMUNIKASI INDONESIA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2013 (AUDITED)
 (Figures in tables are presented in billions of Rupiah, unless otherwise stated)

	2014	2013	Growth (%)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables			
Related parties	720	826	(12.8)
Third parties	11,758	10,774	9.1
Other payables	563	388	45.1
Taxes payables	1,625	1,698	(4.3)
Accrued expenses	5,891	5,264	11.9
Unearned income	2,799	3,490	(19.8)
Advances from customers and suppliers	802	472	69.9
Short-term bank loans	2,618	432	506.0
Current maturities of long-term liabilities	4,494	5,093	(11.8)
Total Current Liabilities	31,270	28,437	10.0
NON-CURRENT LIABILITIES			
Deferred tax liabilities - net	2,927	3,004	(2.6)
Other liabilities	382	472	(19.1)
Long service award provisions	347	336	3.3
Post-retirement health care benefits provisions	653	752	(13.2)
Retirement benefits obligation and other post - retirement benefits	2,989	2,795	6.9
Long-term liabilities - net of current maturities			
Obligations under finance leases	4,169	4,321	(3.5)
Two-step loans	1,596	1,702	(6.2)
Bonds and Notes	3,042	3,073	(1.0)
Bank loans	7,791	5,635	38.3
Total Non-current Liabilities	23,896	22,090	8.2
TOTAL LIABILITIES	55,166	50,527	9.2
EQUITY			
Capital stock - Rp50 par value per Series A			
Dwiwarna share and Series B share			
Authorized - 1 Series A Dwiwarna share and			
399,999,999,999 Series B shares			
Issued and fully paid - 1 Series A Dwiwarna share			
and 100,799,996,399 Series B shares	5,040	5,040	-
Additional paid-in capital	2,899	2,323	24.8
Treasury stock	(3,836)	(5,805)	(33.9)
Effect of change in equity of associated companies	386	386	-
Unrealized holding gain on available-for-sale securities	41	38	7.9
Translation adjustment	345	391	(11.8)
Difference due to acquisition of non-controlling interest in subsidiaries	(508)	(508)	-
Other reserves	49	49	-
Retained earnings			
Appropriated	15,337	15,337	-
Unappropriated	40,759	43,291	(5.8)
Net Equity Attributable to Owners of The parent company	60,512	60,542	(0.0)
Non-controlling interest	14,482	16,882	(14.2)
TOTAL EQUITY	74,994	77,424	(3.1)
TOTAL LIABILITIES AND EQUITY	130,160	127,951	1.7

Table 2
PERUSAHAAN PERSEROAN (PERSERO)
PT. TELEKOMUNIKASI INDONESIA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2014 (UNAUDITED) WITH COMPARATIVE FIGURES FOR 2013 (UNAUDITED)
(Figures in tables are presented in billions of Rupiah, unless otherwise stated)

	2014	2013	Growth (%)
REVENUES	43,542	40,160	8.4
EXPENSES			
Operations, maintenance and telecommunication services	(10,699)	(9,732)	9.9
Depreciation and amortization	(8,163)	(6,940)	17.6
Personnel	(4,668)	(4,605)	1.4
Interconnection	(2,545)	(2,371)	7.3
General and Administrative	(1,846)	(1,638)	12.7
Marketing	(1,455)	(1,339)	8.7
Gain (loss) on foreign exchange – net	(146)	100	(246.0)
Other income	406	339	19.8
Other expenses	(233)	(128)	82.0
OPERATING PROFIT	14,193	13,846	2.5
Finance income	636	413	54.0
Finance costs	(863)	(696)	24.0
Share of loss of associated companies	(13)	(6)	116.7
PROFIT BEFORE INCOME TAX	13,953	13,557	2.9
INCOME TAX (EXPENSE) BENEFIT			
Current	(3,566)	(3,187)	11.9
Deferred	74	(237)	(131.2)
	(3,492)	(3,424)	2.0
PROFIT FOR THE YEAR	10,461	10,133	3.2
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation	(46)	11	(518.2)
Change in fair value of available-for-sale financial assets	3	1	200.0
Total Other Comprehensive Income – net	(43)	12	(458.3)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,418	10,145	2.7
Profit for the period attributable to:			
Owners of the parent company	7,411	7,125	4.0
Non-controlling interests	3,050	3,008	1.4
	10,461	10,133	3.2
Total comprehensive income for the period attributable to:			
Owners of the parent company	7,368	7,137	3.2
Non-controlling interests	3,050	3,008	1.4
	10,418	10,145	2.7
BASIC AND DILUTED EARNINGS PER SHARE			
Income per share	76.24	74.42	2.4
Income per ADS (200 Series B shares per ADS)	15,247.75	14,833.20	2.8

Table 3
PT. TELEKOMUNIKASI SELULAR (TELKOMSEL) AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2013 (AUDITED)
 (figures are presented in billions of Rupiah)

	<u>JUN 30, 2014</u>	<u>DEC 31, 2013</u>	<u>Growth (%)</u>
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	6,260	5,555	12.7
Short-term Investments	-	6,200	N/A
Accounts receivables including Unbilled revenues	1,556	1,537	1.2
Current portion of long-term prepayments	2,452	2,850	(14.0)
Others	642	461	39.2
Total Current Assets	<u>10,909</u>	<u>16,603</u>	(34.3)
NON-CURRENT ASSETS			
Long-term investment	20	20	-
Fixed assets-net	54,392	53,182	2.3
Advances for fixed assets	667	652	2.2
Intangible assets-net	707	721	(1.9)
Prepayments – Non Current Portion	1,731	1,712	1.1
Others	107	446	(76.0)
Total Non-Current Assets	<u>57,624</u>	<u>56,733</u>	1.6
TOTAL ASSETS	<u>68,533</u>	<u>73,336</u>	(6.5)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable & Accrued Liabilities	12,586	10,935	15.1
Taxes payable	829	762	8.8
Unearned revenue	2,099	3,127	(32.9)
Current maturities of medium-term & long-term loans	663	1,109	(40.2)
Current maturities of oblig. under finance leases	510	473	7.9
Short-term loan	2,197	-	-
Total Current Liabilities	<u>18,883</u>	<u>16,405</u>	15.1
NON-CURRENT LIABILITIES			
Medium-term & long-term loans - net of current maturities	698	1,038	(32.8)
Obligations under finance lease - net of current maturities	4,891	4,971	(1.6)
Deferred tax liabilities	1,944	2,075	(6.3)
Others	1,096	1,024	7.0
Total Non-current Liabilities	<u>8,628</u>	<u>9,109</u>	(5.3)
EQUITY			
Capital Stock - Rp1,000,000 par value			
Authorized - 650,000 shares			
Issued and fully paid - 182,570 shares	183	183	-
Additional paid-in capital	1,505	1,505	-
Retained earnings	39,334	46,134	(14.7)
Total Equity	<u>41,021</u>	<u>47,821</u>	(14.2)
TOTAL LIABILITIES AND EQUITY	<u>68,533</u>	<u>73,336</u>	(6.5)

Table 4
PT. TELEKOMUNIKASI SELULAR (TELKOMSEL) AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2014 (UNAUDITED) WITH COMPARATIVE FIGURES FOR 2013 (UNAUDITED)
 (figures in tables are presented in billions of Rupiah, otherwise stated)

	2014	2013	Growth (%)
REVENUES			
Postpaid	2,452	2,232	9.9
Prepaid	26,145	23,552	11.0
Interconnection & International roaming	2,334	2,336	(0.1)
Other	399	351	13.8
Total Revenues	31,331	28,471	10.0
EXPENSES			
Operations & maintenance	7,324	6,220	17.7
Depreciation & amortization	5,793	4,727	22.5
Cost of services	1,966	1,881	4.5
Interconnection	1,601	1,583	1.2
Personnel	1,278	1,138	12.2
General & administrative	682	582	17.1
Marketing	1,087	995	9.2
Others - net	(47)	(34)	38.2
Total Expenses	19,684	17,092	15.2
Interest income & financing charges	35	25	43.7
INCOME BEFORE TAX	11,682	11,404	2.4
INCOME TAX EXPENSE	(2,870)	(2,829)	1.4
NET INCOME	8,812	8,575	2.8
EBITDA	17,393	16,071	8.2
EBITDA Margin- over revenues	55.5	56.4	(0.9)
ROA	27.3%	29.2%	(1.8)ppt
ROE	43.9%	45.6%	(1.7)ppt