PT EXCELCOMINDO PRATAMA, TBK. (XL)
FY 2008

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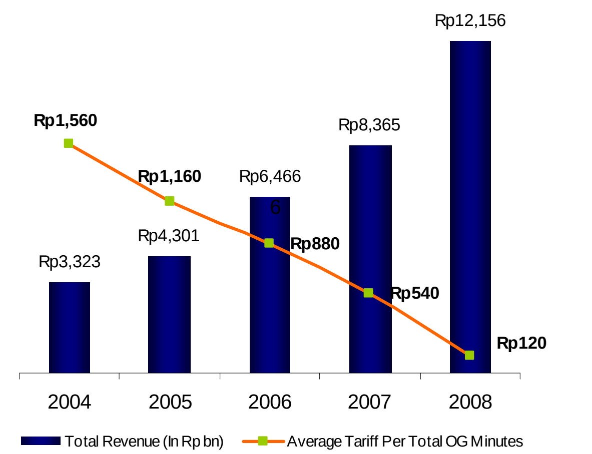
INTRODUCTION

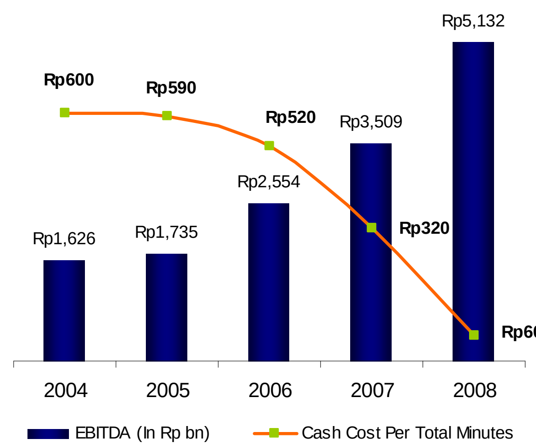
In 2008, our revenue and EBITDA grew 45% and 46% YoY respectively, resulting in a slightly improved EBITDA margin, driven by 705% increase in total OG minutes and 68% growth in subscribers.

We are pleased that executing our strategy 'value through comparable quality at a better price' has resulted in a growth rate above industry average and a much improved share of market revenues. Unfortunately, we faced headwinds from macro developments and increased competition towards the end of the year.

Total Revenue and Average Tariff per Total OG Minutes



EBITDA and Cash Cost per Total Minutes



During 2008 we continued to heavily invest in our Network capacity. We added 5,572 new BTS in 2008, bringing the total to 16,729 BTS. We have upgraded our billing system in Q3 and replaced our remaining legacy MSC with NGN MSC in Q4. With this, we have sufficient capacity to handle the much increased traffic while covering more than 90% of the population. With this in place, capex spending going forward can be much more selective, and we believe that we have seen the peak in capex spending in 2008.

To maximize product availability in the market and be closer to our subscribers, our distribution channel now consists of more than 240,000 active independent retailers throughout Indonesia.

The brand awareness of the XL monolithic brand showed strong traction and was ranked second by the end of 2008 according to brand tracking market research.

To be more focused on our core business and keeping a lean organization, we outsourced our call center to a third party in 2008. Furthermore, we conducted a voluntary early retirement program at the end of 2008 of which 68 employees made use. We changed our compensation system on both the fixed and variable elements resulting in more performance based differentiation.

At the bottom line, we recorded a loss of Rp 15 billion for FY 2008. This resulted from higher realized and unrealized forex losses due to the significant IDR weakening towards the end of the year; higher interest expenses from increased borrowings and higher IDR against USD exchange rate; and a few incidental charges for the accelerated depreciation of the remaining legacy MSC (Rp 451 billion), a provision for VAT on bonus pulsa 2006 and 2007 from the tax assessment for 2006 (Rp 110 billion), and a provision for the SMS cartel allegation (Rp 25 billion).

FINANCIAL MEASURES

Income Statement (Audited)

Income Statement (In Rp Billion)	FY07	FY08	Growth
Cellular Telecommunication Service:			
Voice	3,866	6,623	71%
Non Voice	2,634	3,145	19%
Total Cellular Telecommunication Service	**6,501**	**9,768**	50%
Cellular Interconnection and International Roaming Service	**1,384**	**1,537**	11%
Other Telecommunication Services:			
Leased lines	409	478	17%
Leased Towers	-	277	n.a
Others	72	96	34%
Total Other Telecommunication Services	**480**	**851**	77%
Revenue	**8,365**	**12,156**	**45%**
Less: Discount	(375)	(95)	-75%
Revenue Net of Discount	**7,990**	**12,061**	**51%**
Interconnection and Telecommunication Service Charges	1,530	2,296	50%
Labor Cost (Permanent & Temporary)	574	723	26%
Sales Commissions & Marketing Expenses	896	1,353	51%
Network Infrastructure Expenses	963	1,659	72%
Rental Site and Tower	114	330	190%
Support & Overhead Expenses	404	570	41%
Total OPEX	**4,480**	**6,930**	**55%**
EBITDA	**3,509**	**5,132**	**46%**
EBITDA Margin	***42.0%***	***42.2%***	**n.a**
Depreciation & Amortization	1,749	3,379	93%
EBIT	**1,760**	**1,753**	0%
Other (Expenses) / Income			
Interest expense	(694)	(1,122)	62%
Interest income	51	28	-46%
Forex loss	(204)	(332)	63%
Others	(394)	(401)	2%
Total Other Expenses	**(1,242)**	**(1,828)**	47%
Profit / (Loss) Before Tax	**518**	**(75)**	**n.a**
Income Tax (Expense) / Benefit [1)]	(267)	60	n.a
Profit / (Loss) After Tax	**251**	**(15)**	**n.a**

[1)] *The Indonesian government issued a new income tax regulation in Sept 2008, which will decrease corporate income tax from the current marginal tax rate of 30% to a fixed rate of 28% in 2009 and 25% in 2010 and onwards. Although the regulation will be implemented starting from 1 January 2009, we already recognized the impact on our deferred tax assets and liabilities in our financial statements.*

Below is the normalized net income:

Normalized Net Income (In Rp Billion)	FY07	FY08	Growth
Net Income / (Loss)	251	(15)	n.a
Less: unrealized forex loss (gain), net of tax	135	(95)	n.a
WHT on USD bond interest (net of tax)	336	-	n.a
Accelerated depreciation MSC (net of tax)	-	338	n.a
VAT Bonus Pulsa (net of tax)	-	101	n.a
SMS Cartel (net of tax)	-	19	n.a
Normalized Net Income	**721**	**348**	**-52%**

Revenue

Our gross revenue increased 45% to Rp. 12,156 billion by end of 2008 from Rp. 8,365 billion in the previous year, mainly due to 50% increase in cellular telecommunication service which contributed 80% of our gross revenue and the new revenue stream from tower lease.

Cellular telecommunications service

Revenue from our cellular telecommunications service, which is comprised of revenue from voice, non-voice and monthly service charge, increased 50% to Rp. 9,768 billion in FY08 from Rp. 6,501 billion in the prior year, mainly due to 71% increase in voice revenues resulting from 705% increase in total OG minutes and a 68% increase in total subscribers.

Cellular interconnection and international roaming service

Revenue from our cellular interconnection and international roaming service, which is comprised of revenue from domestic interconnection, international roaming, SMS interconnection and others, increased 11% to Rp. 1,537 billion in FY08 from Rp. 1,384 billion in the prior year, mainly due to 17% increase in domestic interconnection revenue. Domestic interconnection revenue accounted for 67% of revenue from our cellular interconnection and international roaming service in FY08.

Other telecommunications services

Revenue from other telecommunications services is comprised of revenue from leased lines, tower business unit, internet service providers and others. Other telecommunication services increased by 77% to Rp. 851 billion in FY08 from Rp. 480 billion in the prior year, mainly due to a new revenue stream from leasing out tower space to other operators, as well as an increase in the number of our corporate leased line subscribers.

Discount

Discount is comprised of discounts on our VoIP revenue, cellular revenue, and leased line revenue, decreased by 75% to Rp. 95 billion in FY08 from Rp. 375 billion in the prior year. This was driven by our transformed strategy in applying tariff reductions instead of discount schemes as we believe the direct tariff reductions are more effective to stimulate usage from our subscribers.

Operating expenses

Our operating expenses increased 55% to Rp. 6,930 billion in FY08 from Rp. 4,480 billion in the prior year, due to increases in our interconnection and telecommunication service charges, infrastructure expenses, sales commissions and marketing expenses associated with the 68% increase in our total subscribers. However, our total cash cost per total minutes decreased by 81% to Rp 60/min in FY08 from Rp 320/min in the previous year.

Interconnection and telecommunication service charges

Interconnection and telecommunication service charges, which are comprised of interconnection charges, other cellular telecommunication charges and other telecommunication service cost, increased 50% to Rp. 2,296 billion in FY08 from Rp. 1,530 billion in the prior year, mainly due to the 68% increase in total subscribers and the 77% increase in off-net total OG minutes.

Labor cost

Our labor cost increased 26% to Rp. 723 billion in FY08 from Rp. 574 billion in the prior year, mainly due to annual salary adjustments, increased performance bonuses in 2008, paid severance payment for approximately 400 contact center employees, and severance payment for 68 early retired employees. Our total number of permanent employees slightly declined to 2,097 employees in FY08 from 2,136 employees in the previous year

Sales commissions and marketing expenses

Our sales commissions and marketing expenses increased 51% to Rp. 1,353 billion in FY08 from Rp. 896 billion in the prior year, due to 51% increase in sales commissions mainly associated with 58% increase in prepaid revenue and 51% increase in advertising and promotion expenses as a result of an aggressive marketing campaign.

Network Infrastructure expenses

Our network infrastructure expenses is comprised mainly of frequency fee (40% of total network infrastructure expense), as well as operating rental leased network facilities, repair and maintenance expense, and utilities fees. In FY08, network infrastructure expenses increased 72% to Rp. 1,659 billion from Rp. 963 billion in the prior year associated with the 50% increase in number of BTS, mainly due to 40% increase in frequency fees related to the expansion of our network, an increase in rental fees paid for leased network facilities and increase in utilities fees.

Rental Site and Tower

In 2008, we have started to make use of “built to suit” arrangements for our BTS as we intend to move gradually away from self-build. Rental site and tower expense is principally comprised of rental expenses for BTS sites (including tower space) leased from third parties. Rental tower expense increased 190% to Rp. 330 billion in FY08 from Rp. 114 billion in the prior year, mainly due to an increase in leased BTS sites comprising part of the 5,572 BTS YoY added to increase our network capacity and coverage and amending lease agreements for our BTS sites in 2008. The proportion of self-build towers and our leased towers were 85% and 15%, respectively by end of 2008.

Support and overhead expenses

Support and overhead expenses increased 41% to Rp. 570 billion in FY08 from Rp. 404 billion in the prior year, mainly due to increases in professional fees.

EBITDA

EBITDA increased 46% YoY to Rp. 5,132 billion in FY08 from Rp. 3,509 billion in the prior year. The EBITDA margin was stable at 42%.

Depreciation and amortization expenses

Our depreciation and amortization expenses increased 93% to Rp. 3,379 billion in FY08 from Rp. 1,749 billion in the prior year due to higher regular depreciation over the increased asset base, and accelerated depreciation of our remaining legacy MSC amounting to Rp 451 billion.

Other income (expense)

Other expenses increased 47% to Rp. 1,828 billion in FY08 from Rp. 1,242 billion in the prior year, mainly due to the following:

- Higher interest expenses due to a 94% increase in interest bearing debt from Rp. 9,663 billion as of 31 Dec 2007 to Rp. 18,721 billion as of 31 Dec 2008.
- Higher foreign exchange loss from the 16% depreciation of the Rupiah against the U.S. dollar in 2008. The closing rate Rupiah/USD rate as of 31 Dec 2008 and 31 Dec 2007 were Rp. 10,950/USD and Rp. 9,419/USD, respectively, whereas the closing rate Rupiah/USD as of 31 Dec 2007 and 31 Dec 2006 were Rp. 9,419/USD and Rp. 9,020/USD, respectively.
- Other expenses increased to Rp. 401 billion in FY08 from Rp. 394 billion in the prior year. FY08 other expenses were comprised of:
  a) A recorded Rp. 13.2 billion for entire remaining issuance cost and bond discount on our USD 350 million principal amount bonds which were fully redeemed at 100% principal amount in Jan 2008
  b) A premium paid on the partial tender offer of USD 122.3 million on our USD 250 million 7.125% bonds due in 2013 (the “2013 Bonds”) redeemed at 101% of the principal amount in Jun 2008 in the amount of USD 1.2 million
  c) A 1% consent solicitation fee paid to consenting holders of the 2013 Bonds in Jun 2008 for amendments and waivers related to the proposed sale of our tower business in the amount of USD 2.3 million
  d) A recorded provision for a penalty levied in Jun 2008 in the amount of Rp. 25 billion for engaging in SMS tariff fixing.
  e) A recorded accrual for tax and penalty amounting to Rp. 110.1 billion for VAT on bonus reload transactions in 2006 and 2007 based on a tax audit assessment issued in Sept 2008

Profit/(Loss) After Tax.

In 2008 we recorded net loss of Rp 15 billion and a normalized net income of Rp 348 billion.

Balance Sheet (Audited)

Balance Sheet (In Rp Billion)	FY07	FY08	Growth
<u>Current Assets</u>			
Cash and cash equivalents	806	1,170	45%
Trade and other receivables - net	311	938	202%
Prepayments	504	1,133	125%
Others	59	478	707%
Total Current Assets	**1,679**	**3,719**	**121%**
Non-Current Assets	**17,121**	**25,192**	**47%**
Total Assets	**18,801**	**28,911**	**54%**
<u>Current Liabilities</u>			
Trade and other payables	3,190	3,707	16%
Taxes payable	96	101	5%
Deferred revenue	410	1,110	171%
Short term loan and current maturity of long term loan	3,323	1,278	-62%
Total current liabilities	**7,020**	**6,196**	**-12%**
<u>Non-Current Liabilities</u>			
Trade payables	296	297	0%
Long term loan	2,526	14,564	476%
Deferred tax liabilities	614	554	-10%
Long term bonds	3,814	2,879	-25%
Others	66	114	72%
Total Non-Current Liabilities	**7,316**	**18,407**	**152%**
Total Liabilities	**14,336**	**24,603**	**72%**
<u>Equity</u>			
Share capital & capital surplus	3,401	3,401	0%
Retained earnings	1,064	907	-15%
Total Equity	**4,465**	**4,308**	**-4%**
Total Liabilities and Equity	**18,801**	**28,911**	**54%**

Total assets increased by 54% to Rp. 28,911 billion in FY08 from Rp. 18,801 billion in the prior year, mainly due to higher investment activities.

- Current assets increased 121% YoY to Rp. 3,719 billion as of FY08 from Rp. 1,679 billion as of FY07, mainly due to higher cash and prepayments. Others increased by 707% YoY mainly due to recording of the current portion of derivative receivable in FY08 and higher inventory handset .
- Non current assets increased 47% YoY to Rp. 25,192 billion as of FY08, mainly as a result of increases in net fixed assets mainly due to 5,572 BTS deployed during 2008 or 50% increase in number of BTS YoY from 11,157 BTS in FY07 to 16,729 BTS in FY08.
- Current liabilities decreased 12% YoY to Rp. 6,196 billion as of FY08 from Rp. 7,020 as of FY07, due to lower short-term loan and current maturity of long-term loans which was partially offset by increase in trade and other payables and deferred revenue. The short-term loan and current maturity of long-term loan comprising of USD 50 million which will be due in Jul 2009; USD 31 million which will be due in Jan and Jul 2009 from EKN loan; and Rp 400 billion which will be due in Dec 2009.
- Non current liabilities increased by 152% YoY to Rp. 18,407 billion as of FY08, mainly due to an increase in interest bearing debt in FY08 despite the USD 122.3 million partial tender offer for our 2013 Bonds in Jun 2008 and the tax redemption of our entire USD 350 million bonds in Jan 2008. The original denomination long-term loans were amounting to USD 781 million and Rp 8,950 billion.

Capital Expenditure

Capital Expenditure (In Rp Billion)	FY07	FY08	Growth
Capitalized capex	7,088	10,845	53%
Paid capex	6,868	11,382	66%
Commitments entered into*	7,477	12,859	72%

* *The original amount is in IDR and USD. The USD portion was converted to IDR using closing rate 31 Dec 2007 and 2008. Exchange rate Rupiah against USD as of 31 Dec 2007 and 2008 were Rp 9,419/USD and Rp 10,950/USD, respectively.*

Cash Flow (Audited)

Cash Flow (In Rp Billion)	FY07	FY08	Growth
Net cash flow provided from operating activities	3,986	4,710	18%
Net cash flow used in investing activities	(7,154)	(11,514)	61%
Free cash flow	**(3,168)**	**(6,805)**	**115%**
Net cash flow provided from financing activities	3,383	7,263	115%
Net increase in cash and cash equivalents	**215**	**459**	**113%**
Cash and cash equivalents at the beginning of the year	587	806	37%
Effect of exchange rate changes on cash and cash equivalents	4	(94)	n.a
Cash and cash equivalents at the end of the year	**806**	**1,170**	**45%**

- Net cash flow generated from operations in FY08 increased 18% to Rp. 4.7 trillion from Rp. 4.0 trillion in FY07. The increase mainly due to 51% increase in cash received from operating revenues, which partially offset by increase in payments to suppliers and operating expenses of 84% and 415% increase in payment of corporate income tax amounting to Rp 212 billion in FY08 from Rp 41 billion in the prior year.
- Net cash flow used in investing activities increased 61% to Rp. 11.5 trillion in FY08 from Rp. 7.2 trillion in FY07 mainly due to 66% increased in fixed asset acquisition in connection with the 50% increase in our number of BTS.
- Net cash flow provided from financing activities increased by 115% to Rp. 7.3 trillion in FY08 from Rp 3.4 trillion in FY07 due to cash proceeds from additional bank loans amounting to Rp 14.4 trillion, despite the repayment of our bonds and bank loans principal amounting to Rp 5.9 trillion and interest of our bonds and bank loans amounting to Rp 1.2 trillion.

Description of Debts

The detail of debts as of 31 Dec 2007 and 2008 are as follows:

Description	Original Amount of Bond / Bank Loan Facility			(In Rp bn)		Year of Maturity
				2007	2008	
USD Bond 1	USD	350	mn	3,283	-	The bond was called in Jan 08
USD Bond 2*	USD	250	mn	2,321	-	2013
	USD	127.7	mn	-	1,384	2013
IDR Bond	IDR	1,500	bn	1,493	1,495	2012
USD Bank Loan	USD	50	mn	-	548	July 2009
	USD	230	mn	2,166	-	2010
	USD	280	mn	-	3,066	2010
	USD	190	mn	-	2,055	2011
	USD	214	mn		2,328	Amortizing semi annually, final repayment is in 2015
IDR Bank Loan	IDR	250	bn	-	249	2010
	IDR	4,000	bn	-	3,997	2011
	IDR	4,000	bn	400	3,600	Amortizing annually, final repayment is in 2012
TOTAL INTEREST BEARING DEBT				**9,663**	**18,721**	

* *Outstanding Bond USD 250 million per 30 Sept 2008 was USD 127.7 million due to partial tender offer amounting to USD 122.3 million in June 2008.*

As of 31 December 2008, we had hedged 41% of our USD debt. Our debt/EBITDA ratio stood at 3.5 and our EBITDA/Interest Expense ratio was 5.0.

XL latest credit ratings issued are as follows:

	Foreign Currency	Local Currency	Outlook
Moody's	Ba2	-	Stable
Standard & Poor's	BB-	-	Stable
Fitch Ratings	-	AA(idn)	Stable
Pefindo	-	idAA-	Stable

OPERATING MEASURES

Operating Key Performance Indicator	FY07	FY08	Growth
Total O/G Minutes of Usage (billion minutes)	6.8	54.9	705%
O/G MOU/subs/month (minutes)	50	212	326%
Total Minutes (billion minutes)	13.8	109.5	694%
Total MOU/subs/month (minutes)	101	423	320%
Total O/G SMS (billion SMS)	12.6	17.8	41%
O/G SMS/subs/month (SMS)	92	69	-25%
Total BTS	11,157	16,729	50%
Total Subs/BTS	1,386	1,555	12%
Total Minutes/BTS (million minutes)	1.2	6.5	429%
Number of Employee, (permanent)	2,136	2,097	-2%
Efficiency ratio (subs/employee)	7,242	12,406	71%

Other Parameters	FY07	FY08	Growth
Revenue (in Rp billion)			
Postpaid	821	856	4%
Prepaid	5,602	8,849	58%
Total # subscriber (000)	15,469	26,016	68%
Postpaid	481	417	-13%
Prepaid	14,988	25,599	71%
ARPU blended (Rp 000)	47	37	-21%
Postpaid	155	152	-2%
Prepaid	43	35	-19%

MoU

Total Outgoing MoU increased 705% YoY to 54.9 billion minutes in FY08 from 6.8 billion minutes in FY07. Our OG MoU/subs/month increased 326% to 212 mins in FY08 from 50 mins in FY07 while our total MoU/subs/month increased 320% to 423 mins in FY08 from 101 mins in FY07. As a result, our network efficiency ratio grew by 429% to 6.5 million mins/BTS in FY08 from 1.2 million mins/BTS in FY07.

Revenue Postpaid and Prepaid

In FY08, our postpaid revenue increased by 4% YoY to Rp 856 billion due to 16% increase in total outgoing postpaid minutes despite lower postpaid subs in FY08. Our postpaid revenue contributed 7% to our total revenue. Prepaid revenue increased by 58% YoY driven by 771% increase in total outgoing prepaid minutes and a 71% YoY increase in prepaid subscribers despite 78% decrease in our RPM to Rp 120/min in FY08 from Rp 540/min in FY07. Our prepaid revenue contributed 73% to our total revenue.

Subscribers and ARPU

Total number of subscribers increased by 68% YoY to 26 million subs with 13% decrease in postpaid subscribers and 71% increase in prepaid subscribers. ARPU postpaid, prepaid, and blended as of FY08 were 152 thousand, 35 thousand, and 37 thousand, respectively. Blended ARPU and prepaid ARPU decreased by 21% and 19%, respectively.

RECENT DEVELOPMENTS

- **Tower business**

  We continued to lease out our space on our towers to other operators under our tower business unit with 7,000 towers available for the leasing. By end of 2008, we had 3,325 reserved sites from four tenants and recorded tower leasing revenue of Rp 277 billion.

  We have recently decided to close the tender process for the sale and lease back of our tower portfolio. Due to the deteriorated credit climate we did not receive any bids that business wise had the merits to be pursued. We may revisit this at a later time.

- **Replaced the remaining legacy MSC with the NGN MSC**
  In 4Q08, we completed replacement of our remaining legacy MSC with the Next Generation Network MSC in which has four times more capacity, and is equipped with powerful 2G and 3G features to be ready for the next technology evolution, while benefiting from reduced maintenance expense and lower power consumption.

- **Early retirement program**
  In line with our objective to maintain a lean organization, we ran an early retirement program and 68 employees opted for the package. Our number of employees slightly decreased in FY08 to 2,097 employees from 2,136 employees in the prior year.

2009 GUIDANCE

Before having a better understanding of the potential impact of macro developments, we are hesitant to provide a short-term growth guidance. On capex spending however, we can be more specific given the fact that our major coverage and capacity upgrade programs are completed. Capex spending going forward will become more specific and selective. We currently expect that the value of new commitments to be entered into during 2009 will be significantly less than during 2008, therefore resulting in a cash-out for capex in the range of USD 600 -700 million.

ABOUT XL

XL is a major cellular provider in Indonesia and majority owned by TM International Bhd through Indocel Holding Sdn Bhd (83.8%), the remaining stakes are held by Emirates Telecommunications Corporation (Etisalat) International Indonesia Ltd., a wholly owned subsidiary of Etisalat (16%), and the public (0.2%).

Date: 23 February 2009