

Bakrie Telecom

GETTING READY FOR THE FUTURE

2011
Annual Report

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GETTING READY FOR THE FUTURE



The Indonesian telecommunications industry is undergoing rapid changes and developments that are real and defining. The demand for data services is increasing. Communication behavior is changing in line with increased purchasing power and the availability of smartphones and other gadgets. Varied contents are integrated as part of the telecommunication business.

To face these challenges, BTEL is investing, preparing and changing to remain at the forefront of the industry while providing the best for Indonesia. BTEL is Getting Ready For The Future.

BAKRIE TELECOM MILESTONES



Commenced FWA services in Jakarta, Banten and West Java (JBBB) with E-TDMA technology.

1993

Changed name to PT Bakrie Telecom and followed by the launch of Esia, a quality telecommunication service at affordable rates utilizing the CDMA technology.

2003

Launching of Esia in a number of cities in the JBBB area followed by the talktime campaign as the beginning for disruptive innovation which changed the old telecommunications paradigm.

2005

A new beginning for the Company through its IPO on the Indonesia Stock Exchange with a Rp 605 billion offering.

2006

Start of national scale service in a number of locations in Indonesia followed by the launch of affordable handsets as part of a continuing disruptive innovation strategy.

Issuance of a Rp 650 billion bond.

2007

▶ BAKRIE TELECOM AT A GLANCE

PT Bakrie Telecom Tbk. (BTEL or the Company) is a fixed wireless access (FWA) with limited mobility) service provider using CDMA 2000 1x technology. BTEL is known for its innovative and exciting products and services, which always lead the market through the Esia and AHA brands.

The Company was incorporated in 1993 under the name of PT Radio Telepon Indonesia. In 2003, the Company changed its name to PT Bakrie Telecom. Bakrie Telecom was listed on the Indonesia Stock Exchange in February 2006 under the ticker symbol BTEL. In 2007 the Ministry of Communications and Informatics issued BTEL a license for nationwide operation, followed by a license to conduct international direct dial (IDD) service. The following year, BTEL obtained a license to provide direct long distance (DLD) service.

In 2010, BTEL began its transformation from simply focusing on voice and SMS services to providing data services through broadband wireless access (BWA), in which the service will actually be driving the growth of the Company in the future. In the same year, BTEL also evolved from a company that previously only focused on growth and profitability into a company that is very aware and concerned about environmental conservation.

As of the end of 2010, BTEL subscribers had reached 14.6 million, spread across 84 cities and supported by 4,016 base transceiver stations (BTS) networks, where the majority have been equipped with Evolution Data Optimized (EVDO) capabilities. Service to customers is provided through two call centers, 70 Gerai Esia and more than 12,000 dealers and sales outlets throughout Indonesia.

Launch of Short Message Service based on a per character tariff as a first in the world for service innovation.

Conducted a Rp 3 trillion rights issue and obtained a vendor financing facility worth US\$ 150 million.

Created the Esia Bispak and Esia Suka-Suka product innovation which provide freedom to subscribers in determining their own choices according to individual needs.

Launched the IDD-SLI Hemat 009 service.

Succeeded in implementing the asset light strategy for managing assets.

Obtained additional frequency in the JBBJ area to optimize network quality.

Awarded the Third Best Midcap in "Finance Asia's Best Managed Companies Award 2010".

Issued US\$ 250 million global bond as proof of trust from the international finance community.

Introduced the BWA service, a new form of disruptive innovation.

Introduced the "Hijau Untuk Negeri" initiative into the Company's operations.

Awarded the Fair Trusted Company in the Corporate Governance Award 2010.

Conducted the service quality advantage perception campaign through the "Telepon Putus Kami Ganti" and "Melek Tarif Sadar Sinyal" programs.

Issued the first Android Handset bundling with the Esia EVDO starter card.

Held the "ICT For Green Asia" Green International Conference.

Awarded the Trusted Company rating in the Corporate Governance Award 2011.

2008

2009

2010

2011

CORPORATE CULTURE: I2C & FBC



Integrity

Tenacity to maintain values and principles and to behave according to social norms, ethics and organizational values.

Innovation

Introduce new ideas that are innovative, creative, unusual, disrupt and rebel against the received and conventional approach to doing things.

Teamwork

Intention and ability to collaborate with others sincerely and intensely, to work cooperatively with others, with a focus on achieving organizational vision and mission. We believe that the collaboration of individuals will achieve more than the sum of each individual.

Winning Spirit

It implies our spirit to achieve the best, to fight and triumph over the competition, never giving up and always trying our best to transform threats and obstacles into opportunities that will benefit us.

Operational Excellence

The willingness and ability to do "the right things right" through smart planning and fast – but excellent – execution. And as a budget operator, it is imperative to provide better quality of products and services at the lowest reasonable cost to achieve the greatest profit.

Customer Addicted

We are addicted to build and maintain long-term relationships with more and more customers as they are our lifeline, our blood and our source to grow sustainably. We exist because of them and we are nothing without them.

Faster

The spirit and ability to work productively, faster than competitors, to plan smart and to execute rapidly with excellent results.

Better

The spirit and ability to provide a higher quality of products and services to customers, compared to competitors.

Cheaper

The spirit and ability to work effectively and efficiently to provide a better quality of products and services at more affordable tariffs and lower costs, in order to achieve the greatest level of profit.

►► VISION

To create a better life for Indonesians by providing them information connectivity

►► MISSION

To provide affordable and high quality information connectivity



AWARD



Indonesia Young Marketer Champions,
The Best Chief Marketing Officer,
January 2011

Top Brand Award 2011, Cards Prepaid &
Postpaid CDMA Category,
February 2011

Brand Champions 2011, Local Brand Esia,
Operator CDMA & Data CDMA Category,
March 2011



Selular Award 2011, Hape Esia Qwerty
Games as Best Bundling Program,
April 2011

Word of Mouth Marketing Award 2011,
Best CDMA,
June 2011

Indonesia Cellular Show 2011, The Best
Operator CDMA,
June 2011



Indonesia Best Brand Award 2011, Best
Simcard CDMA Prepaid Category,
July 2011

Indonesia Golden Ring Award 2011, The Most
Innovative Marketing Program Category & The
Most Innovative Person Category,
July 2011



Original Brand Award 2011, CDMA Cellular Provider Indonesia Original Brand Category, August 2011

Indonesia Customer Satisfaction Award (ICSA) 2011, The Best in Achieving Total Customer Satisfaction for Prepaid FWA Simcard Category, September 2011



The Most Impactful Activation 2011, September 2011

Palembang Service Excellent Award (PSEA), Mobile Telecom CDMA Category, December 2011

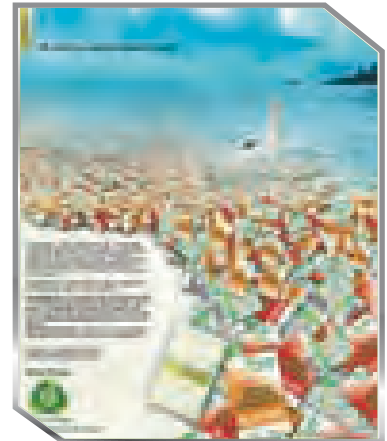
2011 EVENT HIGHLIGHTS

January



◀ Esia Starlight Dance Competition, a national dance competition in conjunction with the launch of Hape Esia Starlight.

The launch of the 5-in-1 voucher which was modified in its shape and size as part of the implementation of the HUN Program in the company's operations. ▶



February



◀ Launch of Esia Mini Qwerty, a handset with convenience features for social networking media.

Implementation of the Corporate Social Responsibility program in Kemaro island, a place of worship for followers of Tridharma (Buddhism, Taoism, and Confucianism). ▶



March



◀ The launch of Hape Esia QWERTY Games, mobile phone games that feature 30 original games from Electronic Arts (EA), a leading game manufacturer in the world.

Announcement of the Bakrie Telecommunications, Media and Technology Vision 2015 (BakrieTMT2015), a telecommunication business synergy with media and technology in the Bakrie Group. ▼





April

◀ Launching of the "Telepon Putus Kami Ganti" program as a marketing campaign for the best network quality.

The signing of the Memorandum of Understanding (MOU) as the Pioneer & Founder of Indonesia Business Council for Sustainable Development (IBCSO).



May

◀ Launching of the "Melek Tarif Sadar Sinyal" program, a campaign highlighting that simple and affordable rates apply not only for calls to other Esia subscribers but also to call to other operators.

Participation in Investor Day sponsored by the Indonesia Stock Exchange.



June

◀ The launch of AHA myTV, an internet service package that has internet TV application.

Conducted the Annual General Meeting of Shareholders 2011 in conjunction with the Extraordinary General Meeting of Shareholders.



2011 EVENT HIGHLIGHTS

July



Implementation of the program "Kelas Hijau Esia" by supporting environmental conservation in Malang, East Java.

Held of the loyal customers meeting in the Greater Jakarta and Banten area.



August

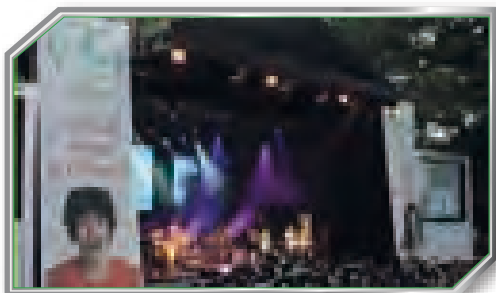


Launch of the Ramadan promo program "Silaturahmi Mulus Tanpa Putus", a value added services religious program.

Launch of Hape Anak Muslim with religious applications that can help parents in the religious education of children.



September



Sponsor for major international music festival - Java SoulNation Festival 2011.

Implementation of the "Green Heroes" contest for all employees, as an initiative to promote environmental awareness in BTEL.





October

◀ The launch of Hape Esia Fun, a smartphone for Rp 300 thousand with integrated applications for social networking media like Facebook and Twitter.

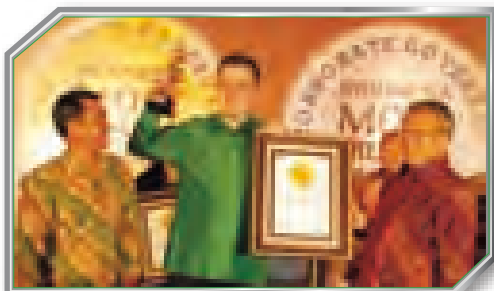
Main Sponsor in the "Fun Walk with Esia" as part of an efficient telecommunications roadshow in Palembang. ▶



November

◀ The main organizers of the international telecommunications industry-scale conference "ICT for Green Asia" in collaboration with Malk Sustainability Partners and Global e-Sustainability Initiatives (GeSI).

The launch of Samsung CDMA Young Galaxy, Android-based smartphone with support for EVDO AHA, in collaboration with Samsung Electronics. ▶



December

◀ Acceptance of the Trusted Company rating in the assessment of corporate governance conducted by the Indonesian Institute for Corporate Governance (IICG).

The awarding of "BTCL Integrity and Performance Award 2011" to selected employees who showed excellent performance and achievements of high integrity in his work. ▼



COVERAGE AREA



Region 1 Jabodetabek & Banten

- Jakarta
- Bogor
- Serang
- Karawang
- Sukabumi
- Rangkasbitung
- Cirebon
- Indramayu

Region 2 West Java

- Bandung
- Cirebon
- Tasikmalaya
- Garut
- Indramayu
- Purwakarta
- Cianjur
- Kuningan
- Subang
- Sumedang
- Majalengka

Region 3 Central Java

- Yogyakarta
- Semarang
- Solo
- Ungaran
- Salatiga
- Klaten
- Boyolali
- Tegal
- Purwokerto
- Magelang
- Pekalongan
- Temanggung
- Demak
- Kudus
- Cilacap
- Purwodadi
- Wonosari

Region 4 East Java, Bali, Nusra & East Indonesia

- Surabaya
- Malang
- Mojokerto
- Denpasar
- Sidoarjo
- Gresik
- Bangkalan
- Lamongan
- Gianyar
- Pasuruan
- Jember
- Kediri
- Madiun
- Singaraja
- Banyuwangi
- Mataram



Region 4
East Java, Bali, Nusra &
East Indonesia

- Makassar
- Banjarmasin
- Banjarbaru
- Martapura
- Balikpapan
- Samarinda
- Tenggarong
- Pontianak
- Manado
- Tondano
- Tomohon
- Airmadidi
- Singkawang
- Sangata
- Batulicin
- Batusangkar
- Gowa
- Maros

Region 5
Sumatera

- Medan
- Padang
- Pekanbaru
- Batam
- Binjai
- Pariaman
- Pematang Siantar
- Kisaran
- Bukit Tinggi
- Tanjung Pinang
- Lampung
- Palembang
- Jambi
- Metro Lampung



- Jakarta
- Bandung
- Bogor
- Tasikmalaya
- Cirebon
- Surabaya
- Malang
- Semarang
- Yogyakarta
- Solo
- Bali
- Medan
- Salatiga
- Karawang
- Banjar
- Ciamis
- Serang
- Pekanbaru
- Batam
- Palembang
- Padang
- Lampung

FINANCIAL AND OPERATIONAL HIGHLIGHTS

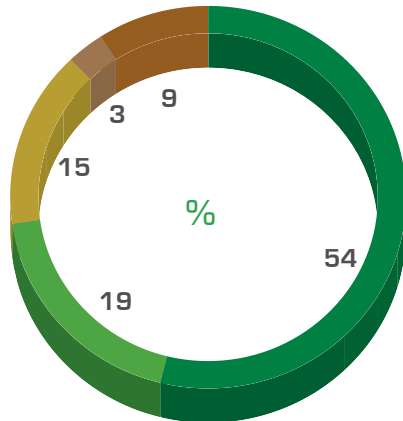
	2011	2010	2009	2008	2007
Statement of Income (in Billion Rupiah)					
Total Gross Operating Revenue	3,195.5	3,447.1	3,435.6	2,805.3	1,672.0
Net Operating Revenue	2,591.0	2,765.1	2,742.6	2,202.3	1,289.9
EBITDA	1,148.3	1,335.5	1,269.1	822.8	545.4
EBIT	(174.0)	190.8	288.4	378.6	318.3
Net Income	(782.7)	10.0	98.4	136.8	144.3
Number of Shares Outstanding (million)	28,482.4	28,482.4	28,482.4	28,482.4	18,953.7
Basic Earnings per Share	(27.5)	0.4	3.5	5.2	7.7
Diluted Earnings per Share	(27.5)	0.4	3.5	5.2	7.4
Balance Sheet (in Billion Rupiah)					
Cash and Cash Equivalents	162.3	333.7	715.7	501.6	295.7
Other Current Assets	786.0	1,102.5	1,016.1	1,806.7	631.3
Total Non-Current Assets	11,264.8	10,916.8	9,704.5	6,237.7	3,737.2
Total Assets	12,213.1	12,352.9	11,436.3	8,546.0	4,664.2
Total Current Liabilities	2,955.8	1,759.6	2,062.0	1,067.5	514.4
Total Non-Current Liabilities	4,888.6	5,398.5	4,337.4	2,396.4	2,274.6
Total Liabilities	7,844.4	7,158.1	6,399.3	3,463.9	2,789.0
Total Equity	4,368.8	5,194.8	5,036.9	5,082.1	1,875.2
Net Working Capital	(2,007.4)	(323.5)	(290.4)	1,272.7	440.0
Rasio (%)					
Net Operating Margin	81.1	80.2	79.8	78.5	77.1
EBITDA Margin	35.9	38.7	36.9	29.3	32.6
EBIT Margin	(5.4)	5.5	8.4	13.5	19.0
Net Profit Margin	(24.5)	0.3	2.9	4.9	8.6
Current Ratio	32.1	81.6	84.0	216.2	180.
Debt to Equity	131	105.0	96.1	48.3	121.1
Net Debt to Equity	128	98.6	82.0	38.4	105.3
ROA	(6.4)	0.1	0.9	1.6	3.1
ROE	(17.9)	0.2	1.9	2.7	7.7

	2011	2010	2009	2008	2007
Number of Subscribers					
Prepaid	14,635,422	13,026,734	10,606,901	7,304,543	3,820,701
Postpaid	14,580,708	12,961,678	10,515,715	7,196,518	3,695,817
BTS (units)	4,016	3,947	3,677	2,772	1,200
ARPU (Rp)	20,000	26,000	33,000	42,000	53,000
Prepaid	19,000	25,000	33,000	42,000	47,000
Postpaid	114,000	107,000	110,000	137,000	144,000
Minutes of Usage (in millions of minutes)	17,846	20,104	18,448	12,637	5,309

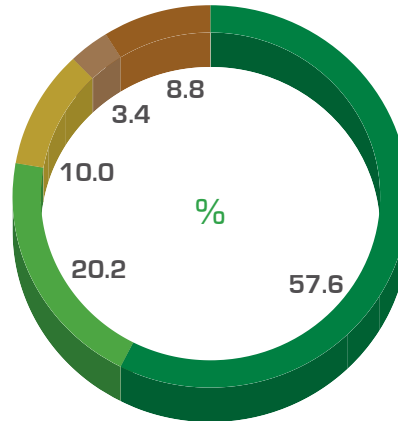
Gross Operating Revenue [%]

- Voice
- SMS
- VAS, Data, Internet, and EVDO
- Non Usage
- Interconnection Service

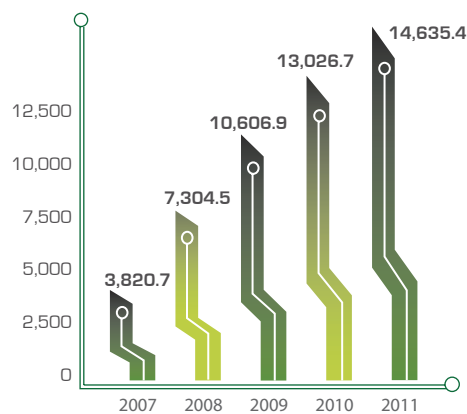
2011



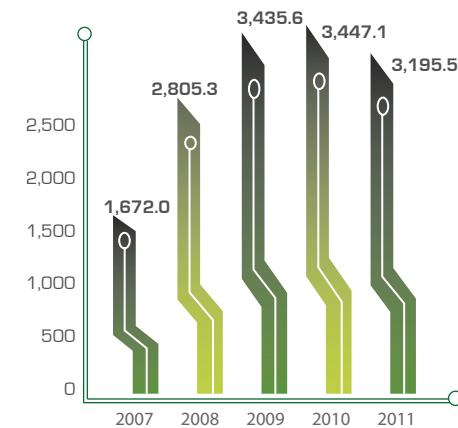
2010



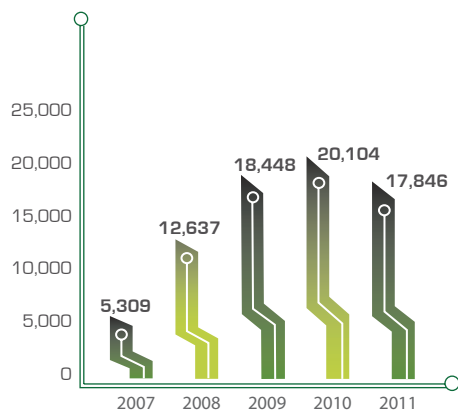
Number of Subscribers (in thousands)



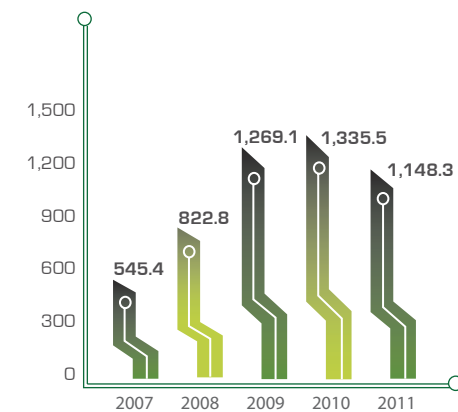
Gross Operating Revenue (in billion rupiah)



Minutes of Usage (in millions of minutes)

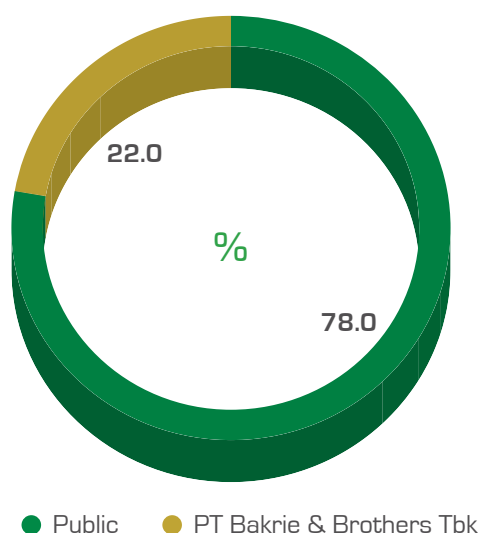


EBITDA (in billion rupiah)



SHARES AND BONDS HIGHLIGHTS

Shareholders (as of 31 December 2011)



List of Shareholders with more than 5% Ownership

Shareholders	Issued and Fully Paid Shares (shares)	Ownership Percentage
PT Bakrie & Brothers Tbk	6,266,131,867	22.0
Public	22,216,285,712	78.0
Total	28,482,417,579	100.0

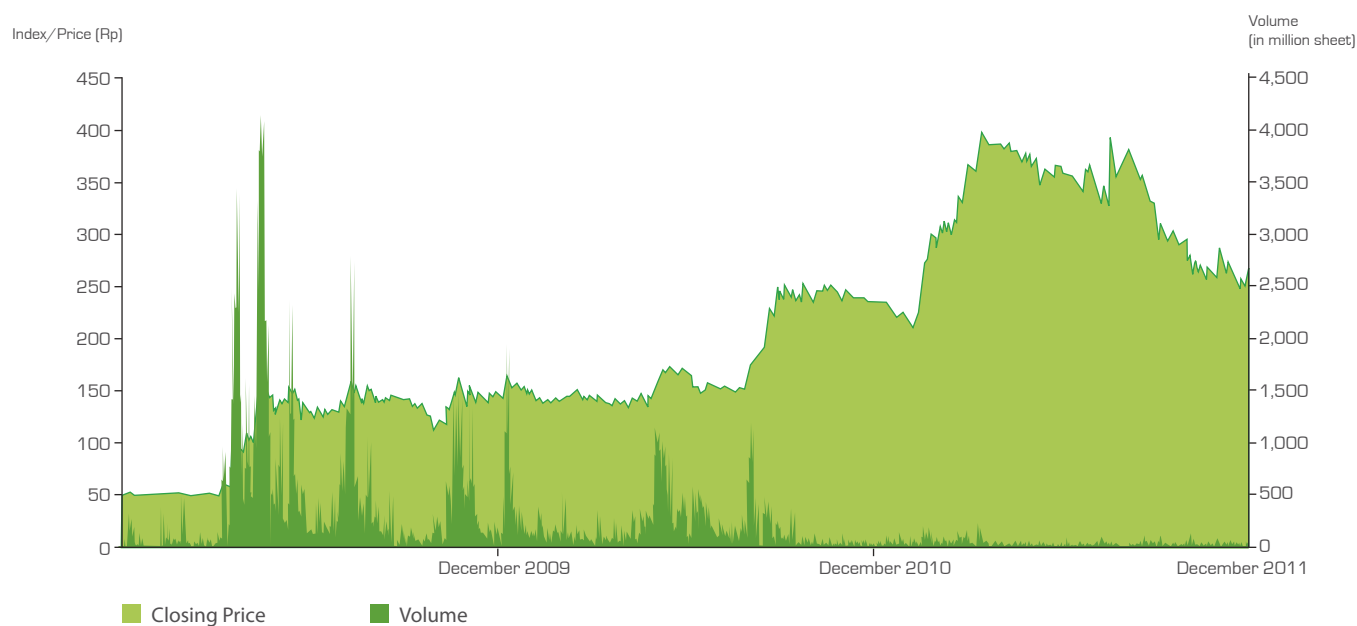
Chronology of Shares Listing

Type of Listing	Date of Listing	Total Shares
Public Offering	3 February 2006	5,500,000,000
Company Listing	3 February 2006	18,779,415,495
Rights Issue	29 February 2008	28,482,417,579

Subsidiary

Subsidiary	% Ownership	Line of Business	Began Operation	Domicile
PT Bakrie Connectivity	99.8%	Telecommunication and trading service	2010	Indonesia
PT Bakrie Network	99.8%	Telecommunication and infrastructure service	Stage of development	Indonesia
Bakrie Telecom Pte. Ltd	100.0%	Special-purpose entities	2010	Singapore

Share Performance



Price Movement (Rp)

	2011			2010			2009		
Period	Highest	Lowest	Closing	Highest	Lowest	Closing	Highest	Lowest	Closing
Quarter 1	355	210	355	164	138	141	53	50	51
Quarter 2	395	345	365	175	131	170	166	50	130
Quarter 3	390	310	330	250	147	235	160	123	141
Quarter 4	320	245	260	250	235	235	163	110	147

Market Capitalization

	2011	2010	2009
Closing Price (Rp)	260	235	147
Shares Outstanding (sheet)	28,482,417,579	28,482,417,579	28,482,417,579
Market Capitalization (Rp)	7,405,428,570,540	6,693,368,131,065	4,186,915,384,113

Bonds Information

Bonds Name	Nominal Amount	Interest Rate	Maturity Date	Rating Agency	Rating
Bakrie Telecom Bond I	Rp 650,000,000,000	11.90 p.a.	04-Sep-12	Pefindo	id BBB+
Guaranteed Senior Notes	US\$ 380,000,000	11.50 p.a.	07-May-15	S&P's Fitch	CCC+ CCC



1 REPORT TO SHAREHOLDERS

- 1 Report of the Board of Commissioners
- 2 Report of the Board of Directors





BTEL has taken anticipatory and proactive steps to adjust corporate strategy in a swift, precise and well-planned manner, preparing for the future.

REPORT OF THE BOARD OF COMMISSIONERS



Bobby Gafur S. Umar
President Commissioner

Honored Stakeholders,

The Board of Commissioners would like to state that BTEL has successfully implemented actual solutions in coping with challenges within the telecommunications industry, whilst maintaining consistent growth and performance for 2011.

Throughout 2011, the management of BTEL has stressed the importance of directing the Company towards a strategy focused on meeting more varied customer needs, more complex and varied customer expectations, as well as a more integrated development in information technology; in anticipating the future.

The Board of Commissioners is of the opinion that the theme of "Getting Ready For The Future" is an appropriate indicator of BTEL's business approach for 2011. This theme is reflected on BTEL's operational aspects as well as on the way the Company engages all Stakeholders.

Getting Ready For The Future

2011 was a year in which BTEL prepared for the future. This is consistent with the Company's character of disruptive innovation; which is to remain consistently ahead through its ability of constant innovations. Through a clear and realistic vision, BTEL has succeeded in achieving actual actions which have changed the paradigm for the Indonesian telecommunication industry.

We are currently observing a great change in the telecommunication industry, specifically in Indonesia. Realizing this event, BTEL has taken anticipative and proactive steps. The Company's strategy has been adjusted promptly, accurately and with careful planning. 2011 was a year of investing significantly in infrastructure, technology and human resources. Through these important investments, BTEL will remain at the forefront of the industry in its role as an affordable telecommunications services provider for Indonesia. Services which are becoming more integrated not just by providing online access, but also access to social networking, transacting, even to gaming and entertainment; all affordably.

Part of this investment is evident in the large amount of allocated resources and effort BTEL has put into EVDO-supported data business, commencing in mid-2010. BTEL's AHA (Affordable High-speed Access) is increasingly focused as a reliable, affordable Broadband Wireless Access (BWA) with comprehensive coverage. AHA is BTEL's real and actual effort to grow and expand sustainably. To round matters off, the Company is currently in the final stages of obtaining its commercial cellular license, which will effectively create more convenience for its subscribers.

All of the above are in sync and integrated into the BTEL vision as part of the Bakrie business group; where BTEL will be synergized with the media and technology

businesses by 2015. These will mold BTEL into a telecommunications company with a comprehensive level of synergy.

BTEL has also proved that its previous decision to evolve from a purely profit and business oriented company into one that places great concern for the environment was a correct one. By becoming the first telecommunications company that integrates the values of environmental appreciation into its overall business strategy, BTEL has managed to achieve significant cost savings in operations, as well as conserving the environment. The Green For The Nation (HUN) initiative which is more than just CSR, has succeeded in engaging every employee and stakeholder to contribute toward environmental sustainability.

2011 Achievements

We have invested significantly throughout 2011. This was necessary to prepare the Company's technical readiness and preparedness to maintain its leadership position in the future. As a result, our revenue stream was not at optimum levels yet. On the other hand, the Commissioners noted that the number of new subscribers achieved reached 14.6 million in 2011. This is quite a satisfactory performance result. This number encompassed 82 cities and is supported by 4,016 BTS. The BOC appreciates the good performance of the Directors in 2011.

GCG

BTEL has managed to achieve the rating of "Trusted Company" in the 2011 Corporate Governance Perception Index (CGPI) Award. In the category of Investor and Analyst's Choice, BTEL achieved "The Most Trusted Company" rating. This was a singular achievement compared to the previous year's "The Fairly Trusted Company" rating. These achievements reflect BTEL's success in consistently implementing the GCG Roadmap that was formulated in 2008, with adjustments to the format and implementation to conform to current conditions.

Through these important investments, BTEL will remain at the forefront of the industry in its role as an affordable telecommunications services provider for Indonesia.

This is becoming more relevant when viewed as part of the Getting Ready For The Future process, where BTEL must deal with developments while maintaining its identity as a Good Governed Company.

The Board of Commissioners is intensifying its efforts to implement the principles of GCG through its supervisory functions. Monitoring and evaluation of strategic policies through reports of the Directors and Committees are diligently studied and attended to. This applies also to the Audit, Remuneration and Nomination as well as the Risk Management Committees which conduct regular meetings that are monitored by the BOC. Another important task is to ensure that BTEL adheres to all applicable rules and regulations of the telecommunications industry and the stock exchange.

BTEL is on the correct path to become a company that is managed in a clean, transparent and professional manner, while growing and expanding as well creating value for its shareholders and stakeholders.

Future Outlook

With current market developments, the direction of the Indonesian and global telecommunications industry is becoming easier to predict. We can foresee the emergence of technology convergence that will include the telecommunications, media, information and data industries.

BTEL is preparing itself for this event. Armed with extensive experience, a strong balance sheet, capable human resources, a resilient brand and solid management, BTEL will continue to grow and contribute significantly to telecommunications in Indonesia.

On behalf of the Board of Commissioners, I congratulate and thank the Directors for their good performance in 2011. I have every confidence that BTEL will continue to improve for 2012 and beyond. I also thank all the shareholders, employees, customers and business partners for their continued support.



BOBBY GAFUR S. UMAR
PRESIDENT COMMISSIONER

REPORT OF THE PRESIDENT DIRECTOR



Anindya Novyan Bakrie
President Director

Honored Stakeholders,

2011 was a year fraught with challenges yet also full of potential for the Indonesian telecommunications industry. For the last few years, the market has been dominated by innovations and promotions from voice and text. At that time, when the penetration rate was still below 100%, lower tariffs could actually increase subscribers and talktime, which in turn could add to increased revenues. Currently, a change in the business environment is occurring. Market competition dynamics filled with price wars, an increasingly clear change in consumer behavior and saturated markets for voice and text, all formed an industry kaleidoscope for 2011.

BTEL has identified a number of challenges and opportunities in this ongoing change. Demand for Data services continue to increase for Indonesians.

Their communication behavior is also changing in line with increased purchasing power and the availability of smartphones and other gadgets. These all serve to support the insertion diversified content into the telecommunications business. Therein lies great opportunity for the data segment.

Another significant item which also impacted on the industry was the sanction from the Government of promoting premium content Value Added Services (VAS) in Indonesia starting from October 2011. This sanction affected BTEL in a very real manner, as the Company was one of the most successful VAS marketers in Indonesia.

To cope with these conditions, BTEL is preparing itself by focusing on "Getting Ready For The Future".

Getting Ready For The Future

The perception that quality must be expensive in Indonesian telecommunications is a common one. BTEL has proven that quality services can be provided at very affordable rates.

BTEL has selected the CDMA technology for its advantages since the very beginning. CDMA is technically superior in its capacity utilization. In developing data network, CDMA technology requires only an EVDO card to be inserted into an existing voice network, resulting in more efficient cost and conversion time. Most importantly, because the wave canal allocation is separated distinctly in CDMA, the quality of voice, text and data is more stable.

In BTEL's own market, more than 14 million subscribers are ready to utilize data services. This presents a great opportunity ready to be utilized by BTEL in entering the data market. Even more so if the potential market outside of the current subscribers is taken into account.

With telecommunication services going more towards providing data, BTEL has been preparing itself very adequately. The Company is able to deliver quality services at the most affordable rates compared to other operators. This applies for on-net (Esia to Esia) as well as off-net (Esia to Others) services.

To utilize all these opportunities, BTEL has been investing comprehensively in technology, systems, infrastructure, organization and human resources since the last two years. The funds for these investments are obtained from internal cash and equity of the Company and the issuance of global bonds.

BTEL also foresees a very relevant vision with the rapidly developing telematics industry trend delineated by internet-based connectivity for communications, entertainment and productivity. The steps currently taken by the Company are concrete initial steps toward full integration between telecommunications, media and technology by 2015.

“The steps currently taken by the Company are concrete initial steps toward full integration between telecommunications, media and technology by 2015.”

There are a number of reasons why BTEL launched this vision of integration. First, BTEL is part of the Bakrie Group, which is the only business group that manages telecommunications, media and technology concurrently. Second, BTEL is unique as the most affordable and best telecommunication and internet service in Indonesia. Third, the cellular license that has been granted in principal by the Government and is now in the final stages of its commercial permit will make BTEL into the most complete cellular company with full mobility, with a much larger market share. Fourth, because BTEL is already partners with two global technological giants, namely Google and Electronic Arts (EA).

As a consequence of the current market saturation and investment costs, BTEL is experiencing a temporary downturn in gross revenue, EBITDA and net profit. Nevertheless, BTEL is consistently showing good operational performance. Within the JBBB area, where most of the Company's market share is, BTEL is still profitable. Overall, BTEL even managed to increase its subscriber base from approximately 13 million in 2010 to 14.6 million in 2011 or a 12.3% increase. Soon, the cellular license that is currently in its final stages of being granted its operational permit will effectively increase the convenience level BTEL's subscribers.

2011 Initiatives and Performance

BTEL has initiated a number of concrete steps to realize the 2015 vision. These included optimizing of network quality, capacity increase, network planning for integration of voice and data services, as well as EVDO services development. BTEL has also optimized networks in supporting cities, notably in areas outside of Jakarta, Bandung and Banten so that commuters receive optimum service quality.

With this network quality improvement, BTEL has also launched a number of large marketing campaigns to create awareness and convince subscribers and the general public of the actual results. Campaigns such as “Telepon Putus Kami Ganti” [We reimburse Dropped Calls] and “Kartu Perdana Kuat” [Strong First Card] have proven to increase subscriber and general public awareness of the reliability of BTEL’s network system. The “Telepon Putus Kami Ganti” program is a unique breakthrough because it not only gave recognition for a reliable quality network; it also actually offered refunds if subscribers suffered dropped calls. This program compensated the subscriber for a dropped call if a call lasted up to a minute. The “Melek Tarif Sadar Sinyal” [Tariff and Signal Awareness] is the “Kartu Perdana KUAT” which is an affordable tariff that has added value which is applicable not only to other BTEL subscribers, but is also the most affordable rate to other operators.

BTEL’s internalization of GCG during 2011 focused on preparing human resources so that GCG principles are consistently implemented in the management of business. Through this, it is hoped that their abilities to make correct decisions will improve in a dynamic business environment and to accommodate the interests of the stakeholders.

A number of activities in 2011, served to illustrate the actual realization of GCG principles for the Company. The Code of Ethics dissemination program for Directors, managers and employees was conducted in all regional areas. This program served to consolidate and unify the conceptual understanding of ethics in general and the scope of ethics associated with BTEL’s business and application toward ethical decision making for employees. BTEL also conducted the BTEL Integrity and Performance Award 2011 as an annual agenda. This event nominated employees who performed best and also fulfilled the criteria as employees that exemplified high integrity in their everyday activities. BTEL also participated in the Corporate Governance Perception Index (CGPI) 2011 survey, which was held by the Indonesian Institute for Corporate Governance (IICG) in conjunction with SWA magazine. BTEL is rated as a Trusted Company in this survey and for the Investor and Analyst’s Choice category; BTEL was rated as Most Trusted Company.

Priority to maintain subscriber needs and satisfaction for BTEL products and services were done systematically through implementation of the BTEL-Quality Management System (BTEL-QMS); which refers to ISO 9001:2008 standards. During 2011, the BTEL-QMS conducted 2 (two) Internal Quality Audits, a Management Review and an External Quality Audit done by an independent certification institution, TUV Rheinland.

Together with 6 other notable companies in Indonesia, BTEL formed the nonprofit organization the Indonesian Business Council for Sustainability Development (IBCSO), which refers to the World Business Council for Sustainability Development organization as its parent. This is actual proof of the Company’s commitment to participate in the conservation of natural resources, global warming prevention, community empowerment and sustainable development.

As actual results of the Hijau Untuk Negeri (HUN) program launched in 2010, BTEL has succeeded in saving 100 million sheets of paper vouchers during 2011. This was a real effort to ensure that the ecosystems of Indonesia and our Earth are conserved. Besides that, the HUN program has also succeeded in saving Rp 20 billion in operational expenses through a number of long term comprehensive environmental initiatives that are sustainable and good for business.

Through these initiatives, BTEL has partnered with the Global eSustainability Initiative (GeSI) international organization, in which BTEL is the first ASEAN member for the telecommunications industry. Together with GeSI and eSustainability Partners, BTEL has also held ICT for Green Asia, an international conference regarding the contribution of the telecommunications industry’s contribution to decreasing carbon emissions. Members of the telecommunications industry, regulators and world-class associations shared their knowledge and experiences during the conference.

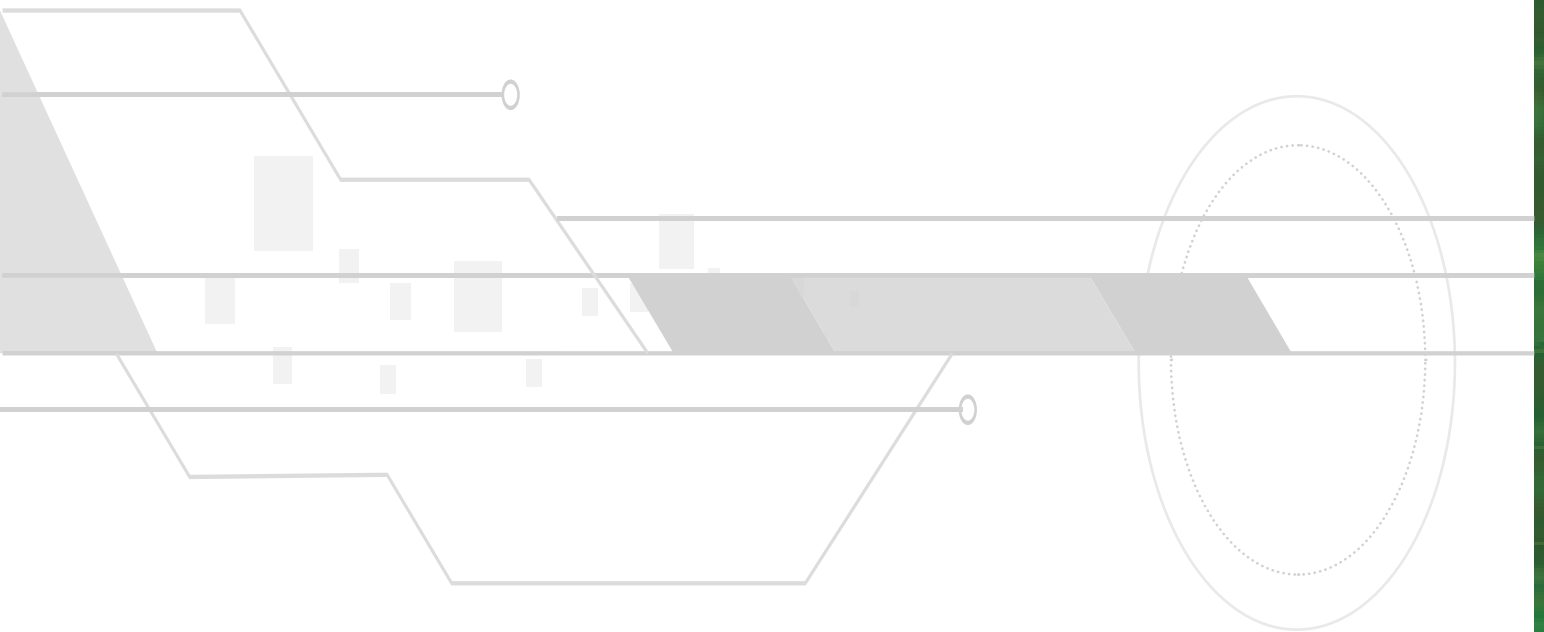
Future Outlook

BTEL will remain focused on the largest consumer segment. This means that BTEL will keep on providing services at very affordable rates and with modern integrated services to meet the needs of consumers. These services include voice, data and broadband. Therefore, in line with the increased usage of data and broadband, BTEL is already on track with all the preparations and investments that the Company has done and is currently doing.

Concluding, I sincerely thank the Stakeholders, Management, all levels of BTEL, business partners and the relevant Government institutions for their continued support. We are all looking at a future full of prospects and of blessings.



ANINDYA NOVYAN BAKRIE
PRESIDENT DIRECTOR



2

BUSINESS REVIEW

GETTING READY FOR THE FUTURE

- 1 More Intelligent and Demanding Consumers
- 2 Improving the Quality of the Reliable Network
- 3 More Valuable Product Offering
- 4 Improving Data Services Through Superior Technology
- 5 Integration of Environmental Concerns to Business Strategy
- 6 Toward a Convergence of Telecommunications, Media and Technology
- 7 Providing the Best Service
- 8 Support from the Best Resources



BTEL's investments during these times ensure that our quality products and services remain affordable in the future. A future for Indonesia where communications are integrated, sophisticated and comfortable. A future for BTEL with you. The future of our Indonesia.

MORE INTELLIGENT AND DEMANDING CONSUMERS

BTEL presents a bright horizon in the Indonesian telecommunications industry. Initiated from a clear mission to provide quality information connectivity at an affordable price. This philosophy underlines BTEL's implementation of its business strategy as a budget carrier and to continue to create disruptive innovation through the Esia brand, a CDMA-tech telecom service. Esia, since its presence in 2003, has managed to create breakthroughs that changed the paradigm of the Indonesian telecommunications industry.

BTEL has grown impressively and rendered wireless telecommunications into becoming very affordable and enjoyed by all levels of Indonesian society. BTEL introduced the concept of "talk time" as opposed to "pulse". A concept that is more fair, where consumers can calculate costs incurred based on the duration of the call. BTEL also created bundling packages that pioneered the sale of including starter packs with the actual handset, with a wide selection of handsets to meet customer requirements, at a very affordable price.

BTEL's transformation into a superior operator was borne through continuous evolution, both in terms of technology and organization. This was done in order to increase growth to a more advanced stage, with the realization that fundamental changes in the telecommunications market in Indonesia are currently happening. A change that has been anticipated aptly in time to be a cornerstone for BTEL to launch to the next level.

Currently, major and significant changes are happening in the behavior and expectations of Indonesian

Currently, major and significant changes are happening in telecommunication market in Indonesia. A change that has been anticipated aptly in time to be a cornerstone for BTEL to launch to the next level.

telecommunications consumers. Mobile subscribers are smarter and more demanding. They demand higher mobility and rely on their handsets for a variety of needs, ranging from serious activities such as business and remote working, to fun activities like playing mobile games.

They are active in social networking, exchanging news and conversing over the internet, chatting via chat services, also finding information, news, and entertainment through online media. They are attached to a new world that is in their handsets. Consumers are no longer satisfied by voice and SMS services.

On the other hand, information technology is also undergoing rapid progress. The phone is no longer just a voice and text communication tool, but has evolved into a powerful tool for exchanging data, information and transactions. By using a normal internet capable handset, which can be purchased at relatively low prices, customers are able to perform a variety of online activities, which was previously only possible on the computer.

During 2011, the Indonesian telecommunications industry began experiencing market saturation. In general, the level of teledensity in Indonesia is almost close to or even slightly above 100%. With the number of mobile numbers in the market today, you could say almost the entire population aged 14-49 years of Indonesia's 240 million population, has a mobile phone.

In this situation, tariff elasticity has less of an impact on increasing operator revenues. In other words, price competition is not very effective in boosting performance. In fact, because all operators have been competing to reduce rates during 2011, low rates are considered a hygiene factor or factors that do not motivate the customer but is crucial to maintaining customer loyalty in order not to switch to another operator.

Facing a potential decline in revenue due to the trend of declining rates, data services are being more intensively marketed by operators, at first only as a sweetener or a complementary voice service, but later shifting into a major service. However, due to tighter competition, especially among GSM operators, data service rates also began decreasing gradually.

IMPROVING THE QUALITY OF THE RELIABLE NETWORK

Two major changes, ie changes in consumer preferences and the emergence of data services as the new flagship service, is the situation that developed in 2011. BTEL is always responsive to changes in the telecommunications industry and has been anticipating and responding to these changes through a Trident strategy or 3 business programs that run simultaneously to penetrate the continually growing mobile market, namely: improving the quality of a reliable network, offering better value products, as well as developing data services through superior technology.

These three programs are offered at low tariffs as benefit BTEL's budget carrier status since the beginning, which has been successfully conducting disruptive innovation in the Indonesian telecom industry.

BTEL uses CDMA technology that is superior in capacity utilization of the wavelength channel width than the same in GSM technology, with lower investment costs so as to provide a lower tariff to consumers. Ironically, it is because of these low tariffs which make CDMA a superior technology, that CDM is associated with poor network quality performance.

2011 was declared as the year of network quality improvement, among others, through the optimization of network quality, capacity building, development of EVDO service throughout the BTEL service area, as well as network planning for integrating voice and data.

In order to increase coverage area, BTEL has installed 69 additional base stations during 2011. The number of base stations at the end of 2011 were 4,016 compared to 3,947 in the previous year. 69% of these base stations are spread across the JBBB region, while the rest are in non JBBB. In connection with the launch of the Broadband Wireless Access (BWA) business, as many as 2,360 BTS have been equipped with EVDO. Meanwhile, in line with the asset light strategy, 94% of the base stations are rental collocated from third party.

Description	2010	2011
TOTAL BTS	3,947	4,016
Proportion of Collocation	94.1%	94.2%
Proportion of Non Collocation	5.9%	5.8%



Maintenance and quality improvement activities are performed by expanding the network coverage area, increasing system capacity of base stations, and core network including the SMS Centre and maintaining the Network Key Performance Indicators.

Network Performance Indicators	2011	
	Target	Achievement
Call Drop Rate	< 0.8%	0.55%
Access Failure Rate	< 0.6%	0.40%
RF Blocking Rate	< 0.3%	0.03%
Call Success Rate	> 99.0%	99.31%

Through these regular and continuous activities, it is believed that endpoint service availability standards are improved, including reducing the number of failed calls (drop calls), increasing the success rate of making calls and SMS (congestion) and being able to maintain stability and signal quality.

Network optimization is also done by maximizing the existing base stations through the proper allocation of base stations, if necessary by moving the base stations that are not optimally utilized to locations that require more. BTEL also optimizes networks in the buffer cities, especially outside of Jakarta, Bandung and Banten so that the commuters get the optimum quality of service.

To anticipate a rise in users of data services, BTEL has added the capacity of its network, especially for EVDO, which was launched in 2010, with the addition of data channels in areas that have very rapid growth in subscribers such as Tasikmalaya, Cirebon, Yogyakarta, Solo, Malang, Palembang and Pekanbaru.

Of the 19 cities that have a data service based on EVDO, BTEL has expanded its network to include implementation of the second channel for EVDO data at several locations in almost everyone of those cities.

Some of the buffer cities from the 19, such as Garut, Salatiga, and Mojokerto are equipped with EVDO network that enables customers to get high-speed data services while outside the city. The city of Yogyakarta, as a city of very rapid growth of data subscribers and internet bandwidth, was selected and successfully used as a pilot project for EVDO rev B trials. Rev B has the advantage of being able to increase capacity three-fold compared to EVDO rev A.

To anticipate the era of convergence, network planning is being done for the convergence of voice and data by preparing and implementing both access and core networks, such as BTS, BSC and MSC, some of which have the ability to run on an IP platform.

Reliability of the network quality is a strategic value to strengthen the position and perception of BTEL as a budget carrier as well as being the basis of a marketing program that was intensively conducted in 2011. To address the negative perception of network quality required a smart unique and effective strategy to build a strong and reliable network perception of BTEL.

A commitment to a reliable network quality aims to avoid any doubts from subscribers or reasons from subscribers too turn away from BTEL's service, and this is guaranteed through the "Telepon Putus Kami Ganti" program which offers a refund or compensation when subscribers experience a drop call when the call has reached 1 minute. Subscribers are compensated by giving talktime that can be used for phone calls or SMS.

The "Telepon Putus Kami Ganti" Program is a unique breakthrough because it not only boasts a claim for a reliable network quality, but actually offers real refunds if voice services are disrupted, with a value Rp 500 for calls to GSM numbers, and Rp 100 for calls to PSTN or FWA numbers.

Overall, at all indicators of network performance, BTEL successfully exceeded the set targets and managed to make improvements to network performance.



MORE VALUABLE PRODUCT OFFERING



The success of BTEL in improving network quality during 2011, was accomplished through serious efforts to expand the new subscribers base, including through the release of the “Kartu Perdana Esia Kuat”, which is now one of BTEL’s flagship products.

The “Kartu Perdana Esia Kuat” was carefully designed with operator selection as the most important consideration, both for prospective mobile users and mobile subscribers who are looking for an additional number, was an affordable tariff with economic value added. Through this new starter card, BTEL seeks to strengthen the perception that low fares not only apply for phone calls to fellow BTEL subscribers, but is also the cheapest tariff to other operators, including GSM operators. Even cheaper when compared to the inter-GSM phone tariffs.

The “Kartu Perdana Esia Kuat” product (cheap to all operators) has an initial pulse of Rp 3,000 or Rp 5,000 depending on the domicile of the subscriber, as well as a variety of built-in bonuses such as free SMS and bandwidth every day, free airtime to all operators every holiday and a free ring back tone, and various other bonuses.

The notion that quality should be expensive indeed has indeed become a common perception in the Indonesian telecommunications market. BTEL proved that price and quality can simultaneously be in harmony with BTEL’s quality of communications services remaining excellent at affordable tariffs.

Through the “Melek Tarif, Sadar Sinyal” (MTSS) campaign which was massively run in 2011, BTEL invited Indonesian consumers to carefully examine telephone tariffs, to be critical in choosing a phone operator, and to be really good at calculating how simple and inexpensive the phone tariffs offered by operators are and not be stuck with a promo tariff that is in fact more expensive than normal rates.

Although, cheap tariffs are good because it opens up wider access for the public to enjoy telecommunication services, these must also be accompanied with the quality of the network so that it is also convenient to use. This is the added value or “value for money” which is built through the MTSS campaign.

To do that, BTEL conducted test calls in nearly 1,000 crowded locations throughout Indonesia in Jakarta, Bandung, Tasikmalaya, Cirebon, Semarang, Yogyakarta, Solo, Medan, Padang, and Makassar. In those places, the Esia car will come and consumers can immediately try and prove the strong BTEL signal and how affordable it is in comparison to other operators’ tariffs.

BTEL’s advantage as a telecommunications operator with an extensive quality and reliable yet affordable network for the majority of Indonesians continues to be strengthened not only to potential new subscribers, such as those offered by the Kartu Perdana Kuat, but also for current BTEL subscribers.



The Customer retention program introduced in 2011 is the “Seribu Sejam” program, which is a free call service to a fellow BTEL subscriber in Indonesia for 60 minutes since activation a registration fee of Rp 1,000 plus VAT.

BTEL’s capability to offer economical rates for subscribers with a reliable network quality, is also enhanced through the launch of the “Puas” package which targets the heavy users subscribers segment. This consists of three packages that provide specific benefits, the first which is free calls and SMS to other BTEL subscribers in Indonesia, at a cost of Rp 2,500 for a full day or Rp 10,000 for a full week (plus VAT). The third is the “PUAS3” package provides free SMS sending to other BTEL subscribers and SMS with 2500 characters to other operators’ subscribers, at a cost of Rp 1,000 for a full day (plus VAT).

Not only basic services such as voice and SMS received attention in 2011, BTEL data services were also packaged in a more attractive and affordable manner. BTEL data packets can now be enjoyed by subscribers with very low tariffs, ranging from Rp 1,000 for one day, Rp 10,000 for seven days, and Rp 30,000 for 30 days (plus VAT).

The overall programs and packages of telecommunications services to attract new subscribers and retain existing ones in 2011 is BTEL’s creativity and innovation in answering the demands of shifting and changing consumer behavior telecommunications, as well as to establish BTEL’s position as a provider of quality telecommunication services at affordable prices.

BTEL excellence in providing value products worth more to the users has proven to provide a strong image as a quality service provider at affordable prices. The Esia brand has become a brand with the largest market share in the JBBJ area, the most densely populated areas with the greatest market potential in Indonesia. In addition, based on periodic research surveys conducted by independent global marketing research consultants Taylor Nelson Sofres and Roy Morgan, it is clearly illustrated how in 2011 BTEL performed. Until the end of December 2011, the Esia brand continues to be in the top position in terms of spontaneous brand recognition, the brand that offers the cheapest tariffs, and the brand recommended by both subscribers and frontliners.



Esia Tariff

ON NET TARIFF	TIME ZONE		
	00:00 - 04:59	05:00 - 07:59	08:00 - 23:59
LOCAL & SLJJ 01010	Rp 0.5/second	Rp 1/second	Rp 2/second
	Description: FIRST minute rates Rp 30 Further Rp 0.5/second	Description: FIRST minute rates Rp 60 Further Rp 1/second	Description: FIRST minute rates Rp 120 Further Rp 2/second

OFF NET TARIFF	PREPAID				POST PAID	
	Jakarta & Bandung	JBJB (excl. JKT & BDG)	NON JBJB	ESIA 8	JBJB	NON JBJB

TARIFF to GSM

06:00 - 21:59

In the city (local)	Rp 800	Rp 800	Rp 480	Rp 480	Rp 636	Rp 480
Between cities, zone <200 km	Rp 1,545	Rp 800	Rp 800	Rp 800	Rp 1,727	Rp 800
Between cities, zone >200 km	Rp 2,727	Rp 2,727	Rp 800	Rp 800	Rp 2,545	Rp 800

22:00 - 05:59

In the city (local)	Rp 800	Rp 800	Rp 480	Rp 480	Rp 636	Rp 480
Between cities, zone <200 km	Rp 1,364	Rp 800	Rp 800	Rp 800	Rp 1,182	Rp 800
Between cities, zone >200 km	Rp 1,818	Rp 1,818	Rp 800	Rp 800	Rp 1,818	Rp 800

TARIFF to PSTN / FWA

06:00 - 21:59

In the city (local)	Rp 250	Rp 250	Rp 250	Rp 480	Rp 250	Rp 250
Between cities, zone <200 km	Rp 1,000	Rp 1,000	Rp 800	Rp 800	Rp 1,000	Rp 800
Between cities, zone >200 km	Rp 2,273	Rp 2,273	Rp 800	Rp 800	Rp 2,091	Rp 800

22:00 - 05:59

In the city (local)	Rp 250	Rp 250	Rp 250	Rp 480	Rp 250	Rp 250
Between cities, zone <200 km	Rp 909	Rp 909	Rp 800	Rp 800	Rp 636	Rp 800
Between cities, zone >200 km	Rp 1,364	Rp 1,364	Rp 800	Rp 800	Rp 1,091	Rp 800

SMS TARIFF	TIME ZONE		
	00:00 - 04:59	05:00 - 07:59	08:00 - 23:59
ONNET	Rp 0.5/character	Rp 1/character	Rp 2/character
	SMS tariff up to 160 character: Rp 0.5/character	SMS tariff up to 150 character: Rp 1/character, excess characters up to a maximum 160 character of the charge: Rp 0	SMS tariff up to 75 character: Rp 2/character, excess characters up to a maximum 160 character of the charge: Rp 0
OFFNET	Rp 0.5/character Minimum Tariff Rp 75	Rp 1/character Minimum Tariff Rp 75 Maximum Tariff Rp 150	Rp 2/character Minimum Tariff Rp 75 Maximum Tariff Rp 150
TO OVERSEAS	Rp 1,000/sms	Rp 1,000/sms	Rp 1,000/sms

DATA TARIFF	METHOD	
	TIME BASED	VOLUME BASED
1.x DATA	Rp 250/minutes	Rp 1/KB
EVDO DATA	Rp 250/minutes	Rp 1/KB

Tariff do not include taxes of 10% - applies specifically for Prepaid customers

AHA Tariff

TELEPHONE & SMS - PREPAID

Applicable National

ON NET TARIFF	TIME ZONE		
TARIFF to ALL ESIA	00:00 - 04:59	05:00 - 07:59	08:00 - 23:59
LOCAL & SLJJ 01010	Rp 0,5/second	Rp 1/second	Rp 2/second
	Description: FIRST minute rates Rp 30 Further Rp 0.5/second	Description: FIRST minute rates Rp 60 Further Rp 1/second	Description: FIRST minute rates Rp 120 Further Rp 2/second

SMS TARIFF	TIME ZONE		
	00:00 - 04:59	05:00 - 07:59	08:00 - 23:59
ONNET	Rp 0.5/character	Rp 1/character	Rp 2/character
	Description: SMS tariff up to 160 character: Rp 0.5/character	Description: SMS tariff up to 150 character: Rp 1/character, excess characters up to a maximum 160 character of the charge: Rp 0	Description: SMS tariff up to 75 character: Rp 2/character, excess characters up to a maximum 160 character of the charge: Rp 0
OFFNET	Rp 0.5/character Minimum Tariff Rp 75	Rp 1/character Minimum Tariff Rp 75 Maximum Tariff Rp 150	Rp 2/character Minimum Tariff Rp 75 Maximum Tariff Rp 150
TO OVERSEAS	Rp 1,000/sms	Rp 1,000/sms	Rp 1,000/sms

Tariff do not include taxes of 10%

Jabodetabek & West Java

DESTINATION	Tariff		Pulse
	Peak	Off Peak	
PSTN/CDMA			
Local	Rp 250		Per Minute
SLJJ Zone 1	Rp 1.000	Rp 636	Per Minute
SLJJ Zone 2 & 3	Rp 2.091	Rp 1.091	Per Minute
GSM			
Local	Rp 636		Per Minute
SLJJ Zone 1	Rp 1.727	Rp 1.182	Per Minute
SLJJ Zone 2 & 3	Rp 2.545	Rp 1.818	Per Minute
International	follow the applicable Esia tariff		

Tariff do not include taxes of 10%

Non JBJB

DESTINATION	Tariff	Pulse
PSTN/CDMA Local	Rp 250	Per Minutes
GSM Local	Rp 480	Per Minutes
SLJJ	Rp 800	Per Minutes
International	follow the applicable Esia tariff	

Tariff do not include taxes of 10%

UNLIMITED PACKAGE - PREPAID & POST PAID

Type	Speed	Tariff			FUP			
		Daily (1 day)	Weekly (7 days)	Monthly (30 days)	Daily	Weekly	Monthly	Throttled Speed *
Economic	up to 200 Kbps	-	Rp 25,000	-	-	750 MB	3 GB	64 Kbps
Dynamic	up to 600 Kbps	-	Rp 35,000	-	-	1 GB	4 GB	64 Kbps
Fantastic	up to 3.1 Mbps	Rp 10,000	Rp 55,000	Rp 200,000	350 MB	1,5 GB	10 GB	64 Kbps

DATA PACKAGE - PREPAID & POST PAID

Type	Speed	Tariff Monthly (30 days)	Quota
Mini	up to 3.1 Mbps	Rp 25,000	600 MB
Super Mega		Rp 50,000	2 GB
Super Giga		Rp 100,000	6 GB
Super Mega +		Rp 90,000	2,5 GB
Super Giga +		Rp 140,000	6,5 GB
Ultimate		Rp 500,000 (60 days)	35 GB

Tariff includes 10% tax

BIS PACKAGE - PREPAID & POST PAID

Type	Speed	Tariff
DAILY BIS	up to 3.1 Mbps	Rp 5,000
WEEKLY BIS		Rp 30,000
MONTHLY BIS		Rp 99,000

Tariff includes 10% tax

EXTRA PACKAGE - PREPAID & POST PAID

Type	Speed	Quota	Tariff
EXTRA 50	follow the speed of the previous package	50 MB	Rp 2,000
EXTRA 100		100 MB	Rp 5,000
EXTRA 350		350 MB	Rp 10,000

Tariff includes 10% tax

IMPROVING DATA SERVICES THROUGH SUPERIOR TECHNOLOGY



The very rapidly growing popularity of internet social networking in Indonesia is a remarkable phenomenon. In 2011, there were an estimated 43 million users of Facebook in Indonesia, the world's third largest, and 19.5 million users of Twitter, the fifth largest in the world.

At the same time, there is also a sharp shift in the cafe Internet access portion with a drop from about 83% to 64% of users, while the portion of Internet access from cell phones jumped from 22% to 48% of users.

This change confirms the birth of a new generation of telecommunications users in Indonesia. As the popularity of voice and SMS declines, it is clear that the future lies in Internet data services via mobile devices that has a very large growth potential, given that Internet penetration in Indonesia is still low, only about 21% of the population or the lowest in Southeast Asia.

Taking advantage of this momentum and ensuring sustainable business growth, BTEL decided to enter the business of providing data services with the launch of Broadband Wireless Access (BWA) with CDMA EVDO technology, under the AHA brand.

AHA has different characteristics than the BTEL main brand Esia namely, to manage AHA, a new subsidiary company named Bakrie Connectivity (BCON), was established. Through the establishment of BCON, it is believed that BTEL will be able to develop potential markets in data services optimally, without sacrificing focus on other services.



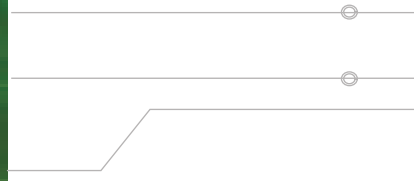
Growth in data services is always driven by personal devices to access it, as is evident from the data service revenues from Esia brand that continues to grow, driven by the availability of the new internet-capable phones at affordable prices in 2011.

Continuing its leadership and pioneering position in the provision of bundling starter packs at an affordable price, in 2011 BTEL has worked with leading manufacturers of gadgets, including with the Samsung Android phone to market Galaxy Y which received very good market response and was able to build credibility for BTEL data services.

Alliances were forged with major global players such as with Electronics Art (EA), one of the largest game manufacturers in the world, with the launch of a special high spec mobile phone exclusively containing 30 official EA games at affordable prices for the children and youth segments.

Mobile gaming is the major service choice in the world after voice and SMS services. BTEL's strategic alliance with EA is a solid starting point to capture the younger generation segment which has great potential in the future in the online game market.

The new subscriber segment remains a priority because it has proven so far to have a significant stake in BTEL customer growth. In 2011, the "Hidayah Sholeh" mobile phone edition was launched, complementing the other two Hidayah variants which is intended for the more mature segments.



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1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

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the source for the songs, BTEL collaborates with five major labels in Indonesia, namely Sony Music Indonesia, Universal, Musica Studio, Trinity and Warner Indonesia.

AHALink is a compact portable hotspot because it combines the functions of a router, modem and an Access Point that allows it to share an internet connection with up to five other devices that have WiFi.

AHAtouch is a phone with the Android 2.2 operating system capable of data processing and superior video quality because it is supported by a high quality capacitive touch screen with 262K color resolution.



Equipped with GPS, 3.2M camera and able to function as a portable WiFi which allows customers to share internet connection.

Consumer expectations are now beginning to lead to convergent telecommunications services, namely entertainment and news contents from mainstream media that can be accessed on mobile devices such as



computers or smartphones. The merging of the internet and the world of TV or the "Internet TV" is the first point of media convergence.

Anticipating this need, BTEL launched the AHA MyTV innovative internet modem as the first in Indonesia which has local and international TV broadcasts contents. In addition to the internet access, AHA MyTV can be used to enjoy live TV and video on demand channels for news, entertainment, children, sports, and Indonesian, Hollywood and Bollywood films.

Development of personal devices also evolved from the small screen on the smartphone to the big screen on the tablet for a higher level of comfort in accessing the internet. BTEL combines those two things in AHApad and Coolpad, the Android tablet with a 7-inch wide screen that has innovative interactive applications such as AHAsop, AHAvibe, AHAgames, AHASTars, AHAmail and AHACHerryView.



General consumers are not only the ones who benefited from the presence of BTEL's low-cost super-fast internet access, but also the business segment that require fast data access in their daily activities. Therefore, in April 2011, BTEL launched the CDMA-EVDO technology Blakberry with a speed 77 times faster than GPRS technology that now currently exists.

BTEL also recognizes the needs of the small and medium business segment in pioneering e-businesses, developing competitive advantages, so that by mid-2011 BTEL launched the AHA Office in Box. Each AHA Office box is a complete solution of data packets containing a USB modem and access point for fast internet connection, equipped with domain registration services, site hosting, mailbox business, as well as Google applications for cloud computing technology-based business.



INTEGRATION OF ENVIRONMENTAL CONCERNS TO BUSINESS STRATEGY



BTEL has evolved from a company purely concerned with corporate profits and business continuity into a company that puts environmental issues first by becoming the first telecommunications company to integrate the appreciation of environmental values into its overall business strategy.

Through the “Hijau Untuk Negeri” initiative (HUN), launched in 2010, BTEL integrated values and eco-friendly practices into all aspects of operations that also have economic benefits. BTEL has now developed into a very environmentally conscious company and encourages employees and Stakeholders to make real contributions for the assured sustainability of the ecosystem.

As a long-term comprehensive and continuous environmental program, HUN concentrates on designing products and services that are more green, reduce operational costs and minimize waste and risk.

During 2011, the HUN program has succeeded in reducing the impact on the environment through reduction in energy consumption, waste reduction and the success in recycling used electronics and mobile equipment. BTEL has also reduced the use of paper and plastic for the production of large amounts of starter packs, vouchers and other products that also have a positive impact on the environment.

A number of achievements for HUN in 2011 include the HUN Disruptive Initiative, namely activities which have a strong effect and direct impact, such as “Handset without Charger” and “Unplug Notification”; BTEL “Off Peak Call Routing contact center” to Surabaya; and the “Green Class” and “Green Heroes Competition”.

BTEL has set a target of 4 HUN programs for 2011, namely:

1. Reuse or recycle 75% of electronic waste generated in the network and IT in 2011.
2. Ensure that by the year 2011, 50% of capital spending have been in accordance with our Supplying Green criteria.
3. Collecting 50,000 used handsets for reuse or recycle through 2012.
4. Reduce 50% of greenhouse gas emissions from every customer, from 2009 until 2014.

At the end of 2011, we proudly present that three of the four have been achieved, and the remaining target is progressing onwards.



The most important achievements are:

1. Recycle more than 2,000 BTS batteries, which were only held in storage, as well as about 75% of electronic equipment waste from network operations, with a total of about 100 metric tons of waste.
2. 64% of BTEL's capital expenditure worth 150 million U.S. Dollars have met the criteria for Supplying Green. This percentage will continue to increase if the 735 active suppliers for BTEL also actively run the "Go Green" initiative.
3. Reduce greenhouse gas emissions per customer by 4,550% since 2009, or otherwise reduce emissions equivalent to the electric power for 240,000 people.

BTEL also established partnerships with leading national and international institutions which have similar concerns in the conservation movement as along with 6 other leading companies in Indonesia by becoming a pioneering member and founder of the nonprofit organization, the Indonesian Business Council for Sustainability Development (IBCSO) which is an important forum for the business world in Indonesia to collaborate across sectors on issues of sustainability.

Commitment to the environment and sustainable efforts are also reflected in BTEL's step as the first ASEAN telecom operator who is a member of GeSI (Global e-Sustainability Initiatives). GeSI is an international partnership for world class IT companies that have a shared commitment to create a sustainable world through information and communication technologies that are innovative and responsible.

As a follow-up to this commitment, in November 2011 BTEL hosted and organized the international conference on the global telecommunications industry contributing to the reduction of carbon emissions. The conference theme, "ICT for Green Asia" was attended by no less than 250 participants from the telecommunications industry, regulators and world class associations in sharing their knowledge and experience.

The conference has produced a variety of approaches to "strategic green business" in the telecommunications sector that will impact on sustainable development in Asia. Environmentally conscious behavior in the telecommunications industry provides a number of benefits including efficiency through reducing operating costs, strengthening brand value and creating the competitiveness of enterprises. In time, this green activity will benefit the Company. Green ICT is BTEL's investment for the future.

TOWARD A CONVERGENCE OF TELECOMMUNICATIONS, MEDIA AND TECHNOLOGY



In 2015, BTEL hopes that 80% of Indonesians can enjoy affordable broadband internet.

Indonesian consumers of telecommunications and information are some of the most growing and most dynamic in the world. Therefore, Indonesia has always been one of the largest markets for virtually every leading technology and internet company in the world. On the other hand, the future trend of the world telecommunications industry is now heading to Internet-based connectivity in particular for communications, entertainment and increasing productivity.

This momentum can be utilized so that Indonesian telematics consumers can start shifting into technopreneurs such as Google, Facebook and so on in the next three to five years. This goal is in line with BTEL's vision to provide a better life for the people of Indonesia by providing information connectivity.

In 2011, BTEL announced the Bakrie Telecom, Media and Technology (BakrieTMT2015) vision which will synergize the telecommunications business line (BTEL), media (VIVA Group) and technological (BConn and Bnet) by 2015.

BTEL is now in the final stages of the process in obtaining its cellular license. This will be the start of full mobility and convergence between telecommunications, media and technology in BakrieTMT2015. In the BakrieTMT2015 vision, BTEL will evolve to become a telecommunications company with comprehensive synergy between phone and internet connections, infrastructure, content, and devices under one roof. At that time, it is forecast that the vast majority of consumer activity in Indonesia will be done through mobile devices.



In 2015, BTEL hopes that 80% of Indonesians can enjoy affordable broadband internet. In its vision, the Bakrie group active in the field of Telecom, Media and Technology in which BTEL is part of, will build the next generation infrastructure that will become the venue for the realization of all strategic plans heading toward convergence. In addition, local technopreneurs will also be facilitated to create a variety of applications for quality and affordable internet service for all.

Later, at the time of full convergence, internet access can be made from television sets and devices affordably using the integrated network that will be developed. This integrated network includes fiber optic networks, broadband networks, business support systems and managed services. In this network, complete quality multimedia content, and appropriate and ready applications for commercial activities will be available for Indonesia affordably.

For this, BTEL has set 2011 as the year of Getting Ready For The Future, a period to prepare towards a future where access to information and integrated applications accessible affordably and easily for Indonesia.



PROVIDING THE BEST SERVICE



► BTEL DISTRIBUTION CHANNELS

To face the tight competition in the telecommunications industry, BTEL must continue to innovate to optimize the company's growth by ensuring that the Company's products and services can be obtained easily in all the areas that it services.

To do that, BTEL will still rely on the distribution pattern of direct and indirect distribution. In this pattern, which is illustrated in the chart below, there have been many innovations that have made it better.

Direct Distribution Channel

These are distribution channels directly served by BTEL to customers, such as through Esia outlets, direct sales to corporations, roadshows and both small and large shopping centers.

Outlets & Franchises

Outlets serve as representatives of the Company to deal directly with customers

1. Esia outlets, serve the needs of its customers for Esia services, including directly selling Esia products. Currently, BTEL has 70 Esia outlets where 39 of them

are managed directly by Esia and the rest is managed by AHA World, BTEL's partners.

2. AHA World, which is an authorized dealer for the sales of AHA products in leading malls in Jakarta, Bandung and Surabaya.
3. AHA Zone, a special counter to serve AHA customers in the Esia outlets. Currently, there are 21 AHA Zones spread across 22 cities.

Sales & Roadshow Programs

During 2011, there were 16 major roadshow events conducted each week, regional roadshows regularly conducted and followed by a massive roadshow event continuously held within a period of 3 months. In addition, in the data segment, BTEL was actively involved in various events and computer trade exhibitions organized by the Apkomindo (Association of Computer Indonesia) on a National scale (Indocomtech) as well as on a local scale (Apkom Sale, FOMIKOM). Through AHA, BTEL is also a major sponsor in the AHA Java SoulNation 2011 Festival, an international scale soul/R&B music festival in Jakarta.



Alternative Distribution Channels

In addition to traditional distribution channels, BTEL also developed alternative distribution channels directly to the end user. Esia and AHA products can be sold through Chain outlets (Fuji Image Plaza, Multiplus, MKN, Indogrosir, Seven Eleven, Indomart and others). In 2011, these chain outlets amounted to 4,518 throughout Indonesia. There were 133 store locations throughout Indonesia for Hypermarket outlets (Carrefour, Giant, Hypermart & LotteMart) during 2011, and as many as 41 outlets in High Profile Stores (Electronic City, Electronic Solution, Scholastic, Seven Eleven, iBox). Esia and AHA products are distributed together so as to provide a “one-stop solution” to customers for voice services through Esia and through AHA for the data services.

Corporates & Partnerships

Current BTEL corporate customers amount to approximately 3,902 subscribers from 708 companies.

International Data Services (IDS)

IDS provides IP transit services to the ISP and internet services to corporations. By utilizing the existing capacity, the IDS team has sold the international data services with sales reaching IDR 1.4 billion.

Indirect Distribution Channel

These are distribution lines that are managed through authorized Esia dealers spread throughout Indonesia. Indirect distribution channels provide a major contribution to the overall Company's income.

In general, management of these distribution channels are divided into:

Own Products distribution through the dealership mechanism

During 2011, BTEL launched an initiative aimed at improving the quality of distributors and dealers. Currently, there are 133 dealers throughout Indonesia that handle Esia and AHA products. Initiatives to accelerate the distribution of handsets used the same pattern as in the previous year to establish a consortium of distributors/dealers. From the consortium, the handset is distributed to the dealer, then to the sub-dealers and so on up to the customer. The dealers' closest partners in the distribution channel is the direct retailer outlets serving customers. An update of frontliner and outlet data was conducted in 2011, so that there are currently 12,178 frontliners and outlets serving as the frontlines for customer service. The “Apresiasi Kawan Esia” appreciation programs was given to the frontliners who have been selling Esia products to invigorate Esia recommendations for using Esia products from frontliners to customers.

Distribution for OEM/OMH Products

The OEM (Original Equipment Manufacturer) or OMH (Open Market Handset) channel is a product bundling cooperating with telecommunications equipment vendors and their distribution partners in the country to distribute the product. Some of the vendors and their brands have been officially working with Esia and AHAs. These include Huawei, Haier, Prolink, with Samsung as the latest one. These partnerships are expected to provide an alternative for prospective users to choose a brand or product that fit their needs. In addition, the existence of alternative distribution channels makes Esia and AHA products more widely available in the market.



INCENTIVE AND REWARD SYSTEM

Incentive programs apply to all those that contributed to the successful achievement of Company targets. Beginning with the employee incentive program that is based on the active subscribers growth achievements, refills and revenue targets. Then, an incentive program for dealers which is based on activation and top-up achievement factors. In addition, dealer are also imposed minimum limits to accelerate the achievement of sales targets.

There is also an incentive program for the Kawan Esia and outlets that sell Esia products based on activation and refills.

HIJAU UNTUK NEGERI

One form of commitment of the HUN program is the collection of old handsets for recycling, where the role of distribution channels is critical. Collection of used handsets is done in the Esia- designated outlets in the Greater Jakarta area for further submission to the partners of the Company to be recycled. In the future, the locations of the used handset collection will be increased through cooperation with third parties (the dealers or outlets) and will be implemented throughout Indonesia.

BTEL recycles in an environmentally friendly and responsible manner. BTEL is committed to the preservation of the Earth which belongs to us all.



CUSTOMER RELATIONSHIP MANAGEMENT

In general, the role of Customer Relationship Management (CRM) in contributing to the Company focuses on the main points as follows:

- Providing a good experience when subscribers contact the Company through all communications media. CRM in this case becomes an extension of the Company in the eyes of the subscriber.
- Provide solutions that are fast, precise and satisfy subscribers.
- Creating new innovations to improve service quality for customers.
- Retain subscribers through retention & loyalty programs, primarily for corporate and premium customers.
- Improve company revenue by developing up-selling and crossselling activities through all communications media with customers, and utilizing the available infrastructure to operate call centers for other companies, using the 140XY access code.

Lately, input, comments and questions from subscribers not only come through the call centers and outlets. With the growth of Social Media in Indonesia, this has become one of the new alternative medium for customers to contact the Company. The availability of non-traditional media impacts highly on customer perception of the Esia and AHA brands.

To accommodate this development, Customer Relationship Management CRM seeks to integrate existing and well known communications media to the subscribers, the call center and new media outlets with new digital media such as email and social media. With the availability of more alternatives, the subscriber will enjoy easier and faster means to contact the Company in obtaining the desired solution or service, which will ultimately increase subscriber satisfaction.

For the Company itself, with the increasing number of communications media, the more the Voice of Customers that can be delivered and also more diverse media is available for the Company to capture the Voice of Customers through surveys conducted periodically.



The role of serving customers well becomes more refined with the operation of a special services for quality customers.

This Voice of Customers was studied and processed again in order to become very useful input for other units and management for product development, improvement of network quality, general service development and others.

The task of serving customers better became more refined with the operation of special services for VIPs. This is a call center service that is easily and freely accessible to VIP customers, directly served by call center agents with specific skills. When VIP customers come to outlets, then they will be directly served by the Outlet Team Leader and not have to wait in line. Information, requests and complaints from VIP customers will be resolved in time with a service level agreement which is faster than regular customers.

This digital era is followed by the expanding needs of customers where the customer currently uses the phone not just to talk and send SMS, but also for data services (eg internet access, Facebook, Twitter, etc.). This is accommodated by the availability of products in



Esia and AHA. To be able to provide fast and accurate solutions for customers with these more advanced needs, CRM front liners have been prepared to deal with questions, feedback and complaints related to data services, by being given intensive training coupled with learning by doing methods.

CRM is also building a special hotline for AHA customers using the 14098 access number (or * 14 098 if accessed from an Esia/AHA number). This number can also be accessed by other operators' customers nationwide. This call center is served by an agency with special expertise on data and the internet services. In addition, the Esia outlets are also developed into the AHA and AHA-World-Zone sites which are collaborate to serve all Esia and AHA customers.

Along with the increasing number of subscribers and service areas, currently customers can contact the Company through:

- 2 call centers located in the city of Jakarta and Surabaya.
- 41 outlets in 31 cities.
- call center access numbers: * 999, * 990, * 14 098 and 14 098
- Email: customercare@bakrietelecom.com; ahacare@aha.co.id
- Twitter: @solusiesia, @ahabroadband
- Facebook: esia solution, ahamoments

CRM is also keen on completing the customer database in every contact with customers where originally these only contained demographic data (name, address and age) to be more complete, with additional data such as employment, hobbies, and others. By using a comprehensive database, the Company can more easily customize products or services with customer profiles and needs.

To contribute to improved corporate earnings, CRM performs multiple revenue generation activities through:

- Hotline 101: Request song service for customers who want to activate the dial or ring tone
- Ring Back Tone (RBT), just call 101 and the customer will be assisted by frontliners who are always updated with new songs.
- Conduct cross-selling and up-selling to customers who have been served through all communication media (especially call centers and outlets). Products offered are tailored to their usage pattern.
- With the operational license to operate the call center for other companies using the 140XY access code, during 2011 CRM successfully cooperated with Message Delivery (14090) and A & W Delivery Service (14061). The call center for both partners is conducted through the call center in Jakarta.



For all their efforts, CRM won several awards at the national level during the years 2010 - 2011 as follows:

- "The Best Business Contribution" from the Indonesian Contact Center Association (ICCA).
- "The Best Contact Center Operation" from the ICCA.
- "The Best Agent, Supervisor and Manager Contact Center" from the ICCA.
- "The Best Telemarketers" from the ICCA
- "The Best Quality Assurance" from the ICCA
- "The Best Team Work Contact Center" from the ICCA.
- "Service Excellence Award" for Esia outlets in Bandung and Palembang from MarkPlus Insight

BTEL customers are everything to us. BTEL grows and evolves with our customers.



SUPPORT FROM THE BEST RESOURCES



► DIRECTION OF HR DEVELOPMENT IN BTEL

In line with the development of the organization and as the follow-up to the declaration of human resource strategy as set forth in the HR Blueprint, BTEL continues its efforts to develop the quality of human resources and its organization. This effort was undertaken with a focus on some very important things such as, structuring/re-mapping of business processes, strengthening the organizational structure, talent management, performance management systems and human resources development.

These efforts were taken to anticipate future developments in the business by building and preparing qualified cadres ready to face the dynamic development of the telecommunications business. Where the dynamics of the telecom business will be strongly influenced by the synergy with other businesses, such as the media and the internet. This period of convergence will pose a special challenge for the organization to deal with.

► ORGANIZATION DEVELOPMENT

Within the organization, throughout 2011 BTEL has sought to strengthen organizational structure, either through expansion or rotation in accordance with the principle of “the right man in the right place and at

the right time”. Through expanding the organization of some operational units, the overall organization is able to function more optimally due to increased roles and greater responsibilities. While the rotation of employees, based on the performance appraisals through the appropriate placement of individuals in their fields, will be able to improve the performance of the overall organization.

In addition, BTEL continues to instill the importance of integrity in doing business. As a manifestation of this concern, the Company held a series of workshops and dissemination activities regarding Business Ethics (Code of Conduct/Business Ethics) for managers and above.

► HR TRAINING AND DEVELOPMENT

Based on the input from the survey of employee training needs, the Department of Human Resources has developed general employee development and training programs. Particularly, for the managerial ranks, BTEL also considers inputs from the results of the work assessments to develop Individual Development Programs. This development program is not only in the form of in-class training, but also in the form of project management training, coaching, on-the-job learning and

The integrity and professionalism of BTEL's human resources are at the forefront of the telecommunications industry.

self-improvement. Training and development programs of BTEL always follow and anticipate developments in business and technology.

To monitor and review the implementation of employee training and development programs, the participants are asked to create Learning Diaries. After that, reviews are conducted periodically by the supervisors and the HR Department. Learning Diaries also serve as a "report card" of the individual to ensure that the program is going according to plan and to determine its effectiveness.

To nurture a knowledge sharing culture within the Company, the Human Resources Department has also introduced the BTEL Internal University. By tapping on the experience of BTEL's very own executives, this knowledge sharing program is conducted for up to managerial levels. The aim of this program is to complement their business knowledge so that they have a more comprehensive insight into internal business processes and external business conditions. It is also hoped that through this program, new initiatives that support the business will emerge.

► TALENT MANAGEMENT

In order for the talent management program to succeed and meet the expected goals, the HR department periodically conducts an assessment of the managerial staff in respect to their competence and performance. Those who demonstrate consistent performance and high levels of competence will be selected to become "talents".

For these talents, BTEL endeavors to develop their abilities to be better prepared to accept assignments of with higher and wider scopes in the future. BTEL also seeks to provide commensurate remuneration and maintain them to remain loyal to the organization.

For talent development, individualized training and development programs have been developed. Preparation of these programs are based on the results

of work assessments and other general programs that cover the requirements of the majority of talents in a particular year. In terms of rewards, BTEL endeavors to provide them with an attractive compensation system that is market competitive.

► PERFORMANCE MANAGEMENT SYSTEM

In 2011 a new Performance Management System, known as Peris (Performance Improvement System) was introduced. Through this new system, individual performances will be reviewed and assessed from the aspect of target achievement. This achievement covers the financial, customer, internal process, people and competence aspects of performance which constitute the basic performance behavior.

With this new system, a continuous cascading process of target preparation from superiors to subordinates and the alignment between the integrated work units which is called aligning process have been developed. As a follow-up to performance management based on this new system, not only are the aspects of individual contributions taken into account, but also aspects of the organization and operational unit of each employee contributions are taken into account. The transparency that comes with the application of this system also allows organizations to improve the performance of a particular operational unit or directorate.

► REMUNERATION SYSTEM

BTEL always endeavors to provide an attractive and competitive remuneration package for employees based on performance results, especially for those who are in the talent category. To that end, BTEL always follows the regular payroll survey conducted by international consultants which are followed by telecommunication and information technology companies.



Several initiatives that have been carried out during 2011 include:

- Implementation of hardship allowances in Bali, Kalimantan, and Batam taking into account the cost of living of local communities.
- Changes in transportation allowances from a reimbursement system to a cash system, in order to shorten business processes and provide flexibility for employees to manage their own transportation allowances.
- In terms of non-cash, BTEL provides additional days of leave based on the employee level.

In addition, to ensure standardization of health insurance for outsourced employees, the Company took the initiative to establish a system of health insurance policies that must be followed by all outsourcing companies that are partners through the Company's health insurance system.

but also in all regional offices. In addition, employees are also given the freedom to participate in various activities according to their interests such as biking, photography, martial arts, indoor soccer and so on. To foster friendships while enhancing the spirit of healthy competition, sporting events are also held between telecom operators.

With regard to the automation of human resources administrative support systems, BTEL has launched the e-payslip program that makes it easy for employees to access their own paycheck without having to wait for service from the HR department. With this e-payslip, BTEL also supports the HUN movement through the saving of paper to print paychecks.

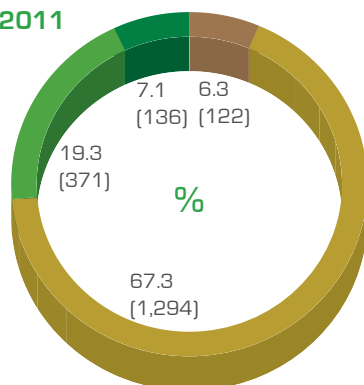
► HUMAN RESOURCES SUPPORT SYSTEM

BTEL always strives to create a work atmosphere conducive to improved performance of employees so that they can contribute optimally. Various initiatives were undertaken to support this, for example through the Community Party, Town Hall Meeting, Fasting Breaks and others. Events are held not only at headquarters,

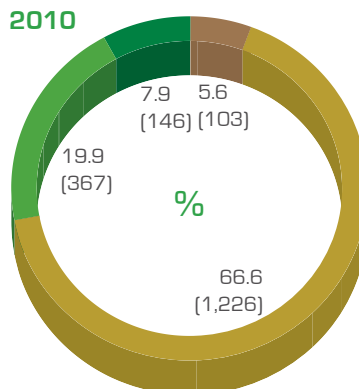
HR DEMOGRAPHICS

Total Employees Based on Education

2011



2010

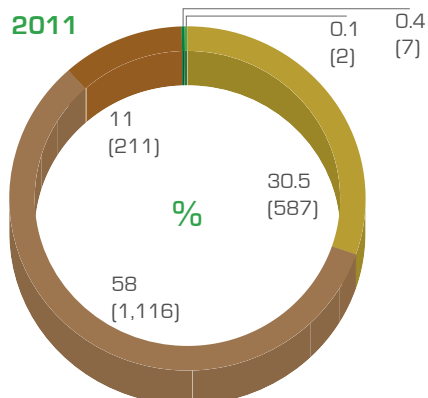


S1
S2

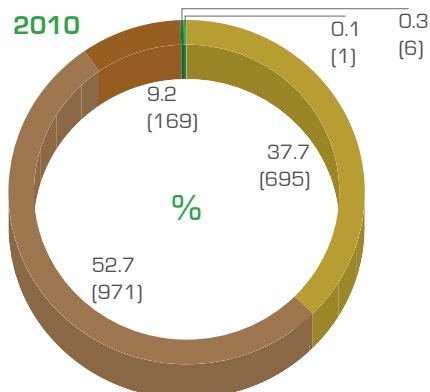
Pre Lecture
Diploma

Total Employees Based on Age

2011



2010

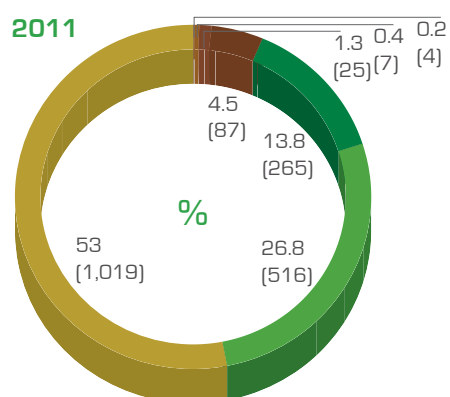


18-29
30-39
40-49

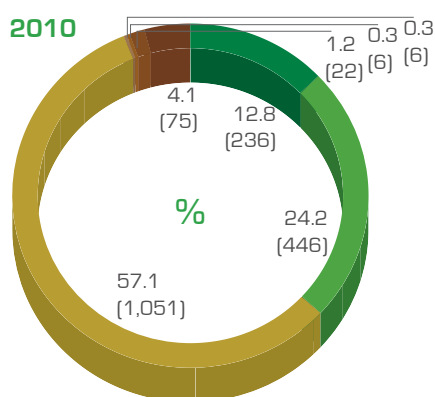
50-55
>55

Total Employees Based on Level

2011



2010



Board of Directors
EVP
VP
GM

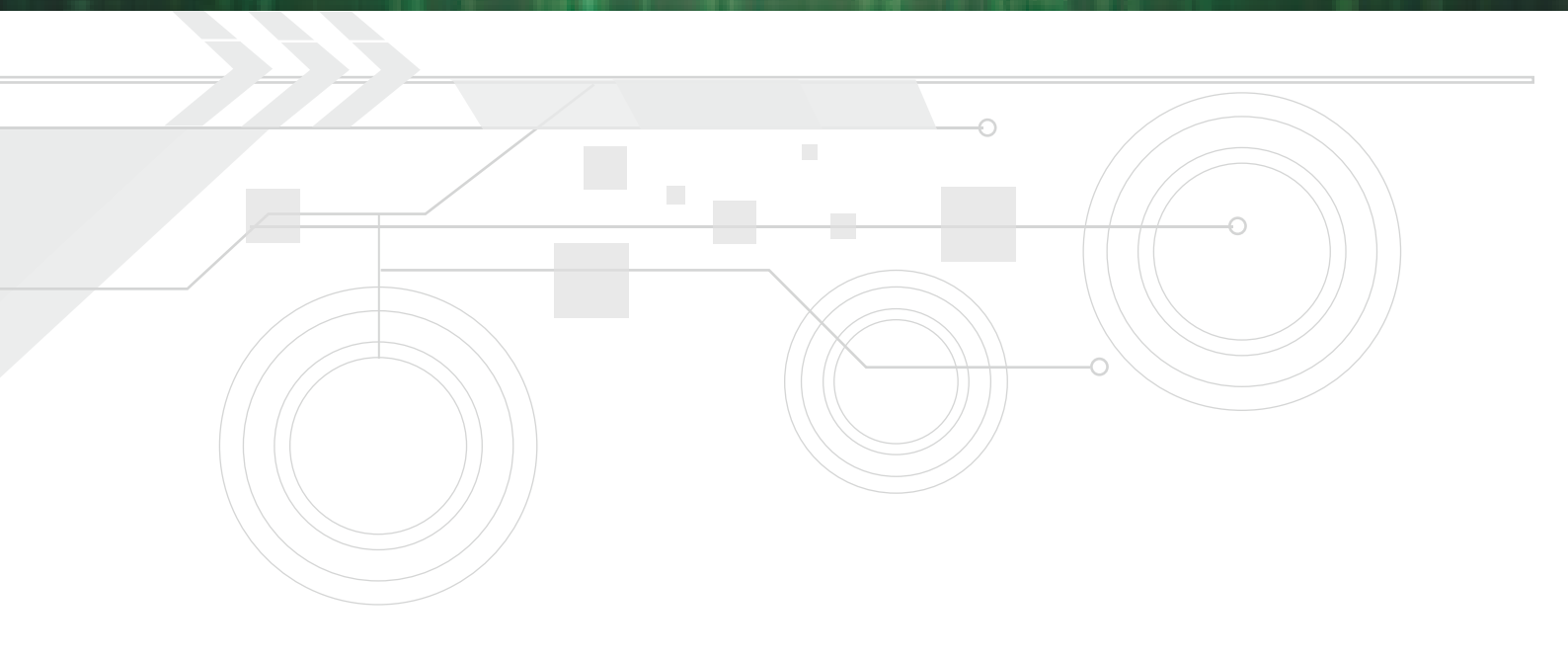
Manager
Supervisor
Staff



3

MANAGEMENT DISCUSSION AND ANALYSIS

- 1 Business Environment 2011
- 2 Financial Review
- 3 Additional Financial Information





The dynamics of the telecommunications industry and its market during 2011 have forged BTEL into becoming more dynamic and robust for the future.

BUSINESS ENVIRONMENT 2011



► ECONOMIC STABILITY CREATES DEMAND FOR TELECOMMUNICATIONS SERVICES

In 2011 global economic conditions generally show improvements even though Europe is still suffering a liquidity crisis, banking crisis and a crisis of confidence, albeit without significant systemic effects. These conditions favored the growth of Indonesia's economy during the year, reflected in the 2011 economic performance, which was the best since the 1998 crisis. An inflation rate of 3.8% and economic growth of 6.5%, were ideal conditions of low inflation accompanied by high economic growth. Household consumption and investment were the two main economic drivers of 2011.

During 2011, all economic sectors experienced growth. The highest growth occurred in the transport and telecommunications sectors which reached 10.7%. In general, the telecommunications sector has become a vital sector in infrastructure, the other two being the electricity and transport sectors, which are magnets for incoming foreign investments into the real sector. Foreign direct investment increased after Indonesia acquired investment grade ratings, making for faster foreign capital inflows which in turn drive faster economic activities. The above conditions have created new needs in terms of telecommunications consumption, which are boosting demand for telecommunications services.

With a population of 240 million, Indonesia is a very attractive market. The communications market is expanding outside of Java, and also to rural areas not reachable by fixed line services. The business world needs more than just verbal communications, but also data and other strategic information. This is where the marketing opportunities for content-based wireless telecommunications services are present.

► TIGHT INDUSTRY DYNAMICS AND MARKET SATURATION

2011 was a challenging year, dominated by fierce competition and rapid technological change. With 11 players competing hard on price and not on the product nor service quality, along with changes in consumer behavior that is evolving into a digital community, the industry's growth slowed slightly and was below expectations due to adjustments for new market dynamics.

Voice and SMS services which has been the main services continued to show signs of saturation. It was characterized by declining numbers for subscribers of traditional voice and SMS services with market

developments that have reached its limits. On the other hand, the demand for non-voice services or data segment rose sharply. Currently, the industry is in the midst of a transformation in voice, data and video services synergy.

The still low Internet penetration in Indonesia creates great business opportunities for the data business. The rapid development of broadband technology offers a variety of options for end users to communicate with their communities in other areas more effectively and economically than through the regular telecom services.

During 2011, service providers no longer offer cheap rates and actually started to raise rates again. The industry is still characterized by price competition, but now operators come up with new offerings that are smarter by prioritizing the perceptual “cheap” factor rather than actually lowering their prices.

Looking at the above conditions, BTEL, as a CDMA operator, considers that the quality of service plays an important role in addition to affordable rates. The advantages of CDMA lie in terms of technological efficiency and convenience in the adjustment for new technologies, bring a distinct competitive advantage for BTEL in this digital transition.

At the end of 2011, even amid intense competition in the industry, Esia manages to maintain its brand market share position. Esia remains in the top position, with a 40% market share in the JBB, densely populated areas with the greatest market potential in Indonesia.

LICENSE AND REGULATIONS

Licensing and Permits

The Government, through the Ministry of Communications and Informatics (Menkominfo), acts as a regulator as well as setting telecommunications industry policy in Indonesia. The large umbrella policy in the telecommunications sector refers to Law No.36/1999, valid since September 2000 and setting out guidelines for the implementation of reform and industrial liberalization, for the entry of new players as well as enabling increased transparency and competition. To ensure transparency in the process of drafting regulations in accordance with the Laws of Telecommunications, an independent regulatory body, the Independent Telecommunications



Regulatory Body (BRTI) was established in July 2003, with the task of regulating, monitoring and controlling the telecommunications industry and its players. BRTI members consist of officials from the Directorate General of Post and Telecommunication and The Telecommunications Regulatory Committee, which is chaired by the Director General of Post and Telecommunication.

In early February 2006, Menkominfo issued Regulation No. Kominfo. 8/PER/M.KOMINFO/2/2006 for interconnections, a regulation that mandates the implementation of a cost-based interconnection tariff scheme for all telecommunications network operators and services. Based on the Press Release No 145/PIH/KOMINFO/12/2010 dated December 30, 2010 from the Ministry of Communications and Informatics, a reduced interconnection tariff will be introduced in early 2011.

Menkominfo also regulates the distribution of the radio frequency spectrum for all telecommunication operators, each of which must obtain a license before being able to use a particular radio frequency spectrum. Each telecommunication carrier is required to have a specific license to provide each telecommunication service. BTEL has obtained the following licenses:

“2011 was a challenging year, dominated by fierce competition and rapid technological change and Esia remains in the top position, with a 40% market share.”

License	Date	Legal Base
Permit for the implementation of Local Wireless Fixed Line with National Limited Mobility	June 15, 2007	Decree of the Minister of Communications and Informatics of the Republic of Indonesia No. 298/KEP/M.KOMINFO/6/2007
The addition of channel allocation radio frequency with channel number 1019 for the Jakarta, Banten and West Java areas	October 14, 2009	Decree of the Minister of Communications and Informatics No. 363/Kep/M.KOMINFO/X/2009
Permits Fixed Network International Direct Dialling (IDD)	February 12, 2009	Decree of the Minister of Communications and Informatics of the Republic of Indonesia No. 59/KEP/M.KOMINFO/02/2009
Permit for operation of Internet Telephony Services for Public Needs (VoIP)	January 23, 2006	Letter from the Director General of Post and Telecommunications, No. 16/Dirjen/2006
Permit for Internet Access Service (ISP)	March 2, 2007	Letter from the Director General of Post and Telecommunications No.053/DIRJEN/2007
Permit for Internet Interconnection Service (NAP)	June 7, 2010	Letter from the Director General of Post and Telecommunications No. 194/DIRJEN/2010
Permit for Central Information Service and Value Added Telephony Service	August 5, 2009	Letter from the Director General of Post and Telecommunications No. 184 / DIRJEN/2009
Principle Permit for Direct Long distance Dialling (DLD) Fixed Network	January 23, 2009	Decree of the Minister of Communications and Informatics of the Republic of Indonesia No. 31/KEP/M.KOMINFO/01/2009

PROSPECTS OF THE TELECOMMUNICATIONS INDUSTRY

In addition to the above licenses, BTEL has also obtained a Mobile Cellular principle license on April 7, 2011 through the Decree of the Minister of Communication and Informatics 130/KEP/M.KOMINFO/04/2011 jo. Decree of the Minister of Communications and Informatics 622/KEP/M.KOMINFO/11/2011. Associated with the cellular license, to date, BTEL has received:

- Establishment of National Destination Code (NDC) through its letter No. 850/DJPPI/Kominfo/12/2011
- Determination of National Signaling Point Code (SPC) through its letter No. 40/DJPPI/Kominfo/01/2012 pertaining Sea-worthiness test Operations
- Issuance of Operation-worthiness assessment through letter No. 41/DJPPI/KOMINFO/2/2012

Currently, BTEL is in the process of obtaining the operating license for mobile license service commercialization.

Premium SMS Services Regulation

In October 2011, as a follow-up of the decision from the Ministry of Communications and Informatics, the Telecommunications Regulatory Agency of Indonesia (BRTI) has asked telecom companies to disable premium SMS services and provide notice to the customer to choose to turn off or restart the service. All operators are also required to stop the promotional SMS premium services until further notice, notifying a summary of the cost of premium SMS services to users and report to the BRTI every week regarding all the initiatives taken.

Looking ahead, the challenges in the telecommunications industry is not only indicated by price competition, but also by changes in behavior of consumers that are evolving into a digital community. Users become so dependent on mobile communications equipment to access the data they need in everyday life. Indonesia has become the country with the the world's second largest Facebook users and third largest Twitter users, indicating the growing popularity of social media networking. Mobile communication devices which have become increasingly available at increasingly affordable prices are contributing to the increase in users.

In the midst of saturated traditional services that are dominated by voice and SMS services, opportunities in the telecom business are still abundant. Development of a more dynamic lifestyle and society, affect the utilization of telecommunication services to become much more sophisticated. The low penetration rate of data customers and internet usage open opportunities for supporting businesses such as content and technology providers.

Content is increasingly important but content will only grow if supported by the availability of adequate infrastructure as an enabler. Bandwidth is the key word. Operators are required to anticipate soaring bandwidth needs. Development of infrastructure data services are also facing challenges as it requires huge investments for fiber optic lines that are still borne by the operator without government assistance. In addition, the limited availability of frequency allocation should also receive attention.

FINANCIAL REVIEW

The following financial performance discussion and analysis should be read in conjunction with the consolidated financial report of the Company and certain other financial information regarding the consolidated financial and operational data of BTEL.

The financial report of BTEL is presented according to generally accepted accounting principles in Indonesia, as outlined in the Financial Accounting Standard Statement (PSAK) and the Bapepam-LK regulation No. VIII.G.7 regarding Financial Reporting Guidelines. Certain accounts in the consolidated financial report for the year ending December 31, 2010 have been reclassified to be in accordance with the presentation of the accounts in 2011.

The consolidated financial reports of the Company for the years ending December 31, 2010 and 2011 were audited by the public accounting firm (KAP) of Tjiendradjaja & Handoko Tomo, which issued the opinion that the consolidated financial report of the Company has been presented fairly and in accordance with generally accepted accounting principles in Indonesia.

ANALYSIS OF OPERATIONS

Subscribers Growth

Description	2010	2011	Change
TOTAL SUBSCRIBERS	13,026,734	14,635,422	12.3%
Prepaid Subscribers	12,961,678	14,580,708	12.5%
Esia	12,890,730	14,289,907	10.9%
AHA	70,948	290,801	309.9%
Postpaid Subscribers	65,056	54,714	-15.9%
Esia	65,056	53,858	-17.2%
AHA	-	856	n/a

At the end of December 2011 the number of BTEL subscribers has reached 14,635,422 or grew by 12.3% compared to last year's figure of 13,026,734. The increase in the number of subscribers is the result of sustainable innovative products and services, strong brand positioning and improved network quality in 2011.

Prepaid subscribers increased by 12.5% from 12,961,678 to 14,580,708 in line with the Esia subscriber growth of 11% from 12,890,730 to 14,289,907. In addition, Broadband Wireless Access services from AHA has been able to get subscribers increase to 290,801 from 70,948. Postpaid subscribers decreased by 15.9% from 65,056 to 54,714. This is primarily due to customer migration from Esia, Wifone and Esiatel postpaid services to prepaid Esia service that provides better financial flexibility.

Minutes of Usage Changes and ARPU

Description	2010	2011	Change
Minutes of Usage (in million minutes)	20,104	17,846	-11.2%
Blended ARPU	26k	20k	-21.6%
Prepaid	25k	19k	-23.2%
Postpaid	107k	114k	6.6%

Minutes of conversation or Minutes of Usage (MoU) come from a voice conversation service. The MoU is calculated from the number of minutes of outgoing conversation from all subscribers. The amount of MoU until the end of 2011 was 17.8 billion, a decline from 20.1 billion in the previous year. The MoU declined because of free talktime promotions to increase the number of subscribers. Consequently for any use of the same pattern, the chargeable talktime decreased. This created an increase in the number of customers but was not accompanied by an increase in the MoU.

Blended Average Revenue Per User (ARPU) was recorded at Rp 20,000 or 21.6% lower than Rp. 26,000 during 2010. ARPU decline is mainly due to the proportion of on-net conversations that are much higher than off-net, in which on-net tariffs are much lower than off-net tariffs. ARPU decline is a result of customer growth in line with expansion into new areas, where the customers there have not reached optimal usage levels. Postpaid ARPU is higher than pre-paid, where it reflects the socio-economic strata of postpaid customers who tend to be well established, although the number of subscribers is less than prepaid subscribers.

COMPONENTS OF BUSINESS

Operating Revenues

The following table shows operating revenues during 2010 and 2011, with each item presented as a percentage of operating revenues.

Interconnection Service Expense. Interconnection Service Expense consists of the interconnection fees paid to other telecommunications carriers for calls

in billions of Rupiah

Description	2010	%	2011	%	Change
GROSS OPERATING REVENUE	3,447.1	100.0%	3,195.5	100.0%	-7.3%
Telecommunications Service Revenue	3,143.7	91.2%	2,911.3	91.1%	-7.4%
Voice Service	1,984.1	57.6%	1,738.3	54.4%	-12.4%
SMS Service	697.6	20.2%	617.7	19.3%	-11.4%
VAS Service	289.8	8.4%	321.6	10.1%	11.0%
Data, Internet & EVDO Service	54.6	1.6%	143.2	4.5%	162.3%
Non Usage	117.6	3.4%	90.3	2.8%	-23.2%
Interconnection Service Revenue	303.4	8.8%	284.2	8.9%	-6.3%
Interconnection Service Expense	290.4	8.4%	272.4	8.5%	-6.2%
Discounts	391.6	11.4%	332.1	10.4%	-15.2%
NET OPERATING REVENUE	2,765.1	80.2%	2,591.0	81.1%	-6.3%

Gross Operating Revenues. The Company's gross operating income basically consists of telecommunications services revenue and revenue from interconnection services.

Net Operating Revenues. Net operating revenues consist of gross operating revenues net of discounts and interconnection charges.

Telecommunications service revenue. Telecommunications service revenues are derived from fees earned from prepaid and postpaid services. These revenues consist of voice, SMS, VAS, data services, internet and EVDO, and other services.

Revenues from interconnection. Revenues from interconnection is income based on interconnection agreements with other telecommunications operators, both within and outside the country.

made by Esia subscribers to other telecommunications operator's subscribers.

Discounts. Discounts consist of sales commissions paid to distributors and sales agents, free talk time given to the customer and revenue sharing with content providers.

Operating Expenses

The table below shows the operating expenses during 2010 and 2011, with each item presented as a percentage of operating expenses.

Depreciation Expense

Depreciation expense consists of depreciation on network equipment and other fixed assets, including the installation and construction expenses, as well as the right to lease with a finance lease basis over their useful lives.

in billions of Rupiah

Description	2010	%	2011	%	Change
OPERATING EXPENSES	2,574.3	74.7%	2,765.0	86.5%	7.4%
Depreciation	1,144.6	33.2%	1,322.3	41.4%	15.5%
Operating and Maintenance	433.1	12.6%	393.6	12.3%	-9.1%
General and Administrative	222.2	6.4%	207.9	6.5%	-6.4%
Personnel	321.0	9.3%	373.4	11.7%	16.3%
Sales and Marketing	453.3	13.2%	467.9	14.6%	3.2%

Operation and Maintenance Expenses

Operation and maintenance expenses include the cost of licenses and concessions, electricity costs, lease payments and other operating expenses. The table below presents the operating and maintenance expenses for period of 2010 and 2011, with each item presented as a percentage of gross operating revenues.

Universal Service Liability (KLPU) plus the Universal Service Obligation (USO) which amount respectively to 0.5% and 1.25 % of net revenue after deducting for the elimination of doubtful accounts.

in billions of Rupiah

Description	2010	%	2011	%	Change
OPERATING AND MAINTENANCE EXPENSES	433.1	12.6%	393.6	12.3%	-9.1%
Electricity	113.7	3.3%	123.6	3.9%	8.7%
License	173.7	5.0%	121.8	3.8%	-29.9%
Rent	83.3	2.4%	71.7	2.2%	-14.0%
Concession Fees to the MoCI	48.2	1.4%	45.3	1.4%	-5.9%
Repairs and Maintenance	9.1	0.3%	25.2	0.8%	177.5%
Insurance	5.1	0.1%	6.0	0.2%	16.1%

Electricity

Electricity costs are associated with costs incurred for the use of electricity in each network.

Maintenance and Repair

These costs are primarily related to the cost of maintenance and repair of the BTS, including the cost of replacing spare parts.

License

License fees are related to the cost for radio frequency spectrum band license paid to the government.

Insurance

This expense mainly includes the cost of insurance on the BTS, insurance on the shipment of goods, and vehicle insurance.

Rent

Rental costs associated with rental property for base stations and other network equipment.

Royalty Concession To Depkominfo

Royalty concessions to the Ministry of Communications and Information Technology - Directorate General of Post and Telecommunications is an Implementation Fee (BHP) plus the contribution of the telecommunications

General and Administrative Expenses

Expenses in the general and administrative expense category include professional fees, rent, transportation and other general and administrative expenses. The following table shows general and administrative expenses during the period 2010 and 2011, with each item presented as a percentage of gross operating revenues.

in billions of Rupiah

Description	2010	%	2011	%	Change
GENERAL AND ADMINISTRATIVE EXPENSES	222.2	6.4%	207.9	6.5%	-6.4%
Professional Service	91.2	2.6%	80.6	2.5%	-11.6%
Rent	38.2	1.1%	45.0	1.4%	17.7%
Transportation	34.5	1.0%	32.7	1.0%	-5.1%
Postage	11.3	0.3%	9.9	0.3%	-12.2%
Office Maintenance	7.5	0.2%	8.5	0.3%	13.4%
Telephone, Electricity and Water	7.2	0.2%	6.3	0.2%	-12.8%
Office Supplies	6.6	0.2%	6.0	0.2%	-8.2%
Permits, Licenses and Customs Clearance	7.5	0.2%	4.9	0.2%	-35.5%
Others	18.2	0.5%	14.0	0.4%	-23.2%

Professional Services

These costs relate to expenses for the services of accountants, lawyers and other professionals providing services of particular concern, including energy outsourcing.

Employee Expenses

Personnel expenses consist of salaries and wages, transport and other costs related to employee benefits and training. The following table shows the employee expenses during the period of 2010 and 2011, with each item presented as a percentage of gross operating revenues.

in billions of Rupiah

Description	2010	%	2011	%	Change
PERSONNEL EXPENSES	321.0	9.3%	373.4	11.7%	16.3%
Salaries and Wages	260.8	7.6%	302.6	9.5%	16.0%
Transportation	30.0	0.9%	35.2	1.1%	17.4%
Medical Allowance	16.3	0.5%	18.4	0.6%	12.9%
Meal Allowance	6.6	0.2%	7.0	0.2%	6.8%
Training	7.4	0.2%	10.2	0.3%	38.4%

Rent

Rental costs consist of all expenses related to lease payments for offices and outlets.

Salaries and Wages

These costs primarily relate to remuneration, including wages and bonuses for employees.

Transportation

Transportation costs in general and administrative expenses are associated with business travel expenses and rental vehicles used for network services.

Transportation

Transportation costs inherent in the personnel expenses are related to transportation costs included as employee benefits.

Post Expenses

This fee is the cost of shipping documents or goods.

Health Benefits

These costs relate to claims for medical expenses, hospitalization, and outpatient care for employees and families of the insured employees.

Office Maintenance

This fee is used for maintenance of offices and stores. Especially the cost of maintaining the generator, air conditioning maintenance, photocopy and fax machine maintenance.

Lunch Money allowances

These costs relate to the cost of meal money as an employee benefit.

Telephone, Electricity and Water

These costs are associated with electricity supply, telephone and water used for office operations.

Training

This cost is the cost of employee development through training.

Office Supplies

These costs relate to the purchase of office needs such as stationeries.

Sales and Marketing Expenses

The following table shows the sales and marketing expenses during the period of 2010 and 2011, with each item presented as a percentage of gross operating revenues.

Licensing Permits and Import Duties

These costs are the costs associated with licensing, fees, and advertisement tax.

in billions of Rupiah

Description	2010	%	2011	%	Change
SALES AND MARKETING EXPENSES	453.3	13.2%	467.9	14.6%	3.2%
Advertising and Promotion	411.5	11.9%	437.7	13.7%	6.4%
Exhibition	33.3	1.0%	24.3	0.8%	-27.0%
Rent	4.9	0.1%	5.7	0.2%	16.3%
Others	3.6	0.1%	0.2	0.0%	-94.3%

Advertising and Promotion

These costs primarily relate to the cost of advertising on television, magazines and billboards procurement.

Exhibition

This exhibition expense is mainly concerned with the cost to set up temporary booths in public places and shopping centers for new product launches.

Rent

Rent is related to the rental fee for exhibit space.

Profit Margins and Business

Profit and Operating Margin is a calculation of the EBITDA and EBIT. Profit Before Interest and Depreciation or better known as EBITDA (Earning Before Interest Taxes Depreciation and Amortization), is used to know the Company's operating profitability before non-operating expenses (such as interest and other charges) and depreciation and amortization. Profit Before Tax and Interest, is otherwise known as EBIT (Earning Before Interest and Taxes).

in billions of Rupiah

Description	2010	2011	Change
EBITDA	1,335.5	1,148.3	-14.0%
EBITDA Margin	38.7%	35.9%	n/a
EBIT	190.8	(174.0)	n/a
EBIT Margin	5.5%	-5.4%	n/a

in billions of Rupiah

Description	2010	%	2011	%	Change
OTHER INCOME (CHARGES)	98.3	-2.9%	813.9	-25.5%	728.2%
Interest Income	36.8	1.1%	8.6	0.3%	-76.5%
Financing Charges	(475.3)	-13.8%	(767.9)	-24.0%	61.6%
Interest Charges and Bank Provisions	(297.1)	-8.6%	(557.7)	-17.5%	87.7%
Interest Expenses on Financial Lease	(155.4)	-4.5%	(141.5)	-4.4%	-9.0%
Hedge Fees	(18.9)	-0.5%	(64.3)	-2.0%	240.7%
Bank Charges	(3.9)	-0.1%	(4.4)	-0.1%	12.9%
Gain (Loss) on Foreign Exchange	127.1	3.7%	(69.6)	-2.2%	-154.8%
Gain on Foreign Exchange	138.9	4.0%	495.3	15.5%	256.6%
Loss on Foreign Exchange	(11.8)	-0.3%	(564.9)	-17.7%	4683.7%
Amortization of Deferred Gain on Sale and Leaseback	9.0	0.3%	10.1	0.3%	11.9%
Others - net	204.1	5.9%	4.9	0.2%	-97.6%

Income (expense) Other

The following table shows other income (expense) during the period of 2010 and 2011, with each item presented as a percentage of gross operating revenues.

Financing Charges

These costs primarily consist of interest expense in connection with the issuance of global bonds worth US\$ 250 million and US\$ 130 million.

Gain (loss) on foreign exchange - net.

Gain (loss) on foreign exchange is a total gain or loss on the exchange rate that has been realized.

Net Income (Loss)

Net income (loss) is derived from the Net Income (Loss) Before Tax deducted for Tax Expense

in billions of Rupiah

Description	2010	2011	Change
NET INCOME (LOSS)	10.0	(782.7)	n/a
Tax Expense (Benefit)	83	(205.2)	-349%
Net Income (Loss) Before Tax	92.5	(987.9)	n/a

FINANCIAL ANALYSIS OF RESULTS

Year Ended December 31, 2010 Compared to Year Ended December 31, 2011

Operating Revenues. BTEL recorded gross operating revenues of Rp 3,195.5 billion during 2011, a decrease of 7.3% when compared to Rp 3,447.1 billion during 2010. This was mainly due to the 7.4% decrease in telecommunication service revenue of Rp 3,143.7 billion to Rp 2,911.3 billion. The Company also recorded Rp 320.3 billion of net interconnection service after discounts or a decrease of 15.4% from Rp 378.6 billion during 2010. As a result, net income for the year decreased 6.3% to Rp 2,591.0 billion from Rp 2,765.1 billion last year.

Voice revenue decreased by 12.4% to Rp 1,738.3 billion from Rp 1,984.1 billion during 2010, due to aggressive free talktime campaigns to acquire subscribers. On the other hand, nonvoice revenue, which consists of SMS, VAS and data experienced a 3.9% growth. Despite a decline in VAS revenue due to the new regulation on premium SMS in the fourth quarter, non voice revenue continued to increase because of the significant growth of Broadband Wireless Access [BWA] for 2011. BWA contributed about 3.2% of total gross revenue from 0.5% in the previous year. This was in line with the company's aim to make BWA as the future growth driver.

Interconnection Service Revenue-Net.

Interconnection service revenues decreased to 6.3% or Rp 284.2 billion for 2011 from Rp 303.4 billion during 2010, while the interconnection expense decreased by 6.2% to Rp 272.4 billion for 2011 from Rp 290.4 billion during 2010. Interconnection service revenue declined due to the decrease of incoming calls, while the decrease in interconnection expense was a result of the reduction in outgoing calls. Therefore, the interconnection service revenue - net declined to Rp 11.8 billion in 2011 from Rp 13.0 billion in 2010.

“Despite a decline in VAS revenue due to the new regulation on premium SMS in the fourth quarter, non voice revenue continued to increase because of the significant growth of Broadband Wireless Access [BWA] for 2011.”

Discounts. Discounts decreased by 15.2% to Rp 332.1 billion during 2011, from Rp 391.6 billion during 2010. This decrease was primarily attributable to the increasing use of electronic reload vouchers to top up a prepaid subscriber's talktime, for which BTEL does not need to pay commissions, compared with physical reload vouchers sold by agents for which the Company needs to pay such commissions.

Operating Expenses. Total operating expenses increased 7.4% to Rp 2,765.0 billion during 2011 from Rp 2,574.3 billion during 2010. This was primarily as a result of increases in depreciation expenses, personnel expenses and sales and marketing expenses, partially offset by a decreases in operating and maintenance expenses and general and administrative expense.

Depreciation Expense. The Company's depreciation expense increased 15.5% to Rp 1,322.3 billion in 2011 from Rp 1,144.6 billion in 2010. This is related to the investment results for BWA.

Operation and Maintenance Expenses. Operating and maintenance expense decreased by 9.1% to Rp 393.6 billion in 2011 from Rp 433.1 billion in 2010. This was caused by the new calculation for the frequency license fee based on bandwidth usage.

General and Administrative Expenses. General and administrative expense decreased by 6.4% to Rp 207.9 billion from

Rp 222.2 billion, in line with the success of cost efficiencies made by the Company. During the same period, BWA contributed Rp 13.7 billion in consolidated general & administrative expense. When compared to gross income, the percentage increased from 6.4% to 6.5%.

Employee Expenses. Employee expense increased 16.3% to Rp 373.4 from Rp 321 billion, due to the recruitment of new employees to support the company's expansion into the broadband business. In this case,, BWA services contributed Rp 25,2 billion to consolidated employee expenses. Ratio of employee expenses to gross revenue was 11.7% during 2011 and 9.3% during 2010.

Sales and Marketing Expenses. These expenses increased 3.2% to Rp 467,9 billion of Rp 453,3 billion. This increased primarily due to the additional cost for advertising and campaign of BWA. During the same period, BWA services contributed Rp 46,8 billion in consolidated sales and marketing expenses. The ratio of gross income increased from 13.2% to 14.6%.

Operating Profit. Operating profit decreased to minus Rp 174 billion for 2011 from Rp 190.8 billion in 2010, this was mainly due to increased operating expenses as the result of the additional equipment for network optimization in the JBB areas and development of the wireless broadband business.

Other Income (expense). Other expenses increased to Rp 813.9 billion in 2011 from Rp 98.3 billion in the previous year. This is because the net financing charges increased by 61.6% or higher by Rp 767.9 billion, in line with the issuance of the US\$ 250 million global bond in May 2010 and the US\$ 130 million global bond in January 2011.

Interest Income. Interest income decreased by 76.5% to Rp 8.6 billion for 2011 from Rp 36.8 billion in 2010, mainly due to the decrease in cash and cash equivalents, time deposits and short term investments.

Financing Charges - Net. Net Financing Charges increased to Rp 767.9 billion or 61.6% in 2011. This is reflected in the increase of interest expense and provision fee as well as hedging premium, each respectively at 87.7% and 240.7%, as well as the increase of administration expense by 13%.

Income (Loss) and Operating Margin. During 2011, the Company recorded an EBITDA of Rp 1,148.3 billion. This number is a decrease of 14% than the previous year which amounted to Rp 1,335.5 billion. This was reflected in the EBITDA margin which decreased from 38.7% to 35.9% in 2011. Concurrently, EBIT also declined to Rp 174 billion from Rp 190.8 billion.

Gain (Loss) on Foreign Exchange. Net Gain on foreign exchange decreased to minus 154.8% or minus Rp 69.6 billion in 2011 from a profit of Rp 127.1 billion during 2010. This was mainly due to the depreciation of the Rupiah against the U.S. dollar to Rp 9,068 as of December 31, 2011 from Rp 8,991 as of December 31, 2010.

Profit (Loss) Before Tax. Loss before tax expenses was Rp 987.9 billion for the year 2011 from a profit of Rp 92.5 billion in the previous year.

Net - Income (Loss). During 2011 the Company experienced a net loss of Rp 782.7 billion or a decrease from the previous year, where the Company recorded a net profit of Rp 10 billion. This was mainly due to significant increases in depreciation expense and interest expense as a result of the new BWA business development.

Equity and Retained Earnings Balance. Total equity in 2011 decreased to Rp 4,368.8 billion or 15.9%, from Rp 5,194.8 billion in 2010. The decrease in equity was primarily due to a net loss of Rp 782.7 billion in 2011 and a net change in the fair value of cash flow hedges amounting to Rp 43.6 billion.

► LIQUIDITY AND CAPITAL

In recent years, the Company's principal uses of cash have been to fund our working capital, capital expenditures and interest payments. Our sources of liquidity have been from cash generated by operating activities, vendor financings, bank borrowings and equity and debt issuances, including issuance of the Existing Notes.

The Company's principal requirements for capital have historically been for purchases of equipment to expand network capacity and coverage and the financing of such expansion. In 2011, we incurred capital expenditures for the introduction of new products and services, including our wireless broadband service.

Our ability to meet our financing requirements through borrowings will be affected primarily by the liquidity of the Indonesian financial markets, the Indonesian Government's foreign exchange policies and policies regarding offshore foreign currency borrowings by Indonesian entities and other factors. Some of our financing agreements include covenants that, among other provisions, impose restrictions on our ability to incur additional debt or pay dividends and require us to satisfy certain financial ratios. Covenants and conditions to borrowings contained in these financing agreements could restrict our activities including our ability to finance and complete planned expansion projects.

Cash Flow

The following table shows a summary of the company's cash flow statement for the period of 2010 and 2011.

Cash flow from operating activities

Net cash provided by operating activities include receipts from customers, payments to suppliers, employees and payments for other operating activities.

During 2011, net cash provided by operating activities was Rp 792.4 billion, which consists of receipts from customers amounting to Rp 2,896.7 billion, receipt from tax refunds of Rp 25.5 billion and receipt from interest of Rp 8.6 billion, partially offset with payments to suppliers amounting to Rp 857.9 billion, payments to employees of Rp 321 billion, interest payments of Rp 755.1 billion and tax payment of Rp 48 billion.

In 2010, net cash provided by operating activities was Rp 771.2 billion, consisting of receipts from customers of Rp 3,033.4 billion, receipts from tax refund of Rp 16.7 billion, partially offset by payments to suppliers for Rp 1,469.2 billion, payments for employees of Rp 276.5 billion, interest payments amounted to Rp 416.2 billion, tax payments for Rp 40.6 billion and the payment of other operating activities for Rp 113 billion.

in billions of Rupiah

Description	2010	2011	Change
Cash Flows from Operating Activities	771.3	792.4	2.7%
Cash Flows from Investing Activities	(1,605.6)	(1,167.1)	-27.3%
Free Cash Flow	(834.3)	(374.7)	-55.1%
Cash Flows from Financing Activities	397.3	184.8	-53.5%
Net Decrease in Cash and Cash Equivalents	(437.0)	(189.9)	-56.5%
Cash and Cash Equivalents at Beginning of Year	715.7	333.7	-53.4%
Cash and Cash Equivalents at End of Year	333.7	162.3	-51.4%

Cash flows from investing activities

Net cash used for investing activities include the acquisition and sale of fixed assets, short-term investments and advances for fixed assets.

During 2011, net cash used in investing activities was Rp 1,167.1 billion, consisting of the acquisition of fixed assets amounting to Rp 1,390.7 and increased advances for fixed assets amounting to Rp 43.3 billion, in each case these were due to network expansion. This amount is partially offset by a net decrease in short-term investments amounting to Rp 266.5 billion.

In 2010, net cash used for investing activities was Rp 1,605.6 billion, consisting of the acquisition of fixed assets amounting to Rp 1,780.5 associated with network expansion, increased advances for fixed assets of Rp 106.9 billion. This amount is partially offset

by a decline in short-term investments amounting to Rp 281.6 billion, sales of fixed assets of Rp 225 million related to the sale and leaseback of telecommunications towers.

Cash flows from financing activities

Net cash provided by financing activities includes proceeds from stock and bonds issuance, proceeds from the exercise of warrants, proceeds from short-term bank loans, payments for finance leases and payments of bank loan.

During 2011, net cash provided by financing activities amounted to Rp 184.8 billion, consisting of the proceeds from issuance of Notes of Rp 1,260.7 billion, partially offset by the payment of long-term bank loans amounting to Rp 271.9 billion, finance lease payments amounting to Rp 677.2 billion, the placement of cash in bank amounting to Rp 55.2 billion, and bonds issuance costs amounting to Rp 71.5 billion.

In 2010, net cash used in financing activities was Rp 397.2 billion, consisting of finance lease payments

amounting to Rp 433.8 billion, the placement of cash in bank amounting to Rp 103.2 billion, bonds issuance costs of amounting to Rp 82.8 billion, and payment of long-term bank loans amounting to Rp 1,274.4 billion, partially offset by the proceeds from long-term bank loans amounting to Rp 271.8 billion and the issuance of Notes of Rp 2,254.7 billion.

Working capital

Net working capital deficiency was calculated from the difference between current assets and current liabilities. At the end of 2011, the Company recorded a net working capital of Rp 2,007.4 billion, while in the previous year it was recorded at Rp 323.5 billion. This was mainly due to a combination of decreased cash and cash equivalent balances as well as short-term investments amounting to Rp 437.6 billion from late 2010 until the end of 2011, which has been used to fund capital expenditure. Other factors that caused

changes in working capital was the increase in finance lease payables amounting to Rp 3.6 billion, in line with the implementation of PSAK 30.

Current Asset

The following table shows a summary of current assets at the end of 2010 and 2011.

in billions of Rupiah

Description	2010	2011	Change
TOTAL CURRENT ASSETS	1,436.1	948.4	-34.0%
Cash and Cash Equivalents	333.7	162.3	-51.4%
Short-Term Investments	273.6	7.4	-97.3%
Other Current Assets	828.8	778.6	-6.1%

Current assets decreased by 34% from Rp 1,436.1 billion to Rp 948.4 billion in 2011. This was caused by decreases in cash and cash equivalents of 51.4% or Rp 171.4 billion, as well as decreased short-term investments by 97.3% or Rp 266.2 billion.

Current Liabilities

The following table shows a summary of short-term liabilities at year end 2010 and 2011.

in billions of Rupiah

Description	2010	2011	Change
TOTAL CURRENT LIABILITIES	1,759.6	2,955.8	68.0%
Current Maturities of Long-term Liabilities	426.6	1,052.4	146.7%
Other Current Maturities	1,333.0	1,903.3	42.8%

Current liabilities increased to Rp 2,955.8, or by 68% in 2011. This is due to an increase in trade payables for network equipment and the reclassification of the Rupiah bonds that will mature within one year.

RECEIVABLES COLLECTIBILITY LEVEL

Currently, more than 99% of subscribers use BTEL prepaid services. This business model was advantageous for the Company because the funds are received in the initial transaction so as to minimize the possibility of bad debts. The aging analysis of trade receivables is as follows:

in billions of Rupiah

Description	2010	2011	Change
TRADE RECEIVABLES - NET	102.3	106.2	3.8%
Allowance for Doubtful Accounts	12.2	14.2	15.8%
Trade Receivables	114.5	120.4	5.1%
Up to 30 days	62.9	60.7	-3.5%
Over 30 Days - 60 Days	26.8	29.1	8.5%
Over 60 Days - 90 Days	12.4	16.5	32.9%
Over 90 Days	12.4	14.1	13.6%

Based on the above calculations, the Company believes that the allowance for decline in value on the date of December 31, 2011 and 2010 is sufficient to cover possible losses from uncollectible accounts.

PAYABLES

The Company's liabilities consists of all interest bearing debt to third parties for a period of more than one year. The following is a summary of debts payable by the Company.

in billions of Rupiah

Description	2010	2011	Change
LONG-TERM DEBTS	5,455.4	5,742.4	5.3%
Bank Loans	273.5	3.3	-98.8%
Global Bond	2,172.6	3,391.6	56.1%
IDR Bond	648.0	649.1	0.2%
Obligation under Financing Leases	2,361.4	1,698.3	-28.1%

Up to December 31, 2011 the Company had total payables of Rp 5,742.4 billion, consisting of bank loans, US\$ bonds, Rupiah bonds, and finance lease debts.

Bank Loans

At the end of 2011 the Company has a loan with PT Bank Central Asia Tbk. amounting to Rp 3.3 billion for the purchase of vehicles. This loan agreement was approved on September 2, 2008, with installment payments for four years and bearing an interest rate at 6.0% - 9.1% per year.

Global Bonds

On May 7, 2010, Bakrie Telecom Pte., Ltd., a subsidiary of the Company, issued a US\$ 250 million Senior Notes warranty with a 11.5% interest rate maturing in 2015, with a term of five years and listed on the Singapore Exchange Securities Trading. The bonds are guaranteed by the Company as the parent company, PT Bakrie Connectivity and PT Bakrie Network as subsidiaries guarantors. Credit Suisse Limited, Singapore, Merrill Lynch (Singapore) Pte., Ltd., and Morgan Stanley Asia

in billions of Rupiah

Description	2010	Portion	2011	Portion
INVESTED CAPITAL	10,650.2	100%	10,111.1	100%
Debt	5,455.4	51%	5,742.4	57%
Short-Term	426.6	4%	403.3	4%
Long-Term	5,028.8	47%	5,339.0	53%
Capital	5,194.8	49%	4,368.8	43%

(Singapore) Pte., acted as initial purchasers, with Credit Suisse as the sole global coordinator. The Bank of New York Mellon was appointed as the trustee, paying agent and registration agent, while Standard Chartered Bank, Jakarta Branch was appointed as the Indonesian with respect to the pledged shares. Costs incurred in connection with the issuance of these bonds amounted to Rp 82.8 billion. Most of the results were used for refinancing the syndicated loans and for capital expenditures related to the BWA business.

Rupiah Bonds

On August 23, 2007, the Company issued the Bakrie Telecom I bonds at a par value of Rp 650 billion, which subsequently listed on the Surabaya Stock Exchange (now the Indonesia Stock Exchange) on September 5, 2007. The term of the bonds is five years until September 4, 2012 with an interest rate of 11.9% per annum payable every three months starting from December 4, 2007 until the maturity date. Costs incurred in connection with the issuance of these bonds amounted to Rp 7.2 billion. After one year, the Company has the option to buy back half or the whole amount of the bonds outstanding prior to the date of repayment of principal amount. On December 31, 2011 and December 31 2010, the net value of these bonds amounted to Rp 649.1 billion and Rp 648 billion.

Lease Financing Payable

The Company signed a lease for equipment and facilities to various providers of telecommunication towers. On December 31, 2011 these finance leases amounted to Rp 3.3 trillion.

CAPITAL STRUCTURE

The Company's capital structure by December 31, 2011 is as follows:

The debt to equity ratio amounted to 1.3 times at the end of 2011 compared to 1.1 times in 2010. Similarly, the ratio of net debt to equity ratio amounted to 1.3 times in 2011 compared to 1.0 times in 2010. Changes in both these ratios came as a result of the global bonds issue worth US\$ 250 million.

CAPITAL EXPENDITURES

During 2011, the Company had made capital expenditures of about US\$ 158.1 million or equivalent to Rp 1.4 trillion (when using the exchange rate of Bank Indonesia as of December 31, 2011 at Rp 9,068 per US\$). This amount is lower than the US\$ 209.9 million in 2010 (equivalent to Rp 1.9 trillion, using the exchange rate of Bank Indonesia on December 31, 2010, at Rp 8,991 per US\$). Some of the funds were used to invest in developing the BWA services. The rest was used for voice and SMS services capacity expansion, especially in cities that are already served. The source of funds is a combination of the global bonds issued in 2010 and early 2011 and the Company's internal cash.

ADDITIONAL FINANCIAL INFORMATION

SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements have been prepared using generally accepted accounting principles and practices in Indonesia, namely the Statement of Financial Accounting Standards (PSAK) and the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) regulations. A summary of these significant accounting policies and some new decrees can be found in Note 2 to the Consolidated Financial Statements of the Company.

CHANGES IN ACCOUNTING POLICIES

Throughout 2011, there were no changes in accounting policies that need to be reported.

EXTRAORDINARY FINANCIAL INFORMATION

Throughout the year 2011, there were no extraordinary financial information to report.

OFF-BALANCE SHEET TRANSACTIONS

Throughout 2011, the Company had no off-balance sheet arrangements for transactions that are likely to have a material impact on the consolidated financial statements, both in the present and in the future.

DIVIDEND POLICY

According to the applicable laws and regulations, the payment of dividends must be approved by shareholders in the Annual General Meeting of Shareholders based on the recommendation from the Board of Directors.

Payments of cash dividends are scheduled for 15% to 25% of net profit after tax, in which the implementation will be done with due regard and consideration of financial soundness, capital adequacy and the need for funds for further business expansion.

Taking into account and with due consideration regarding the financial soundness, capital adequacy and the need to fund further expansion, BTEL did not distribute dividends to shareholders due to the current deficit in its accumulation of retained earnings.

SIGNIFICANT AGREEMENTS

Below are described in general significant agreements and covenants that has been entered into by BTEL. A comprehensive description is to be found in the notes to the 2011 financial statements note number 40.

The parties that have agreement and covenants are as follows:

Third Parties

- PT Huawei Tech. Investment (Huawei)
- PT Indosat Tbk
- PT Telekomunikasi Indonesia (Persero) Tbk
- PT XL Axiata Tbk
- PT Telekomunikasi Selular
- PT Mobile 8 Telecom Tbk
- PT Hutchinson CP Telecommunications
- PT Smart Telecom
- PT Sampoerna Telekomunikasi Indonesia
- PT Natrindo Telepon Seluler
- Konsorsium, Konstruksi dan Pemeliharaan Palapa Ring
- PT Mora Telematika Indonesia
- Industrial and Commercial Bank of China Ltd. (ICBC) dan Huawei Technologies Co., Ltd. (Huawei)

Affiliated Parties:

- PT Bakrie Swasakti Utama
- PT Provinces Indonesia

TRANSACTIONS WITH AFFILIATED PARTIES

In the normal course of business, BTEL conduct transactions with affiliated parties. The nature and relations of these transactions with affiliated parties are as follows:

Related Parties	Nature of Relationship	Nature of Transactions
Bakrie Brothers Tbk	Shareholders	Trade Payable
Perhimpunan Penghuni ATR	Affiliate	Services
PT Bakrie Corrugated Metal Industry	Affiliate	Services
PT Bakrie Pesona Rasuna	Affiliate	Services
PT Bakrie Swasakti Utama	Affiliate	Services
PT Cakrawala Andalas Televisi	Affiliate	Services
PT Provinces Indonesia	Affiliate	Services
PT Multi Kontrol Nusantara	Affiliate	Services
PT Rasuna Caturtama Corporation	Affiliate	Services
PT Viva Media Baru	Affiliate	Services
PT Asia Global Media	Affiliate	Services
PT Catur Swasakti Utama	Affiliate	Services

The percentage of account balances from related parties related to the overall account balance is as follows:

Related Parties	2010	2011
Trade payables to related parties to total liabilities	0.03%	0.12%
Expense to related parties to total operating expenses	0.37%	0.38%
Revenue from related parties to total operating revenue	0.02%	0.03%

TRANSACTIONS CONTAINING CONFLICT OF INTEREST

In 2011, the Company did not conduct any transaction that contained a conflict of interest with any party.

CONTINGENCY

On June 18, 2008, the Business Competition Supervisory Commission (KPPU) issued Decree No.26/KPPU-L/2007 that stated the Company to pay a fine of Rp 4 billion to the State Treasury for violations of Article 5 of Law No. 5 of 1999 on Prohibition of Monopolistic Practices and Unfair Competition.

The Company appealed against the decision of the Commission on July 23, 2008 to the South Jakarta Court Affairs. The case is still not resolved until the date of completion of the consolidated financial statements.

EXCHANGE RATE CONTROL

Currently, Indonesia has implemented only limited controls on foreign exchange. Basically the Rupiah is traded freely. Nevertheless, to maintain the stability of the Rupiah and prevent speculation by foreign parties, Bank Indonesia has implemented regulation No.7/14/PBI/2005 that can be described as follows:

- Restrict the movement of dollars between banks in the country to foreign banks in the overseas branch of the bank in question without any clear trading or investment reasons.
- Bank Indonesia also has the authority to obtain all information and data on foreign exchange activities of all persons and legal entities residing in Indonesia or plan to stay in Indonesia for a period of one year.
- Bank Indonesia also requires banks and companies that have total assets or annual gross income of at least Rp 100 billion to report all their foreign exchange activities if such activities are not conducted through a bank or non bank financial institution in Indonesia. Transactions that must be reported include receipt and payment of funds through accounts abroad.

MATERIAL ISSUES FOR CAPITAL INVESTMENT

In 2011, the Company did not file any new material contract or alter an existing material contract relating to the investment of capital goods, outside of a contract that has been inserted or altered in the course of ordinary business.

SUBSEQUENT EVENTS

Projects with PT Sampoerna Telekomunikasi Indonesia

On March 14, 2012 the Company announced the signing of the Conditional Sales and Purchase Agreement (CSPA) with Sampoerna Strategic, Twinwood Ventures Ltd., and Polaris Mobile Pte. Ltd., as a shareholder of PT Sampoerna Telekomunikasi Indonesia (STI).

In the agreement, the Company will acquire 35 percent of the shares of STI with the agreement that within the next three years to become the majority shareholder. In return, Sampoerna Strategic may become shareholders of the Company.

Principle of Operations of a Mobile Cellular Network

The Company has obtained a principle permit for Operating a Mobile Cellular Network in accordance with the Decree of the Minister of Communications and Information No. 622/KEP/M. KOMINFO/11 / 2011, dated 22 November 2011. On February 8, 2012, the Company has received a Certificate of Operating-worthiness for the regions of West Java, Central Java, Yogyakarta, and East Java.

Until the completion of these financial statements, the Company is still awaiting the issuance of the Operation Permit for Mobile Cellular Network.

TELECOMMUNICATIONS REGULATION CHANGES IN INDUSTRY

Based on the Press Release by the Ministry of Communications and Information dated December 30, 2010 No. 145/PIH/KOMINFO/12/2010, in early 2011, interconnection tariff reductions will apply. The implementation of this interconnection tariff policy in 2011 is in accordance with the applicable provisions of Minister of Communications and Informatics Regulation No. 8/PER/M.KOMINFO/2/2006.

Under these regulations, which became effective on July 1, 2011, the classification of local fixed wireless network services with limited mobility (fixed wireless access) owned by the Company will be set apart and will have its own interconnection tariff scheme.

LATEST DEVELOPMENTS OF FINANCIAL ACCOUNTING STANDARDS

The Indonesian Institute of Accountants (IAI) has published a revision of some accounting standards that may impact on the consolidated financial statements.

The following standards are effective for financial statements covering periods beginning on or after January 1, 2012:

- PSAK 10 (Revised 2010) - Effects of Foreign Exchange Perubahan Kurs
- PSAK 16 (Revised 2011) - Fixed Assets
- PSAK 18 (Revised 2010) - Accounting and Reporting Program Benefits Purnakarya
- PSAK 24 (Revised 2010) - Employee Benefits
- PSAK 26 (Revised 2011) - Borrowing Costs
- PSAK 30 (Revised 2011) - Rent
- PSAK 46 (Revised 2010) - Income Tax
- PSAK 50 (Revised 2010) - Financial Instruments: Presentation
- PSAK 53 (Revised 2010) - Stock-based Payments
- PSAK 56 (Revised 2011) - Earnings Per Share
- PSAK 60 - Financial Instruments: Disclosure
- PSAK 63 - Financial Reporting in Ekonomi Hiperinflasi
- ISAK 13 - Hedging Net Investment in Foreign Operations
- ISAK 15 - IAS 24: Employee Benefits Assets Limits Sure, Minimum Funding Requirements and Interaction
- ISAK 19 - Implementation Approach Makes Return in IAS 63: Financial Reporting in Hyperinflation Economy
- ISAK 20 - Income Taxes - Changes in Tax Status of Entities or the Shareholders
- ISAK 23 - Operating Leases - Incentives
- ISAK 24 - Evaluating the Substance of Transactions Involving Several Forms A Legal Rent
- ISAK 25 - Right to Land
- ISAK 26 - Assessment of Embedded Derivative Securities

The Company and its subsidiaries are studying the impact that may emerge from the application of these standards to the consolidated financial statements.

CURRENT MATERIAL CASES

Throughout 2011, there were no significant cases or material legal cases that need to be reported.

4

SUSTAINABILITY REPORT

- 1 Corporate Governance
- 2 Implementation in Corporate Governance
- 3 Corporate Governance Structure
- 4 Information Disclosure
- 5 Committee Reports
- 6 Control System
- 7 Risk Management
- 8 Corporate Social Responsibility



BTEL has grown to become not just a company that implements good corporate governance practices, but even more to become a Good Governed Company.

CORPORATE GOVERNANCE



► BASIS OF CORPORATE GOVERNANCE

It is BTEL's belief that in managing the Company, it is not enough simply to work within the boundaries of the law, complying with all regulations. BTEL is convinced that the guaranteed survival of the Company and the key to success in achieving the target growth are largely determined by how the Company manages the interests of BTEL shareholders and all stakeholders, so as to generate positive and maximum value for all parties. This belief encourages BTEL to apply the principles of good corporate governance (GCG) in managing its business and in controlling all Company policies.

Throughout 2011, changes in the increasingly dynamic business environment, increasingly diverse expectations of customers, plus a rapidly developing information technology boosted the stakeholders' push for the Company to be able to adapt, innovate and continue to change to prepare a better, more ethical and healthier future. On the other hand, the Company is also required to participate actively and responsibly in supporting the efforts of environmental preservation, prevention

of climate change, global warming, and participation in sustainable development efforts. These requirements were significant enough to affect the format of BTEL's GCG implementation during 2011.

The principles of GCG ensure that management will always implement the best policies for the Company so that evolution towards better performance can be achieved continuously. Implementation of GCG is a conscious effort to constantly change to become a dynamic organization while remaining healthy, orderly, dignified and possessed of integrity.

BTEL is committed to the principles of GCG so that it should be able to have a corporate culture that is reflected in every policy and work ethic. For this culture to be realized, the GCG principles are integrated into a logical framework that aims to make BTEL a company managed in a clean, transparent and professional manner.

► BASIC PRINCIPLES OF GCG

BTEL apply the basic principles of good corporate governance which include transparency, accountability, responsibility, independency and fairness (TARIF), with the belief that this will ensure the creation of a balance of business with both economic and social development, both for the overall interests of individuals and groups, internal and external, short-term and long term as well as the interests of shareholders and stakeholders. In general, the principle of TARIF can be described as follows:

Transparency

Basic Principles

To maintain objectivity in conducting business, BTEL provides material and relevant information in a way that is easily accessible and can be understood by all stakeholders. BTEL takes the initiative to disclose not only issues and concerns covered by legislation, but that, which may also be important for decision-making by shareholders, creditors and other stakeholders.

Implementation Principles

1. BTEL provides information in a timely, adequate, clear, accurate, comparable and easily accessible manner to all stakeholders, in accordance with their rights.
2. The information disclosed includes, but is not limited to, the vision, mission, objectives and strategies of BTEL, its financial condition, management composition and compensation, controlling shareholders, share ownership by members of the Board of Directors and members of the Board of Commissioners and their family members in BTEL and other companies, risk management systems, an internal control system and the implementation of GCG and its level of compliance, or important events that could affect BTEL conditions.
3. The principle of disclosure adopted by BTEL does not reduce the obligation to comply with the confidentiality provisions of the Company in accordance with statutory regulations, the rule of privacy and personal rights.
4. BTEL policy is conveyed in writing and appropriately communicated to stakeholders.

Accountability

Basic Principles

BTEL must be accountable for its performance in a transparent and fair manner. In order to accomplish such an objective, BTEL must be properly managed and still accommodate the interests of shareholders and other stakeholders. Accountability is a necessary prerequisite to achieving sustainable performance.

Implementation Principles

1. BTEL defines job descriptions and responsibilities of each organ and of all employees clearly and in line with its vision, mission, corporate values and corporate strategy.
2. BTEL believes that all organs and employees are qualified to carry out their duties, responsibilities and roles in the implementation of same.
3. The Board of Commissioners and Directors ensure the existence of an effective internal control system in managing BTEL.
4. BTEL imposes performance measures for corporate, work units and individuals, including the Board of Commissioners and Directors, consistent with BTEL business objectives, following an effective system of rewards and punishment.
5. In performing its duties and responsibilities, each BTEL organ and all employees must adhere to business ethics and the Code of Conduct established jointly by the Board of Commissioners and the Board of Directors.

Responsibility

Basic Principles

BTEL complies with applicable legislation and fulfils responsibilities towards society and the environment so that business sustainability can be maintained over the long term, in the effort to be recognized as a good corporate citizen.

Implementation Principles

1. BTEL organs adhere to principles of prudence, to ensure compliance with laws and regulations, statutes, by-laws and internal policies, as well as BTEL ethical standards.

2. BTEL fulfils its social responsibility toward the community and surrounding environment, especially around the Company's working areas through adequate planning and implementation.

Independency

Basic Principles

To accelerate the implementation of GCG principles, BTEL is managed independently, so that each organ operates in balance and cannot be subject to intervention by other parties.

Implementation Principles

1. Each organ of BTEL avoids domination by any party, is not influenced by specific interests and stays free from any conflict of interest as well as external pressure, so that decisions can be made objectively.
2. Each organ of BTEL performs its functions and duties in accordance with their regulations and legislation, and does not attempt to dominate or shift responsibility to any other.

Fairness

Basic Principles

In conducting its activities, BTEL always considers the interests of shareholders and other stakeholders as defined by principles of fairness and equality.

Implementation Principles

1. BTEL provides the opportunity for stakeholders to provide input and express opinions in the interest of the Company, with open access to information in accordance with the principles of transparency within the scope of their respective capacities.
2. BTEL provides fair and equal treatment to stakeholders in accordance with the benefits and contribution given to the Company.
3. BTEL provides equal opportunities in recruitment, career development and carrying out duties professionally, without distinction of race, religion, race, class, gender or physical condition.

“The principles of GCG ensure that management will always implement the best policies for the Company.”

► INTEGRITY PACT

In addition to the above basic principles, BTEL also has an Integrity Pact which is a statement of determination and commitment to implement all the work and responsibility in accordance with the provisions applicable to all internal components within the Company.

1. BTEL Integrity

- a) Integrity is an element of character that underlies the emergence of recognition of honesty. Integrity is the underlying quality of public trust and is a benchmark for the management and employees of BTEL in testing all the decisions undertaken.
- b) Integrity requires the leadership and employees of BTEL to be honest and forthright without having to sacrifice matters of principle in compliance – ones that must be treated as confidential.
- c) Integrity may accept that unintentional errors can accept honest differences of opinion, but that there is no compromise to fraud or violations.
- d) The leadership and employees of BTEL must test their decisions or actions by asking their own consciences whether these are carried out with integrity.
- e) Integrity requires that the leadership and employees of BTEL follow the principles of objectivity and prudence in a professional manner.
- f) Integrity also requires that the leadership and employees of BTEL abstain from conflicts of interest and acts of moral turpitude.
- g) Leaders and employees of BTEL must protect witnesses that convey deviations in the implementation of the integrity pact within the BTEL environment.

2. The commitment of BTEL management and employees

- a) Management and employees of BTEL do not practice corruption, collusion or nepotism (KKN).
- b) Management and employees of BTEL do not solicit or accept gifts, either directly or indirectly, in the form of bribes, gifts, favors, or other related forms, however possibly related to their position or job.

- c) Management and employees of BTEL do not give or promise to give, directly or indirectly bribes, gifts, favors, or other forms of knowing that the requester or giver in question would be interested or may be associated with his position or his job.
- d) Management and employees of BTEL shall not disclose confidential information knowing that it could damage the interests of the Company.
- e) Management and employees of BTEL are willing to bear all the consequences, either administratively or by law, if they violate the integrity pact, which has been signed.
- f) Management and employees of BTEL protect witnesses who provide information about violations of the integrity pact.
- g) Management and employees of BTEL who are involved in the process, evaluation, manufacture and implementation activities of the Company shall disclose conflicts of interest and do not participate in the decision-making process intended to solve problems associated with these activities.

► CODE OF CONDUCT

Business ethics is the basis of behavior or operational philosophy adhered to by all BTEL employees in carrying out their duties and responsibilities, in order to maintain a clean organization.

The concept of business ethics in BTEL refers to how each individual or the Company can act fairly, in accordance with applicable laws and does not depend on individual or the company's importance or social standing within the community.

Business ethics principles adhered to include:

1. Principle of Autonomy
This refers to the attitude and the human ability to make decisions and act upon his/her own impetus in deciding what is best. This refers to the attitude and the human ability to make decisions and act upon his/her own impetus in deciding what is best.
2. Principle of Honesty
There are three aspects to this Principle: Honesty in terms of an agreement or contract, honesty in offering quality goods and services at a fair price and honesty in internal working relationships within a company.

3. Principle of Fairness
Obliges equal treatment for each individual according to objective and rational criteria. Fairness demands that no parties are deprived of their rights and interests.
4. The Principle of Mutual Benefit
This principle demands that the business be run in a way that benefits all parties. In a competitive business, this implies that business competition should aim for a win-win solution.
5. The Principle of Moral Integrity
Internalized within business people or company, the aim is to conduct business while maintaining one's reputation or that of the Company. In other words, this principle serves as an encouragement for an individual or the company to be their best.

► FINANCE OPERATIONAL INTEGRATED SYSTEM – FOIS

The Finance Operational Integrated System (FOIS) is an operational system that automatically detects violations that occur in parts of the Company. This system allows the creation of three “easy”, namely: easy to detect, easy to archive and easy to control in a professional, clean and transparent manner.

1. Function and Use
The function of FOIS is to translate the GCG principles and code of ethics into real action by focusing on detailed and symmetrical checks between operational activities in the field with financial aspects, in the budget, usage and recording. This is done to prevent deviations that are corruptive, whether conducted by insiders or in cooperation with outside parties.
2. Operational Actualization
Operational execution is actually carried out in accordance with Standard Operating Procedures (SOPs) established by or in accordance with Company regulations.
3. Supervision
Supervision and auditing in the financial and operational aspects are conducted in an integrated manner and implemented by the risk management or the internal audit unit.

4. Follow-ups

The important aspect in this system is that findings, especially those in the form of deviations that hurt the company, should immediately be followed up by top management, including the following:

- a. Conduct thorough improvements towards future progress.
- b. Provide incentives and rewards to employees who excel.
- c. Strict punishment for perpetrators of corruption which can be proved by the fraud or mismanagement discovery.

5. Risk management function

Risk management is a very important task to help the shareholders or owners of the company to anticipate risks that are faced, conduct investigations, preliminary examinations on the integrated financial-operational statements, especially regarding the potential for corruption in the company, and providing the required troubleshooting recommendations.

► CORPORATE CULTURE

Since 2009, BTEL has launched the Faster Better Cheaper (FBC) culture. As a work culture, FBC was formulated with the aim that BTEL will be able to survive in the midst of the increasingly tight Indonesian telecommunications industry competition.

As a budget operator, BTEL has a simple business model and character, yet with a strong brand image and always striving to provide more value to customers through continuous innovation at lower cost. For that, BTEL must use a different method in running its business compared to other operators. FBC is applied for the following values to take root and become the soul of all employees at every organizational level of BTEL:

Faster

The spirit and ability to work productively, faster than competitors, to plan smart and execute quickly, with excellent results.

Better

The spirit and ability to provide higher-quality products and services to customers, compared to those of competitors.

Cheaper

The spirit and ability to work effectively and efficiently. As a budget operator, it is imperative to provide a better quality of products and services at a more affordable tariff and lower cost, to achieve the highest profit.

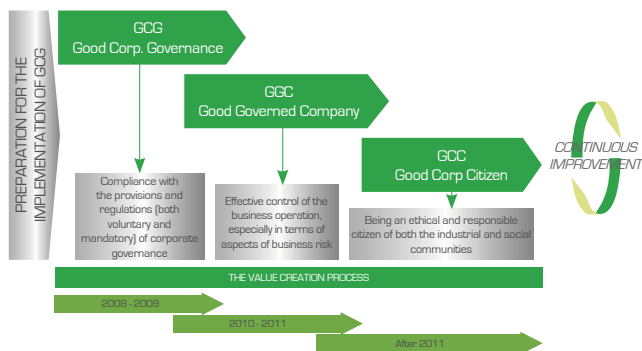
Through the consistent implementation of FBC, BTEL, its employees and customers obtain benefits as follows:

1. By doing things faster, customers will get the benefits of faster service too. Speed in all aspects will also place BTEL always ahead than its competitors, so as to lead the telecommunications industry. Aside from that, doing every job faster will enable us to do more things. This will then give them more time to continue to learn and also provide more time for their families.
2. To achieve optimum quality results, speed must be accompanied with precision and perfection. By continuously striving to provide better performance, the customer will ultimately get better service quality as well. This will make BTEL into a company with a better reputation and image in the eyes of customers and the public.
3. By always seeking effectiveness and efficiency in every expenditure, both for investment and operations, BTEL can then invest available funds into providing higher quality products and services to customers, improving operational coverage and enhancing the competence of human resources, through more intensive training and development programs.

IMPLEMENTATION IN CORPORATE GOVERNANCE

► GCG IMPLEMENTATION ROADMAP IN BTEL

It is a great challenge for BTEL to become a company that is managed in a clean, transparent and professional manner, but must also continue to grow and expand and still provide value for shareholders and all stakeholders. To achieve these objectives, BTEL has devised a roadmap as a reference to corporate governance, illustrating a process of sustainable value creation to make BTEL into a company based and wholly managed on the principles of GCG. This roadmap was developed with reference to the Vision and Mission of BTEL and the Implementation guidelines for Indonesian Corporate Governance, issued by the Indonesian National Committee on Governance (NCG)



GCG Implementation Roadmap for BTEL

► GCG INITIATIVE IN THE YEAR 2011

GCG implementation in BTEL is consistently based on the Roadmap that has been established since 2008. This roadmap is important so that implementation remains consistent and focused of the target. However, the implementation must still consider the business environment, the capacity of individuals and the organization so that the implementation format is expected to be in line with the situation and current business conditions of BTEL.

GCG implementation initiatives during 2011 focused on the preparation of BTEL's human resources in order for the GCG principles to be consistently applied in the business management of BTEL to be able to make decisions right on the changing business environment and also able to accommodate the dynamics of stakeholder interests. Throughout 2011 the things that have been done are:

Increased Awareness of Ethical Business

As our commitment to running healthy business practices and with high ethical standards, we have conducted socialization of the BTEL Corporate Code of Conduct and raising awareness of business ethics. This activity aims to build the character and integrity of human resources in BTEL to be aware of the moral and ethical insights in performing their duties. Initiatives that have been made are:

Understanding Business Ethics Training

Understanding of business ethics training for all Directors, EVP, VP, and GM was conducted from March 2011 and divided into several batches, these were followed by dissemination to all managers within BTEL's regional areas. This socialization program aims to equalize the understanding of ethical concepts in general as well as the scope of ethics related BTEL's businesses, and how employees make ethical decisions, which are accompanied by discussions of ethics cases.



Integrity Commitment of Bakrie Telecom

As a follow up to the socialization of business ethics, the Company distributes the Code of Ethics book that comes with the "Bakrie Telecom Berintegritas" bracelet and the Bakrie Telecom Integrity and Compliance Statement Sheet to all employees. A Statement of Compliance is signed by each employee and their superiors as a form of commitment to the integrity of good business ethics.



Pioneer of Indonesian Business Council For Development Sustainability

As a concrete manifestation of the Company's commitment to participate in the preservation of natural resources and the environment, global warming prevention, community empowerment and sustainable development, on 27 April 2011 BTEL along with six other leading companies in Indonesia, Asia Pacific Resources International Ltd. (APRIL), Holcim Indonesia, Garuda Indonesia, Medco Power Indonesia, and Bank Negara Indonesia (BNI) pioneered the establishment of a nonprofit organization under the name of the Indonesian Business Council for Sustainability Development (IBCSD). IBCSD an organization at the State level that refers to the international organization, World Business Council for Sustainability Development (WBCSD - www.wbcsd.org).

By joining as part of the organization's founder, BTEL together with other companies that have and will become a member IBCSD will participate actively to improve the quality of human life through IBCSD programs which is the goal of Vision 2050 WBCSD which have been agreed upon together.

This commitment is expressed through the signing of the Memorandum of Understanding (MOU) by the 6 companies. BTEL, in this instance was represented by the Director of Corporate Services, Rakhmat Junaidi.



BTEL Integrity and Performance Award 2011

Employee Best Performance and High Integrity Selection

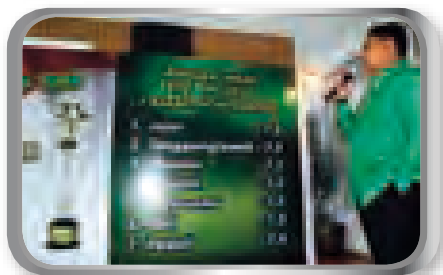


In order to embed a culture of integrity, in December 2011, the BTEL Integrity and Performance Award 2011 annual event was held. This activity is conducted to select employees who demonstrated the best performance as well as proven to meet the criteria for employees who demonstrate high integrity in the conduct of daily work. As a result, BTEL has selected eleven employees from throughout the regions and headquarters. Winners get prizes and awards from the Company that was presented on separate special occasions.

In this activity, the assessments were not just conducted by the immediate supervisor but also by the selection and assessments of co-workers with a 360-degree assessment method. When compared to previous years, employees that participated in assessing eligibility of recipients increased significantly. Increase in participants' turnout also reflect on how the issue of integrity as become a major concern for all employees.

This award reflects the strong commitment of BTEL management and employees to realize as well as preserve a work culture that seeks the best work based on integrity of character. The Company has also established this program as an ongoing program to foster an enterprise culture and moral culture at all levels of employees.

BTEL Integrity Perception Index 2011



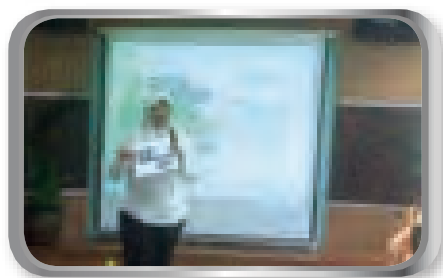
Along with the BTEL Integrity and Performance Award 2011, the Company also announced the BTEL Integrity Perception Index 2011. This index seeks to measure the level of the Company's integrity in the eyes of employees. The results of this perception will be conducted on an ongoing basis from year to year as a form of evaluation for all employees on the application of the spirit and integrity values of the company.

Implementation of Quality Management System BTEL (BTEL-QMS) standard ISO 9001:2008

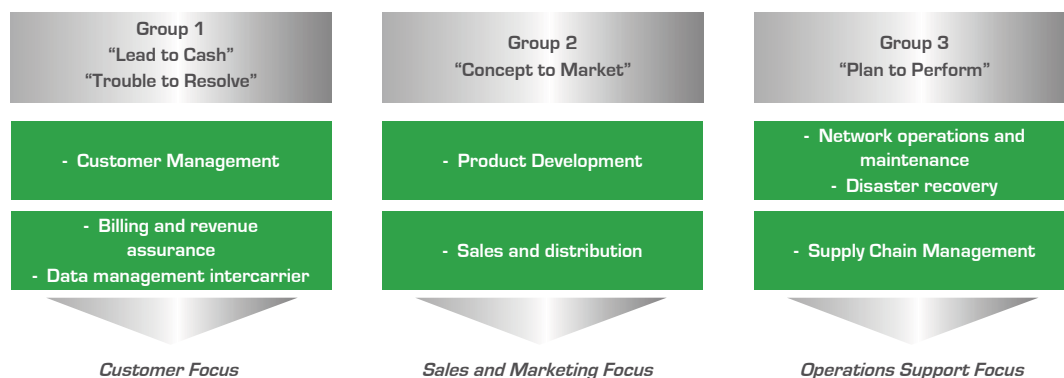
Priority to maintain customer interest and satisfaction with BTEL products and services is carried out systematically by implementing a BTEL Quality Management System (BTEL-QMS). BTEL-QMS is a Quality Management System which refers to ISO 9001:2008 and is set by BTEL to control the quality of products and services of the Company.

This quality management system which is in accordance with ISO 9001:2008 standards have prompted BTEL work processes to be more effective and efficient so that the quality of customer service becomes much better. Performance improvement is mainly focused through a more rigorous system of monitoring of the outsourcing process and therefore contributes strongly to improving the quality of product. Including outsourcing within the legal regulations. Successful implementation of this BTEL-QMS realizes the steps that BTEL has taken as a company with good governance.

During 2011, implementation of BTEL-QMS was carried out two times each for Internal Quality Audit, Management Review and External Quality Audit. These were conducted by TUV Rheinland, an independent certification body. The results showed that BTEL successfully meets certification renewal requirements, and was declared eligible to use the ISO 9001:2008 certificate for the next 3 years.



BTEL has a blueprint of business processes based on eTOM (enhanced Telecom Operation Maps), a framework that has been developed with the consultants KPMG Singapore since December 2010. The blueprint consists of eight business processes which are a major focus for maximizing the effectiveness of all resources of the Company as well as improving the efficiency of time and cost required for the use of continuous improvement. These business processes are: (1) Development of products, (2) Billing and revenue assurance, (3) supply chain management, (4) Operation and maintenance of networks, (5) Sales and distribution, (6) Inter-carrier Data Management, (7) customer management and (8) disaster recovery. So that when the development and implementation of business processes have become more comprehensive and precise, the eighth process is then divided into three respective groups focusing on: Customer, Sales and Marketing and Operations Support as shown in the following figure:



Throughout 2011, this Product Development, Billing Management, Revenue Assurance and Inter-carrier Data Management BTEL business process has to be implemented. In this implementation phase, these processes are interpreted and applied in the form of procedures, both as SOP and Implementation Guidelines. The total procedure implemented consisted of 66 procedures: 11 for the Network Services group, 12 for the Commerce group, 39 for the Supply Chain Management group, 3 for the HRGA group, and one for the Corporate Services group.

► GCG ACHIEVEMENTS IN 2011

BTEL received the Trusted Company Award in 2011 Corporate Governance Perception Index following the assessment of the implementation of GCG in the 2011 Corporate Governance Perception Index organized by The Indonesian Institute for Corporate Governance (IICG) in cooperation with SWA magazine. In 2011, the theme for this event was "Corporate Governance in Ethical Perspective."



This corporate governance survey is a means to determine the condition of a company's corporate governance relative to other companies. This survey can be a measure for those who want to know the overview of corporate governance practices based on certain standard criteria. Assessment covers 13 aspects, which include commitment, transparency, accountability, responsibility, independence, fairness, competence, leadership, ability to cooperate, vision, mission & values, policy strategy, ethics, and ethical climate. Grading is based using a self-assessment criteria, the completeness of documents, presentation of papers, and observation.

BTEL's participation in this survey each year aims to determine the extent to which implementation of the principles of good corporate governance in the management of the company and how BTEL compares to other companies. In addition, it also seeks to obtain independent feedback from the surveyors to improve the quality of implementation.

From the results of the survey, BTEL made it into the category as:

1. "Trusted Company" from "Fairly Trusted" in the previous year.
2. In the other category of "Investors and Analysts Choice", BTEL managed to rate as "The Most Trusted Company".

CORPORATE GOVERNANCE STRUCTURE

GCG implementation in BTEL fully involves the elements of the Company that independently perform their individual functions, duties and responsibilities, but with one common purpose, namely, the interests of the Company. These corporate elements are the General Meeting of Shareholders (GMS), the Board of Commissioners along with the Committees and Directors. Mechanisms and relationships between the elements are regulated more comprehensively in the BTEL 2009 Code of Good Corporate Governance Implementation.

GENERAL MEETING OF SHAREHOLDERS (GMS)

The GMS is the body holding the highest power and authority in the Company. The GMS has the authority to appoint and dismiss members of the Board of Commissioners and Board of Directors, to evaluate their performance, approve amendments of Articles of Association, approve the Annual Report and determine the form and amount of remuneration for Board of Commissioners and Board of Directors.

Procedures and Processes - Annual General Meeting of Shareholders (AGMS)

The Annual General Meeting of Shareholders is held each year, not later than six months after the fiscal year of the Company is closed. Before the AGMS is announced, the Company shall first submit the meeting agenda to Bapepam no later than seven days prior to the notice. Announcement of the AGMS to the shareholders is made at least 14 days before the date of notice of the AGMS. AGMS announcements and invitations to the Shareholders by way of advertisements in at least two Indonesian language daily newspapers are made no later than 14 days before the date of the AGMS, excluding the date of notice and the date of the AGMS. The AGMS invitation must mention the date, time, place and event of the AGMS and announce that the materials that will be discussed at the AGMS are available in the office of the Company, in accordance with laws and regulations regarding the company.

Results of the Annual General Meeting of Shareholders

The Company shall submit the results of the meeting to Bapepam no later than 2 days after the meeting is held and announce them to the public in at least two Indonesian newspapers, one of which has a national circulation. During 2011, BTEL held the AGMS once and the EGMS also once, both on June 7, 2011, with the following decisions:

Results of the AGMS

- Approved and accepted the report of Directors regarding the operation of the Company and the financial administration in the 2010 fiscal year.
- Approved and ratified the balance sheet and profit and loss statements for the fiscal year ended December 31, 2010 and provided settlement and release of full responsibility to the members of the Board of Directors and members of the Board of Commissioners for the management and supervision implemented in the fiscal year ended December 31, 2010, as far as the management and oversight measures are reflected in the balance sheet and profit and loss as well as public accountants' report for the fiscal year ended December 31, 2010.
- Approved the use of profits obtained by the determination of the Company from the 2010 fiscal year for operating purposes and capital expenditures of the Company and not to distribute profits or stock dividends to its shareholders.
- Approved giving full authority to the Directors of the Company to designate and establish the Office of the Public Accountant to audit the books for the year 2011 and to decide on the fees.

EGMS RESULTS

- Accept the resignation of Muhammad Buldansyah as Deputy President Director of the Company and dismiss with respect as Mr. Juliandus Lumban Tobing as a Director of the Company and provide full settlement and release of full responsibility to both of them for their duties which was carried out until the end of the Extraordinary General Meeting of Shareholders, as far as those duties are reflected in the balance sheet and profit / loss as well as the public accountant's report on the last fiscal year from the date of this Extraordinary General Meeting of Shareholders.

- State the changes in the composition of the Board of Directors of the Company as of the end of the Extraordinary General Meeting of Shareholders to be:

Director	: Anindya Novyan Bakrie
Deputy Director	: Frederik Johannes Meijer
Deputy Director	: Jastiro Abi
Director (Non Affiliated)	: Rakhmat Junaidi

BOARD OF COMMISSIONERS

Appointment Procedures and Process

Commissioners are appointed by the AGMS; those who may be appointed as a member of the Board of Commissioners are only the ones that meet the specified requirements of legislation and regulations.

responsibilities of work as a reference in the execution of its oversight function.

During 2011, the Board did not find any violations of the laws or regulations in the financial or telecommunications sector.

Membership and Terms of Office

The Board of Commissioners consists of at least two persons: one Chairman and one or more Commissioners. The Board of Commissioners' tenure commences from the date of the AGMS and terminates at the closing of the third AGMS following the appointment, without prejudice to rights of the AGMS to dismiss them at any time. Members of the Board of Commissioners whose term has expired may be reappointed in accordance with the decision of the AGMS.

Composition of the Board of Commissioners per December 31, 2011 is as follows:

Name	Position	Tenure
Bobby Gafur S. Umar [BGU]	President Commissioner	2009 – 2012
Ai Mulyadi Mamoer [AM]	Independent Commissioner	2009 – 2012
Rajsekar Kuppuswami Mitta [RM]	Independent Commissioner	2009 – 2012
Nalinkant Amratlal Rathod [NR]	Commissioner	2009 – 2012
Ambono Janurianto [AJ]	Commissioner	2009 – 2012

Duties and Responsibilities

The Board of Commissioners is responsible for overseeing the operational management of BTEL as conducted by the Board of Directors, in accordance with the provisions adopted in the Articles of Association, AGMS resolutions, and applicable rules and laws, and provides advice to the Board of Directors as necessary. The Board of Commissioners plays an important role in implementing the principles of Good Corporate Governance through its supervisory function. The Board of Commissioners monitors and evaluates the implementation of the Company's strategic policy through reports from the Board of Directors and the Committees.

In performing its duties, the Board of Commissioners is assisted by committees that are formed with certain oversight functions. These committees are the Audit Committee, the Risk Monitoring Committee, and Nomination and Remuneration Committee. Each committee is chaired by one commissioner and is assisted by several members. Each committee has a manual that contains the rights, obligations and

Board of Commissioners Meeting

Meetings of the Board of Commissioners can be held any time deemed necessary or upon a written request from one or more members of the Commissioner, or upon a written request of one or more shareholders who together represent one-tenth or more of the total shares with voting rights. Calls to meetings are conducted by members of the Board of Commissioners who are entitled to act for and on behalf of the Company through a registered letter outlining the agenda, date, time and place of the meeting held at the domicile of the Company. Meetings of the Board of Commissioners are chaired by the President Commissioner.

During the year 2011 the Board of Commissioners met 4 times with the following details:

Date	Agenda	Attendance
14 January	2011 performance discussion	All Commissioners present
24 March	2011 Budget approval	BGU, AM, AJ, RM
31 May	AGMS material discussion	BGU, AM, AJ, NR
22 November	Third quarter 2011 performance discussion	BGU, AM, AJ, NR

BOARD OF DIRECTORS

Appointment Procedures and Process

Appointment of Directors is set forth in the Articles of Association, in that the members of the Board of Directors are appointed by the AGMS, for a period commencing from the date of the AGMS which appointed them, and ends at the close of the third AGMS after the date of appointment, without prejudice to the rights of the AGMS to dismiss them at any time

Duties and Responsibilities

The Board of Directors is responsible for managing the Company, including risk management and implementation of Corporate Governance, at all levels of the organization. The Board of Directors' responsibilities also include implementation of internal control structure, internal audit function and taking actions based on the findings of internal audit, in accordance with the directives of the

Directors are collegially in charge of and are responsible. Each Director can act and make decisions in accordance with the division of tasks and authority. However, the performance of duties by each Director remains a shared responsibility.

Membership and Terms of Office

The appointment of Directors is set forth in the Articles of Association, stating that the members are to be appointed by the AGMS, for the period commencing the date of AGMS and terminating at the closing of the third AGMS following the appointment, without limiting the rights of the AGMS to dismiss them at any time.

Composition of the Board of Directors per December 31, 2011 is as follows:

Name	Position	Tenure
Anindya Novyan Bakrie [ANB]	President Director	2009 - 2012
Frederik Johannes Meijer [EM]	Deputy President Director	2009 - 2012
Jastiro Abi [JA]	Deputy President Director	2011 - 2012
	Finance Director	2009 - 2011
Rakhmat Junaidi [RJ]	Non Affiliated Director	2009 - 2012

Board of Commissioners. The Board of Directors must develop a business strategy that includes an operating plan and budget, along with implementation of accounting practices and bookkeeping, in accordance with the provisions of a public Company. The Board of Directors is also required to account for the performance of their duties to the shareholders, through the AGMS.

Board of Directors Meeting

During the year 2011 the Board of Directors met 12 times with the following details:

Date	Agenda	Attendance
14 January	Operational and Financial Report by Directorate as per December 2010	All Directors present
22 February	Operational and Financial Report by Directorate as per January 2011	All Directors present
15 March	Operational and Financial Report by Directorate as per February 2011	All Directors present
14 April	Operational and Financial Report by Directorate as per March 2011	All Directors present
11 May	Operational and Financial Report by Directorate as per April 2011	All Directors present
6 June	- Operational and Financial Report by Directorate as per May 2011 - Preparation for the AGMS and EGMS	All Directors present
18 July	Operational and Financial Report by Directorate as per June 2011	All Directors present
19 August	Operational and Financial Report by Directorate as per July 2011	All Directors present
14 September	Operational and Financial Report by Directorate as per June 2011	All Directors present
13 October	Operational and Financial Report by Directorate as per June 2011	All Directors present
22 November	Operational and Financial Report by Directorate as per June 2011	All Directors present
21 December	Operational and Financial Report by Directorate as per June 2011	All Directors present

Training of Directors

To enhance competence and to support the execution of their duties, during 2010 the Directors attended BTEL training programs, workshops, conferences and seminars, among others being:

Program	Location
Mobile World Congress	Barcelona, Spain
Telecom Asia's Conference	Singapore
GeSI Working Group Meeting	Geneva
GeSI General Assembly	Geneva
ICT for Green Asia	Jakarta
Communic Asia	Singapore
CDMA World Forum	Shanghai, China
CDMA Summits	Hong Kong

2011	2010
Rp 19,763,755,195	Rp15,404,051,148

COMMITTEES

There are no provisions in the Articles of Association regulating the establishment, duties and authority of the committees that assist the Board of Commissioners. One committee that is mandatory for a public Company is the Audit Committee, in accordance with Bapepam regulations IX.1.5 on the Formation and Charter of the Audit Committee. Other committees are formed and delegated authority by the Board of Commissioners to assist the supervision of the Board of Commissioners in accordance with the provisions of Article 121 of Limited Liability Company Laws, and also to demonstrate the good faith of the Company in implementing the principles of GCG.

JOINT MEETINGS

In 2010, the Commissioners and Directors jointly held three meetings as follows:

Date	Agenda	Attendance
14 January	Discussion of 2100 operational and financial activities	All Commissioners and Directors present
24 March	2011 Corporate Budget Approval	All Commissioners and Directors present
31 May	Third Quarter 2011 and End of Year planning Business Development Discussion	All Directors except for EM, BGU, AM, AJ, NR

REMUNERATION OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

Remuneration Determination Process of The Board of Commissioners and Board of Directors

The Board of Commissioners and Directors receive compensation in the form of salaries, allowances and facilities. Remuneration for the Board of Commissioners and Directors was initially discussed in the Remuneration and Nomination Committee's meeting. Their recommendations were put to the AGMS for approval. In regard to the remuneration for the Board of Directors, the AGMS authority can be delegated to the Board of Commissioners.

Remuneration of the Board of Commissioners and Board of Directors Year 2010

For the year ending December 31, 2011, the remuneration package of Commissioners and Directors, consisted of fees, incentives, insurance, bonuses and other facilities and benefits amounting to Rp 15,404,051,148 compared to the previous year's figure of Rp 19,763,755.

Audit Committee

Duties and Responsibilities

The Audit Committee is responsible for giving opinions to the Board of Commissioners on the Report or other matters submitted by the Board of Directors to the Board of Commissioners, to identify the issues that might require the attention of the Board of Commissioners and to perform other tasks related to the duties of the Board of Commissioners, among them being:

- To review financial information to be released by the Company, including financial reports, projections and other financial information.
- To review the Company's compliance with laws and regulations of the capital markets and other relevant regulations associated with corporate activities.
- To review the audit result of internal auditors.
- Report to the Board of Commissioners on the various risks faced by companies and risk management practices by the Board of Directors.

- To review and report to the Board of Commissioners on complaints relating to BTEL as a public Company.
- Maintain confidentiality of documents, data and corporate information.

Membership and Terms of Office

The Audit Committee consists of three members: one Chairperson (who is also an Independent Commissioner) and two independent members. All members of the Audit Committee meet the independence criteria of expertise and integrity as stipulated by various regulations. Composition of Audit Committee per December 31, 2011 is as follows:

Name	Position	Tenure
Ai Mulyadi Mamoer	Chairman	2009 - 2012
Leo J. Susilo	Member	2009 - 2012
Yansen Pasaribu	Member	2009 - 2012

Ai Mulyadi Mamoer

(CV can be viewed in the Board of Commissioners' profiles)

Yansen Pasaribu, CPA

Member of the Audit Committee since June 1, 2006. Chairman of the Offices of Certified Public Accountants Yansen Pasaribu from 1995 - 2009. Has over 20 years experience in accounting, auditing and taxation. Member of the Indonesian Institute of Certified Public Accountants (No. Reg. IAPI: 711) and a member of the Tiga Pilar Kemitraan. Experience in the field after joining KPMG from 1989 - 1995. Awarded a degree in Economics from the University of Indonesia, Jakarta, in 1991 and registered as an Accountant (No. Reg. Accounting Country D-8968) and as an Indonesian Certified Public Accountant (CPA) No: C-000,070 from IAPI in January 2009.

Leo J. Susilo

Member of the Audit Committee since June 2009. Managing Partner of Wimconsult, a consulting firm specializing in the field of corporate governance, business ethics, risk management and performance improvement. Experience as a member of the Board of Directors in various subsidiaries of Astra Group, among others being PT Denso Indonesia, EDS Manufacturing Indonesia, Astra Consulting Services and PT United Tractors Tbk. He also served as a member of the Nomination and Remuneration Committee and Risk Oversight Committee of PT (Persero) Semen Baturaja. Currently still a Chartered Member of the Indonesian Institute of Commissioners and Directors (LKDI) and is one of the facilitators in the training program for

Commissioners and Directors held by LKDI. A member of IKAI (Indonesian Institute of Audit Committee) and also Vice Chairman of the Standing Committee of Business Ethics Center at the Indonesian Chamber of Commerce and Industry (Kadin). Further, also a lecturer in the Executive MBA program of the School of Business and Management at the Institut Teknologi Bandung (SBM - ITB). Earned a Bachelor's of Engineering Degree from Bandung Institute of Technology and a Bachelor's of Law from the 17 Agustus 1945 University and a Magister rerum publicarum from Hochschule fuer Verwaltungswissenschaften, Speyer, Germany.

Audit Committee Meetings

In performing its duties, the Audit Committee has conducted several meetings internally and with all parties related to their performance of duties. The total number of meetings held by the Audit Committee in 2011 was 13, with an average attendance of each member of the Audit Committee of 95%.

Risk Management Committee

Duties and Responsibilities

The Risk Management Committee is responsible for assisting the Board of Commissioners in matters that include activities such as the following:

- Evaluate risk management policies and provide assessments of risk limits (risk appetite and risk tolerance) as set by the Board of Directors.
- Evaluate the adequacy of infrastructure, facilities, resources and competence for the implementation of enterprise risk management (ERM).
- Ensure that the implementation of ERM programs covering risk identification, risk assessment, risk treatment and risk monitoring are carried out in accordance with internationally recognized risk management standards.
- Request and collect regular reports from Management regarding business risks that include, but are not limited to:
 - Technology Risks
 - Regulation Risks
 - Operational Risks

- Strategic Risks
- Business Competition Risks
- Financial Risks
- Social Risks
- Conduct discussions, evaluations, verifications and submit recommendations on risk management mentioned on the above points and report the results to the Board of Commissioners.
- If necessary, the Risk Management Committee can communicate with the Audit Committee with regard to audit results related to risk assessment and compliance.
- If required, the Risk Management Committee, with the approval from the Board of Commissioners, may invite an independent outside party to audit the implementation of ERM.

Membership and Terms of Office

The Risk Management Committee consists of two persons: one Chairperson and one member. The entire membership of the Risk Management Committee meets the independence criteria of expertise and integrity required under various regulations. Composition of the Risk Management Committee as of December 31, 2011 is as follows:

Name	Position	Tenure
Rajsekar Kuppuswami Mitta	Chairman	2009 – 2012
Ambono Janurianto	Member	2009 – 2012

Rajsekar Kuppuswami Mitta

(CV can be viewed in the Board of Commissioners' profile)

Ambono Janurianto

(CV can be viewed in the Board of Commissioners' profile)

Risk Management Committee Meeting

The total number of meetings held by the Risk Management Committee in the year 2011 was two times, with an average attendance by each member of the Risk Management Committee of 100%.

Remuneration and Nomination Committee

Duties and Responsibilities

The duties and responsibilities of this Committee are associated with the system of nomination and remuneration for the Board of Commissioners and Directors. For the tasks associated with the system of nomination of the Directors and the Board of Commissioners, the committee's responsibilities are:

- Formulate job competency criteria for members of The Board of Commissioners and Directors to be used as criteria during the selection process.
- Recommend to the Board of Commissioners ways to cooperate with the Director who supervises the field of human resources in conducting an internal assessment process (a fit and proper test) in order to obtain candidates for the Board of Directors from within the Company.
- Monitor and supervise the coaching system and process for leadership candidates in the Company.
- If necessary, recommend to the Board of Commissioners methods and processes for selecting candidates for the Board of Directors from outside the company.
- Recommend to the Board of Commissioners the method and the process of selecting members of the Independent Commissioners, as representative of minority shareholders.
- Formulate criteria for job competency for members of the Committees to be used as selection criteria for prospective members and provide recommendations to the Board of Commissioners concerning methods and the selection process.

For the tasks associated with the system of remuneration for the Board of Commissioners and Directors, the tasks of the Committee:

- With the permission from the Board of Commissioners and Directors and on behalf of the company, to participate in salary surveys for the executive level and to obtain benchmarks in preparing remuneration proposals for the Board of Commissioners, Directors and Committee members.
- Recommend to the Board of Commissioners methods, techniques and implementation processes during individual performance appraisals

for each member of the Board of Commissioners, for Directors and Committee members.

- Draft salaries and allowance system proposals for the Board of Commissioners, Directors and members of the Committees, as well as submit recommendations regarding:
 - Assessment of salaries and allowances system.
 - Performance appraisals and bonuses.
 - Stock options.
 - Pension system.
 - Periodically review the type and amount of remuneration paid to members of the Board of Commissioners and Directors.
- Carry out other tasks requested by the Board of Commissioners.

For and on behalf of the Board of Commissioners, the Nomination and Remuneration Committee has the authority to take action as follows:

- Communicate and obtain information from the Directorate of Human Resources about:
 - Management coaching and development systems, particularly for leadership candidates.
 - Review the current remuneration system for the Board of Commissioners, Directors, members of the Committee and other senior management.
 - Individual data (curriculum vitae) of senior managers, one level below Director.
- With the Board of Commissioners and Directors' approval, hiring outside experts, especially to carry out psychological assessments and salary surveys.

Membership and Term of Office

The Remuneration and Nomination Committee consists of two persons: one Chairperson and one member. Composition of the Remuneration and Nomination Committee as of December 31, 2011 is as follows:

Name	Position	Tenure
Rani Wati Malik	Chairman	2011-2012

Rani Wati Malik

Became Chairman of the Remuneration and Nomination Committee since 2011. Managing Partner and founder of Malik, Stamboel & Associates Law Firm and Director of the Geosys Karya Perdana since 2002. Previously Director of Law and Human Resources at PT Bakrie & Brothers, Tbk. from 1985 - 2002, Legal Analyst at Bank Duta Ekonomi 1984 - 1985 and Legal Consultant at Sagala Law Offices 1983 to 1984. Obtained a law degree from the University of Padjadjaran, Bandung, 1983, and registered as a member of the Capital Market Legal Consultants, member of PERADI, and the Indonesian Legal Consultants.

Remuneration and Nomination Committee Meetings

The total number of meetings held by the Remuneration and Nomination Committee in 2011 is two times, with an average attendance of each Remuneration and Nomination Committee member of 100%.

INFORMATION DISCLOSURE

CORPORATE SECRETARY

Function of the Corporate Secretary

As stipulated in Bapepam-LK Regulation No.IX.I.4 and Regulations No.IA of the Indonesia Stock Exchange, the Corporate Secretary has the duty and responsibility, among others, to keep track of any development in the capital markets, particularly regarding applicable regulations, providing services to the public for any information related to the Company, providing input to the Board of Directors in compliance with the provisions of Law Number 8 of 1995 on Capital Markets, including its implementation of regulations, as well as serving as a liaison or contact person between BTEL, Bapepam-LK and the public.

Profile of the Corporate Secretary

The BTEL Corporate Secretary position is currently held by Harry Prabowo. He became the Corporate Secretary and Vice President of the Legal Department of the Company in July 2006, Harry having worked as a Legal Advisor in Ongko Sidhartha & Partners Law Firm, and also having held several positions at PT Mobile Phones Nusantara and PT Astra Graphia Tbk. He earned a Bachelor's Degree in International Law from the University of Indonesia.

Implementation of the Role and Function of the Corporate Secretary

During 2011, the Corporate Secretary has helped improve communications between the Board of Directors with its stakeholders, through the delivery of accurate and timely information for shareholders and other interested parties.

In addition, the Company also strives to ensure fulfilment of all the provisions of the Articles of Association, including ensuring the availability of the Register of Shareholders, Minutes of Meetings, Financial Reports and Annual Reports, to hold the Annual General Meeting of Shareholders according to schedule, and to ensure that each corporate action carried out is in accordance with the provisions of Bapepam-LK, The Indonesia Stock Exchange and the Articles of Association.

One manifestation of the above tasks is to facilitate the openness to the exchange of information conveyed through correspondence with Bapepam-LK and the Indonesia Stock Exchange.

The provision of material information to the public

Bapepam-LK Regulation No. X.K.1 and Indonesia Stock Exchange Regulation No. IE requires the Company to deliver the Disclosure of Information to be announced to Bapepam-LK, the Indonesia Stock Exchange and the public, no later than the end of the second working

day after the decision or the presence of information or material facts that may affect the Company's share price or investment decisions of investors.

Date	Subject Letter
6 January	Reports of security holders in December 2010
24 January	Bond disclosure
31 January	Material transaction reports BTEL
31 January	Reporting Obligations of Foreign Debt
11 February	Reports of security holders in January 2011
18 February	Explanation for the volatility of securities transactions
9 March	Reports of security holders in February 2011
7 April	Late 2009 Annual Report
12 April	Reports of security holders in March 2011
2 May	Notification Plan for 2011 AGM
3 May	Confirmation of coverage in the daily cash
6 May	Notification Plan for EGMS
12 May	Notification of AGM on IDX NET
12 May	Reports of security holders in April 2011
16 May	Investor Day presentation material submission
19 May	Notification of Investor Day presentation
31 May	Press Release First Quarter 2011 Performance
8 June	Notification of Decision AGM and EGMS
10 June	Reports of security holders in May 2011
12 July	Reports of security holders in June 2011
12 August	Reports of security holders in July 2011
9 September	Reports of security holders in August 2011
12 October	Reports of security holders in September 2011
11 November	Reports of security holders in October 2011
9 December	Reports of security holders in November 2011

Submission of Annual and Semi Annual Report

Bapepam-LK Regulation No. X.K.2. and Indonesia Stock Exchange Regulation No. BEI require the Company to present the audited annual report to Bapepam-LK and the Indonesia stock Exchange no later than the end of the third month after the reporting; and the Semi Annual Report no later than the end of the first month after the reporting.

Date	Subject Letter
31 March	Annual Financial Report Year 2010
28 July	Interim Financial Report Year 2011
18 August	2011 Annual Financial Report of the Central

Submission of Quarterly Financial Reports

Rule No. No.IE I of the Indonesia Stock Exchange require the Company to deliver its Quarterly Financial Report to the Stock Exchange and Bapepam-LK no later than the end

of the first month after the date of the quarterly financial statements. In the case of quarterly financial reports will be reviewed on a limited basis, the Company is obliged to inform the plan of the Limited Review no later than the end of the first month after the date of the quarterly financial statements and the Review of Limited Quarterly Financial Reports shall be submitted no later than at the end of the second month after the date of the quarterly financial statements.

Date	Subject Letter
26 April	Financial Report Quarter 1 of 2011
31 May	Interim Financial Report Quarter 1 2011
27 July	Interim Financial Report Year 2011 BTEL
18 August	Interim Financial Report Year 2011 BTEL
26 October	Third Quarter Financial Statements of 2011
23 December	Interim Financial Statements

Submission of Annual Report

Bapepam-LK Regulation No. X.K.6. and Indonesia Stock Exchange Regulation No. IE require the Company to present the annual report to Bapepam-LK and the Indonesia stock Exchange no later than 4 months after the end of the fiscal year.

Date	Subject Letter
29 April	Annual Report 2010

Securities Rating

Bapepam-LK Regulation No. IX.C.11 and the Indonesian Stock Exchange Regulation No. IE require the Company to deliver new rating results, statements or opinions on debt securities issued by the credit rating companies to Bapepam-LK, the trustee and the Indonesian Stock Exchange and announce the results of a new rating, statement, or opinion in at least one Indonesian-language newspaper with national circulation no later than 90 days prior to maturity of these debt securities.

Date	Subject Letter
20 July	BTEL bond rating information disclosure
20 July	Bond ratings notification BTEL
23 August	Response to a request for clarification and confirmation result of the bond

Other Reports

The Company is obliged to respond to any requests for information or clarification of information submitted by Bapepam-LK or the Indonesian Stock Exchange no later than two working days after a letter or e-mail request for information or clarification of information is received.

Date	Subject Letter
31 March	Proof of Advertising Annual Financial Report 2010
9 May	Proof of notice of AGM and EGM ad in the newspaper Bisnis Indonesia and Investor Daily
19 May	Demand Explanation of the Annual Financial Report
23 May	Proof of advertisement calls AGM and EGM
27 May	Clarification On Plan AGM 2010
8 June	Submission of evidence of the AGM and EGM Ad
8 June	Clarification on Coverage in Cash May 27, 2011
24 June	Clarification of the resignation of Vice President
22 August	Proof ad Interim Financial Report 2011
23 August	Bapepam-LK letter of explanation to BTEL
26 August	Confirmation of coverage in the newspaper Bisnis Indonesia
26 October	Explanation for the letters IDX October 24, 2011

INVESTOR RELATIONS

As a public company, BTEL has an investor relations division that is responsible for nurturing and maintaining a healthy relationship between the Company and the capital market community, including stock analysts, investment managers and all shareholders, both internal and external. The main task of this division is to provide accurate and timely information about BTEL to these stakeholders, to be used in making their investment decisions regarding the Company.

To apply the principles of openness and transparency for each of its business activities (primarily those that are material in nature), The investor relations division conveys timely and balanced information through various media, such as investor relations mailing lists or the Company website at www.bakrietelecom.com. Dissemination of information is carried out through various media, such as investor relations mailing lists or the corporate website www.bakrietelecom.com. The post of Investor Relations at BTEL is currently held by Danar Wihandoyo.

Information dissemination is also facilitated by participating in various events, such as public exposure or roadshows, at home and abroad. In addition, BTEL management active encourages visits from analysts or investment managers.

During 2010, BTEL participated in six roadshows, both domestically and abroad. In addition, the Company has also received visits or held conference calls with analysts and fund managers a total of 98 times. BTEL also has global bonds listed on the Singapore Stock Exchange. Some of the analysts or investment managers are also from the bond markets.

COMMITTEE REPORTS

AUDIT COMMITTEE REPORT

The audit committee of PT Bakrie Telecom Tbk. carries out its duties in accordance with the guidelines set in the attachment of the Decree of The Capital Market Supervisory Agency (Bapepam LK), No. Kep-29/PM/2004 dated 29 September 2004, which is to review financial statements, including to monitor the activities of external auditors, review the activities of internal auditors, review the issuers' compliance with the capital market regulations and other laws, review the implementation of risk management and report as well as review complaints relating to the issuer.

In performing these duties the Audit Committee has conducted a number of meetings, both internally and with all parties relevant to the implementation of the above tasks. The total number of meetings that have been held by the Audit Committee in 2011 was 13, with an average attendance of 95%. The summary of the Audit Committee report is outlined below.

Financial Information

The Audit Committee continuously pays attention and examines all annual and quarterly financial statements. The integrity and quality of this financial information has been judged satisfactory and in accordance with GAAP and Bapepam LK regulations.

That which needs the attention of management is the 6% decline in sales from Rp 2,765 billion to Rp 2,591 billion, and an increase in financing costs of 728% from Rp 98.3 billion to Rp 813.9 billion. This was due to increases in interest expense and depreciation due to increasing borrowings for capital goods. This condition resulted in net loss of Rp 757.3 billion. There was also a shortage of working capital in the amount of Rp 1,975 billion.

Financial performance needs to be improved next year with a rights issue and additional fresh funds not from loans as well as increasing sales to improve earnings.

Compliance with regulations

From the map of compliance obligations created by the legal division regarding laws and regulations, whether issued by Bapepam LK, and other regulators, the Audit Committee has found no irregularities or violations during 2011, except for settlement of delayed implementation fees.

Internal Auditor

The Audit Committee conducts supervision on the implementation of the Internal Audit function in 2011 as follows:

- To obtain accuracy and reliability in the financial reports, better relationships need to be established between Internal Audit and the Finance Directorate in monitoring the financial information system.
- Internal Audit has conducted compliance monitoring functions on laws and regulations, to avoid sanctions from the regulators.
- The assignment of execution to form a Violation Reporting System (whistleblowing System) is still awaiting follow-up approval.

External Auditor

For the fiscal year 2011, the public accounting firm Tjiendrajaja & Handoko Tomo has been appointed again as independent auditors of PT Bakrie Telecom Tbk.

The audit committee has held four meetings with the above public accounting firm as part of its monitoring and supervisory functions on the activities of the external auditor in performing its duties.

Implementation of Good Corporate Governance

Due to the absence of a Good Corporate Governance Committee, the duty to conduct a review of the implementation of GCG has been delegated to the Audit Committee.

In 2011, GCG has been implemented well and all the necessary SOP can be accessed electronically by all parties that need to. This good governance practice has also received appreciation from several parties, including the Indonesian Institute for Corporate Governance (IICG) with a rating of "Trusted Company", while analysts and investors rank the Company five in "The Most Trusted Company" category. All these resulted in BTCL obtaining 1 GCG Cup and 2 GCG Certificate.

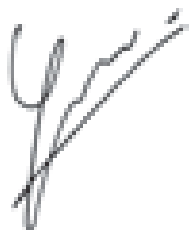
Others

The Audit Committee did not find any material reports on the Company that required further reviewing by the Audit Committee.

Conclusion

Based on all of the above reviews, all the members of the Audit Committee of PT Bakrie Telecom Tbk. are of the opinion that all relevant matters that need to be reported to the Commissioners have been attended to in the Finance Information memo above and from the results of the Internal Audit Oversight.

Jakarta, April 2012
Audit Committee of PT Bakrie Telecom Tbk.



Ai Mulyadi Mamoer
Chairman



Leo J. Susilo
Member



Yansen Pasaribu
Member

► RISK MANAGEMENT COMMITTEE REPORT 2011

The Risk Management Committee of PT Bakrie Telecom Tbk. carry out their duties in accordance with the manual of the Risk Management Committee which is the implementation review of risk management.

In carrying out this task the Risk Management Committee conducts meetings with all parties related to the implementation of the above tasks. The total number of meetings that have been held by the Risk Management Committee in 2011 was two times, with an average attendance of 100% for each member of the Risk Management Committee.

At the meeting with the Board Risk Management Committee and Board of Directors in 2011, the Risk Management Committee recommended the following:

1. Mitigate the key risks as set out in the corporate risk register.
2. Asked the management to pay attention to maturing debts
3. Formulate a comprehensive plan for the settlement of debts, either through negotiation or rescheduling

plans in order not to burden the Company's operations and maintain the reputation of the company

In connection with circulars from the Indonesian Telecommunications Regulatory Body (BRTI) No.177/BRTI/X/2011, regarding instructions on improving the quality of Premium Messaging Services, particularly regarding the item of the temporary suspension of VAS services (SMS broadcast, pop-screen, voice broadcaster service), The Risk Management Committee recommended the following:

- Paying attention to these rules and not violate the existing regulations.
- Management was asked to look for new revenue sources to cover the lost revenue over the termination of VAS services
- Take an active role with the government in formulating new rules with respect to the rights of customers.

Jakarta, April 2012

Risk Management Committee of PT Bakrie Telecom Tbk.



RAJSEKAR KUPPUSWAMI MITTA
Chairman



AMBONO JANURIANTO
Member

► REMUNERATION AND NOMINATION COMMITTEE 2011 REPORT

The Remuneration and Nomination Committee of PT Bakrie Telecom Tbk. does its work in reviewing and evaluating the remuneration policy including the facilities provided to the Board of Commissioners and Directors and provide recommendations for improvements/changes required to the Board of Commissioners.

In 2011 the Remuneration and Nomination Committee has held two meetings with the relevant parties regarding the implementation of the tasks above with 100% attendance of members.

In a meeting with the Boards of Commissioners and Directors, the Remuneration and Nomination Committee recommended the following:

1. In terms of remuneration policy in 2011, the Remuneration and Nomination Committee has recommended:
 - a. Salary adjustments to all employees in general and including the Boards of Commissioners and Directors.
 - b. Determination of a Bonus policy by considering various aspects such as the corporate achievements, individual accomplishments, goals and long-term corporate strategy, and the appropriateness within the peer group.
2. Referring to the letter of resignation of Muhammad Buldansyah as Deputy President Director of Network Services, the Remuneration and Nomination Committee believes that, considering that the network conditions have stabilized and that not much development of the service area in 2011 and 2012 will be done, it is recommended that the Company use available resources as replacement by making adjustments to the organizational structure as needed.

Jakarta, April 2012

Remuneration and Nomination Committee PT Bakrie Telecom Tbk.



RANIWATI MALIK
Chairman

CONTROL SYSTEM

INTERNAL CONTROL SYSTEM

In conducting its business, in line with the spirit of good corporate governance (GCG), the Company has implemented an internal control system that is fully supported by management.

The system of internal control refers to the Committee of Sponsoring Organizations (COSO) Internal Control Framework to be applied across the board within the Company. The Company's internal controls is viewed as a series of actions that cover the whole process within the organization.

Implementation of internal control will include:

- The control environment
- Assessment of risk
- Control activities
- Information and communication
- Monitoring

In the application of internal control, there are job descriptions and Standard Operation Procedures (SOP) which are constantly evolving with the development of organizational structure.

BTEL has also implemented a risk assessment procedure which is carried out through a system of direct interviews with each division head and the operational unit. Determination of risk is based on the unit's work activities with existing SOPs.

For internal control process to run smoothly, communication and information dissemination to all levels of the organization is carried out in a systematic and structured manner.

During 2011 monitoring activities to ensure that internal control systems are functioning properly have been carried out. These monitoring activities, are conducted through periodical operational audits throughout the all work units in accordance with the 2011 audit plan.

The Company considers that the internal control system needs to be improved and developed on an ongoing basis in order to function properly, including awareness of risk and its control.

“The Company has implemented an internal control system that is fully supported by management.”

INTERNAL AUDIT

The Internal Audit function BTEL is conducted by Corporate Internal Audit (CIA) which is chaired by Elfrida Irene Sandra Yanti Octaviana as Chairperson of the Corporate Internal Audit since 2009. Previously she served as General Manager of Treasury since March 2005 to 2008 as well as a variety of managerial positions in the Finance Directorate in Indosat and Satelindo from 1995 until February 2005. She obtained a degree in Economics from the Tarumanagara University in 1991. She is active in the education and training of Internal Auditors and has earned various professional certifications and degrees including Qualified Internal Audit (QIA) from the Internal Audit Education Foundation (YPIA) in February 2010 and Certified Risk Management Professional (CRMP) from the Risk Management Professional Certification Institute (LSPMR) on December 2010.

CIA acts as a strategic business partner for all levels of management in order to encourage the achievement of goals and objectives with an evaluation based on an objective risk based audit and consulting services primarily in relation to increasing and improving risk management, control and governance processes. This is done through a proactive, enthusiastic and dynamic, effective communication, business-oriented and stakeholders, an understanding of the subject matter and areas with high risk, the findings emphasis on quality, and recommendation of practical and workable solutions.

Internal Audit Charter

The Internal Audit Charter approved by BTEL's President Director on 3 April 2009 is intended as a standard guideline that contains the minimal size of the Internal Audit function that needs to be organized by BTEL and aspects relating to the implementation of Internal Audit. This Internal Audit Charter is also intended to form the creation of common understanding and foundation of the maintenance level of interest and commitment of all parties concerned with BTEL.

The scope of audit work by the CIA covering all aspects and elements of organizational activities in BTEL. This audit work was conducted through a risk based audit approach by looking at the risks associated with the object of the audit assignment.

The CIA is directly responsible to the President Director and under the direction of the President Director and or Board of Commissioners, the scope of audit work by the CIA also covers the activities of corporate affiliates and subsidiaries that directly or indirectly could influence the implementation of BTEL interests.

The scope of the CIA include an audit and assessment of the effectiveness of risk management, adequacy and effectiveness of internal control systems, quality of performance in carrying out the outlined responsibilities, and the effectiveness of governance processes by:

- Compliance audit of policies, plans and budgets, procedures, regulations, and other operational activities;
- Operational/management audit in order to improve efficiency, securing resources and funding, as well as the consistency and effectiveness of the operational benefits of an activity or program that has been determined.
- Audit of information systems technology (TSI) to ensure data integrity (true, complete, safe, on time), effectiveness and efficiency of operations and continuity of operations for information systems technology, as well as compliance with the provision of information systems technology. Including conducting an audit of each implementation of the TSI application to ensure that the application complies with the specifications, compliance with the provisions, adequate control and the availability of an audit trail, as well as recommendations on the control that needs to be applied;
- Special and investigation audit of the alleged act or acts indicative of fraud/abuse/manipulation, embezzlement, irregularities of the internal and external provisions/regulations, and so on based on instruction from the President Director and Board of Commissioners.

- Off-site monitoring or desk audit of all activities in all BTEL work units through analysis of documents and reports.

In accordance with the work program in 2011, during the year, the CIA conducted audit and other activities, as follows:

No	Auditee	Types of Audit
1	General Affair Division	Operational Audit
2	East Java Region	Operational Audit
3	West Java Region	Operational Audit
4	Pamasuka Region	Operational Audit
5	Bakrie Connectivity	Operational Audit
6	Marketing Division	Operational Audit
7	Government Regulatory Division	Operational Audit
8	Government Relation Division	Operational Audit
9	Site Acquisition Division	Operational Audit
10	Finance Division	Operational Audit
11	Information Technology Division	TSI Audit
12	Whistleblowing & Code of Conduct	Consultation

Furthermore, to improve performance professionalism, the CIA has established a Quality Assurance Audit function (QA) which aims to improve the audit function in adding value to the company's operations, as well as to provide assurance that the internal audit function is in compliance with the Standards and Code of Ethics of Internal Audit and regulations. In 2011, QA conducted the following activities:

No	Quality Assurance Activity
1	Revised Internal Audit Charter and Code of CIA
2	Preparation of Internal Audit SOP and Policy
3	Preparation of Internal Audit Scorecard for measuring performance of the CIA
4	Training and socialization of SOP and Internal Audit Policy
5	Review of the quality of the implementation of risk based internal audit
6	Implementation of IDEA audit tools on the CIA
7	Preparation of strategic plans for the CIA in 2012

The next stage are the activities of internal consulting services. These activities is the new mission of the CIA in 2012. In practice, internal consulting services are directed as a safeguard for the implementation of the company's operations, including the risk assessment process, particularly in mapping high-risk business units as anticipatory measures so that business continues to heed the applicable signs of regulations and rules.

To ensure that the results of audit and internal consulting obtain an adequate response from the auditee, follow-up surveillance efforts are conducted. Follow-up in the field is conducted by the auditee and then monitored by the CIA. For this, the follow-up is limited to areas of significant business processes with a mutually agreed target date.

Participation of Internal Audit

In order to expand and develop the professional knowledge and competence of the Internal Auditor, CIA BTEL has participated by including its auditors in a number of associations for the internal auditor profession, including:

- To complete their level of competence through participation and involvement in various professional association of internal auditors, every CIA personnel is required to obtain certification of the internal audit profession such as the Qualified Internal Auditor (QIA).
- CIA BTEL has included its auditors in the various activities of other associations of professional internal auditors, including as members of the Risk Management Professional Certification (LSPMR), Association of Certified Fraud Examiners Indonesia Chapter (ACFE), and the Institute of Internal Auditors (IIA) Indonesia Chapter.
- The participation of members of the CIA in various Internal Auditor societies strongly supports improving their competence and knowledge to facilitate the CIA in carrying out tasks in the development of audit and management audit activities. These associations is an arena of information exchange and discussion forum (benchmarking) among internal auditors related to current issues in the world of auditing.

INDEPENDENT AUDITORS

BTEL uses the services of Tjiendradjaja & Handoko Tomo Public Accounting Firm, located at Jl. Sisingamangaraja No.26, 2nd Floor, Jakarta 12120, Indonesia, as independent auditors who audited the BTEL financial statements for the period ending December 31, 2011.

The firm conducted three audits on the financial statements including ones for the consolidated financial statements of the Company as of December 31, 2011.

In addition to auditing of annual financial statements, during 2011, this accounting firm was also tasked with an assignment to review interim financial statements of the Company for the period ended March 31, 2011. This firm was also tasked to audit the Company's mid year financial reports as of June 30, 2011 and the interim financial reports for the period ended September 30, 2011.

The firm did not receive any other assignments which might a cause conflict of interest. This accounting firm does not have connections or any special relationship with the Company. Total audit costs for the BTEL financial statements were Rp 220 million.

RISK MANAGEMENT

Risk Management is an important factor in the implementation of good corporate governance. BTEL understood that to expand and evolve into an environmentally aware telecommunications operator, the Company needs to implement good risk management. BTEL has identified the risk potentials inherent in the business environment and planning, as well as the possible impact on the achievement of Company objectives. The Company has also taken steps to mitigate those risks.

Supported by its parent company, PT Bakrie & Brothers Tbk., BTEL conducts a risk management procedure known as risk self assessment, which assists the Company in evaluating the risk exposure of every business process. All employees involved in the business process play active roles in the identification, evaluation and controlling of risks in an effort to build strong team coordination and commitment to manage risk and implement business processes.

THE RISK MANAGEMENT FRAMEWORK

PT Bakrie Telecom Tbk. understands the importance of commitment to protect its business, including human resources, physical and financial assets, by developing an ERM framework that is proactive and sustainable in order to support efforts in maintaining the Company's growth in a well-controlled environment, resulting in the augmentation of value for stakeholders.

The vision of risk management in BTEL is to become the number one telecommunication operator in Indonesia and to be a major player at the regional level through the implementation of ERM, to ensure the evaluation, understanding and mitigation of risks, effectively and efficiently.

The risk management mission is to maintain and continue the operation of BTEL in providing quality connectivity at affordable prices to the people of Indonesia. This is accomplished in part through identifying and mitigating threats for:

- Increasing shareholder investment returns
- Improving employee welfare

ENTERPRISE RISK MANAGEMENT IMPLEMENTATION

As part of BTEL's commitment to prioritize risk management as an important part of its business, the Company has implemented the Enterprise Risk Management (ERM) system since December 2009, with the assistance of Ernst & Young as an independent consultant.

The goal of this ERM implementation is for BTEL to be able to identify and manage risk by developing a solid risk management and control system, which will ultimately enable the Company to better achieve its goal of increasing stakeholder value as well as serving as a safeguard in achieving both the short and long term objectives of the Company.

The responsibility for overseeing and evaluating risk at BTEL lies with the Commissioners and Directors through an ERM organization which includes supporting committees at the Commissioners and Directors' levels.

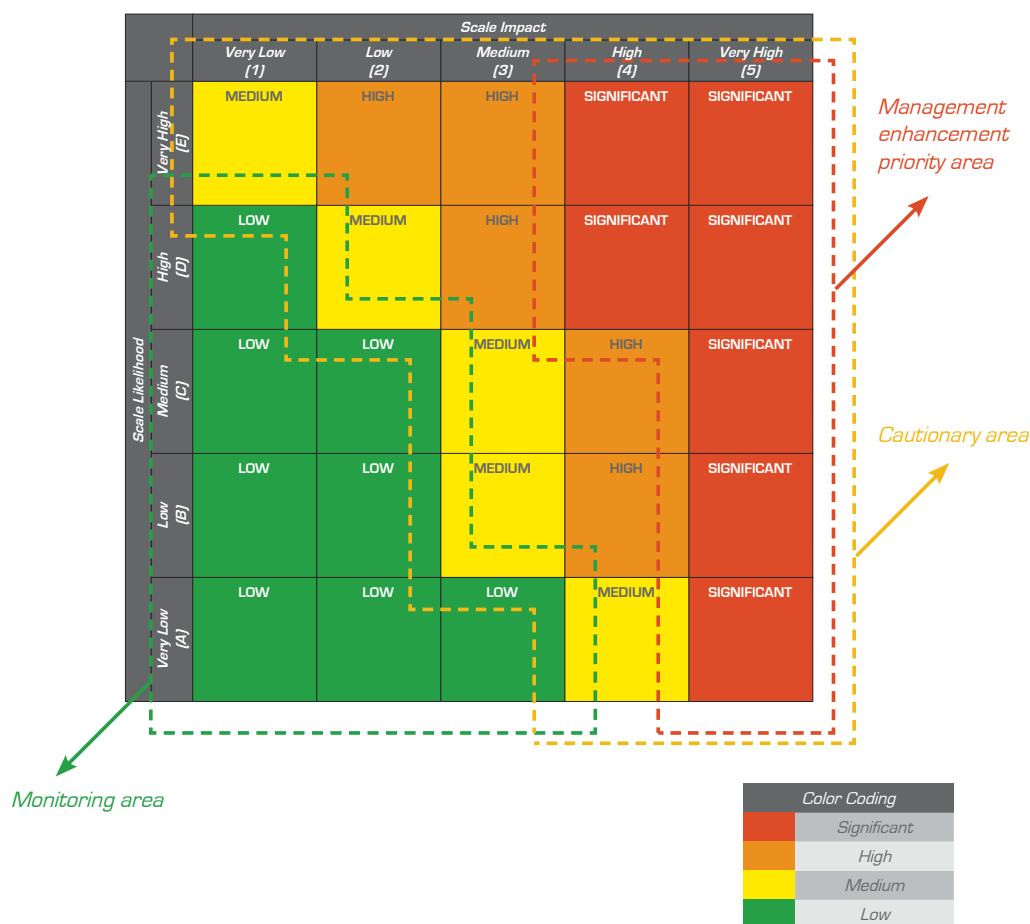
The risk management function comes under the jurisdiction of the Board of Directors. Responsibility for managing strategic risk is also with the Directors. However, the risk management unit will assist and coordinate the process of identifying, evaluating and controlling such risks.

The company established a Risk Management Committee in 2006; its role is to provide recommendations to the Board of Commissioners as a control function in order to ensure the effective operation of an integrated risk management process. The Committee also oversees the implementation of ERM and provides recommendations to ensure adequate implementation of ERM.

The BTEL Risk Officer is responsible for assisting the risk management unit in coordinating the activities of risk management and for consolidating and analyzing all the risk information in BTEL, particularly those risks included in the category of "significant risk".

RISK APPETITE AND RISK TOLERANCE

Risk appetite is the measure of how much risk is acceptable to the Company to be able to maximize its yield from existing risks or from any risk that might occur. BTEL risk tolerance is reflected in risk evaluation in a form of impact and likelihood of risks that have been agreed and formulated in the ERM. A risk with an impact



greater than "High" cannot be tolerated and should be dealt with immediately.

RISK MANAGEMENT PROCESS

The risk studies are in general based on the main strategic goals of BTEL that have been outlined by senior and executive management.

The Company identifies significant risks on a continuous basis, after business or strategic goals are set. In measuring risks, BTEL has corporate risk assessment criteria from an impact and likelihood aspect, which is uniform in nature and encompasses various areas relevant to business activities in BTEL.

BTEL grades and evaluates risk based on the consequences or effects and possibility or frequency of risk occurrence. After a given risk is identified and evaluated, management decides on the actions to take to eliminate, mitigate, accept or shift the identified risk so that it remains within BTEL tolerance levels. The creation of a risk mitigation plan aids in the identification,

controlling and reporting of the control status of each risk. Moreover, a risk mitigation plan assists the Company in allocating available resources to manage main or critical risks.

To obtain the latest and most accurate information on a risk in order to be able to enable better decision making, BTEL conducts risk control and reporting. The main goal of these is to motivate the risk owners to take responsibility in managing risk and make it a main part of their everyday activity.

BTEL has identified and evaluated risk as part of its main strategic goal. As a result of this risk management process, 60 types of risks have been identified. These risks are divided into 32 items in the "significant" category, 19 in the "high" category, 6 in the "medium" category and 3 in the "low" category.

In 2010 and 2011, risks categorized as significant received special attention from management, and risk mitigation measures have been carried out for such risks. Risk mitigation for high, medium and low categories is implemented gradually.

Risk management activities are periodically communicated to relevant Committees. Coordination with internal audit is conducted on the basis of activities related to the internal audit activity.

In improving the risk awareness culture, surveys of risk management were conducted for employees to obtain a picture of their individual perception of risk management activities. Risk management workshops are conducted for employees on a regular basis. These workshops are aimed at improving risk awareness and risk management capabilities of employees.

COMPANY RISK ASSESSMENT

Among the significant risks faced by the Company which must be understood and mitigated are the following:

Economic Risk

BTEL is subject to influences from both domestic and global economic conditions, including macro economic factors such as inflation, interest rates and exchange rates. BTEL has anticipated these risks by monitoring and seeking outside experts who will give advice if needed.

Technology Risk

BTEL is strongly influenced by the rapid changes in technology inherent in the telecommunications industry. BTEL anticipates such risk by encouraging product development and anticipates it by following the latest technological developments, including the data business and BWA. This step makes BTEL able to anticipate market needs for these technologies.

Political and Government Risk

The telecommunications industry is a highly-regulated industry. Any changes in government regulations will affect the Company's operations.

BTEL anticipates this risk by preparing contingency plans to deal with an unsympathetic political environment. In addition, BTEL optimizes the performance of related units in performing their functions in monitoring compliance with applicable regulations.

“The Company identifies significant risks on a continuous basis.”

Competitive Risk

With many players in the telecommunications sector, BTEL faces stiff competition. BTEL anticipates a competitive environment by improving service and product innovation.

Risk of Dependence on Network Interconnection

BTEL operations are very dependent on interconnection agreements with cellular, fixed and cordless phone networks, as well as related infrastructure owned by competitors. Interconnection unavailability may result in the disruption of service to customers and the loss of potential revenue.

To reduce this risk, BTEL pays careful attention to its relationship with governments and other operators to ensure the availability of continuous interconnection.

Foreign Currency Risk

BTEL operates in Indonesia with revenues denominated in Rupiah. On the other hand, some BTEL liabilities are denominated in foreign currencies. Fluctuations of foreign currency exchange rates toward Rupiah will directly impact the Company's profitability. BTEL mitigates this risk factor by entering into transactions to hedge the loan principal.

Fraud and Revenue Reduction Risk

Within BTEL financial and operational activities, there may appear the risk of fraud. Fraud includes embezzlement or other irregularities, whether sourced from external or internal parties, and this could affect BTEL financial and operational activities. With many market innovations undertaken by BTEL, risks arising from fraud have a potentially negative impact that must be taken into account if they were to occur for long periods and in large quantities. This could lead to damage of revenues and profits.

BTEL takes precautions against fraud by implementing revenue assurance for the prevention of revenue losses. Revenue assurance conducts inspection of records, the thoroughness of a transaction and the billing system as a whole. The testing procedure also applies to new products and services, prior to a commercial launch.

CORPORATE SOCIAL RESPONSIBILITY

Various forms of activities and initiatives of Corporate Social Responsibility (CSR) were launched and conducted by PT Bakrie Telecom Tbk (BTEL) during 2011. In addition to a continuation of the initiatives in previous years, BTEL also developed and implemented new initiatives as part of its corporate spirit of innovation.

Implementation of these initiatives also always engage the active participation of BTEL employees, in addition to third-party and volunteers involvement whose expertise are in accordance with program requirements.

In the long run, various activities have been and will continue aiming towards community empowerment. In an effort to realize this vision, BTEL CSR initiatives and work programs throughout 2011 encompassed activities involving education, social care, culture and environment, spiritual development through religious activities, as well as preparedness efforts for disaster response.

KELAS HIJAU ESIA



The BTEL CSR Kelas Hijau Esia (Green Class) Program is an introductory program of environmental awareness. This is done with reference to the major HUN campaign launched by BTEL Kelas Hijau Esia Program and is currently focused on elementary school children, especially in the 3-4-5 grades, in an effort to instill environmental awareness as early as possible. The material taught in this program is a method of playing while learning, with various light activities, while many take advantage of available objects in the world around them. In addition to knowing the environment, the program also indirectly instills awareness to take advantage of used goods which are often discarded.

KELAS MERAH PUTIH

The Kelas Merah Putih (Red and White class) is part of a BTEL CSR program initiative which focuses on efforts to introduce and preserve the history and culture of Indonesia. This can serve toward the creation of opportunities and campaigns for programs which can improve the image of BTEL and the Bakrie Group in general.



Publishing A Film History of Malang City

The Film History of the city of Malang is an overview of the history that is divided in 5 periods: The period of the Kings (Malang plateau formation and birth of Singhasari-Majapahit empires), The Panji culture era (since the time of the Majapahit empire which then spread throughout Southeast Asia), the Dutch colonial period (the establishment of Malang Gemeenteraad 1914 and plans to expand the city Bouwplan), The Japanese Occupation, and the Malang period 1938-1958.

The film was shot in DVD format, this film history of Malang is also officially supported by the City Government of Malang. The launch of the films as well as the launch of Malang Documentary Boards was held in conjunction with the Flag Raising Ceremony on Independence Day, August 17, 2011 at City Hall by the Mayor of Malang, Drs. Peni Suparto, M.Ap.

Malang Documentary Boards

The Malang Documentary Boards are boards that contain the history of a place or a heritage building in the city of Malang. The goal of these installation is to provide an explanation of the history and the origins of the place or building to the community, as well as an effort to appreciate and preserve the historical tourism assets of Malang. On the other hand, Malang Documentary Boards can also be a learning medium of education for the community. This is a arguably the

first such program conducted in Indonesia, officially supported by the Government of Malang and shown in 2 [two] language formats, Indonesian and English.

▶ **READING AND STORYTELLING WORKSHOP**



To support the Kelas Hijau Esia program, in the same schools we conducted the Reading and Storytelling Workshop program for teachers. This is a short workshop with the theme of reading stories for the children's future. The program provides education to the teacher who has two important roles, which are to convey the main messages to their students and to the parents as well. The launch of this program is expected to enable teachers and parents to better utilize quality time with their families amidst daily activities.

We recognize that the "Green" content is not a simple content, in which there are many words that are not commonly encountered in everyday conversation. Therefore we hope the workshop will encourage both teachers, parents and students to become more engaged to read so that they open their horizons of the world. When children enjoy reading "Green" content, it becomes easier to understand and apply the concept in their daily activities.

▶ **RAMADHAN HIJAU**



Ramadhan Hijau (Green Ramadan) is an annual CSR BTEL event in the month of Ramadan. This activity collects used clothes and distributes them to those needing them. These used clothes are collected from BTEL employees. The used clothes are collected, sorted, grouped, and washed again to be later sold cheaply in bazaars to people around BTEL's operational areas (around the BTS and outlets/KSO/Dealer). Proceeds will buy food or other useful goods and will be distributed to communities in need.

▶ **BLOOD DONOR ON BAKRIE'S ANNIVERSARY**



Donating blood is a routine activity carried out in cooperation with the Indonesian Red Cross (PMI) to commemorate the Anniversary of the Bakrie Group. Donors are employees of BTEL and from other Bakrie Group companies. From the 14 cities where the activity took place, 887 bags of blood were produced from 1,224 participants. These 14 cities were: Semarang, Jogjakarta, Solo, Surabaya, Makassar, Samarinda, Balikpapan, Jakarta, Medan, Padang, Batam, Palembang, Lampung, and Bandung.

▶ **PUBLISHING A BOOK ON 9 BALINESE ARTISTS**



Publishing the book “9 Seniman Bali” is one way that BTEL channels its social responsibility (CSR). As a company that was founded and developed in Indonesia, BTEL recognized the need to preserve the noble values of the nation.

This book tells the daily lives in brief of 9 Balinese artists, especially in art-related moments. In this book, a lot of ideas and principles of the individual artist is told. The book reveals the background and the willingness of the artists to maintain their traditions. Memorable moments are retold, to illustrate their struggle and determination in preserving and cultivating the nation's culture.

The values that they place in their lives are also illustrated to inspire readers. They also emphasize that what they have done would just be wasted if their examples and values are forgotten.

This book will be a source of inspiration and reference for artists, as an inspiration of determination, as well as perpetuating the contribution and dedication of the Balinese artists in their quest to preserve and nurture the cultural wealth of the nation.

It is an interesting fact that BTEL employees were directly involved in publishing the book “9 Seniman Bali”. These employees wrote and documented the book with photographs. This is an illustration of the initiative and active participation of BTEL employees to contribute to preserving the culture and arts of Indonesia.

► PUBLISHING OF THE READ ALOUD MAGIC GUIDELINE BOOK

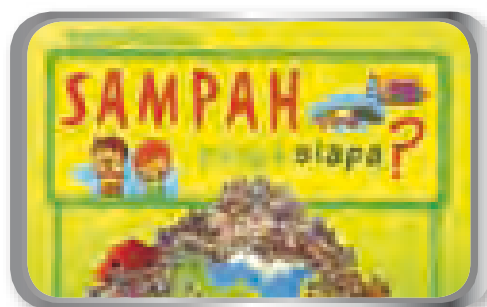


The Read Aloud Magic Guideline book is a guide for parents and teachers to inculcate the habit of reading to children from an early age.

CSR BTEL was offered a tremendous opportunity when they were allowed to publish the book Read Aloud Magic in the Indonesian language by Susan Frankenberg [author]. These Read Aloud Magic books is a best-selling book overseas that has become a guidebook for many parents.

The Read Aloud Magic books can only be obtained through BTEL and the Reading Bugs Community (BTEL partners). By involving or engaging BTEL & the Reading Bugs Community in the socialization of the importance of reading to children and parents, participants can obtain this book for free.

► PUBLISHING OF “SAMPAH PUNYA SIAPA?” BOOK



BTEL realizes the importance of education for children regarding waste and trash visually through a picture story so that children are able to visualize the issue clearly. Building on this idea, BTEL elisted the help of the Reading Bugs Community (Roosie Setiawan & EorG. Betty) to publish the book “Sampah punya siapa?”. We hope that with this book, children will be given a much easier way to learn about the existence of waste and how to cope with garbage all around us, ultimately creating a generation of environmentally conscious persons from an early age.

This book tells how waste is generated by humans and how we can reduce waste production by recycling waste in accordance with nature. The book “Sampah Punya Siapa?” is printed in two languages, namely Indonesian and English. Currently, the general public can obtain this book by following the socialization and educational activities of BTEL CSR in introducing the impact of garbage/trash in our society to children.

SUPPORT & BOOK PUBLISHING FOR THE INDONESIA DRAGONFLY SOCIETY



As an implementation of the Kelas Hijau drive that has been conducted, BTEL also directly supports the activities of the Indonesia Dragonfly Society. BTEL took the initial steps through the publication of books and seminars as well as organizing field trip observations of dragonflies (*Odonata* sp.) in Malang, East Java. The Indonesia Dragonfly Society (Previously the Dempo Dragonfly Society) can be said to be the first dragonfly community in Southeast Asia, and has gained recognition from the Worldwide Dragonfly Society.

NGOPI SORE



Ngopi Sore is an activity to share knowledge, and experiences among employees and co-workers. This activity is packaged in an informal atmosphere, with experts presenting their respective fields according to the theme. The purpose of this activity is to encourage employee involvement in various BTEL CSR activities. By sharing information, knowledge and expertise from various parties, it is hoped that a vibrant community interaction and mutual support will emerge to nurture various relevant initiatives arising from the Ngopi Sore activities to further engage employees in CSR activities.

DISASTER RESPONSE

Mount Lokon - Tomohon Eruption

On 12 July 2011, Mount Lokon, near the town of Tomohon, erupted. Thousands of residents fled Tomohon to safer grounds. Four Command Posts for refugee camps were set up. The Manado Area teams and BTEL CSR swiftly provided assistance to the refugees. Clean water, communication facilities and the nine essential items were a priority at the time. This aid was channeled through the Red Cross of Manado City.

FREE MEDICAL AND STORYTELLING SERVICES



BTEL CSR and the Yogya regional office cooperated with the Bangun Sehat Indonesiaku Foundation (YBSI) in giving free medical services after the Merapi disaster. This activity was held on July 22, 2011 at the Village Hall of Ngrajek Mungkid District 3. A village location close to Merapi. In addition to the free medical treatments, the BTEL CSR team also took the children that were waiting in line for treatment, and read stories to them.



5 CORPORATE DATA

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BTEL is a company that is transparent, has high integrity and provides the best possible service for its customers.

BOARD OF COMMISSIONERS PROFILE



Bobby Gafur S. Umar
President Commissioner

Indonesian citizen, 43 years of age. Served as President Commissioner of the Company since 2003. Since July 2010, he has served as the President Director/CEO of PT Bakrie & Brothers Tbk. after previously serving as Managing Director/CEO of PT Bakrie & Brothers Tbk. (June 2009-July 2010) and the Vice President Commissioner of the same company. Currently, he also holds positions as Director and Commissioner in other Bakrie Group businesses. Other previously held positions include Operational Director of PT Bakrie Sumatera Plantations Tbk. from June 2000 until August 2002. Since 2010, he was appointed as

the Head of the Permanent Committee on Infrastructure Development of the Indonesian Chamber of Commerce. Since 2009, he is also the Vice Chairman of the Indonesian Association of Engineers. Since 20, he also serves as the Vice Chairman of the Indonesian Listed Companies Association. He holds a Master of Business Administration (MBA) Degree from the University of Arkansas, Little Rock, Arkansas, United States, awarded in 1995.



Ai Mulyadi Mamoer
Independent Commissioner

Indonesian citizen, 66 years of age. Chairman of the Audit Committee since June 1, 2006 and Independent Commissioner of the Company. Served as Secretary General of Tiga Pilar Kemitraan – an anti-corruption coalition between the government, private sector and civil society. Also serves as trustee for Indonesia Procurement Watch (IPW), a member of the Executive Board of Transparency International Indonesia (TI-Indonesia), a member of the Indonesian Society of Telematics (MASTEL), founder and member of the Executive Board of the Indonesian Society of Entrepreneurs (MEI) and a member of the Society of Indonesian Commissioners. Other positions held include being a member of the

Integrity Committee in Bulog, Pertamina and Jamsostek and previously an expert advisor to the President Director and Coordinator of expert advisor at PT Telkom, as a Commissioner of PT Ratelindo, the Board of Trustees of Perum Pos dan Giro and the Head of Planning at the Ministry of Tourism, Post and Telecommunications. Holds an Economics degree from the University of Padjadjaran, Bandung, and a Master's Degree from Michigan State University, Founder and Member of Team 45 of the National Integrity Council.



Rajsekar Kuppaswami Mitta
Independent Commissioner

Australian citizen, 56 years. Appointed as Independent Commissioner of the Company since 2005. Currently also serves as Chairman of Essential Value Associates Pte., Ltd since 2003 to the present. Previously he served as Chairman of Arthur D. Little Asia in the period of 1997 to 2003. In the period of 1980 to 1992 he served as Senior Marketing at Pepsico for the United States and Europe, Mars (UK) and Kellogg (Australia) regions. In the period of 1992 to

1997 he served as Senior Practitioner at Booz, Allen & Hamilton (London, Sydney, Singapore), and Executive Chairman at Arthur D. Little Asia. He earned his Masters in Business degree at the Indian Institute of Management, Ahmedabad, India in 1980 and Bachelor degree from IIT Bombay, India in 1979.



Nalinkant Amratlal Rathod
Commissioner

Indian citizen, 62 years of age. Served as Commissioner of the Company since 2005. Currently also serves as a Commissioner of PT Bumi Resources Tbk and Managing Director of Capital Managers Asia Pte. Ltd., Singapore. Previously held various positions at Precision Products Ltd. (India) (1970-1973), ICICI Ltd. (India) (1976-1979), Ashok Leyland Ltd. (India) (1979-1981), PT Texmaco Indonesia Jaya (1981-1982) and PT Tripatra Engineering (1982-1987). Has also been involved in Bakrie

& Brothers Group over the 1993-2001 period, holding various key positions, including Managing Director and Chief Operating Officer of PT Bakrie & Brothers Tbk. Holds Bachelor of Commerce degree from Andhra University in India, and in 1976 became a member of the Institute of Chartered Accountants of India (CA).



Ambono Janurianto
Commissioner

Indonesian citizen, 52 years of age. Served as Commissioner in 2003. Apart from being the Company's Commissioners, he currently also holds various positions in several other companies in the Bakrie Group, among other President Director of PT Bakrie Sumatera Plantation since June 2000, Commissioner of PT Kilang Vecolina since September 2001, Commissioner

of PT Bakrie Plantations Pasaman since June 2001, and Commissioner of Agro since August 2000. Holds an Economics degree (SE) majoring in Management, from Parahyangan Catholic University Bandung in 1986.

BOARD OF DIRECTORS PROFILE



Anindya Novyan Bakrie
President Director

An Indonesian citizen, 37 years of age. Served as President Director of the Company since 2003. Currently active in a variety of companies linked to the Telecommunications, Media and Technology ('TMT'), as Commissioner of PT Visi Media Asia Limited ("VIVA"), the holding company of media companies ANTV, TVONE and VIVAnews, as well as the Commissioner PT Bakrie Connectivity, a company engaged in the Internet field. He also assumed responsibility as the Chief Operating Officer of Asia Capital Managers, an investment company focused on the mining, plantation and TMT industries. He started his career as a financial analyst at Salomon Brothers Inc., New York USA for several years, before serving as Deputy to the Chief Operating Officer / Managing Director of PT Bakrie & Brothers Tbk. since 1997 to 1999, and was engaged directly in the debt restructuring of the company. Also active in various organizations, namely as Vice Chairman of the Indonesia Chamber of Commerce and Industry (Kadin)

Indonesia for Organisations, Membership, Local Empowerment and Governance; after previously as Vice Chairman of Kadin Indonesia for Telecommunication, Information Technology and Media. Also served as a member of the Board of Trustees of the Indonesian Young Entrepreneurs Association (HIPMI). His International scope includes being a member of the Asia Pacific Economic Corporation Business Advisory Council (ABAC) delegation of Indonesia, a member of the International Council at the Belfer Center for Science and International Affairs of Harvard University, USA as well as founder and Chairman of the Bakrie Foundation Center Foundation. He holds a Master of Business Administration (MBA) Degree majoring in Global Management from Stanford Graduate School of Business, California, USA, awarded in 2001, and a Bachelor of Science, majoring in Industrial Engineering from Northwestern University, USA, awarded in 1996.



Frederik Johannes Meijer
Deputy President Director

Dutch citizen, 42 years of age. Served as Deputy President Director of the Company since 2007 in charge of Commercial. Previously worked in various positions in PTT Telecom/ KPN Royal Dutch Telecom in The Netherlands, England and Indonesia, Unisource NV in the Netherlands, and

PT Telkomsel in Indonesia. Holds a degree in International Business Studies from Hanzenhogeschool Groningen, the Netherlands, specialized in Marketing at Middlesex Poly-University, London, England and Telecommunications Marketing Executive Course at INSEAD, France.



Jastiro Abi

Deputy President Director

Indonesian citizen, 40 years of age. He currently serves as the Vice President Director of the Company since 2011. He previously served as Director in charge of finance since 2007. Previously served as CFO for the Company from 2004 until 2007, as a Director at PT Bakrie Swasakti Utama from 2002 until 2004, holding various managerial positions in the Corporate Banking division, Credit

Recovery Unit, Trade Finance at HSBC during the years 1998 until 2002 and PT Astra International Tbk from 1997 until 1998. Holds Bachelor of Engineering degree from the University of Diponegoro in 1995, MEngSc from Queensland University of Technology in Australia in 1997 and an MBA from the University of Western Australia in 2005.



Rakhmat Junaidi

Director

An Indonesian citizen, 40 years of age. He currently serves as the Non-Affiliated Director of the Company since 2011, he previously served as Director in charge of Corporate Services (intercarrier, regulatory and corporate communications). Previously served as Finance Director of PT Radio Telepon Indonesia during the period of 2002 until 2004 and General Manager Finance & Legal in PT Radio Telepon

Indonesia from 2001 until 2002 and Manager of PT Skytel from 1994 until 1995. Holds a Bachelor of Economics degree majoring in Accounting from Perbanas Jakarta in 1997. Other held positions include Secretary General of the Telecommunication Interconnection Clearing Association (ASKITEL) for the period from 2005 until 2008.

SENIOR MANAGEMENT PROFILE

Amit Bose

Head of Strategic Initiative

Citizen of India, 56 years. Served as Head of Strategic Initiative of the Company since 2006. Previously served as President of Reliance Infocom (India), President of Tata Teleservices (India), Vice President of Marketing Pepsi Asia and in the field of retail distribution and consumer marketing of Unilever India. He earned his MBA from the Indian Institute of Management, Ahmedabad, India.

Ridzki Kramadibrata

EVP Marketing, Product & CRM

Indonesian citizen, 42 years. Served as Executive Vice President of the Company since 2008 in charge of Marketing, Product, and CRM. Previously worked in various positions in PT Satelindo in Indonesia, MCI Communications in the United States, Skha Consulting, and PT Smart Telecom in Indonesia. Obtained a degree in Economics from the University of Padjadjaran, Diploma in Business from UC Berkeley and an MBA from State University of New York at Buffalo, USA.

Thatha Rao

EVP Network Services

Citizen of India, 43 years old. Served as Executive Vice President in charge of Network Services since 2011. Previously served as Vice President and General Manager of Network Services for the Company since 2006. Previously worked as Head of Operations at Reliance Infocom Circle (India), a variety of managerial positions in the field of Operations engineering at TATA Teleservices (India) and started his career at Alcatel Business Systems (India). He earned his electrical and telecommunications engineering degree from AMIETE India.

Irfandi Firmansyah

EVP Sales

An Indonesian citizen, 47 years of age. Served as EVP Sales of the Company since 2008. Previously he worked in various positions in Telkomsel, with last position being Vice President of Java and Bali Area Telkomsel. Holds a Bachelor of Pharmacy degree from Bandung Institute of Technology.

Irwan Anwar

EVP Infrastructure Projects

Indonesian citizen, 48 years. Graduated from the Bandung Institute of Technology majoring in Telecommunications. Started his career as an Instrument Engineer for South Sumatra at PT Schlumberger Oil Service Company. In 1996, he became Vice President for Network Development and Network Operations Center in PT Excelcomindo Pratama. Prior to joining Bakrie Telecom in May 2009, he was the Head of Network Services at PT Sampoerna Telekomunikasi Indonesia.

Danar Wihandoyo

EVP Finance

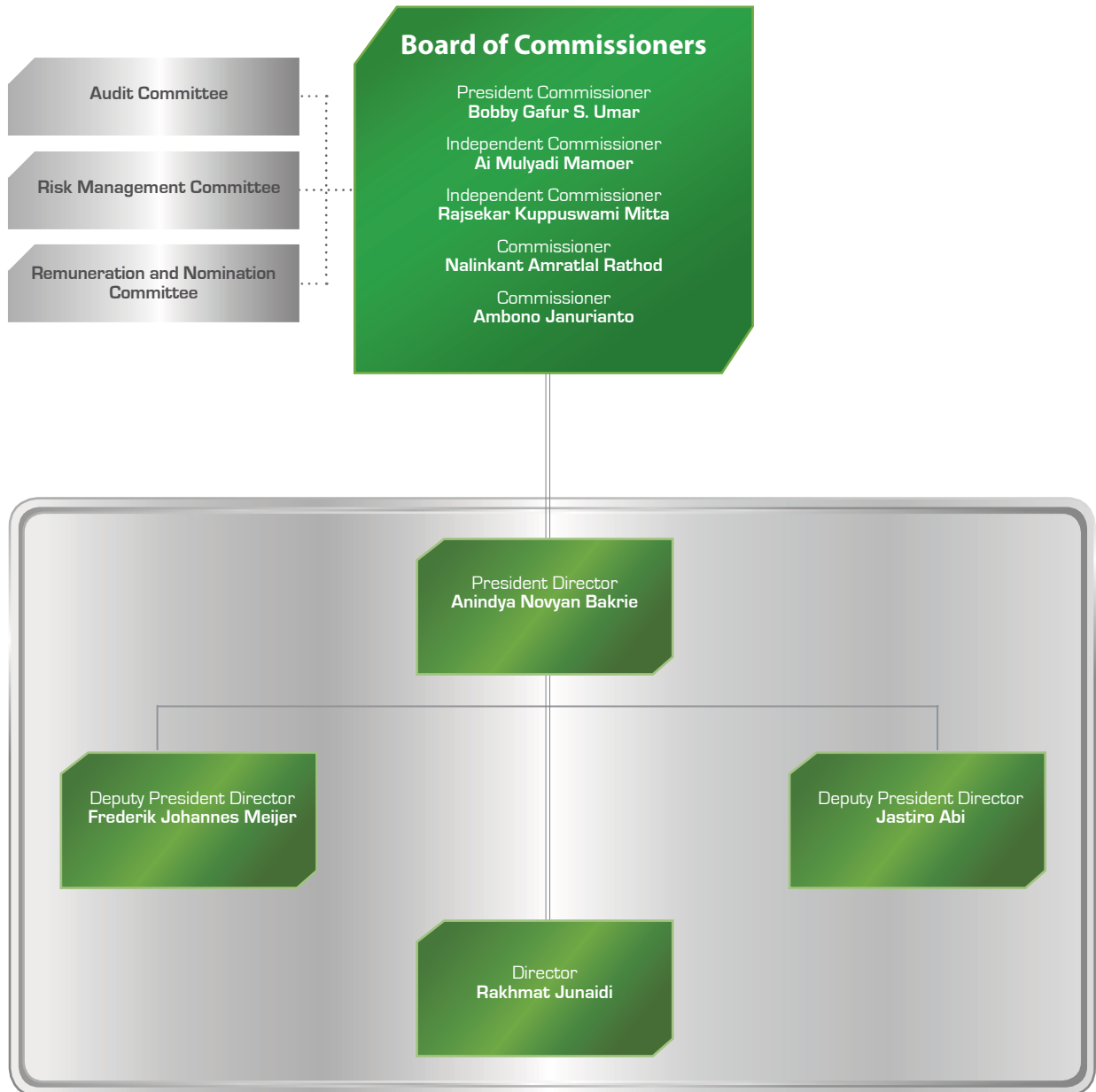
Indonesian citizen, 41 years. Served as Executive Vice President Finance of the Company since 2011. Previously served as Vice President Finance Business Control Company in 2007 until 2011. Prior to joining the Company, he worked from 1996 in the Financial Services sector in Merryll Lynch Indonesia, PT Bakrie Securities, and RSM AAJ Associates. He earned a bachelor's and MBA at the University of Toledo, USA, majoring in Finance and Accounting.

Marwan O. Baasir

EVP External Relation

Indonesian citizen, 41 years. Served as Executive Vice President of External Relations for the Company since 2011. Previously served as Vice President Business Development of the Company from 2008 until 2011. Prior to joining the Company, he has been working since 1994 in the Telecommunication Services sector of PT Satelit Palapa Indonesia and PT XL Axiata Tbk. He obtained a bachelor's degree from the National Institute of Science and Technology.

ORGANIZATIONAL STRUCTURE



GERAI ESIA AND AHA WORLD

Jabodetabek

Gerai Wisma Bakrie

Gedung Wisma Bakrie Lt. Ground
Jl. HR Rasuna Said Kav B1
Jakarta 19920

Gerai Roxy Mas

Ruko ITC Roxy Mas, Blok D2 No. 4-5
Jl. K.H. Hasyim Ashari, Jakarta

Gerai Fatmawati

Ruko ITC Fatmawati Blok A1 No. 22-23
Jakarta Selatan

Gerai Cempaka Mas

Rukan ITC Cempaka Mas Blk A-30-31
Jl. Letjen Suprpto, Jakarta Pusat

Gerai Depok

Jl. Margonda Raya No. 27, Depok

Gerai Bekasi

Komp. Kalimalang Komersial Center
Jl. Ahmad Yani No. 5-6, Bekasi

Gerai Serpong

Komp. WTC Matahari BSD
Ruko No. 5825
Jl. Raya Serpong

Gerai Bogor

Jl. Pajajaran No. 41
(samping dokter 24 jam), Bogor

Gerai Serang

Jl. A. Yani No. 45 B Cipare - Serang

Gerai Karawang

Jl. Tuparev No. 377 E, Cinagoh
Karawang Kota

Gerai Sukabumi

Jl. A Yani No. 24, Sukabumi

Gerai Cimone Tangerang

Jl. Gatoto Subroto Km. 2,5
Cimone - Tangerang

Gerai Cileduk

Jl. Boulevard CBD Blok A2 No.6

Gerai Cengkareng

Pusat Niaga Puri Agung
Blok SE II No.11 - 13, Cengkareng

Gerai Pulo Gadung

Ruko Pulo Gadung Trade Center
Blok 8-I No. 26, Pulo Gadung

Gerai Pondok Gede

Jl. Pondok Gede Raya No. 18-I
Lubang Buaya, Jakarta Timur

Gerai Cikarang

Jl. RE. Martadinata No. 13
Cikarang Kota

Gerai Pluit Muara Karang

Ruko Muara Karang
Blok A4 Utara No. 79 B, Pluit

Gerai Cililitan

Jl. Dewi Sartika No. 292 E, Cililitan

Gerai Kebon Jeruk

Jl. Lapangan Bola No. 3 A2
Kebun Jeruk

Gerai Mangga Dua

Mangga Dua Square Lt. 3 Kavling 08
Mangga Dua

Gerai Cilegon

Jl. Ahmad Yani Km. 1 No. 6
Cilegon, Banten

Gerai Cikupa

Jl. Gatot Subroto KM 5.5
Kp Ledug Rt 03 Rw 06 No. 1, Cikupa

Jawa Barat

Gerai DAGO

Jl. Ir. H. Djuanda 155, Bandung

Gerai Istana Plaza

Jl. HOS. Cokroaminoto 121-123
LG D-1, Bandung

Gerai BEC

Istana BEC, Jl.Purnawarman 13-15
LU J 03-08, Bandung

Gerai Tasik

Ruko Tasik Indah Plaza No. 41
Jl. HZ Mustofa 345, Tasikmalaya

Gerai Cirebon

Jl. Siliwangi No.34, Cirebon

Gerai BSM

Bandung Super Mall, L1 Unit B 162
Jl. Gatot Subroto, Bandung

Gerai Jatinangor

Jl. Raya Jatinangor Km. 25 No. 69
Jatinangor

Gerai Kuningan

Jl. Siliwangi No. 124, Kuningan

Gerai Garut

Jl. Cimanuk No. 89, Garut

Gerai Purwakarta

Jl. Taman Pahlawan No. 33,
Purwakarta

Gerai Subang

Jl. Otto Iskandar Dinata No. 51, Subang

Gerai Surapati

Jl. PHH. Mustopa No. 39, Surapati
Bandung

Gerai Cianjur

Jl. DR. Muwardi No. 80 (By Pass),
Cianjur

Gerai Kopo

Jl. Kopo Sayati No. 98A, Kopo, Bandung

Gerai Pasir Kaliki

Jl. Pasir Kaliki No. 150E, Bandung

Jawa Tengah

Gerai Semarang - MT Haryono

Jl. MT. Haryono 878, Semarang

Gerai Solo

Jl. Adisucipto No. 28, Solo

Gerai Yogyakarta

Jl. Diponegoro No. 64, Yogyakarta

Gerai Purwokerto

Jl. Jend Sudirman No. 618
Purwokerto

Gerai Tegal

Jl. Gajah Mada No. 33, Tegal

Gerai Cilacap

Jl. Brigjen. Katamso No. 19, Cilacap

Jawa Timur, Bali, Nusra dan Indonesia Timur

Gerai Surabaya - Darmo

Jl. Raya Darmo No. 112, Surabaya

Gerai Plaza Marina Surabaya

Plaza Marina Lantai 3 Blok D1
Jl. Margorejo, Surabaya

Gerai Tanggul

Jl. Salak No.46

Gerai Malang

Jl. Letjen. S. Parman No. 82-84
Kav 5-6 Malang

Gerai Bali

Jl. Teuku Umar No. 77, Denpasar

Gerai Jember

Jl. Ahmad Yani No. 97, Jember

Gerai Kediri

Jl. Kili Suci No. 79A-79B, Kediri

Gerai Mojokerto

Jl. Mojopahit 436B, Mojokerto

Gerai Sidoarjo

Jl. Diponegoro No. 2, Mall Ramayana
Sidoarjo

Gerai Batu

Jl. Panglima Sudirman No. 36
Batu, Malang

Gerai Madiun

Jl. Kolonel Mahadi No. 62
Madiun, Jawa Timur

Gerai Makassar

Jl. Botolempangan No 34 A/B,
Makassar

Gerai Balikpapan

Jl. Jend. Sudirman No. 565 - 566
Balikpapan

Gerai Banjarmasin

Jl. Ahmad Yani Km. 7,2 No. 269/3A-B
Kertak Hanyar, Banjarmasin

Gerai Samarinda

Ruko Permata Kaltim
Jl. Pahlawan No. 28-29, Samarinda

Gerai Pontianak

Pontianak Mega Mall, Blok B-8 & B-9
Jl. Ahmad Yani, Pontianak

Gerai Manado

Ruko Boulevard, No. 6-7
Jl. Piere Tendean, Manado

Sumatera

Gerai Medan Monginsidi

Jl. Mongonsidi No. 18, Medan

Gerai Medan Millenium

Jl. Kapt Muslim Komp. Ruko
Plaza Blok A-5, Medan

Gerai Batam

Kompleks Sakura Anpan Blok E No. 3
Nagoya - Batam

Gerai Padang

Jl. Ahmad Yani No. 40, Padang

Gerai Lampung

Jl. Ahmad Yani No.16, Bandar Lampung

Gerai Palembang

Jl. POM IX
Komp. Ruko Palembang Square
R.116 - 117, Palembang

Gerai Pekanbaru

Jl. Jend. Sudirman No. 50
Persimp. Juanda, Pekanbaru

Gerai Jambi

Jl. MH. Thamrin
[Komp. Ruko - seberang Mall Kapuk]
Jambi

Gerai Metro

Jl. Pagar Alam No. B 5b
Ruko Sumur, Metro Lampung

AHA World Store

AHA World Jakarta

Ambassador Mall
Jl. Prof Dr Satrio Lt.1 No. 41
Kuningan, Jakarta

AHA World Bogor

Jl. Ring Road No. 136
Ruko Taman Yasin, Sektor VI, Bogor

AHA World Bandung

The Plaza IBCC - Lantai UG E14
Jl. Jend. A. Yani 296, Bandung

Bandung Electronic City

Jl. Purnawarman BEC Lt. 3 K09

AHA World Yogyakarta

Ambarukmo Plaza Lower Ground
Hitech Mall, Lantai Dasar Blok A1-38

AHA World Surabaya

Hitech Mall Lt.1 Blok BD 01
Jl. Kusuma Bangsa No. 116 - 118
Surabaya

BG Junction level 2 B-59

Jl. Bubutan 1-7

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Standard & Poor's

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Listing of Stocks and Rupiah Bonds

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Listing of US Dollar Bonds

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Fax : (+65) 6535 6994

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New York, NY 10286
USA

DEFINITIONS AND ABBREVIATIONS

3G	The generic term for third generation mobile phone technologies. 3G offers very high speed connections to cellular phones, enabling video conference and other applications requiring broadband connectivity to the Internet. Users connecting to the Internet from a laptop using either a cell phone and data cable or a PC card also benefit from 3G.	Bapepam-LK	Capital Market and Finance Institutions Supervisory Agency as stipulated in Article 3, Capital Market Law.
ARPU	Average Revenue per User, or the average revenue per subscriber.	BEI	refers to Indonesia Stock Exchange.
Anak Perusahaan	Companies whose financial statements are consolidated into the Company in accordance with accepted accounting standards in Indonesia.	Broadband wireless access	A technology that provides high speed internet and data network access over a wide area.
Backbone	Refers to the main telecommunications network consisting of transmission and switching facilities connecting several network access modes. The transmission links between modes and switching facilities include microwave, submarine cable satellite, optical fiber and other transmission technology.	BSC	Base Station Controller, the device that controls radio channels, regulates and allocates a mobile phone signal from BTS to BTS or BTS to MSC.
Bandwidth	The width of the frequency band, which is a measure of capacity of a communications network.	BNBR	PT Bakrie & Brothers Tbk., a listed limited liability company established under the laws of the Republic of Indonesia, as a majority shareholder of the Company.
		BTS	Base Transceiver Stations, i.e. radio signal receiving and transmitting device.
		Call Center	Customer service telephone center.
		CDMA (Code Division Multiple Access)	Transmission technology where each transmission is sent over multiple frequencies and a unique code is assigned to each data or voice transmission, allowing multiple users to share the same frequency spectrum.

Churn Rate	The total number of disconnected customers of the Company network either unilaterally or not over a period, divided by the number of subscribers at the end of the period, divided by the number of months in the period, and expressed as a percentage.	MENKOMINFO	Refers to the Ministry of Communication and Information Technology, to which telecommunications regulatory responsibility was transferred from the Ministry of Communication in February 2005.
CRM	Customer Relationship Management, namely service management for customers intended to enhance customer satisfaction and loyalty, supported by professional human resources, integrated business processes, as well as efficient and effective technologies.	MHz (Megahertz)	A measure of frequency. One MHz equals 1,000,000 cycles per second.
DPS	List of Shareholders.	MoU (Minutes of Usage)	A measurement in minute time units that tracks the length of a subscriber's calls.
Dirjen Postel	Refers to The Director General of Post and Telecommunications.	MSC (Mobile Switching Centre)	A system that processes the switching and routing of telephone calls. An MSC also serves as the interconnection gateway to the exchange of another operator.
E-TDMA	Extended Time Division Multiple Access, namely, multiple access telecommunication technology allowing users to share frequencies divided into time slots.	Perseroan	PT Bakrie Telecom Tbk., a limited liability company, domiciled in Jakarta, established under the laws of the Republic of Indonesia.
EBIT	Earnings Before Interest and Tax.	PSTN	Public Switch Telephone Network, i.e. fixed telecommunications network that is used for providing domestic telephone services.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation.	QWERTY	The most common modern-day keyboard layout for English-language computer and typewriter keyboards. It takes its name from the first six characters seen in the far left corner of the keyboard's first row of letters.
EVDO (Evolution Data Optimized)	A telecommunication standard for wireless transmission of data through radio signals, typically for broadband internet wireless.	ROA	Return on Assets is the ratio of net income to total assets within the same period.
Fiber optic	A transmission medium constructed from extremely pure and consistent glass through which digital signals are transmitted as pulses of light. Fiber optic cables offer greater transmission capacity and lower signal distortion than traditional copper cables.	ROE	Return on equity is the ratio of net income to total equity within the same period.
Fixed Line	A fixed path (wire or cable) linking a subscriber at a fixed location to a local exchange, usually with an individual phone number.	RUIM	Removable User Identification Module, i.e., a card inserted into a mobile handset to identify the customer within a CDMA network.
Fixed Wireless	A local wireless transmission link using wireless, microwave or radio technology to link a subscriber at a fixed location to a local exchange.	RUPS	Annual General Meeting of Shareholders (AGMS).
Gateway	A peripheral that bridge between packet based network (IP) to circuit based network (PSTN).	RUPS LB	Extraordinary General Meeting of Shareholders (EGMS)
Gerai Esia	Sales and service outlet for all Company products.	Seluler	Mobile wireless access network not limited to a particular area of operation.
GSM (Global System for Mobile Communications)	A digital wireless telecommunications system standardized by ETSI based on digital transmission and wireless network architecture with roaming in use throughout Europe, in Japan and in various other countries. GSM systems operate in the 900 MHz (GSM 900), 1900 MHz (GSM 1900) and 1800 MHz (GSM 1800) frequency bands.	SIM/ Kartu SIM	A "smart" card designed to be inserted into a fixed wireless telephone that uniquely identifies a CDMA network subscription and that contains subscriber-related data such as phone numbers, service details and memory for storing messages.
Interkoneksi	The practice of allowing a competing telephone operator to connect its network to the network or network elements of certain other telephone operators to enable the termination of phone calls made by subscribers of the competing telephone operator's network to the subscribers of the other telephone operator's network.	SMS (Short Messaging Service)	A wireless communications system which allows users to send alphanumeric messages from one cellular handset to another either directly or via a message center operator.
IP (Internet Protocol)	The method or protocol by which data is sent from one computer to another on the Internet.	SLI (Sambungan Langsung Internasional)	The ability to dial a call from one country to another country without the assistance of a telephone operator by dialing an international prefix.
ISP (Internet Service Provider)	A company that provides access to the Internet. ISPs are connected to one another through Network Access Points (NAP).	SLJJ	Domestic Long Distance.
JBJB	Jakarta, Banten and West Java.	Starter pack	Starter pack containing a RUIM card for sale to new customers.
Kbps (Kilobites per second)	A measure of speed for digital signal transmission expressed in thousands of bits per second.	STLR	Fixed wireless radio.
Limited Mobility	A fixed wireless access phone network limited to a specific area of operation.	Talktime	The length of time for voice connection.
		TI (Teknologi Informatika)	A general term covering telecommunications, computing and media technologies.
		USB (Universal Service Bus) dongle	A device use to set up data access connection.
		VAS	Value Added Services.
		VoIP	Voice Over Internet Protocol, namely, internet-based voice connection service.

RESPONSIBILITY FOR 2011 ANNUAL REPORTING

This Annual Report, including the accompanying financial statements and related financial information, is the responsibility of the management of PT Bakrie Telecom Tbk. and has been signed by members of the Board of Commissioners and Directors.

Board of Commissioners



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President Commissioner



Ai Mulyadi Mamoer

Independent Commissioner



Rajsekar Kuppuswami Mitta

Independent Commissioner



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Board of Directors



Anindya Novyan Bakrie

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Jastiro Abi

Deputy President Director



Rakhmat Junaidi

Director



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