

TICKERS:

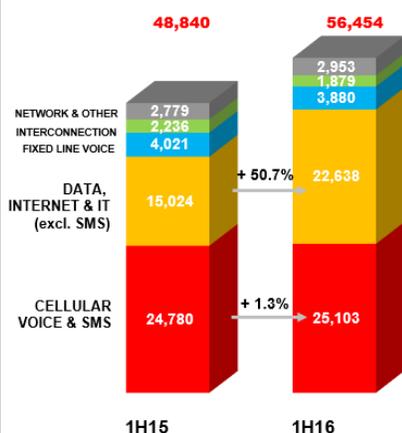
IDX : TLKM
NYSE : TLK

SHAREHOLDER COMPOSITION:

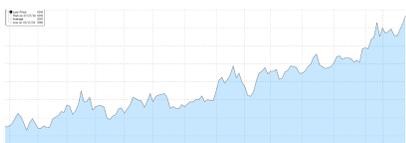
Government of Indonesia : 52.1%
Public : 47.9%
Excl. Treasury stock : 1,737,779,800 shares.

FINANCIAL PERFORMANCE

Revenue
(in Rp. Bn)



TLKM Share Performance YTD 2016



Share Price (Jul 27, 2016):

Rp4,340 (IDX) & USD 65.1 (NYSE)

Market Capitalization (Jul 27, 2016):

Rp438Tn (USD33.3 Bn)

Average Daily Trading Volume 2016:

94.2Mn Shares (IDX) & 221,170 DR (NYSE)

Average Daily Trading Value 2016:

Rp334 Bn (IDX) & USD 11.8 Mn (NYSE)

Highlights

- Telkom Indonesia continued strong momentum in 1H16 by posting triple-digit growth in Revenue, EBITDA, and Net Income of 15.6%, 22.8%, and 33.3% YoY respectively.
- The strong growth was fueled by Data, Internet & IT Services which sharply increased by more than 50% YoY. This segment contributed 40.1% to total Revenue.
- Telkomsel installed more than 15,000 new BTSs during 1H16, 91% of which were 3G/4G BTS to enhance mobile broadband experience.

Financial Highlights

Key Indicators (Rp. Bn)	YoY			QoQ				Growth (%)
	1H16	1H15	Growth (%)	2Q16	1Q16	4Q15	3Q15	
Revenues	56,454	48,840	15.6	28,912	27,542	26,751	26,879	5.0
Expenses	36,567	33,717	8.5	18,597	17,970	18,325	18,010	3.5
Operating Profit	19,887	15,123	31.5	10,315	9,572	8,426	8,869	7.8
EBITDA	28,795	23,456	22.8	14,140	14,655	14,341	13,534	(3.5)
EBITDA Margin (%)	51.0	48.0	3.0	48.9	53.2	53.6	50.4	(4.3)
Net Income	9,926	7,447	33.3	5,339	4,587	3,944	4,098	16.4
Net Income Margin (%)	17.6	15.2	2.4	18.5	16.7	14.7	15.2	1.8

Operational Highlights

Subscribers (000)	YoY		
	1H16	1H15	Growth (%)
Broadband			
Fixed Broadband	4,315	3,729	15.7
Telkomsel Flash	49,850	33,627	48.2
Cellular			
Postpaid	3,919	3,049	28.5
Prepaid	153,468	141,016	8.8
Total	157,388	144,065	9.2
Fixed Line			
POTS	10,628	10,190	4.3

Investor Relations

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DISCLAIMER

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PT TELKOM INDONESIA (PERSERO) Tbk THE FIRST HALF OF 2016 (UNAUDITED)

The following analysis and discussion is based on our Indonesian GAAP financial statements for the six months ended June 30, 2015 and 2016. The reports have been submitted to Indonesia Financial Services Authority (OJK).

Revenues

Key Indicators (Rp.Bn)	YoY			QoQ		
	1H16	1H15	Growth (%)	2Q16	1Q16	Growth (%)
Cellular Voice and SMS	25,104	24,780	1.3	12,222	12,882	(5.1)
Data, Internet & IT Service	22,638	15,024	50.7	12,337	10,301	19.8
Fixed Line Voice	3,880	4,021	(3.5)	1,935	1,945	(0.5)
Interconnection	1,879	2,236	(16.0)	797	1,082	(26.3)
Network and Other Telco Services	2,953	2,779	6.3	1,621	1,332	21.7
Total	56,454	48,840	15.6	28,912	27,542	5.0

Telkom recorded total revenue of Rp56.5 trillion in 1H16, an increase of 15.6% YoY with Data, Internet & IT Services enjoyed more than 50% growth with the details are as follows:

- **Cellular Voice and SMS revenues** increased by 1.3% YoY, impacted by the popularity of over-the-top (OTT) services particularly in SMS.
- **Data, Internet & IT Services revenues** soared 50.7% YoY mainly attributable to strong mobile data business as data payload increased by 82.7%, and was also contributed by fast-growing fixed-broadband services.
- **Fixed Line Voice revenues**, decreased by 3.5% YoY mainly due to the decline in its traffic.
- **Interconnection revenues** declined by 16.0% YoY inline with lower incoming voice and SMS services due to the widespread use of OTT messaging services.
- **Network and Other Telecommunication Services revenues** increased by 6.3% YoY.

Expenses

Key Indicators (Rp. Bn)	YoY			QoQ		
	1H16	1H15	Growth (%)	2Q16	1Q16	Growth (%)
Operation, Maintenance & Telecommunication Services	16,174	14,112	14.6	8,523	7,651	11.4
Personnel	6,405	5,882	8.9	3,406	2,999	13.6
Interconnection	1,413	1,952	(27.6)	629	784	(19.8)
Marketing	1,729	1,414	22.3	977	752	29.9
General & Administrative	1,938	2,024	(4.2)	1,237	701	76.5
Depreciation & Amortization	8,739	8,793	(0.6)	4,334	4,405	(1.6)
(Gain)/Loss on Forex . net & Others . net	169	(460)	136.7	(509)	678	(175.1)
Total	36,567	33,717	8.5	18,597	17,970	3.5

Total Expenses increased by 8.5% YoY, lower than revenue growth, and the Operating Expenses rose by 9.0% YoY with the details are as follows:

- **Operation & Maintenance (“O&M”) expenses** went up by 14.6% YoY inline with our continuous network development in an effort to grow digital business both in cellular and fixed-line services.
- **Personnel expenses** increased by 8.9% YoY partly due to early retirement program (ERP) of Rp200 billion. We also simplified salary payment method by disbursing quarterly incentive and other benefits into monthly salary.
- **Interconnection expenses** declined 27.6% YoY mainly attributable to lower outgoing SMS traffic due to popularity of instant-messaging applications.
- **Marketing expenses** significantly increased by 22.3% YoY primarily due to active promotion of 4G LTE and aggressive marketing and sales activities in mobile business on the occasion of festive Ramadhan.
- **General & Administrative expenses** decreased by 4.2% YoY mainly due to lower provision for impairment of receivables as a result of improving collection performance.
- **Depreciation & Amortization expenses** decreased slightly by 0.6% YoY as last year there was significant amount of fixed wireless assets depreciation.

EBITDA, EBITDA Margin, and Net Income

In 1H16, EBITDA strongly grew by 22.8% YoY to Rp28.8 trillion with EBITDA margin improved to 51.0% from 48.0% last year. While our Net Income increased by 33.3% YoY to Rp9.9 trillion with healthy Net Income margin of 17.6%, improved from 15.2% in 1H15.

Financial Position

Key Indicators (Rp.Bn)	YTD		
	1H16	FY15	Growth (%)
Assets	171,411	166,173	3.2
Liabilities	76,567	72,745	5.3
Non-controlling Interests	16,023	18,292	(12.4)
Equity attributable to owners of the company	78,821	75,136	4.9

- Total assets as of June 2016 reached Rp171.4 trillion, increased 3.2% YTD as compared to December 2015 mainly due to increase in fixed assets.
- Total liabilities at end of June 2016 increased 5.3% to Rp76.6 trillion mainly attributed to higher unearned income and accrued expenses.
- Non-controlling interest decreased by 12.4% YTD mainly due to Telkomsel dividend payment.
- Our equity increased by 4.9% due to higher retained earnings as a result of strong performance during 1H16.

Cash Flows

Key Indicators (Rp. Bn)	YoY		
	1H16	1H15	Growth (%)
Cash Flow from Operating Activities	24,689	18,640	32.5
Cash Flow used in Investing Activities	(14,085)	(10,134)	39.0
Cash Flow used in Financing Activities	(17,046)	(2,249)	657.9
Net (Decrease)/Increase in Cash & Cash Equivalents	(6,442)	6,257	(203.0)
Effect of Exchange Rate Changes on Cash & Cash Equivalents	(244)	357	(168.3)
Cash & Cash Equivalents at Beginning of Year	28,117	17,672	59.1
Cash & Cash Equivalents at End of Period	21,431	24,286	(11.8)

- Net cash provided by operating activities increased by 32.5% YoY as a result of strong cash inflow from operations.
- Net cash used in investing activities increased by 39.0% YoY in line with acquisition of fixed assets in an effort to grow our digital business in cellular and fixed services..
- Net cash used in financing activities increased by 657.9% YoY as we raised significantly higher amount of loan last year.

Debts

Currencies (Rp.Bn)	YTD			Portion (%)	
	1H16	FY15	Growth (%)	1H16	FY15
IDR/Rupiah	27,364	26,476	3.4	93.0	88.2
USD/US Dollar	1,236	2,764	(55.3)	4.2	9.2
JPY/Japanese Yen	839	792	5.9	2.8	2.6
Total	29,439	30,032	(2.0)	100.0	100.0

At the end of June 2016, total debts amounting to Rp29.4 trillion, decreased by 2.0% compared to end of 2015. Around 93% of our debt is in Rupiah currency, 4% is in US Dollar currency and the balance is in of Japanese Yen, consisted of short and long-term Bank Loans, Bonds and Two-Step Loans (%SL+). Our debt to equity ratio (%DER+) was still relatively low at 37.3%.

Financial Ratios

Ratios (%)	YoY		
	1H16	1H15	Growth (ppt)
EBIT Margin	35.2	31.0	4.3
EBITDA Margin	51.0	48.2	3.0
Net Income Margin	17.6	15.2	2.3
Current Ratio	118.9	135.3	(16.4)
Total Liabilities to Equity	97.1	96.8	0.3
Return on Assets	11.6	9.0	2.6
Return on Equity	25.2	19.8	5.4
Return on Invested Capital	18.3	13.9	4.4

Gearing

Key Indicators	YTD		
	1H16	FY15	Growth (ppt)
Net Debt to Equity (%)	10.2	2.5	7.6
Debt to Equity (%)	37.3	40.0	(2.6)
Debt to EBITDA (%)	51.1	64.0	(12.9)
Debt Service Ratio (Times)	7.5	8.0	na

Capital Expenditure

For the first half of 2016, Telkom Group spent Rp13.7 trillion in Capital Expenditure (Capex). Telkom's Capex was mainly utilized to develop access and backbone infrastructure to support fixed as well as mobile broadband businesses, while Telkomsel's Capex was mainly utilized for radio access network (BTS) development. Some portion of capex was also utilized for other subsidiaries' projects among others are submarine cable systems (SEA - ME - WE5 and SEA-US), tower, data center, and property.

Telkomsel Financial Result

Telkomsel continued to maintain its strong performance during 2016 and again delivered another triple double-digit growth in Revenues, EBITDA and Net Income, which grew by 16.1%, 23.9% and 32.7% YoY respectively. Revenues grew to Rp41,106 billion with Digital Business continued to be the growth engine and posted 46.7% YoY growth, driven by Data which increased by 47.1% YoY and Digital Services which increased by 43.2% YoY. Digital Business accounted for 34.6% of total revenues, increased significantly from 27.4% a year ago. We were able to sustain our Legacy business, which grew by 4.6% YoY (Voice +8.5% and SMS +1.7% YoY) due to successful execution of cluster-based pricing, market segmentation and superior network. EBITDA and Net Income margins were higher by 3.6ppt and 4.1ppt to 58.0% and 32.6%, respectively.

Despite saturated market, Telkomsel recorded healthy growth in subscriber base of 9.2% YoY to 157.4 million attributable to effective sales and marketing programs. Supporting our strategy to always lead in network supply, we deployed 15,384 new BTS during first half of 2016 of which 90.5% were 3G/4G BTS in line with our focus on Digital Business. Our data traffic increased by 82.7% to 378,583 TB mainly fueled by high growth in 3G/4G capable device that reached 70.1 million (+45.7% YoY), or 44.6% of our customer base. In terms of infrastructure, by end of June 2016 our BTS on-air totaled 118,673 units (+22.5% YoY), 58.0% of which were 3G/4G BTS.

Statements of Profit and Loss

Financial Performance (Rp. Bn)	YoY			QoQ		
	1H16	1H15	Growth	2Q16	1Q16	Growth
Revenues	41,106	35,399	16.1%	20,910	20,196	3.5%
Legacy	26,873	25,700	4.6%	13,548	13,325	1.7%
Digital Business	14,233	9,699	46.7%	7,361	6,871	7.1%
Expenses incl. Depreciation & others	23,404	22,023	6.3%	11,729	11,675	0.5%
EBITDA	23,840	19,242	23.9%	12,167	11,673	4.2%
EBITDA Margin (%)	58.0%	54.4%	3.6ppt	58.2%	57.8%	0.4ppt
Net Income	13,412	10,106	32.7%	6,873	6,539	5.1%
Net Income Margin (%)	32.6%	28.5%	4.1ppt	32.9%	32.4%	0.5ppt
Proportion of Digital Business (%)	34.6%	27.4%	7.2ppt	35.2%	34.0%	1.2ppt

Telkomsel recorded operating revenues of Rp41,106 billion for 1H16, an increase of 16.1% YoY.

- Prepaid revenue increased by 17.8% YoY to Rp35,392 billion, mainly driven by ARPU growth supported by the growth in data and legacy especially voice as well as growth in prepaid subscriber base which grew by 8.8% YoY to 153.5 million subscribers. Revenue from prepaid customers accounted for 86.1% of Telkomsel's total revenue.
- Postpaid revenue increased by 15.2% YoY to Rp3,206 billion mainly driven by the increase in the postpaid customer base which grew by 28.5% YoY to 3.9 million subscribers. Revenue from postpaid customers contributed 7.8% to total revenue.
- Interconnection and International Roaming revenues slightly increased by 0.2% YoY to Rp2,294 billion, due to seasonal increase from higher traffic from other local operators.

In 1H16, total expenses including depreciation and amortization increased by 6.3% YoY to Rp23,404 billion, lower than revenue growth of 16.1%, indicating Telkomsel operational efficiency.

- *Operation & Maintenance expenses* increased by 14.7% YoY to Rp10,346 billion in line with the Company's accelerated network deployment to maintain network quality, resulted in higher transmission and network space rental costs.
- *Cost of Services* decreased by 16.5% YoY to Rp1,521 billion with cost savings mainly from BlackBerry access fee.
- *Interconnection & International Roaming charges* decreased by 5.8% YoY to Rp1,459 billion, mainly attributable to declining SMS traffic due to the popularity of substitute product instant messaging applications (OTT) and implementation of inter operator discount tariff in international roaming settlement.
- *Personnel expenses* decreased slightly by 0.1% YoY to Rp1,698 billion, mainly due to Early Retirement Program (ERP) recorded in 1Q15 amounted to Rp161 billion. Excluding the impact of ERP, Personnel expenses grew by 10% YoY.
- *Marketing expenses* increased by 17.8% YoY to Rp1,375 billion primarily due to promotion of our 4G LTE program across the country and other aggressive marketing and sales activities in line with the

company's strategy to support festive Ramadhan season.

- *General & Administration expenses* decreased by 3.9% YoY to Rp867 billion mainly attributable to lower insurance, and professional fees.
- *Depreciation and Amortization expenses* increased by 5.2% YoY to Rp6,212 billion.

EBITDA and Net Income posted double digit growth with an increase of 23.9% YoY to Rp23,840 billion and 32.7% YoY to Rp13,412 billion, respectively, while EBITDA and Net Income margins were higher at 58% and 33%, respectively.

Statements of Financial Position

Statements of Financial Position (Rp Bn)	Jun-16	Dec-15	Growth
Current Assets	20,036	25,660	-21.9%
Non-Current Assets	58,824	58,426	0.7%
Total Assets	78,860	84,086	-6.2%
Current Liabilities	22,825	20,020	14.0%
Non-Current Liabilities	11,226	12,565	-10.7%
Equity	44,809	51,502	-13.0%
Total Liabilities & Stockholders Equity	78,860	84,086	-6.2%

As of 30 June 2016, Total Assets decreased 6.2% to Rp78,860 billion and total liabilities increased 4.5% to Rp34,051 billion while total equity decreased 13.0% to Rp44,809 billion.

- *Current Assets* decreased 21.9% to Rp20,036 billion, mainly due to lower cash from distribution of dividend of Rp19,401 billion (net of tax) in the current quarter.
- *Non-current Assets* remain relatively stable at Rp58,824 billion.
- *Current Liabilities* increased 14.0% to Rp22,825 billion mainly due to the increase in unearned revenue.
- *Non-current Liabilities* decreased 10.7% to Rp11,226 billion, mainly due to lower outstanding medium-term loans.
- *Total Equity* decreased by 13.0% to Rp44,809 billion as the company distributed dividend of Rp19,401 billion (net of tax) in the current quarter.

Cash Flow

Net cash generated from operations in 1H16 increased 22.6% YoY to Rp22,793 billion. Cash flow used in investment activities was Rp5,943 billion mainly for the payment of infrastructure spending. Net cash used in financing activities (exclude Dividend) were Rp1,747 billion, compared to Rp4,010 billion generated last year due to proceed from short & medium-term loans.

Statements of Cash Flows

For Six Months Ended June 30, 2016 and 2015

Statements of Cash Flows (Rp Bn)	1H16	1H15	Growth
Cash Flow from Operating Activities	22,793	18,585	22.6%
Cash Flow for Investing Activities	(5,943)	(5,752)	3.3%
Cash Flow (for) from Financing Activities	(1,747)	4,010	-143.6%
Dividend Payment	(19,401)	(16,852)	15.1%
Net Increase in Cash & Cash Equivalents	(4,299)	(10)	N/A
Cash and Cash Equivalents at Beginning of Years	13,802	9,851	40.1%
Cash and Cash Equivalents at End of Years	9,504	9,841	-3.4%

Debt Profile

As of 30 June 2016, Telkomsel's total outstanding loans amounted to Rp3,659 billion which will mature in 2018. Around 18.0% (USD50.0 million) of the total loans were denominated in US Dollar mostly to cover our capex payment requirement. As of 30 June 2016, Telkomsel Debt to Equity Ratio (DER) was 20.5%.

Telkomsel has to maintain several financial covenants related to its loans/debts. As of 30 June 2016 the covenants were as follows:

Covenants to be Maintained	Required	Actual
EBITDA to Debt Service	≥ 1.25	9.60
Debt to Tangible Net Worth	≤ 2.00	0.09

RESULTS BY SERVICE

Celular Services

As of 30 June 2016, Telkomsel served 157.4 million subscribers nationwide, an increase of 9.2% YoY. Out of the total base, 44.6% or 70.1 million were using 3G/4G capable device which has been growing strongly by 45.7% YoY.

Voice and SMS

We were able to sustain healthy revenue growth from voice, which increased by 8.5% YoY to Rp18,622 billion. The healthy growth in voice revenue mainly attributable to higher voice traffic (MoU) which increased by 14.7% YoY to 119.0 billion minutes. The higher traffic is mainly due to improvement in network quality, high proportion of base still using 2G handset devices, aggressive promotion to migrate from Pay As You Use (PAYU) to voice packages as well as growth in our customer base.

Revenue from SMS also grew by 1.7% YoY to Rp6,629 billion due to the decline in SMS traffic (-16.1% YoY to 96.6 billion units) due to cannibalization of instant messaging applications. However, successful implementation of cluster-based pricing still resulted in overall SMS revenue growth.

Cluster-based pricing strategy allowed us to set prices differently in different micro zones based on various factors including local demand characteristic, network coverage as well as level of competition.

Digital Business

Digital business remained our engine of growth with our focus continue to be in leading network supply in 3G and 4G infrastructure. This segment recorded strong performance with 46.7% YoY growth to Rp14,233 billion and increased its contribution to total revenue substantially to 34.6% from 27.4% last year.

Revenue from Data grew by 47.1% YoY to Rp12,904 billion, driven by healthy growth in 3G/4G capable device adoption (+45.7% YoY to 70.1 million users), successful migration of PAYU to Flash packages, as well as continued strong growth in data payload, which increased by 82.7% YoY to 378,583 TB. As of 30 June 2016, 5.9 million of our customers that have LTE devices have swapped to USIM to utilize 4G services.

Digital Services also grew strongly by 43.2% YoY to Rp1,328 billion. Key products and services within this segment included Digital Lifestyle (music, games, video contents etc.), Digital Advertising, Digital Payment (mobile banking, T-Cash, T-Wallet) and M2M Business (T-Drive, T-Zone etc).

Our focus on Digital Business was reflected from our network deployment. We continued to accelerate our network development with aggressive 3G/4G BTS deployment to support Digital Business as data traffic jumped 82.7% YoY. During 1H16, Telkomsel built 15,384 new BTS, an increase of 33.8% YoY. Our 4G LTE deployment is on-demand basis, take into account 4G handset penetration and level of demand in Broadband cities. We have deployed 4,932 4G BTS to date. The network roll out brought total BTS on air to 118,673 units at end of June 2016, or increased by 22.5% YoY, of which 68,823 units were 3G/4G BTS (+39.6% YoY).

Blended ARPU increased 9.1% YoY due to successful implementation of cluster-based pricing, market segmentation, higher quality customer base, increase in 3G/4G capable device penetration as well as strong growth in data payload resulted in overall higher ARPU contribution. We see the trend of higher ARPU contribution when customers migrate from 2G to 3G and also from 3G to 4G device. While data ARPU are still growing strongly, we started to see voice ARPU stabilizing, and SMS ARPU continue to decline due to cannibalization of OTT services.

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

Key Indicators	Unit	YoY		
		1H16	1H15	Growth (%)
Customer Base				
Postpaid (kartuHalo)	Subs (000)	3,919	3,049	28.5%
Prepaid (<i>simPATI</i> + Kartu As)	Subs (000)	153,468	141,016	8.8%
Total	Subs (000)	157,388	144,065	9.2%
Net Add				
Postpaid (kartuHalo)	Subs (000)	410	198	107.3%
Prepaid (<i>simPATI</i> + Kartu As)	Subs (000)	4,337	3,281	32.2%
Total	Subs (000)	4,747	3,479	36.4%
TRAFFIC				
MoU (Total)	Bn Minutes	119.0	103.8	14.7%
MoU (Chargable)	Bn Minutes	103.1	87.8	17.4%
SMS (Total)	Bn Units	96.6	115.1	-16.1%
SMS (Chargable)	Bn Units	60.7	59.8	1.6%
ARPU				
Postpaid (kartuHalo)	Rp.'000/month	151	166	-8.7%
Prepaid (<i>simPATI</i> + Kartu As)	Rp.'000/month	41	37	9.8%
Blended	Rp.'000/month	44	40	9.1%
NETWORK DATA				
BTS	Unit	118,673	96,915	22.5%
DATA/BROADBAND				
3G/4G Capable Device	Unit (000)	70,117	48,128	45.7%
Data Payload	TB	378,583	207,175	82.7%
EMPLOYEE DATA				
Total employees	Person	5,051	4,865	3.8%
Efficiency ratio	subs/employee	31,160	29,613	5.2%

Fixed Line Services

IndiHome Triple Play

In 2016, we continue to develop fiber to the home (FTTH) access network. We accelerate deployment of Optical Distribution Point (ODP) and Optical Distribution Cabinet (ODC) in an effort to make more than 10 million homes-passed to be ready to connect.

IndiHome Triple Play, a bundling package consists of fixed phone, high speed internet, and IPTV is our flagship product. As of June 2016, total IndiHome subscribers reached 1.5 million with ARPU of Rp300 thousand. We launched IndiHome in the beginning of 2015.

We keep enriching our IPTV content of IndiHome so that our customers now can enjoy 95 TV channels for basic package. Beside linear content, we also provide video-streaming services such as iFlix, Catchplay and VIU to create stickiness for our customers and entice potential subscribers. To accelerate IndiHome roll-out, we keep building up our human resources both in terms of capabilities and quantity. In June 2016 we have 4,400 fiber technicians for IndiHome installation.

IndiHome Triple Play price lists:

Phone	Internet	UseeTV	Prices (IDR) ^{*)}
1000 minutes local and long distance calls	10 Mbps	95 Channels (87 SD, 9 HD)	405,000
	20 Mbps		660,000
	30 Mbps		955,000
	40 Mbps		1,230,000
	50 Mbps		1,485,000
	100 Mbps		1,735,000

*) excluded monthly rental fee for modem and set-top box

Recent Development

- Acquisition of AdMedika by TelkomMetra** - On May 25, 2016, PT Multimedia Nusantara (TelkomMetra) acquired the remaining 25% of minority stakes of PT Administrasi Medika (Admedika). Upon this acquisition, TelkomMetra has 100% control over AdMedika.
- Acquisition of AP TeleGuam Holdings Inc.** . Telkom has mutually decided with Advantage Partners to terminate the agreement regarding the acquisition of Advantage Partners' shares in AP TeleGuam Holdings Inc.
- Treasury shares** . On 29 June 2016, Telkom successfully sold 864,000,000 shares which are part of Telkom group's treasury shares from share repurchase program IV. The shares were sold at Rp3,820 per share.

Product and Marketing Activities

- Telkom MangoSTAR – Satellite-based Internet Access Solution** is packed more attractively and very suitable for SMEs in areas with difficult physical network access with download speed of up to 2 Mbps and upload speed of 0.5 Mbps at affordable monthly fees. Customers can enjoy free-to-air television services and receive free membership for www.smartbisnis.co.id, www.jarvis-store.com, www.blanja.com, and 25% discount for upgraded subscription.
- HBO Asia and DreamWorks Animation Channels in IndiHome** are provided as part of an effort to enrich the content of UseeTV. The channels included in HBO Asia package are HBO, Cinemax, HBO Signature, HBO Hits, HBO Family and RED by HBO. DreamWorks Animation presents qualified entertainments, such as computer graphic animation, special television programs, series, live shows and a show for toddlers, DreamWorks Junior.
- iflix TV Streaming** will be featured in IndiHome to offer a collection of Hollywood movies, Asian local and regional TV shows, and movies available in Southeast Asia. Customers will be able to enjoy free iflix subscription at certain periods by pre-registering through "MyIndihome" application. IndiHome customers can also download iflix TV shows and movies to their mobile phone or tablet for offline viewing.
- Mandarin Channel (Dynasty 2) from Future TV** will be presented in IndiHome offering six top Mandarin channels i.e. Future TV, such as CCTV-4, Documentary CCTV, Kaku TV for Kids, Popular

Entertainments, Ancient Costume Drama, and Panda TV. Customers will get special offers by subscribing for 2 (two) months by registering via Indihome website (www.indihome.co.id).

- **IndiHome features Catchplay** which will give unlimited access to movies anytime and anywhere at several pricing options. Catchplay is a premium video on demand service first owned by IndiHome. To activate Catchplay, IndiHome eligible customers need to register at My IndiHome and download the app. Customers will be able to enjoy unlimited movies anywhere on multiple devices.
- **Telkom Finpay Link and Finpay Invoice for SMEs** are new services presented to facilitate SMEs online payment transactions. Finpay Link can be used by SMEs that conduct online businesses in social networks without needing to have an online store. Finpay invoice is an invoice delivery service to buyers who have placed an order and can be integrated with a wide variety of payment methods.
- **My IndiHome** is an application used for IndiHome registration, OTT TV activation, registration of a wide range of additional features, report IndiHome service disruptions, check the bill, check point reward, usage info, also provide free music, free movies and other interesting services.
- **simPATI Go Discover – simPATI Entertainment Package** was launched in April 2016 as data package with big monthly data quota (up to 14 GB) for regular internet and movie content access on HOOQ and Moovigo applications priced starting from Rp49,000 for 1.1 GB.
- **kartuHalo – The Fastest Internet & Best Data Plan Campaign** was launched in April 2016 as a reinforcement & strengthen awareness for kartuHalo broadband experience. It comes with the fastest speed & priority on network, best data plan with competitive values and convenience without bill shock when reached the quota.
- To increase awareness about Telkomsel 4G LTE, Telkomsel launched its space expedition **Elang Nusa (Ekspedisi Langit Nusantara)** with two drones flew over Indonesia on 50 cities from Sabang and Merauke with Bali as final destination. The purpose of the project is to prove Telkomsel with its True Broadband Experience (TrueBEx).

ADDITIONAL INFORMATION

Awards & Recognition

During 2Q16, we have been awarded by several institutions for our achievements, among others:

- *Asia Pacific ICT Award 2016* for Alex J. Sinaga as Telecom CEO of The Year from Frost & Sullivan.
- *Bisnis Indonesia Award* for Telkom in the category of Infrastructure, Transportation, and Utilities from Bisnis Indonesia.
- *Investor Award 2016* for Telkom as the Best Issuer with Market Capitalization above Rp10 billion and the Top Performing Listed Company in 2016 from Investor Magazine.
- *6th Asian Excellence Award 2016* for Telkom as Asia's Best Investor Relations Company and Asia's Best CFO, and for Alex J. Sinaga as Asia's Best CEO from Corporate Governance Asia.

- *Corporate Image Award 2016* for Telkom as the Best in Building and Managing Corporate Image in the Internet Providers Category and for Excellence in Building and Managing Corporate Image in Telecommunication Category from Frontier Consulting Group.
- *Indonesia Original Brands Award 2016* for Telkom SLI 007 as the 1st Champion of Indonesia Original Brand 2016 from SWA Magazine and Business Digest.
- *The 13th Annual Selular Award 2016* for Ririek Adriansyah as CEO of The Year, for Masoud Khamid as Telco Person of The Year . Excellence in Performance and for Telkomsel as Operator of The Year, Best Digital Advertising, Best Youth Product and Best Mobile Financial Services from Selular Media Group.
- *Asia Communication Awards 2016* for Ririek Adriansyah as CEO of the Year from Total Telecom.
- *Frost & Sullivan Asia Pacific ICT Awards 2016* for Telkomsel as Asia Pacific Mobile Service Provider of the Year from Frost & Sullivan.
- *The Engage Prague 2016 Awards* for Telkomsel as Winner for Socially Devoted On Facebook Award and Runner-up for Socially Devoted On Twitter Award from Socialbakers.
- *Most Valued Brands Indonesia 2016* for Telkomsel as the Most Valued Businesses Indonesia 2016 from MVB Indonesia.
- *Brand Asia 2016* for Telkomsel as Top 10 Most Powerful Brand in Indonesia and The Most Innovative Telco Brand in Asia from Nikkei BP Consulting, Inc and MarkPlus, Inc.
- *Indonesia Most Admired Companies Award 2016* for Telkomsel as Most Admired Company from Warta Ekonomi.
- *Corporate Image Award 2016* for Telkomsel as The Best in Building and Managing Corporate Image in Telecommunication Category from Frontier Consulting Group.
- *Telecom Asia's 19th Annual Awards 2016* for TCASH as The Best Mobile Payment Service from Telecom Asia.
- *Infobank Digital Brands Award (IDBA) of The Year 2016* for Telkomsel TCASH as Digital Brand E-Money from Infobank Magazine.

Table 1
PERUSAHAAN PERSEROAN (PERSERO)
PT. TELEKOMUNIKASI INDONESIA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2016 (unaudited) and December 31, 2015 (audited)
(Figures in tables are expressed in billions of Rupiah, unless otherwise stated)

	2016	2015	Growth (%)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	21,431	28,117	(23.8)
Other current financial assets	2,741	2,818	(2.7)
Trade receivables and others receivables	14,434	7,872	83.4
Inventories . net of provision for obsolescence	734	528	39.0
Advances and prepaid expenses	5,606	5,839	(4.0)
Claim for tax refund	89	66	34.8
Prepaid taxes	3,130	2,672	17.1
Asset held for sale	65	-	100.0
Total Current Assets	<u>48,230</u>	<u>47,912</u>	0.7
NON-CURRENT ASSETS			
Long-term investments	1,819	1,807	0.7
Property and equipment . net of accumulated depreciation	108,743	103,700	4.9
Prepaid pension benefit costs	925	1,331	(30.5)
Advances and other non-current assets	7,537	7,153	5.4
Claims for tax refund . net of current portion	837	1,013	(17.4)
Intangible assets . net of accumulated amortization	3,101	3,056	1.5
Deferred tax assets . net	219	201	9.0
Total Non-current Assets	<u>123,181</u>	<u>118,261</u>	4.2
TOTAL ASSETS	<u>171,411</u>	<u>166,173</u>	3.2
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables and other payables	14,167	14,284	(0.8)
Taxes payable	3,161	3,273	(3.4)
Accrued expenses	9,978	8,247	21.0
Unearned income	7,292	4,360	67.2
Advances from customers and suppliers	870	805	8.1
Short-term bank loans and current maturities of long-term liabilities	5,093	4,444	14.6
Total Current Liabilities	<u>40,561</u>	<u>35,413</u>	14.5
NON-CURRENT LIABILITIES			
Deferred tax liabilities . net	2,090	2,110	(0.9)
Other liabilities	294	382	(23.0)
Long service award provisions	487	501	(2.8)
Post-retirement health care benefit costs provisions and other post-employment benefits	4,237	4,171	1.6
Long-term borrowings	28,898	30,168	(4.2)
Total Non-current Liabilities	<u>36,006</u>	<u>37,332</u>	(3.6)
TOTAL LIABILITIES	<u>76,567</u>	<u>72,745</u>	5.3
EQUITY			
Capital stock	5,040	5,040	-
Additional paid-in capital	4,931	2,935	68.0
Treasury stock	(2,542)	(3,804)	(33.2)
Other equity	303	508	(40.4)
Retained earnings			
Appropriated	15,337	15,337	-
Unappropriated	55,752	55,120	1.1
Net Equity Attributable to:			
Owners of the Parent Company	78,821	75,136	4.9
Non-Controlling Interests	16,023	18,292	(12.4)
TOTAL EQUITY	<u>94,844</u>	<u>93,428</u>	1.5
TOTAL LIABILITIES AND EQUITY	<u>171,411</u>	<u>166,173</u>	3.2

Table 2
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For Six Months Period Ended June 30, 2016 and 2015 (unaudited)
(Figures in tables are expressed in billions of Rupiah, unless otherwise stated)

	2016	2015	Growth (%)
REVENUES	56,454	48,840	15.6
Operations, maintenance and telecommunication service expenses	(16,174)	(14,112)	14.6
Depreciation and amortization expenses	(8,739)	(8,793)	(0.6)
Personnel expenses	(6,405)	(5,882)	8.9
Interconnection expenses	(1,413)	(1,952)	(27.6)
General and Administrative expenses	(1,938)	(2,024)	(4.2)
Marketing expenses	(1,729)	(1,414)	22.3
Gain (loss) on foreign exchange . net	(170)	25	(780.0)
Other income	590	477	23.7
Other expenses	(589)	(42)	1,302.4
OPERATING PROFIT	19,887	15,123	31.5
Finance income	886	600	47.7
Finance costs	(1,301)	(1,004)	29.6
Share of profit (loss) of associated companies	26	1	2,500.0
PROFIT BEFORE INCOME TAX	19,498	14,720	32.5
INCOME TAX (EXPENSE) BENEFIT			
Current	(4,872)	(3,895)	25.1
Deferred	37	154	(76.0)
	(4,835)	(3,741)	29.2
PROFIT FOR THE YEAR	14,663	10,979	33.6
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	(80)	67	(219.4)
Change in fair value of available-for-sale financial assets	4	(1)	500.0
	(1)	-	100.0
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit plan actuarial gain . net	-	-	-
Other Comprehensive Income . net	(77)	66	(216.7)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	14,586	11,045	32.1
Profit for the year attributable to:			
Owners of the parent company	9,926	7,447	33.3
Non-controlling interests	4,737	3,532	34.1
	14,663	10,979	33.6
Total comprehensive income for the year attributable to:			
Owners of the parent company	9,849	7,513	31.1
Non-controlling interests	4,737	3,532	34.1
	14,586	11,045	32.1
BASIC AND DILUTED EARNINGS PER SHARE (in full amount)			
Net Income per share	101.07	75.85	33.2
Net Income per ADS (200 Series B shares per ADS)	20,213.32	15,170.87	33.2

Table 3
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2016 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2015 (AUDITED)
 (figures are presented in billions of Rupiah)

	<u>JUN 2016</u>	<u>DEC 2015</u>	<u>Growth (%)</u>
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	9,504	13,802	-31.1%
Accounts receivables	2,092	2,706	-22.7%
Accrued income	902	461	95.5%
Current portion of long-term prepayments	4,075	5,458	-25.3%
Others	3,463	3,233	7.1%
Total Current Assets	<u>20,036</u>	<u>25,660</u>	-21.9%
NON-CURRENT ASSETS			
Long-term investment	7	7	0.0%
Fixed assets-net	54,689	54,112	1.1%
Advances for fixed assets	108	134	-19.8%
Intangible assets-net	1,899	1,877	1.1%
Prepayments . Non Current Portion	2,024	2,096	-3.4%
Others	97	199	-51.1%
Total Non-Current Assets	<u>58,824</u>	<u>58,426</u>	0.7%
TOTAL ASSETS	<u>78,860</u>	<u>84,086</u>	-6.2%
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable & Accrued Liabilities	12,916	12,730	1.5%
Taxes payable	2,643	2,487	6.3%
Unearned revenue	6,670	4,092	63.0%
Current maturities of medium-term & long-term loans	-	111	N/A
Current maturities of oblig. under finance leases	596	599	-0.6%
Total Current Liabilities	<u>22,825</u>	<u>20,020</u>	14.0%
NON-CURRENT LIABILITIES			
Medium-term & long-term loans - net of current maturities	3,654	5,061	-27.8%
Obligations under finance lease - net of current maturities	4,954	4,899	1.1%
Deferred tax liabilities	1,334	1,392	-4.2%
Others	1,284	1,213	5.9%
Total Non-current Liabilities	<u>11,226</u>	<u>12,565</u>	-10.7%
EQUITY			
Capital Stock - Rp1,000,000 par value			
Authorized - 650,000 shares			
Issued and fully paid - 182,570 shares	183	183	0.0%
Additional paid-in capital	1,505	1,505	0.0%
Retained earnings	43,122	49,815	-13.4%
Total Equity	<u>44,809</u>	<u>51,502</u>	-13.0%
TOTAL LIABILITIES AND EQUITY	<u>78,860</u>	<u>84,086</u>	-6.2%

Table 4
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
STATEMENTS OF PROFIT AND LOSS
FOR SIX MONTHS ENDED JUNE 30, 2016 AND 2015
 (figures in tables are presented in billions of Rupiah)

	2016	2015	Growth (%)
REVENUES			
Postpaid	3,206	2,783	15.2%
Prepaid	35,392	30,042	17.8%
Interconnection & International roaming	2,294	2,290	0.2%
Others	214	284	-24.5%
Total Revenues	41,106	35,399	16.1%
EXPENSES			
Operation & Maintenance	10,346	9,017	14.7%
Depreciation & Amortization	6,212	5,905	5.2%
Cost of Services	1,521	1,823	-16.5%
Interconnection & International Roaming	1,459	1,548	-5.8%
Personnel	1,698	1,700	-0.1%
General & Administration	867	902	-3.9%
Marketing	1,375	1,167	17.8%
Others - net	(73)	(39)	88.2%
Total Expenses	23,404	22,023	6.3%
Finance income (charges) - net	104	37	183.3%
INCOME BEFORE TAX	17,805	13,412	32.8%
INCOME TAX EXPENSE	(4,393)	(3,306)	32.9%
NET INCOME	13,412	10,106	32.7%
EBITDA	23,840	19,242	23.9%
EBITDA Margin- over revenues	58.0%	54.4%	3.6ppt
ROA	32.6%	27.9%	4.6ppt
ROE	57.7%	48.5%	9.2ppt