

## CONTINUED GROWTH MOMENTUM IN Q3 2006

### TABLE OF FACTS

	Q3-05	YTD Sept 05*	Q4-05	Q1-06	Q2-06	Q3-06	YTD Sept 06
US\$/ Rp - ending rate	10,310	10,310	9,830	9,075	9,300	9,235	9,235
US\$/ Rp - average rate	9,924	9,559	10,145	9,485	9,023	9,157	9,222
Penetration rate cellular (%)**	22	22	24	25	26	N.A	N.A
Cellular industry # subscribers (million)***	48	48	52	56	57	N.A	N.A
Industry growth (%)****	70	70	62	63	29	N.A	N.A
XL market share (%)	12	12	14	15	15	N.A	N.A
Total # subscribers (000)	5,865	5,865	6,979	8,221	8,388	8,369	8,369
- Prepaid	5,732	5,732	6,802	7,973	8,058	8,004	8,004
- Postpaid	133	133	176	248	331	365	365
ARPU average (Rp 000)	-	65	-	-	-	-	50
- Prepaid	-	60	-	-	-	-	44
- Postpaid	-	335	-	-	-	-	212
Capex (Rp billion)	892	1,952	1,417	1,012	1,322	988	3,322
- # BTS	3,620	3,620	4,324	4,886	5,606	6,052	6,052
Debt (Rp billion)	4,436	4,436	4,089	5,362	5,503	5,469	5,469
- Banks	148	148	-	-	-	-	-
- Bonds	3,566	3,566	3,401	5,362	5,503	5,469	5,469
US\$ Bond (USD 350 mn & USD 250 mn)	3,609	3,609	3,441	5,445	5,580	5,541	5,541
Bond unamortised discount	(42)	(42)	(39)	(83)	(77)	(72)	(72)
- Floating Rate Notes (USD 70 million)	722	722	688	-	-	-	-
Gross Revenue (Rp billion)	972	2,690	1,099	1,206	1,365	1,547	4,118
- GSM telecommunication service	698	1,932	828	901	1,016	1,161	3,078
- GSM interconnection service	245	676	238	258	282	319	859
- Other telecommunication services	29	82	33	47	67	67	181
Cost of Service (Rp billion)	207	525	205	235	257	292	784
- Other GSM telecommunication charges	47	138	34	52	52	49	153
- Interconnection charges	156	378	168	178	201	233	612
- Other telecommunication services cost	4	9	3	5	4	10	19
Net Revenue (Rp billion)	765	2,165	894	971	1,108	1,255	3,334
Opex (Rp billion)	312	858	466	399	472	543	1,414
EBITDA (Rp billion)	453	1,307	428	572	636	712	1,920
EBITDA Margin (%)	47	49	39	47	47	46	47
Depreciation & Amortization (Rp billion)	298	833	332	338	369	416	1,123
EBIT (Rp billion)	155	474	96	234	267	296	797
Financial Charges (Rp billion)	(559)	(955)	72	268	(247)	(75)	(54)
- Net Interest Income/(Expense)	(95)	(306)	(72)	(82)	(92)	(95)	(269)
Interest expense	(97)	(317)	(83)	(103)	(103)	(105)	(311)
Interest income	2	11	11	21	11	10	42
- Forex Gain/ (Loss)	(335)	(504)	142	356	(149)	25	232
- Others	(129)	(145)	2	(6)	(6)	(5)	(17)
Income/ (Loss) Before Tax (Rp billion)	(404)	(481)	168	502	20	221	743
Tax (Rp billion)	118	142	(53)	(147)	(16)	(79)	(242)
Income/ (Loss) After Tax (Rp billion)	(286)	(339)	115	355	4	142	501

\* Audited

\*\* Excluding PSTN; Source: company estimate

\*\*\* Source: various published reports

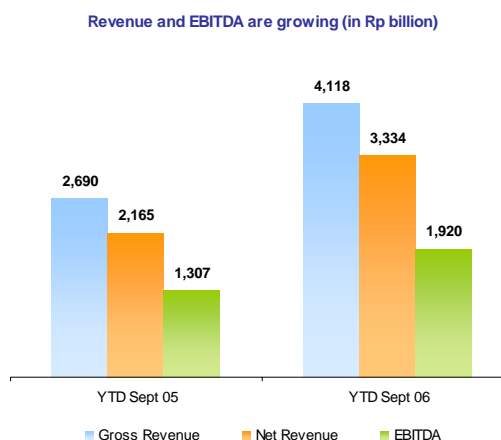
\*\*\*\* Annual growth; Source: company estimate

## RATINGS

	Foreign Currency	Outlook
Moody's	Ba3	Stable
Standard & Poor's	BB-	Stable

## FINANCIAL MEASURES

In Q3 2006, PT Excelcomindo Pratama Tbk ("XL") recorded gross revenue of Rp. 1,547 billion, representing 59% increase YoY from Rp. 972 billion in Q3 2005 or 13% increase QoQ from Rp. 1,365 billion in Q2 2006. YTD September 2006 gross revenue increased by 53% YoY to Rp. 4,118 billion from Rp. 2,690 billion in YTD September 2005. Q3 2006 net revenue was Rp. 1,255 billion, 64% higher YoY than Q3 2005 figure of Rp. 765 billion or 13% higher than Q2 2006 figure of Rp. 1,108 billion. YTD September 2006 net revenue amounted to Rp. 3,334 billion, increasing by 54% YoY compared to YTD September 2005 figure of Rp. 2,165 billion. The revenue increase was in line with the increase in the number of subscriber to 8.4 million as at the end of Q3 2006 from 5.9 million as at the end of Q3 2005. On a quarterly basis, Q3 2006 subscriber base was stable at 8.4 million due to subscriber clean-up caused by prepaid registration regulation. Although the prepaid registration had caused the clean-up in the number of subscribers in Q3 2006, the impact to the revenue is minimal as those subscribers were mostly inactive subscribers.



Q3 2006 EBIT was Rp. 296 billion, representing a 91% increase from Q3 2005 figure of Rp. 155 billion or an 11% increase QoQ from Q2 2006 figure of Rp. 267 billion. YTD September 2006 EBIT increased by 68% YoY to Rp. 797 billion from Rp. 474 billion in YTD September 2005. EBITDA was Rp. 712 billion

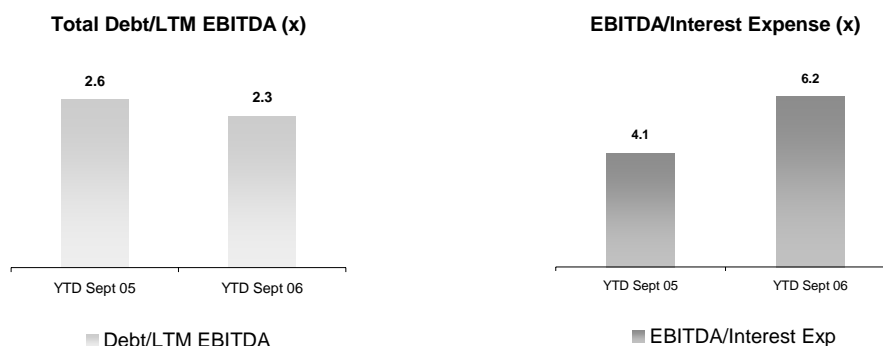


Q3 2006

in Q3 2006, 57% higher YoY than that of Q3 2005 of Rp. 453 billion or 12% higher QoQ than that of Q2 2006 of Rp. 636 billion. YTD September 2006 EBITDA was Rp. 1,920 billion, representing a 47% increase YoY compared to YTD September 2005 figure of Rp. 1,307 billion. EBITDA Margin was 46% in Q3 2006 compared to 47% in Q3 2005 or 47% in Q2 2006. YTD September 2006 EBITDA Margin was 47% compared to YTD September 2005 figure of 49%.

Forex gain in Q3 2006 were Rp. 25 billion due to Rupiah currency appreciation to Rp. 9,235/ USD as at the end of Q3 2006 from Rp. 9,300/ USD as at the end of Q2 2006. YTD September 2006 forex gains were Rp. 232 billion due to the strengthening of Rupiah currency against US Dollar from Rp. 9,830/ USD as at the end of December 2005 to Rp. 9,235/ USD as at the end of YTD September 2006. Net profit in Q3 2006 was Rp. 142 billion compared to a net loss of Rp. 286 billion in Q3 2005 and a net profit of Rp. 4 billion in Q2 2006. YTD September 2006 net profit was Rp. 501 billion versus YTD September 2005 net loss of Rp. 339 billion.

End of Q3 2006 outstanding debts consist of USD 350 million Notes due in January 2009 and USD 250 million Notes due in January 2013. Cash balance was Rp. 499 billion as at the end of Q3 2006 compared to Rp. 1,703 billion as at the end of Q3 2005 or Rp. 739 billion as at the end of Q2 2006. As of 30 September 2006, our Debt/LTM EBITDA ratio stood at 2.3x (covenant of 5.0x), while our Net Debt/LTM EBITDA ratio stood at 2.1x and our EBITDA/Interest Expense ratio stood at 6.2x.



## OPERATING MEASURES

### Subscribers

The subscriber base increased to 8.4 million as at the end of Q3 2006 from 5.9 million as at the end of Q3 2005 and remains stable compared to Q2 2006. The number of our prepaid subscribers was 8.0



Q3 2006

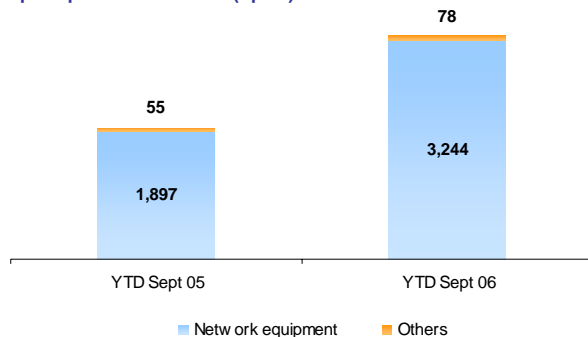
million in Q3 2006, representing a 40% increase from 5.7 million in Q3 2005 and a 1% decrease from 8.1 million in Q2 2006. The decline in QoQ prepaid subscriber number was due to clean-up of unregistered subscribers in Q3 2006. The deadline for the prepaid registration was on 27 September 2006. Our Q3 2006 postpaid subscriber base was 365 thousand, representing a 174% increase from 133 thousand in Q3 2005 and a 10% increase from 331 thousand in Q2 2006. The increase in the number of subscribers was contributed by continuously improved coverage, quality and brand awareness as well as the promotion of various new products and benefits during Q3 2006, such as 'Tarif Ngirit Sampe 60% - Senin sampe Jumat' (Economical / off-peak tariff up to 60% saving during Monday to Friday) for *bebas* customers, launch of *jimat* and 3G service, and many other attractive programs.

## Investment

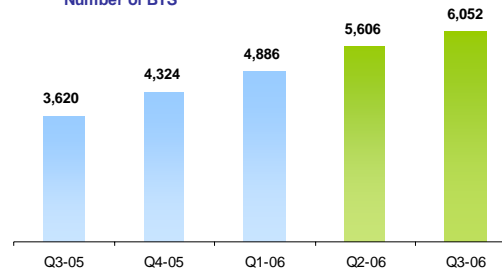


We continued to invest aggressively in our network development. In Q3 2006, we spent capex of Rp. 988 billion compared to Q3 2005 capex of Rp. 892 billion. YTD September 2006 capex totaled at Rp. 3,322 billion compared to YTD September 2005 figure of Rp. 1,952 billion. The increase in capex spent was resulted from the aggressive development of base transceiver stations (BTS) in Q3 2006. As at the end of Q3 2006, our number of BTS increased by 67% YoY to 6,052 from 3,620 BTS as at the end of Q3 2005 or 8% increase QoQ from 5,606 BTS as at the end of Q2 2006. This massive expansion of BTS network will improve our network coverage and quality and further deliver better service to customers.

Capex spent & breakdown (Rp bn)



Network build up on track  
Number of BTS



## Sales and Distribution

XL expanded its sales and distribution network by establishing more XL Centers and cooperating with more XL Kitas. As of the end of Q3 2006, there were 156 XL Centers and 32,542 XL Kitas compared to 118 XL Centers and 14,867 XL Kitas as of the end of Q3 2005 or 150 XL Centers and 30,253 XL Kitas as of the end of Q2 2006. The regionalization of our organization has been implemented in order to react faster to the customers needs.

## Products & Services



During Q3 2006, XL launched 3G services, launched “jimat” as a separate brand, and introduced various attractive programs and services. Committed as a leading telecommunication services provider in Indonesia, on 21 September 2006, XL launched 3G services with motto of “The First Widest and Fastest 3G Provider”. As of the end of Q3 2006, XL is the first and the only 3G service provider with nationwide (Jakarta, Medan, Batam, Bandung, Surabaya, and Denpasar) and international (Singapore, Malaysia, Hong Kong, and Australia) coverage. XL is also the fastest data service provider with up to 2.6 Mbps data speed using HSDPA (High

Speed Data Packet Access) technology. At the launch of 3G services, XL has 284 Node B in Jakarta, 25 sites in Surabaya, 24 sites in Bandung, 22 sites in Denpasar, 24 sites in Medan, and 18 sites in Batam.

On 20 May 2006, XL initially launched “jempol jimat” (an acronym from “Jalur Internasional Hemat” or “Economical International Line”) as a variant of jempol for international saving on calls and SMS. Jempol jimat provided economical tariff of Rp 500 per 30 seconds through VOIP services. Jempol jimat subscribers can also make local calls with tariff similar to jempol’s tariff. In July 2006, due to increasing customers need and demand, XL added several other destination countries i.e. Singapore, Taiwan, Hong Kong, and China. On 29 August 2006, XL launched jimat as a separate brand. Jimat subscribers can use XL network nationwide and still enjoy the economical international tariff. The available reload denomination for jimat is Rp 10,000 and Rp



50,000 electronically with active period of 30 days. Jimat starter pack is currently available in Java, Bali, Lombok, and Kalimantan.

On 15 August 06, XL launched “Bagi Pulsa” (Airtime Credit Transfer) program for XL prepaid subscribers. Under this program, XL prepaid subscribers can transfer some of their credit balance to



their fellow XL prepaid customers and do the cross credit transfer, e.g. jempol subscriber can transfer credit to *bebas* subscriber and vice versa. There are 2 denominations available for the Bagi Pulsa program: Rp 1,500 (with active period of one day) and Rp 3,000 (with active period of 3 days). Each transaction of Bagi Pulsa via plain SMS or SIM Tool Kit will include a surcharge fee of Rp 350 that will deducted from the transferred amount. If the denomination to be transferred is Rp 1,500, then the recipient will receive Rp 1,150 and if it is Rp 3,000, the recipient will receive Rp 2,650.

To provide the best service to the customers, **XL** presents another innovation: **Nada Tungguku Jukebox (The Jukebox Ring Back Tone)**. XL customers who love good music can have up to 5 songs to be their ring back tone, using the innovative Nada Tungguku Jukebox. These 5 songs will be played randomly for every incoming call. The tariff for Jukebox Ring Back Tone is the same as the current Nada Tungguku tariff of Rp 7,000/ downloaded song and will be charged for monthly subscription fee Rp 5,000/month.

## Promotions



XL offered a number of promotions during Q3 2006. On 16 August 2006, XL launched “XL Vaganza”. Under this promotion program, after 2 times reloads (with minimum reload of Rp 10,000 each), registered *bebas* & *jempol* subscribers will get additional Rp 10,000 bonus pulsa.

To ensure the customers to have the best value for their money, in addition to ‘Tarif Ngirit Malam’ (Night economical/ off-peak tariff) of Rp. 149 per 30 seconds for on-net calls, *bebas* offered ‘Tarif Ngirit Sampe 60% - Senin sampe Jumat’ (Economical/ off-peak tariff up to 60 % saving during Monday to Friday) which is applicable for on-net calls during peak hours. Under this promotion program, *bebas* customers are charged Rp 2,000 for the first 120 seconds and Rp 250 per 30 seconds.

The program will be valid until 30 November 2006.





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As part of the loyalty program, Klub VIBE continuously delivered its promotions activities, such as cooperation with new benefit partners, launch of Tuesday movie nights and movie sponsorship (“Pirates of Caribbean 2”).

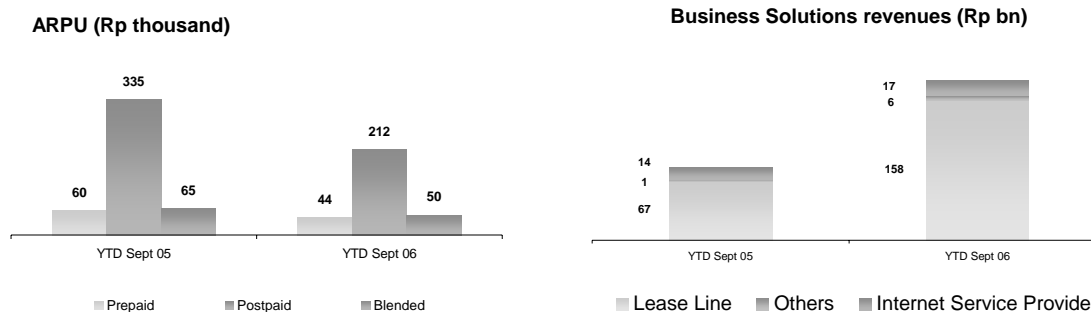
In an effort to attract new subscribers and increase usage, XL sponsored Disney Lantern Fantasy where XL subscribers will obtain up to 50% discount from normal ticket price.

XL offered an MMS and GPRS promotion program for jempol subscribers. Starting from 28 September 2006, jempol subscribers can send MMS and GPRS. This program is valid until 31 July 2007.



### ARPU

YTD September 2006 prepaid, postpaid and blended ARPUs were Rp. 44k, Rp. 212k and Rp. 50k respectively. These ARPUs are lower than YTD September 2005 figures of Rp. 60k, Rp. 335k and Rp. 65k. In line with the increasing market penetration, the industry generally experiences a declining ARPU trend.



## Business Solutions



XL Business Solutions has shown a solid achievement. One indicators of the achievement was number of companies which had been acquired to enjoy data communications as well as corporate GSM mobile services. The customers come from various industries, such as manufacturing, banking and finance, oil, gas and mining, telecommunications, modern trade and distribution, public service, Government and SME.

XL is the only Indonesian telecommunications provider able to provide a bundled service of both data and mobile communications as a one stop shopping experience. XL Business Solutions are developed to provide telecommunication services that ensure a more efficient and effective company's telecommunications system management which delivers optimum savings to the customers.

In Q3 2006, numerous events were conducted in an effort to introduce XL Business Solutions services while increasing market awareness of XL Business Solutions existence in the market. One of the events is Seminar of 'The Business Development on Shipping, Logistic and Courier through the Implementation of Modern and Convergence Information & Technology' held in Four Season Hotel in August 06.

Japanese corporations are potential target market for XL Business Solutions. In order to cultivate this market, XL participated in an exhibition held by PT NEC Indonesia and provided a seminar about XL Business Solutions services. During that event, Business Solutions demonstrated its services such as GSM PBX Integration, Internet Access, Hosted PBX, Xpand, XLocate and Instant Office.

In order to fulfill the ever increasing demand for reliable telecommunications infrastructures from companies in Indonesia, in July 2006, XL Business Solutions also launched a new product of Xpoint which can provide Internet WiFi service using GSM picocell. This program was launched with a series of exhibitions in several buildings in Jakarta.

## IMPORTANT EVENTS

- Extraordinary General Meeting of Shareholders (EGMS)

On 1 September 2006, XL held EGMS and made the following decision:

1. Accept the resignation of Jaffa Sany Ariffin and Rudiantara as Director of XL





Q3 2006

2. To appoint Hasnul Suhaimi as the President Director of XL and Joy Wahjudi as Director of XL
3. There is no changes to the existing Board of Commissioner
4. To approve the changes in XL's BoD to be as follows:

Board of Director	
<b>President Director</b>	Hasnul Suhaimi
<b>Director</b>	Joris de Fretes
<b>Director</b>	Md Nasir Ahmad
<b>Director</b>	Muhammad Buldansyah
<b>Director</b>	P. Nicanor V. Santiago III
<b>Director</b>	Hilmi bin Mohd. Yunus
<b>Director</b>	Joy Wahjudi

- **Products & Services and Promotions** (Please also see page 5-7)

- XL launched 3G services with motto of "The First Widest and Fastest 3G Provider".
- XL launched jimat as a separate brand. Previously jimat was a variant of jempol and known as jempol jimat. Jimat subscribers can use XL network nationwide and still enjoy the economical international tariff.
- XL launched "Bagi Pulsa" (Airtime Credit Transfer) program for XL prepaid subscribers.
- XL offered Jukebox Ringback Tone for **XL** customers who love good music. They can have up to 5 songs to be their ring back tone. These 5 songs will be played randomly for every incoming call
- XL launched "XL Vaganza" where after 2 times reloads (with minimum reload of Rp 10,000 each), registered *bebas* & jempol subscribers will get additional Rp 10,000 bonus pulsa
- *bebas* offered 'Tarif Ngirit Sampe 60% - Senin sampe Jumat' (Economical/ off-peak tariff up to 60 % saving during Monday to Friday) which is applicable for on-net calls.
- Starting from 28 September 2006, jempol subscribers can send MMS and GPRS.



- **XL Business Solutions** (Please also see page 8)
  - XL Business Solutions signed an agreement with Muhammadiyah to provide internet access, office zone and MPLS.
  - The seminar of 'The Business Development on Shipping, Logistic and Courier Through the Implementation of Modern and Convergence Information & Technology' was conducted in Four Season Hotel Jakarta.
  - XL launched Xpoint which provide high speed access of Internet WiFi using GSM Picocell.
  
- **Corporate Social Responsibility**
  - In July 2006, to support the victims of Tsunami and earthquake in the southern seaboard of West Java, XL established a free telecommunication post at the Pangandaran Great Mosque. Other than providing free telecommunication service, this post will also act as a public service center and XL's distribution point.
  
- **Awards**
  - XL received award as the Best GSM Operator in the Indonesia Cellular Award 2006. The award was organized by the Association of the Indonesian Cellular Telecommunication (ATSI), Dyandra Promosindo, and Sinyal Magazine. The criteria for the Best GSM Operator award included company's growth for the last one year, innovative products, customer service, and tariffs.
  - XL received award as Winner of Indonesian MAKE (Most Admired Knowledge Enterprise) Study. The award was organized by Dunamis Organization Services, Teleos -UK, and Jakarta Stock Exchange
  - XL received Marketing Award 2006 in the categories of "The Best Innovation in Marketing" and "The Best in Marketing Campaign". The award was presented by Marketing Magazine, a notable business publication in Indonesia.





Q3 2006

## ABOUT XL



XL is one of the largest cellular providers in Indonesia and is controlled by Telekom Malaysia Berhad through Indocel Holding Sdn Bhd (59.7%) and Khazanah Nasional Berhad (16.8%). XL is also the only cellular company in Indonesia which owns an extensive fiber optic backbone network, mainly on Java island. Started commercial operation in October 1996, XL's business consists of Consumer Solutions as dual band (GSM 900/1800) cellular network provider through jempol, jimat and *bebas* prepaid and Xplor postpaid cards with addition of 3G services for *bebas* and Xplor and Business Solutions as corporate service provider based on leased line and IP (Internet Protocol).

Date: 31 October 2006

