

XL RECORDED A 19% GROWTH IN 2004 REVENUE

Revenue and Operating Income

Based on its 2004 audited accounts, PT Excelcomindo Pratama ("XL") reported a gross revenue of Rp. 3.1 trillion in 2004. This represents a 19% increase over the previous year of Rp. 2.6 trillion. The increase is supported by subscriber growth from 2.9 million in 2003 to 3.8 million in 2004.

Operating income increased by 13% from Rp. 583.4 billion in 2003 to Rp. 658.8 billion in 2004. Operating expenses for the same period increased by 17% from Rp. 1.6 trillion to Rp. 1.9 trillion. Most of the increase was in selling expenses, especially for brand revitalization and new product launch exercises during the year.

XL recorded a higher interest expense in 2004 due to higher debt levels and interest rates after the issuance of the IDR 1.25 trillion (repayment due in October 2008) and USD 350 million Reg S/ 144a Notes (repayment due in January 2009), issued mainly to refinance the company's foreign syndicated secured debt and to support business growth. The weakening of Rupiah against US Dollar from Rp. 8,465/ US\$ as at year end 2003 to Rp. 9,290/ US\$ as at year end 2004 has resulted in forex losses of Rp. 273.9 billion, most of which were unrealized losses from USD 350 million Notes, not impacting cash flows. As a result of the forex losses, XL experienced a net loss of Rp. 50.1 billion in 2004 versus a net income of Rp. 400.7 billion in 2003.

As of year end 2004 XL had an outstanding debt of Rp 1.25 billion IDR Bonds due in October 2008 and USD 350 million Notes due in January 2009. The year end 2004 cash balance amounted to Rp. 426.9 billion compared to year end 2003 figure of Rp. 608.1 billion. Total Net Debt as at year end 2004 stood at Rp. 4.0 trillion.

Infrastructure and Portfolio Investment

"XL's s capex spent in 2004 was Rp. 1.8 trillion compared to Rp. 1.1 trillion in 2003. Base stations in service increased from 1,491 units in year end 2003 to 2,357 in year end 2004, representing an increase of 58%. In addition to BTS building to increase capacity, coverage and quality, XL launched new corporate brand and logo in order to serve as a powerful "masterbrand endorsement" for all XL's products, which were launched to cater to different market segments," said Christian M. de Faria, President Director.

Jempol prepaid card was launched to reach the low to medium-end market segment who requires basic voice and SMS services without any value added services. **Bebas** prepaid and **Xplor** postpaid serve as a realignment of the previous **proXL** prepaid and postpaid products.

The Tsunami disaster in late 2004 had no impact on the company's telecommunications operations.

Telekom Malaysia Acquisition

In December 2004, Telekom Malaysia Berhad through its wholly-owned investment arm, TM International (L) Limited ("TMIL") reached an agreement to acquire 27.3% interest in the company, together with the transfer of majority management and board control. TMIL initially acquired 23.1% interest and will subsequently acquire an additional 4.2% interest upon the satisfaction of certain conditions. This transaction will complement XL's plan for an IPO in 2005, in which TMIL intended to acquire additional interest to achieve majority shareholding.

About XL

XL is the largest privately owned cellular provider in Indonesia. Established in November 1995 and started commercial operation in October 1996, XL business consists of Consumer Solutions as dual band cellular network provider through **jempol** and **bebas** prepaid and **Xplor** postpaid cards and Business Solutions as corporate service provider based on leased line and IP (Internet Protocol). XL's vision is to become the leading telecommunications provider in Indonesia.

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