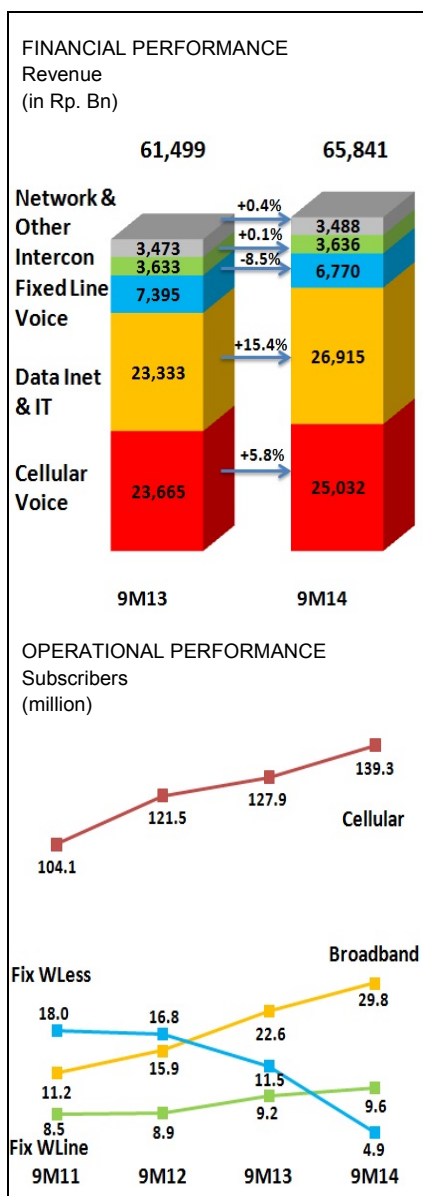


<b>TICKERS:</b> IDX : TLKM NYSE : TLK	<b>ISSUED SHARES:</b> 100,799,996,400 shares	<b>SHAREHOLDER COMPOSITION:</b> Govt. of Indonesia : 52.6% Public : 47.4% Excl. Treasury stock : 2,624,142,800 shares.	<b>CONVERSION RATES (US\$ 1.00):</b> September 30, 2014 = Rp12,185,0 September 30, 2013 = Rp11,580,0
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## Highlight

- Consolidated revenue for 9M14 grew by 7.1% Year on Year (YoY) to Rp65.8 trillion and our cellular subsidiary recorded a 10.0% YoY revenue growth to Rp48.4 trillion.
- Data, Internet & IT Services revenue continued to become the biggest contributor of total group revenue with 40.9% contribution and 15.4% growth YoY.
- Broadband users that consist of fixed broadband Speedy, Flash and Blackberry, grew by 31.8% YoY, meanwhile cellular subscribers increased by 8.9% YoY to 139.3 million.
- Telkomsel kept enhancing its network with nearly 1,500 new BTSs per month deployed during 9M14 of which 75% were 3G Node B.

### Financial Highlights

Key Indicators (Rp. Bn)	YoY			QoQ				Growth (%)
	9M14	9M13	Growth (%)	3Q14	2Q14	1Q14	4Q13	
Revenues	65,841	61,499	7.1	22,299	22,292	21,250	21,468	0.0
Expenses	43,709	40,197	8.7	14,360	15,079	14,270	14,924	(4.8)
Operating Profit	22,132	21,302	3.9	7,939	7,213	6,980	6,544	10.1
EBITDA	33,636	32,278	4.2	11,307	11,338	10,991	9,498	(0.3)
EBITDA Margin (%)	51.1	52.5	(1.4)	50.7	50.9	51.7	44.2	(0.2)
Net Income	11,446	11,057	3.5	4,035	3,762	3,649	3,148	7.2

### Operational Highlights

Subscribers (000)	YoY			QoQ				Growth (%)
	9M14	9M13	Growth (%)	3Q14	2Q14	1Q14	4Q13	
<b>Broadband</b>								
Fixed Broadband/Speedy	3,303	2,894	14.1	3,303	3,216	3,120	3,013	2.7
Mobile Broadband/Flash	19,733	12,665	55.8	19,733	18,195	17,315	17,271	8.5
BlackBerry	6,718	7,021	(4.3)	6,718	7,279	7,631	7,556	(7.7)
<b>Total</b>	<b>29,754</b>	<b>22,580</b>	<b>31.8</b>	<b>29,754</b>	<b>28,690</b>	<b>28,066</b>	<b>27,840</b>	<b>3.7</b>
<b>Cellular</b>								
Postpaid	2,750	2,412	14.0	2,750	2,616	2,525	2,489	5.1
Prepaid	136,600	125,492	8.9	136,600	134,757	130,126	129,023	1.4
<b>Total</b>	<b>139,349</b>	<b>127,904</b>	<b>8.9</b>	<b>139,349</b>	<b>137,373</b>	<b>132,651</b>	<b>131,513</b>	<b>1.4</b>
<b>Fixed Line</b>								
LIS Wireline	9,604	9,245	3.9	9,604	9,521	9,442	9,351	0.9
LIS Wireless	4,890	11,551	(57.7)	4,890	4,109	6,830	6,766	19.0
<b>Total</b>	<b>14,494</b>	<b>20,796</b>	<b>(30.3)</b>	<b>14,494</b>	<b>13,630</b>	<b>16,272</b>	<b>16,117</b>	<b>6.3</b>

#### Investor Relations

PT Telekomunikasi Indonesia Tbk  
Graha Merah Putih, 5th Floor  
Jl. Gatot Subroto Kav. 52, Jakarta 12710  
Phone : 62 21 5215109  
Fax : 62 21 5220500  
Email : investor@telkom.co.id  
Website : www.telkom.co.id

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## PT TELEKOMUNIKASI INDONESIA, Tbk. THE NINE MONTHS OF 2014 RESULTS (UNAUDITED)

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

### FINANCIAL RESULTS

#### Revenues

Key Indicators (Rp.Bn)	YoY			QoQ				
	9M14	9M13	Growth (%)	3Q14	2Q14	1Q14	4Q13	Growth (%)
Cellular Voice	25,032	23,665	5.8	8,653	8,340	8,039	8,473	3.8
Fixed Line Voice	6,770	7,395	(8.5)	2,200	2,261	2,309	2,306	(2.7)
Data, Internet & IT Service (Incl.SMS)	26,915	23,333	15.4	9,472	9,044	8,399	8,376	4.7
Interconnection	3,636	3,633	0.1	1,144	1,274	1,218	1,210	(10.2)
Network	843	911	(7.5)	137	335	371	342	(59.1)
Other Telco Services	2,645	2,562	3.2	693	1,037	915	761	(33.2)
<b>Total</b>	<b>65,841</b>	<b>61,499</b>	<b>7.1</b>	<b>22,299</b>	<b>22,292</b>	<b>21,250</b>	<b>21,468</b>	<b>0.0</b>

Total revenue for 9M14 is Rp65.8 trillion, an increase of 7.1% YoY. Data, Internet & IT Services being the largest contributor, and Cellular Voice revenue is the second largest contributor. Total revenue stable at 0.0% Quarter on Quarter (QoQ) with the details as follows:

- **Cellular voice revenues** increased by 3.8% QoQ supported by our favorable pricing strategy and benefited from school holidays and led festive that occurred in Q3. While on yearly basis it went up by 5.8%.
- **Fixed line voice revenues**, which consist of Fixed Wireline and Fixed Wireless Voice revenues, decreased by 2.7% QoQ and by 8.5% YoY.
  - **Fixed wireline revenue** went down for both QoQ and YoY, by 2.7% and by 6.7% respectively; the continuing downtrend of fixed wireline usage still continued and mainly on local usage. However, the number of subscribers continued to grow slightly by 0.9% QoQ and 3.9% YoY as fixed broadband customers should register fixed wireline service.
  - **Fixed wireless revenue** went down by 2.1% QoQ as the decrease in long-distance usage. While for the YoY it went down by 22.8% resulted from the decrease in our subscribers' local usage, despite the decline of subscribers which was 57.7%.
- **Data, Internet & IT Services revenues** increased by 4.7% QoQ and 15.4% YoY, both were contributed mainly by sharp increase in mobile broadband revenue driven by 76.5% YoY growth of 3G device capable subscribers.
- **Interconnection revenues** decreased by 10.2% QoQ due to lower traffic of both cellular and fixed line interconnection, meanwhile the revenue remained stable at 0.1% YoY.
- **Network revenues** decreased by 59.1% for QoQ and by 7.5% YoY as a result of decrease in capacity in use of leased line.

- **Other telecommunication services revenues** decreased by 33.2% QoQ due to decrease process in scrap sales related to our access modernization. Meanwhile it went up by 3.2% YoY resulted from handset sales.

## Expenses

Key Indicators (Rp. Bn)	YoY			QoQ				
	9M14	9M13	Growth (%)	3Q14	2Q14	1Q14	4Q13	Growth (%)
Operation, Maintenance & Telecommunication Services	16,606	14,115	17.6	5,907	5,593	5,106	5,217	5.6
Personnel	7,215	6,967	3.6	2,547	2,426	2,242	2,766	5.0
Interconnection	3,680	3,636	1.2	1,135	1,251	1,294	1,291	(9.3)
Marketing	2,314	2,105	9.9	859	758	697	939	13.3
General & Administrative	2,390	2,398	(0.3)	544	926	920	1,757	(41.3)
Depreciation & Amortization	12,036	11,072	8.7	3,873	4,215	3,948	4,708	(8.1)
(Gain)/Loss on Forex – net & Others – net	(532)	(96)	(454.2)	(505)	(90)	63	(1,754)	(461.1)
<b>Total</b>	<b>43,709</b>	<b>40,197</b>	<b>8.7</b>	<b>14,360</b>	<b>15,079</b>	<b>14,270</b>	<b>14,924</b>	<b>(4.8)</b>

Compared to previous quarter's result, total expenses decreased by 4.8%; while for the yearly basis, it was increased by 8.7% with the following details:

- **Operation & Maintenance ("O&M") expenses** went up by 5.6% QoQ and 17.6% YoY in line with accelerated network deployment, to maintain cellular network quality.
- **Personnel expenses** grew by 5.0% QoQ and by 3.6% YoY due to annual allowance given related to led festive.
- **Interconnection expenses** went down by 9.3% QoQ due to lower interconnection traffic, whereas it grew slightly by 1.2% YoY contributed by cellular interconnection.
- **Marketing expenses** went up by 13.3% QoQ and by 9.9% YoY due to increase in sales and marketing activities especially related to led festive and more attractive customers' loyalty program for our cellular product.
- **General & Administrative expenses** went down by 41.3% QoQ as the decrease of collection fee. While for the YoY, it decreased slightly by 0.3% as the decrease of provision for doubtful accounts.
- **Depreciation & Amortization expenses** decreased by 8.1% QoQ affected by the change of asset useful life estimation. Meanwhile, it grew by 8.7% YoY as an impact of our continued network development.

## EBITDA, EBITDA Margin, and Net Income

For the nine months 2014, EBITDA increased by 4.2% YoY and decreased by 0.3% QoQ to Rp33.6 trillion. While EBITDA margin remained superior at 51.1%

Our Net Income is Rp11.4 trillion, went up both for YoY and QoQ, by 3.5% and 7.3% 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				
	9M14	9M13	Growth (%)	3Q14	2Q14	1Q14	4Q13	Growth (%)
Assets	138,275	120,795	14.5	138,275	130,160	130,472	127,951	6.2
Liabilities	57,411	48,055	19.5	57,411	55,166	47,945	50,527	4.1
Non-controlling Interests	16,286	15,385	5.9	16,286	14,482	18,418	16,882	12.5
Equity attributable to owners of the company	64,578	57,355	12.6	64,578	60,512	64,109	60,542	6.7

- An increase in assets by 6.2% QoQ mainly from fixed assets, in line with our accelerated network development.
- An increase in liabilities by 4.1% QoQ due to increased current maturities of bonds.
- An increase in non-controlling interest of 12.5% QoQ was due to increase in our subsidiaries' net income.
- An increase in Equity of 6.7% QoQ as an impact of the increased net income.

## Cash Flows

Key Indicators (Rp. Bn)	YoY		
	9M14	9M13	Growth (%)
Cash Flow provided by Operating Activities	27,364	22,121	23.7
Cash Flow (used in) received from Investing Activities	(15,726)	(5,809)	170.7
Cash Flow used in Financing Activities	(8,499)	(12,533)	(32.2)
Net Increase in Cash & Cash Equivalent	3,139	3,779	(16.9)
Effect of Foreign Rate Changes	(1)	765	(100.1)
Cash & Cash Equivalents at Beginning of Periods	14,696	13,118	12.0
Cash & Cash Equivalents at End of Periods	17,834	17,662	1.0

- Net cash provided by operating activities increased by 23.7% YoY as higher receipts from customers.
- Net cash used in investing activities went up by 170.7% due to higher property and equipment acquisition
- Net cash used in financing activities decreased by 32.2% YoY mostly due to new debt withdrawal in the form of short term and long term bank loans.

## Debts

Currencies (Rp.Bn)	YoY			QoQ			Portion (%)		
	9M14	9M13	Growth (%)	3Q14	2Q14	Growth (%)	3Q14	2Q14	3Q13
IDR/Rupiah	16,332	12,761	28.0	16,332	15,140	7.9	81.2	80.0	84.6
USD/US Dollar	2,880	1,871	53.9	2,880	2,849	1.1	14.3	15.0	10.0
JPY/Japanese Yen	897	1,046	(14.2)	897	946	(5.2)	4.5	5.0	5.3
<b>Total</b>	<b>20,109</b>	<b>15,678</b>	<b>28.3</b>	<b>20,109</b>	<b>18,935</b>	<b>6.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Our debts consisted of Short and Long-Term Bank Loans, Two-Step Loans (“TSL”), and Bonds and Notes. During third quarter 2014, we made repayment of Short-Term Bank Loans amounting to Rp365 billion, Long-Term Bank Loans amounting to Rp406 billion, TSL amounting to Rp30 billion, and Notes of Rp35 billion. We also made new debts for working capital purposes in the form of Short-Term Bank Loans amounting to Rp351 billion and Long-Term Bank Loans amounting to Rp1,629 billion.

## Gearing

Key Indicators	YoY		
	9M14	9M13	Growth
Net Debt to Equity (%)	1.1	(4.1)	5.2
Debt to Equity (%)	31.1	27.4	3.7
Debt to EBITDA (%)	59.8	48.7	11.1
Debt Service Ratio (Times)	3.8	5.7	(1.9)

## Financial Ratios

Ratios (%)	YoY			QoQ				
	9M14	9M13	Growth	3Q14	2Q14	1Q14	4Q13	Growth
Profit Margin	33.6	34.6	(1.0)	35.6	32.4	32.8	30.5	3.2
Profit for the year attributable to owners Margin	17.4	18.0	(0.6)	18.1	16.9	17.2	14.7	1.2
EBITDA Margin	51.1	52.5	(1.4)	50.7	50.9	51.7	44.2	(0.2)
Current Ratio	100.1	118.3	(18.2)	100.1	100.7	137.0	116.3	(0.6)
Return on Assets	8.3	9.2	(0.9)	2.9	2.9	2.8	2.5	0.0
Return on Equity	17.7	19.3	(1.6)	6.2	6.2	5.7	5.2	0.0
Total Liabilities to Equity	88.9	83.8	5.1	88.9	91.2	74.8	83.5	(2.3)

## Telkomsel Financial Result

Telkomsel delivered strong results in the nine months of 2014, continuing its robust performance supported by healthy growth in legacy business and solid performance from digital business (Mobile Broadband and Digital Services). Total revenue grew by 10.0% Year on Year (YoY) led to 3-year consecutive double digit growth since nine months of 2012, driven by strong growth in digital business (32.5% YoY) with mobile broadband grew by 32.9% YoY and digital services grew by 28.4% YoY. As a result, digital business contribution to total revenue increased to 23.0% from 19.1% last year. At the same time, Telkomsel successfully protected its sustained growth in legacy businesses (4.7% YoY) with voice grew by 7.2% YoY and SMS grew by 2.8% YoY, thanks to stable competition environment and favorable pricing strategy. The growth was also driven by increased subscriber base which was recorded at 139.3 million (8.9% YoY). As a result, healthy level of profitability was sustained with EBITDA and Net Income margins reached 55.4% and 28.6%, respectively.

We continued our focus on digital business as new growth engine, with 13,482 new BTSs were deployed during 9M14, of which around 75% were 3G BTSs to anticipate data traffic which sharply increased to 155,907 TB (146.1% YoY) fueled by data user that reached 63.5 million (14.8% YoY) and smartphone user

that grew strongly to 35.4 million (76.5% YoY). By end of September 2014, BTS on-air totaled to 83,346 units (26.9% YoY), 44% of which were 3G BTS, in an effort to maintain network superiority to support customers best experience given our large subscriber base.

## Income Statement

Statement of Income (Rp. Bn)	YoY			QoQ		
	9M14	9M13	Growth %	3Q14	2Q14	Growth %
Revenues	48,404	43,994	10.0	17,074	16,041	6.4
Expenses (incl. Depreciation)	30,091	26,400	14.0	10,407	10,112	2.9
EBITDA	26,808	25,395	5.6	9,416	8,927	5.5
EBITDA Margin (%)	55.4	57.7	(2.3) ppt	55.1	55.6	(0.5) ppt
Net Income	13,825	13,109	5.5	5,012	4,424	13.3
Net Income Margin (%)	28.6	29.8	(1.2) ppt	29.4	27.6	1.8 ppt

Telkomsel recorded operating revenues of Rp48,404 billion in 9M14, an increase of 10.0% YoY.

- Prepaid revenue increased by 11.5% YoY to Rp40,617 billion driven by 8.9% YoY growth in prepaid subscriber base coupled with tariff adjustments which resulted in increased ARPU. Revenue from prepaid customers contributed 83.9% to total revenue in 9M14.
- Postpaid revenue increased by 9.3% YoY to Rp3,737 billion mainly driven by 14.0% YoY growth in postpaid subscriber base, with contribution of 7.7% to total revenue in 9M14.
- Interconnection and international roaming revenues were recorded at Rp3,459 billion (-2.2% YoY) which reflected a lower traffic in interconnection and international roaming particularly in legacy SMS and the implementation of inter operator tariff discount in international roaming

In 9M14, total expenses including depreciation and amortization increased by 14.0% YoY.

- Operation & maintenance expenses increased by 25.0% YoY to Rp11,373 billion inline with the Company's accelerated network deployment to maintain network quality, resulted in higher transmission, repairs & maintenance and network space rental costs.
- Cost of Services increased by 9.7% YoY to Rp3,170 billion mainly due to increase in BHP fee in line with higher operating revenue, increase in BlackBerry access fee due to weakening IDR against USD as well as increase in subscribers which caused higher cost of card and customer handling.
- Interconnection charges decreased 2.3% YoY to Rp2,319 billion due to lower traffic in interconnection.
- Personnel expenses increased 11.6% YoY to Rp1,963 billion, due to salary adjustment, re-organization particularly area empowerment as well as increasing number of employee during the year.
- Marketing expenses increased 11.5% YoY to Rp1,760 billion mainly due to increase in sales and marketing/sponsorship activities as well as more attractive customer loyalty programs.
- General & administration expenses increased by 12.4% YoY to Rp1,012 billion mainly due to higher office rental costs to support area empowerment and increased operational activities.

- Depreciation and amortization expenses increased by 13.4% YoY to Rp8,484 billion, mainly due to significant increase in fixed assets as a result of accelerated network deployment including additional depreciation from rented towers under finance lease. In 3Q14, Telkomsel changed estimated useful lives of building and transmission backbone to reflect the expected usage of the assets. The changes have resulted in a lower depreciation expenses amounting to Rp 217 billion that was booked in this quarter.

In 9M14 **EBITDA** grew by 5.6% YoY to Rp26,808 billion and EBITDA margin remained superior at 55.4%.

**Net income** for 9M14 grew by 5.5% YoY to Rp 13,825 billion. Financing charges increased by 8.0% to Rp460.4 billion due to higher outstanding interest-bearing debts. We booked loss on foreign exchange of Rp245.6 billion (-49.7% YoY) due to weakening IDR against USD during the period. Net income margin was recorded at 28.6%.

## Financial Position

Statements of Financial Position	9M14	FY13	Growth %
Current Assets (Rp Bn)	15,838	16,603	(4.6)
Non-Current Assets (Rp Bn)	58,165	56,733	2.5
<b>Total Assets (Rp Bn)</b>	<b>74,003</b>	<b>73,336</b>	<b>0.9</b>
Current Liabilities (Rp Bn)	19,597	16,406	19.5
Non-Current Liabilities (Rp Bn)	8,372	9,109	(8.1)
Equity (Rp Bn)	46,034	47,821	(3.7)
<b>Total Liabilities &amp; Stockholders Equity (Rp Bn)</b>	<b>74,003</b>	<b>73,336</b>	<b>0.9</b>

**Total Assets** increased by 0.9% Year To Date (YTD) to Rp 74,003 billion. Total liabilities increased by 9.6% to Rp 27,969 billion and total equity decreased by -3.7% to Rp 46,034 billion.

- Current assets decreased by -4.6% to Rp15,838 billion, mainly due to decrease in short-term investment as well as reduced prepayments.
- Fixed assets increased 3.1% to Rp54,818 billion mainly due to acquisition of network infrastructure assets.
- Current liabilities increased 19.5% to Rp19,597 billion mainly due to higher accrued liabilities in relation with infrastructure construction activities and newly-drawn short term bank loans in 2Q-14.
- Non-current liabilities decreased -8.1% to Rp8,372 billion, mainly due to lower outstanding medium and long-term loans.
- Total equity decreased by -3.7% to Rp 46,034 billion as the Company distributed dividend of Rp15,612 billion in 2Q-14.

## Cash Flow

Net cash generated from operations in 9M14 slightly increased to Rp23,442 billion (3.3% YoY). Cash flow used in investment activities was Rp4,207 billion as compared to Rp4,284 billion last year due to maturity of short-term investments in the form of time deposits amounting to Rp6,200 billion, while the expenditure for infrastructure amounting to Rp9,525 billion, grew by 14.3% compared to last year of Rp8,330 billion. Major cash flow in financing activities included dividend distribution of Rp15,612 billion and proceeds from short-term bank loans amounting to Rp2,154 billion in 2Q-14, with net cash flow provided by financing activities of Rp699 billion.

### STATEMENT OF CASH FLOWS AS OF SEPTEMBER 30, 2013 AND 2014

(In Billions of Rupiah)

	9M14	9M13
Cash Flow from Operating Activities	23,442	22,685
Cash Flow for Investing Activities	(4,207)	(4,284)
Cash Flow from (for) Financing Activities	699	(1,650)
Dividend	(15,066)	(12,890)
Net Increase in Cash & Cash Equivalents	4,868	3,861
Effect of Foreign Exchange Rate Changes	4	309
Cash and Cash Equivalents at Beginning of Periods	5,555	4,787
Cash and Cash Equivalents at End of Periods	10,427	8,957

## Debt Profile

At end of September 2014, total debt was Rp3,313 billion of which 47.8% was in local IDR currency and 52.2% was in US Dollar, compared to total debt of Rp2,194 billion at end of 30 September 2013. The additional loans mainly came from short-term bank facilities from BCA and Citibank. The Company's Debt to Equity Ratio (DER) at the end of September 2014 was still relatively low at 7.2 %.

Telkomsel has to maintain several financial covenants related to its loans/debts. As of 30 September 2014 the covenants were as follows:

	Covenants t/b maintained	Required	Actual
Bank Loans	EBITDA to Debt Service	$\geq 1.25$	19.86
	Debt to Tangible Net Worth	$\leq 2.00$	0.07



## OPERATIONAL RESULTS

### Broadband Services

#### Customer Base

- **Fixed Broadband**

Consist of 3.3 million users, grew by 14.1% YoY and 2.7% QoQ

- **Mobile Data & Broadband**

Consist of 19.7 million Flash users, grew by 55.8% YoY; 6.7 million Telkomsel's BlackBerry customers, decreased by -4.3% YoY. The total number of data users, including of pay-as-you-use, reached 63.5 million or around 45.6% of total subscribers, grew by 14.8% YoY.

#### ARPU & Revenue

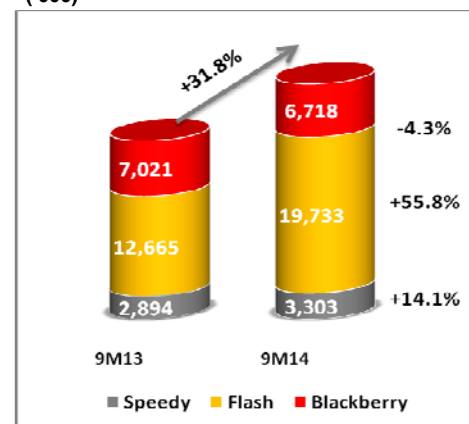
- **Fixed Broadband**

Speedy revenue grew by 2.6% QoQ and 8.0% YoY to Rp3,667 billion mainly due to the increase of fixed broadband subscribers by 2.7% QoQ and 14.1% YoY. ARPU on 3Q14 was recorded Rp129 thousand, stable on QoQ and decreased by 8.5% YoY.

- **Mobile Data & Broadband**

Digital business revealed strong performance as our new growth engine, which recorded 32.5% YoY growth to Rp11,118 billion.

Broadband Subscriber ('000)



Revenue from mobile broadband grew by 32.9% YoY to Rp10,045 billion, fueled by fast growing smartphone adoption which increased by 76.5% to 35.4 million smartphone users. Total data traffic sharply increased to 155,907 TB in data payload, or grew by 146.1% YoY.

Digital services strongly grew by 28.4% YoY to Rp1,074 billion. The business includes Digital Lifestyle such as music, games and video contents, Mobile Advertising and Mobile Payment such as mobile banking and our flagship platform T-Cash.

### Cellular Services

#### Customer Base

At the end of September 2014, Telkomsel has 139.3 million subscribers, grew by 8.9% YoY, with 63.5 million data enabled users, or around 46% of total subscribers. As many as 35.4 million use smartphone (3G device capable), representing around 25% of total subscribers, and grew sharply by 76.5% YoY.

## Traffic Production & ARPU

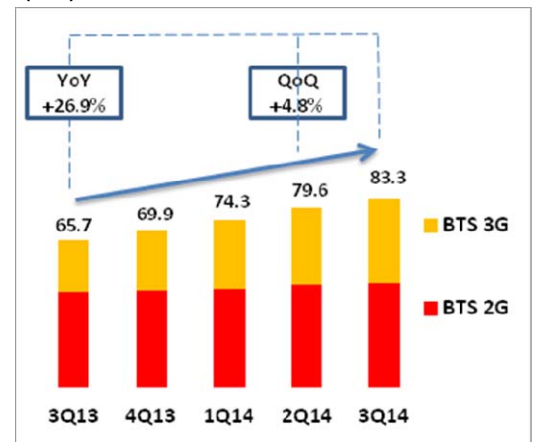
We continued to maintain healthy growth in legacy businesses, with voice revenue grew by 7.2% YoY to Rp24,194 billion. Voice traffic (MoU) slightly increased by 2.0% YoY to 145.5 billion minutes.

We generated Rp9,644 billion in revenue from SMS, or grew by 2.8% YoY. SMS traffic increased by 2.0% YoY to 195.1 billion units amidst the popularity of instant messaging applications.

The revenue growth in voice and SMS was driven by higher tariffs, as a result of micro-cluster based pricing strategy which allowed us to set prices differently in different micro zones based on local demand characteristic.

Blended ARPU slightly increased to Rp38K from Rp37K last year, or grew by 1.8% YoY, supported by higher data usage and favorable pricing strategy.

Cellular BTS  
('000)



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

Key Indicators	Unit	YoY			QoQ				Growth (%)
		9M14	9M13	Growth (%)	3Q14	2Q14	1Q14	4Q13	
<b>CUSTOMER BASE</b>									
<b>Total Customer</b>									
Postpaid (kartuHalo)	Subs (000)	2,750	2,412	14.0	2,750	2,616	2,525	2,489	5.1
Prepaid (simPATI + Kartu As)	Subs (000)	136,600	125,492	8.9	136,600	134,757	130,126	129,023	1.4
<b>Total</b>	<b>Subs (000)</b>	<b>139,349</b>	<b>127,904</b>	<b>8.9</b>	<b>139,349</b>	<b>137,373</b>	<b>132,651</b>	<b>131,513</b>	<b>1.4</b>
<b>Net Add</b>									
Postpaid (kartuHalo)	Subs (000)	260	263	(1.2)	134	91	36	77	47.2
Prepaid (simPATI + Kartu As)	Subs (000)	7,576	2,494	203.7	1,843	4,631	1,103	3,531	-60.2
<b>Total</b>	<b>Subs (000)</b>	<b>7,837</b>	<b>2,758</b>	<b>184.2</b>	<b>1,977</b>	<b>4,721</b>	<b>1,138</b>	<b>3,609</b>	<b>-58.1</b>
<b>TRAFFIC</b>									
MoU (Total)	Bn Minutes	145.5	142.7	2.0	49.1	49.8	46.7	48.8	-1.4
MoU (Chargable)	Bn Minutes	118.4	103.0	15.0	40.7	40.4	37.3	37.3	0.9
SMS (Total)	Bn Units	195.1	191.2	2.0	61.9	64.9	68.3	68.4	-4.6
SMS (Chargable)	Bn Units	102.6	105.3	-2.6	31.2	33.2	38.3	41.0	-6.1
<b>ARPU</b>									
Postpaid (kartuHalo)	Rp.'000/month	171	185	-7.4	168	174	171	182	-3.5
Prepaid (simPATI + Kartu As)	Rp.'000/month	35	34	2.4	37	35	34	36	5.9
<b>Blended</b>	<b>Rp.'000/month</b>	<b>38</b>	<b>37</b>	<b>1.8</b>	<b>39</b>	<b>37</b>	<b>37</b>	<b>39</b>	<b>5.2</b>
<b>NETWORK DATA</b>									
BTS	Unit	83,346	65,653	26.9	83,346	79,560	74,326	69,864	4.8
<b>DATA/BROADBAND</b>									
Data Enable Users	Subs (000)	63,525	55,328	14.8	63,525	63,294	62,996	60,531	0.4
3G Device Capable	Unit (000)	35,363	20,041	76.5	35,363	31,207	28,170	23,662	13.3
Data Payload	TB	155,907	63,356	146.1	62,316	50,878	42,713	33,327	22.5
<b>EMPLOYEE DATA</b>									
Total employees	Person	4,795	4,673	2.6	4,795	4,795	4,697	4,711	0.0
Efficiency ratio	'000 subs/employee	29	27	6.2	29	29	28	28	1.4

## Network Development

While we are sustaining our legacy businesses growth, we are also focused to grow our digital business as new engine of growth. We continued to accelerate our network development with aggressive 3G BTS deployment to support digital business as data traffic jumped 146.1% YoY. During 9M14, Telkomsel built 13,482 new BTSs, an increase of 18.7% YoY, around 75% of which were 3G BTSs. The network roll out brought total BTS on air to 83,346 units at end of September 2014, or increased by 26.9% YoY, of which 37,082 units were 3G BTS (58.2% YoY).

## Fixed Line Services

### Customer Base

#### ■ Fixed Wireline

There are 9.6 million subscribers, a 3.9% increase from nine month last year.

#### ■ Fixed Wireless

Consist of 4.9 million subscribers recorded at the end of 9M14, decreased both YoY and QoQ respectively by 57.7% and 19.0%.

### ARPU

#### ■ Fixed Wireline

9M14 ARPU was at Rp68 thousand, a decrease of 12.0% YoY.

#### ■ Fixed Wireless

9M14 ARPU was at Rp16 thousand, a 134.9% increase YoY.

## New Products & Programs

■ **During Ramadhan season and Lebaran celebration in 2014**, *Telkomsel Siaga* program was launched with its tagline “*Penuh Warna, Penuh Makna*” (Full of Colour, Full of Meaning) that available through \*123# access and *Telkomsel Siaga digital application* - available in Play Store, App Store and BlackBerry World. The routine program that dedicated to spice up the festivity offers a variety of mobile services namely Ramadhan Menu, Siaga Ramadhan promotion, Siaga Workshop, Mudik (journey back to hometown) Map, Digital products and Mudik News. Ramadhan donation package was also introduced to all customers by purchasing voice, SMS and data package through \*123# access or *Telkomsel Siaga* digital application.

■ **To maximize Lebaran festive momentum and manage service quality**, seasonal price adjustment for voice, SMS and data were applied during peak period on Lebaran day.

■ In order to provide **ease communication while having Hajj**, the pilgrimage to Mecca, *Telkomsel Ibadah* program with its special tariff and package were provided to all customers using STC, Mobily and Zain operators. The special tariff and package consist of voice (Rp5,000/minute – make call and Rp2,500/minute – receive call), SMS (Rp750/SMS) and unlimited data roaming (Rp300,000/10 days – Rp800,000/40 days).

- **As a new brand of product catering to the youth segment**, *LOOP* activities focuses on brand building, aggressive youth acquisition and data – digital services. Several products were introduced consist of *LOOP Chat* (data package with free access for chatting with Kakao Talk, Line, WhatsApp and WeChat) and *LOOP CurCol* (data package with free Pop-Call service). Meanwhile for youth engagement event, *LOOP KePo - Kreatif Project* was held as an education and digital creativity program in a fun and creative way aiming to have more young digital creators.
- **To encourage and inspire customers to act as social media reporter**, *simPATI* with new tagline “*Your Everyday Discoveries*” was introduced. By using *simPATI Social Max* – 2GB internet package and free access to five social media applications, customers can share their new inspired things in photo, video and audio format to be uploaded in Telkomsel digital microsite. There will be awarding as an appreciation for “The Inspiring Social Media Reporters and Influence of the Year” with prizes in eight categories (travel, culinary, film, art, fashion, music, sport and technology).
- **To encourage mass adoption of smartphone device**, Telkomsel has been partnering with global device principle and running exclusive device bundling with Samsung for smartphone priced at below USD200. In Ramadhan season 2014, “*Indonesia Genggam Internet*” initiatives with *Samsung device bundling* was launched as an education program on smartphone benefits while offering Samsung device with special data plan. The program was being sustained in September 2014 with Samsung-Tiger program that offered special bonus for every Samsung device activation.

## ADDITIONAL INFORMATION

### Capital Expenditure

For the nine months of 2014, Capex commitment of Telkom, Telkomsel and other subsidiaries were amounting to Rp7.6 trillion, Rp8.4 trillion and Rp2.9 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

- **Telkom and Telstra formed a JV for Network Application Services (NAS)** – Telkom through its subsidiary, Telkom Metra, and Telstra Corporate Limited on August 29, 2014 finalized the JV agreement to provide NAS to Indonesian Enterprises, Multi-Nasionals and Australian companies operating in Indonesia.
- **Telkom Redirecting Flexi’s Customers to Telkomsel** – in relations to the restructuring of the 800MHz frequency Flexi’s spectrum for the provision of cellular mobile network of Telkomsel, issued by Ministry of Communication and Information (MoCI), Telkom intended to restructure the company business unit that provide its fixed wireless telecommunication and wireless broadband service (“Flexi”) as well as transferring the Flexi subscribers from Telkom to Telkomsel.
- **PINS Indonesia Acquire 25% of Tiphone Shares** – on September 11, 2014 Telkom through its subsidiary, PT PINS Indonesia, acquire 25% Tiphone Mobile Indonesia (TELE) shares. Telkom entered this strategic partnership to strengthen its digital ecosystem business (Device, Network and Application).

- **Acquisition of Majority Shareholding in Contact Centre Australia (CCA)** – on September 25, 2014 Telkom, through its subsidiary, Telkom Australia, has taken a majority shareholding in Sydney based Business Process Outsourcing provider. Telkom intends to work with CCA to invest in the company's ability to grow in the Australian and New Zealand market as well as export the way they do business to our other BPO operations in Indonesia.
- **Telkom and Tower Bersama (TBIG) Agreed to Enter Strategic Partnership** – on October 9, 2014 Telkom and TBIG signed the Conditional Sales and Purchase Agreement (CSPA) for the acquisition of up to 13.7% interest in TBIG enlarged share capital in exchange for Telkom's shares in Mitratel. It will be done in two steps. Telkom will exchange an initial 49% shares in Mitratel in consideration for up to 290 million new shares in TBIG, representing 5.7% enlarged shared capital as the first step. Telkom has an option to exchange the remaining 51% of Mitratel's share with 8% TBIG share as the second step.

## Awards & Recognition

During 9M14, we have been awarded by several institutions for our achievements, among others:

- At the 5th CMO Asia Awards for Excellence in Branding Marketing 2014 in Singapore, Telkom was awarded 3 awards in corporate category: Sustainable Marketing Excellence Award by Telkom Solution program, Marketing Campaign of the Year by IndiSchool program and Effective Use of Marketing Communication Award by IndiPreneur program. For Individu category, The Enterprise Business Service Director, Muhammad Awaluddin, was awarded as individual Marketing Professional of the Year.
- Mr Arief Yahya was awarded as The Best CEO of The Year in the event Anugerah Perusahaan Terbuka Indonesia (APTI) which held by Business Review and Economic Review at Graha CIMB Niaga. Telkom also awarded as 1st Rank Public Company in Indonesia, First Rank in Telecommunication (Infrastruktur, utilities and transportation group); 1st rank in Risk Management; and 1st Rank Corporate Communication.
- Telkomsel was awarded as Indonesia Green BTS Operator of the Year, Indonesia Mobile Broadband Service Provider of the Year, Indonesia Mobile Data Service Provider of the Year, and Indonesia Mobile Service Provider of the Year in the event *2014 Frost & Sullivan Indonesia Excellence Awards* held by Frost & Sullivan.
- *Indonesia WOW Brand 2014* for Telkomsel and Telkomsel Flash with Gold Champion of Indonesia WOW Brand 2014 in Cellular Operator category and Mobile Internet Service Provider category from MarkPlus.Inc and MarkPlus Insight.
- *Indonesia Best Brand Award 2014* for *simPATI* with Gold Best Brand in GSM SIM Card product category for four consecutive years (2011-2014) from SWA Magazine and MARS Research Specialist.

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

	2014	2013	Growth (%)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	17,834	14,696	21.4
Other current financial assets	1,584	6,872	(76.9)
Trade receivables – net of provision for impairment of receivables			
Related parties	816	900	(9.3)
Third parties	6,900	5,126	34.6
Other receivables – net of provision for impairment of receivables	344	395	(12.9)
Inventories – net of provision for impairment obsolescence	676	509	32.8
Advances and prepaid expenses	4,214	3,947	6.8
Prepaid taxes	961	525	83.0
Asset held-for-sale	82	105	(21.9)
<b>Total Current Assets</b>	<b>33,411</b>	<b>33,075</b>	<b>1.0</b>
<b>NON-CURRENT ASSETS</b>			
Long-term investments	1,716	304	464.5
Property and equipment – net of accumulated depreciation	93,779	86,761	8.1
Prepaid pension benefit costs	908	927	(2.0)
Advances and other non-current assets	6,612	5,294	24.9
Intangible assets – net of accumulated amortization	1,751	1,508	16.1
Deferred tax assets - net	98	82	19.5
<b>Total Non-current Assets</b>	<b>104,864</b>	<b>94,876</b>	<b>10.5</b>
<b>TOTAL ASSETS</b>	<b>138,275</b>	<b>127,951</b>	<b>8.1</b>

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

	2014	2013	Growth (%)
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables			
Related parties	506	826	(38.7)
Third parties	11,323	10,774	5.1
Other payables	639	388	64.7
Taxes payables	1,832	1,698	7.9
Accrued expenses	6,598	5,264	25.3
Unearned income	2,720	3,490	(22.1)
Advances from customers and suppliers	1,616	472	242.4
Short-term bank loans	2,627	432	508.1
Current maturities of long-term liabilities	5,504	5,093	8.1
<b>Total Current Liabilities</b>	<b>33,365</b>	<b>28,437</b>	17.3
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities - net	2,949	3,004	(1.8)
Other liabilities	399	472	(15.5)
Long service award provisions	352	336	4.8
Post-retirement health care benefits provisions	604	752	(19.7)
Retirement benefits obligation and other post - retirement benefits	2,983	2,795	6.7
Long-term liabilities - net of current maturities			
Obligations under finance leases	4,191	4,321	(3.0)
Two-step loans	1,532	1,702	(10.0)
Bonds and Notes	2,029	3,073	(34.0)
Bank loans	9,007	5,635	59.8
<b>Total Non-current Liabilities</b>	<b>24,046</b>	<b>22,090</b>	8.9
<b>TOTAL LIABILITIES</b>	<b>57,411</b>	<b>50,527</b>	13.6
<b>EQUITY</b>			
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 from available-for-sale securities	39	38	2.6
Translation adjustment	378	391	(3.3)
Difference due to acquisition of non-controlling interest in subsidiaries	(508)	(508)	-
Other reserves	49	49	-
Retained earnings			
Appropriated	15,337	15,337	-
Unappropriated	44,794	43,291	3.5
Net Equity Attributable To Owners Of The Parent Company	64,578	60,542	6.7
Non-Controlling Interest	16,286	16,882	(3.5)
<b>TOTAL EQUITY</b>	<b>80,864</b>	<b>77,424</b>	4.4
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>138,275</b>	<b>127,951</b>	8.1

**Table 2**  
**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 (UNAUDITED) AND 2013 (UNAUDITED)**  
**(Figures in tables are presented in billions of Rupiah, unless otherwise stated)**

	2014	2013	Growth (%)
<b>REVENUES</b>	<b>65,841</b>	<b>61,499</b>	<b>7.1</b>
<b>EXPENSES</b>			
Operations, maintenance and telecommunication services	(16,606)	(14,115)	17.6
Depreciation and amortization	(12,036)	(11,072)	8.7
Personnel	(7,215)	(6,967)	3.6
Interconnection	(3,680)	(3,636)	1.2
General and Administrative	(2,390)	(2,398)	(0.3)
Marketing	(2,314)	(2,105)	9.9
Loss on foreign exchange – net	(203)	(265)	(23.4)
Other income	1,292	671	92.5
Other expenses	(557)	(310)	79.7
<b>OPERATING PROFIT</b>	<b>22,132</b>	<b>21,302</b>	<b>3.9</b>
Finance income	928	571	62.5
Finance costs	(1,333)	(1,116)	19.4
Share of loss of associated companies	(12)	(9)	33.3
<b>PROFIT BEFORE INCOME TAX</b>	<b>21,715</b>	<b>20,748</b>	<b>4.7</b>
<b>INCOME TAX (EXPENSE) BENEFIT</b>			
Current	(5,505)	(5,321)	3.5
Deferred	70	201	(65.2)
	(5,435)	(5,120)	6.2
<b>PROFIT FOR THE YEAR</b>	<b>16,280</b>	<b>15,628</b>	<b>4.2</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Foreign currency translation	(13)	96	(113.5)
Change in fair value of available-for-sale financial assets	1	1	-
<b>Other Comprehensive (Loss) Income – net</b>	<b>(12)</b>	<b>97</b>	<b>(112.4)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>16,268</b>	<b>15,725</b>	<b>3.5</b>
Profit for the period attributable to:			
Owners of the parent company	11,446	11,057	3.5
Non-controlling interests	4,834	4,571	5.8
	16,280	15,628	4.2
Total comprehensive income for the period attributable to:			
Owners of the parent company	11,434	11,154	2.5
Non-controlling interests	4,834	4,571	5.8
	16,268	15,725	3.5
<b>BASIC AND DILUTED EARNINGS PER SHARE (in full amount)</b>			
Net Income per share	117.36	115.05	2.01
Net Income per ADS (200 Series B shares per ADS)	23,471.75	23,010.00	2.01



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

	<u>SEP 30, 2014</u>	<u>DEC 31, 2013</u>	<u>Growth (%)</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	10,428	5,555	87.7
Short-term Investments	-	6,200	-
Accounts receivables including Unbilled revenues	1,614	1,537	5.0
Current portion of long-term prepayments	2,273	2,850	(20.2)
Others	1,523	461	230.4
<b>Total Current Assets</b>	<b><u>15,838</u></b>	<b><u>16,603</u></b>	<b>(4.6)</b>
<b>NON-CURRENT ASSETS</b>			
Long-term investment	20	20	0.0
Fixed assets-net	54,818	53,182	3.1
Advances for fixed assets	694	652	6.4
Intangible assets-net	696	721	(3.4)
Prepayments – Non Current Portion	1,737	1,712	1.5
Others	200	446	(55.1)
<b>Total Non-Current Assets</b>	<b><u>58,165</u></b>	<b><u>56,733</u></b>	<b>2.5</b>
<b>TOTAL ASSETS</b>	<b><u>74,003</u></b>	<b><u>73,336</u></b>	<b>0.9</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable & Accrued Liabilities	12,774	10,935	16.8
Taxes payable	1,120	762	47.0
Unearned revenue	2,294	3,127	(26.6)
Current maturities of medium-term & long-term loans	668	1,109	(39.7)
Current maturities of oblig. under finance leases	520	473	10.0
Short-term loan	2,221	-	-
<b>Total Current Liabilities</b>	<b><u>19,597</u></b>	<b><u>16,406</u></b>	<b>19.5</b>
<b>NON-CURRENT LIABILITIES</b>			
Medium-term & long-term loans - net of current maturities	423	1,038	(59.2)
Obligations under finance lease - net of current maturities	4,927	4,971	(0.9)
Deferred tax liabilities	1,989	2,075	(4.1)
Others	1,033	1,024	0.8
<b>Total Non-current Liabilities</b>	<b><u>8,372</u></b>	<b><u>9,109</u></b>	<b>(8.1)</b>
<b>EQUITY</b>			
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	44,346	46,134	(3.9)
<b>Total Equity</b>	<b><u>46,034</u></b>	<b><u>47,821</u></b>	<b>(3.7)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>74,003</u></b>	<b><u>73,336</u></b>	<b>0.9</b>

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

	2014	2013	Growth (%)
<b>REVENUES</b>			
Postpaid	3,737	3,421	9.3
Prepaid	40,617	36,442	11.5
Interconnection & International roaming	3,459	3,538	(2.2)
Other	592	594	(0.4)
<b>Total Revenues</b>	<b>48,404</b>	<b>43,994</b>	<b>10.0</b>
<b>EXPENSES</b>			
Operations & maintenance	11,373	9,099	25.0
Depreciation & amortization	8,484	7,483	13.4
Cost of services	3,170	2,890	9.7
Interconnection	2,319	2,373	(2.3)
Personnel	1,963	1,759	11.6
General & administrative	1,012	900	12.4
Marketing	1,760	1,578	11.5
Others – net	10	317	(96.8)
<b>Total Expenses</b>	<b>30,091</b>	<b>26,400</b>	<b>14.0</b>
Interest income & financing charges - net	31	(138)	(122.5)
<b>INCOME BEFORE TAX</b>	<b>18,345</b>	<b>17,456</b>	<b>5.1</b>
INCOME TAX EXPENSE	(4,520)	(4,347)	4.0
<b>NET INCOME</b>	<b>13,825</b>	<b>13,109</b>	<b>5.5</b>
<b>EBITDA</b>	<b>26,808</b>	<b>25,395</b>	<b>5.6</b>
<b>EBITDA Margin- over revenues</b>	<b>55.4</b>	<b>57.7</b>	<b>(2.3) ppt</b>
<b>ROA</b>	<b>25.7%</b>	<b>27.3%</b>	<b>(1.6)ppt</b>
<b>ROE</b>	<b>40.3%</b>	<b>41.0%</b>	<b>(0.7)ppt</b>