



PT Mobile-8 Telecom Tbk.

Stock code: FREN.IJ (Bloomberg), FREN.JK (Reuters)

REPORT of FULL YEAR 2006 FINANCIAL RESULTS

“The Year of Achievements and Turnaround”

- **Gross revenue increased 55.5% to Rp751bn (US\$83.3mn)**
- **EBITDA surged 1,891% to Rp239bn (US\$26.5mn)**
- **Recorded Profit before tax of Rp84bn (US\$9.3mn)**
- **Net gearing ratio declined to 17.7%**

HIGHLIGHTS

- Gross revenue increased 55.5% to Rp751bn (US\$83.3mn) in 2006 from Rp483bn (US\$53.4 mn) in 2005. Net revenue increased 68% to Rp589bn (US\$65.3mn) in 2006 from Rp351bn (US\$38.9mn) in 2005
- Recorded 130% increase in number of subscribers to 1.82 mn subscribers in 2006 from 0.79 mn in 2005
- EBITDA surged 1891% to Rp239bn (US\$26.5mn) in 2006 from Rp12bn (US\$1.3mn) in 2005. EBITDA margin (over gross revenue) increased to 31.8% in 2006 from 2.5% in 2005
- Recorded Net income of Rp35bn (US\$3.9mn) in 2006 or EPS of Rp2 per share, compared to net loss of Rp287bn (US\$31.8mn) in 2005 or EPS of Rp(18) per share
- Net debt decreased to Rp277bn (US\$30.7mn) at the end of 2006 compared to Rp832bn (US\$92.2mn) at the end of 2005. Net debt to equity declined to 17.7% at the end of 2006 from 115.2% at the end of 2005
- Had a successful IPO on November 28, 2006, issuing 3.9mn new share (19.9% of new enlarged share capital) and raising Rp877bn (US\$96.3mn).
- Received US\$70 mn loan from Lehman Brothers and issued 70 mn warrants on November 29, 2006
- Strengthen management team by bringing new talents: chief operating officer, chief marketing officer, chief commercial officer and chief information officer

Mobile-8 Made Financials Turnaround in 2006 and Set to Grow

JAKARTA, March 12, 2007 – PT. Mobile-8 Telecom Tbk. (Mobile-8) announced an audited net income of Rp35bn (US\$3.9mn) in 2006 compared to a net loss of Rp286bn (US\$31.8mn) in 2005. The 2006 net income was deducted by Rp50bn due to higher deferred tax rate applied at subsidiaries for not having recognized its tax loss carry forward which can be recognized only after merger.

The company's gross revenue increased 55.5% to Rp751bn (US\$83.3mn) in 2006 compared to Rp483bn (US\$53.5mn) in 2005. The increase was primarily due to the increasing subscriber base which significantly increased voice, SMS and data revenues. The voice revenue was the largest contribution which represented 63% of total gross revenue while sms and data revenue made up the remaining. Due to the marketing promotion of Rp7 per 30 second launched in January 2006, the company's subscriber base surged 130% to 1.82 mn subscribers at the end of 2006 from 0.79 mn subscribers at the same period last year. Meanwhile, net revenue increased 68% from Rp351bn (US\$38.9mn) in 2005 to Rp589bn (US\$65.3mn) in 2006 due to the same reason above.

The company recorded 1,891% increase in EBITDA to Rp239bn (US\$26.5mn) in 2006 from Rp12bn (US\$1.3mn) in 2005 while its EBITDA's margin (over gross revenue) surged to 31.8% in 2006 from 2.5% in 2005 due to significant increase number of subscribers and the ability to achieve the economies of scale in its operation. The company's profit before tax was Rp84bn (US\$9.3mn) in 2006 compared to loss before tax of Rp330bn (US\$36.6mn) in 2005 mainly due to the increase of revenue and operational efficiency.



Mobile-8 President Director Hidajat Tjandradjaja said, “The year 2006 was the turnaround & achievement years for Mobile-8. The company’s gross revenue increased to Rp751bn from Rp483bn achieved in 2005. This significant revenue growth was driven by 130% increase in our subscriber base to 1.82 mn subscribers in 2006 from 0.79 mn subscribers in 2005, thanks to our successful marketing promotion of Rp7 per 30 second. As a result, the company started to record a pretax profit of Rp84bn from a pretax loss since its first commercial operation in 2003.”

“On May 2006, we established our achievement as the first mobile operator in Indonesia to commercially launch 3G high-speed mobile internet services and mobile video streaming services (TV Mobi). Furthermore, the company was successful listed as public company through an initial public offering (IPO) in the Jakarta Stock Exchange (JSX) and Surabaya Stock Exchange (SSX), raising Rp877bn (US\$97.2mn), on November 28, 2006 with seven times oversubscribed. At the end of 2006, the company was also able to raise US\$70 mn loan from Lehman Brothers which it can be converted into new shares. This arrangement has shown foreign institutional confidence over the company’s future performance. Prior closing the year, we are granted the fixed wireless access (FWA) principal agreement from the government and able to strengthen the company’s management team, bringing new talents ex-Digi Telkom,” added Hidajat.

Furthermore Hidajat said, “Going forward, we believe the future of our company is very prospective due to a low mobile cellular penetration rate in Indonesia and our planned expansion to outside of Java. Having successfully accomplished major achievements in 2006, going ahead, Mobile-8 is set forth to growth more aggressive ways in achieving the target of 12 mn subscribers by 2010. Given the incremental growth of the company’s earning within the next few years as our network coverage expand outside of Java and positive sentiment toward mobile cellular business remain, the company is poised to deliver a strong profitability which will continue to support its future long term growth. At the end, I would like to thank to all our employees who have contributed their hard works and supported the company during the difficult time”.



From the balance sheet prospective, the company's net debts stood at Rp277bn (US\$30.7mn) at the end of 2006 compared to Rp833bn (US\$92.3mn) at the end of 2005. The company's net debt to equity declined to 17.7% as of the end of 2006 from 115.2% as of the end of 2005 due to the new equity raised from IPO while its net debt to EBITDA has improved to 116% as of the end of 2006.

On the cash flow side, the company's net operating cash flows at the end of 2006 increased to Rp84bn (US\$9.3mn) compared to Rp24bn (US\$2.6mn) at the end of 2005 due to the increased sales revenue. The company's total capital expenditures was Rp99bn (US\$11mn) in 2006 compared to Rp199bn (US\$22mn) in 2005. Free cash flow shown a very positive result, increased significantly to Rp 832bn (US\$92.2mn) at the end of 2006 from a negative cash flow of Rp0.9bn (US\$1mn) at the end of 2005 due to strong sales revenue and new equity injection from IPO.

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About Mobile-8

PT Mobile-8 Telecom Tbk, a publicly held listed company in JSX (stock code: FREN), is the fourth largest and the CDMA-based nationwide cellular operator in Indonesia. Through its product **Fren**, Mobile-8 provides value added services, both data and multimedia facilities, covering Java, Madura, and Bali. Mobile-8 offers **CDMA2000 1x and CDMA2000 1xEV-DO** technologies through its own nationwide 800 MHz CDMA network. For further information, please visit www.mobile-8.com.

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