

## Appendix I-1

Market Size 2001 and Potential Market Growth (Based on local population growth rate and cellular penetration rate)

(Numbers are in Rupiah)

Products and Services	Category	Market	Wireless users rate	Unit Sold	Average retail price	Market size
Handset (New and used)	Premium	272,263	3%	7,623.36	1,250,000	9,529,205,000
	Business					
	Fashion					
	First taker					
Connectivity card (Subscriber ratio between regular and prepaid is 72:28) <sup>2</sup>	Regular				50,000	274,441,104 <sup>1</sup>
	Prepaid card				250,000	533,635,480 <sup>1</sup>
	Prepaid voucher				100,000	30,737,403,648
Accessories	Desktop charger				200,000	1,524,672,800.00
	battery				100,000	762,336,400.00
	head set				250,000	1,905,841,000.00
	car kit				100,000	762,336,400.00
	cover				50,000	381,168,200.00
	carrying case				50,000	381,168,200.00
					70,000	533,635,480.00
					Average price: 117,143	
Repair					200,000	3,049,345,600.00 <sup>3</sup>
					Total:	50,375,189,312

Industry Size	2001	2002	2003	2004	2005
Market size	50,375,189,312	70,123,342,991	90,853,279,460	112,602,418,896	135,409,456,417
Yearly growth <sup>4</sup>	-	39%	30%	24%	20%

<sup>1</sup> Multiplication of average retail price, unit sold and subscriber ratio

<sup>2</sup> Kompas, "Greget di Dunia Informasi Telekomunikasi", Kompas News Online, January 29<sup>th</sup> 2002

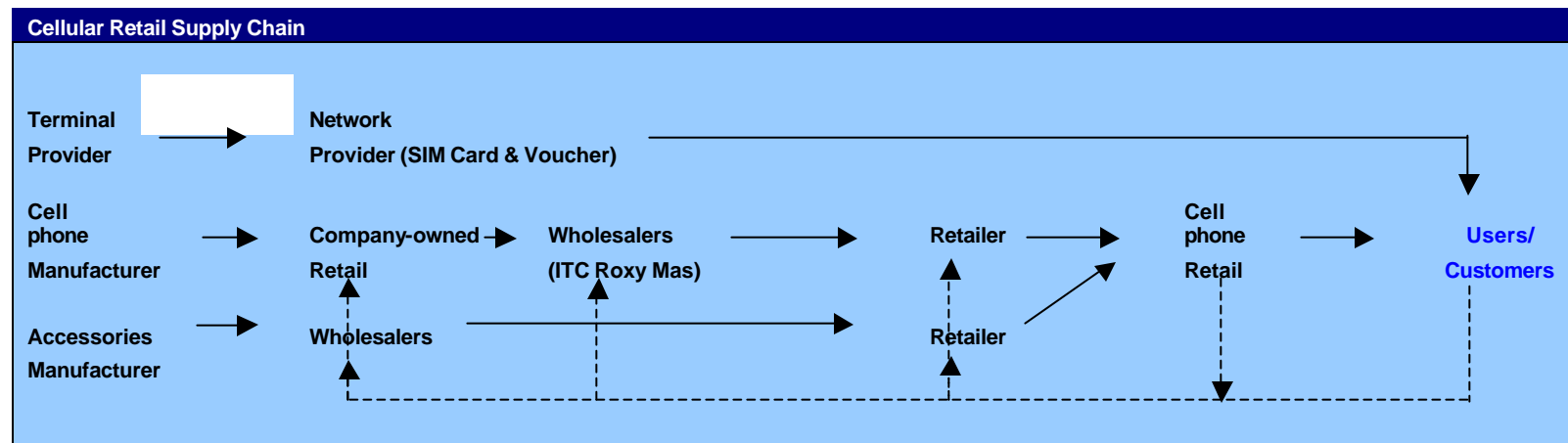
<sup>3</sup> Averagely 2 times in a year a customer will fix his device

<sup>4</sup> Considering 2.57% population growth of and 1% penetration rate

## Appendix I-2

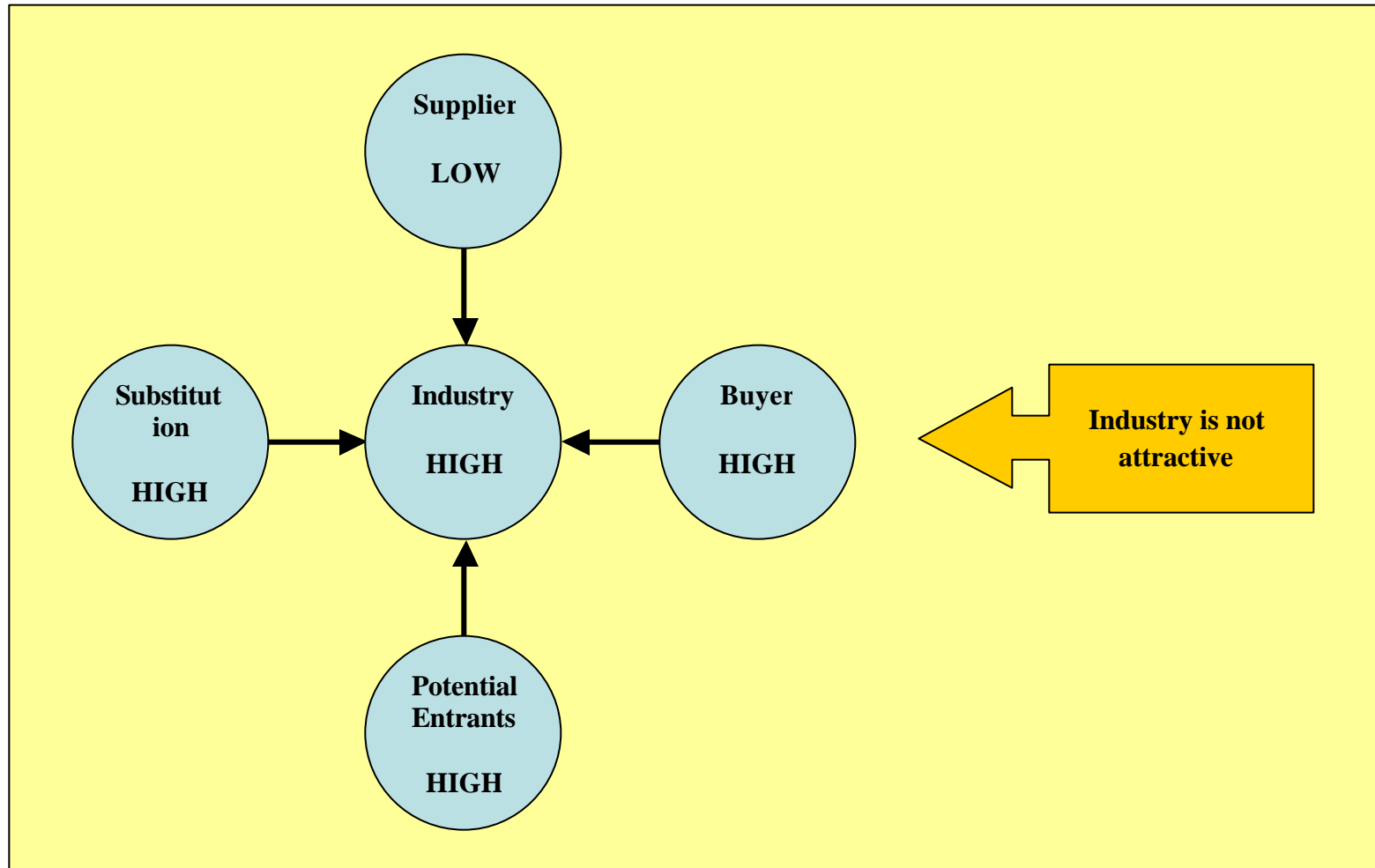
### Industry Life Cycle and Supply Chain Analysis

Industry Life Cycle Criteria	Facts
Growth rate	High
Market share	High
Product line	Proliferation
Financial	Medium earning and debt
Number of competitors	increase rapidly
Market share stability	Solid
Purchasing pattern	Moderate loyalty
Ease of entry	usually easy
Technology	
Typical volume growth rate	decreasing overtime
Managerial style	sophisticated manager
Overall stage	Growth



### Appendix I-3

#### Industry Analysis – Five Forces Model



## Appendix II-1

### Company sales performance

(Numbers are in Rupiah)

Products	2001			
	Daily Average Unit Sold	Average Unit Price	Average Sales (monthly)	Average Sales (yearly)
Hand phone & Acc.	6.4	1,250,000	200,000,000	2,400,000,000
Prepaid voucher	30	100,000	75,000,000	900,000,000
SIM card ( <i>Regular and Prepaid</i> )	25	150,000	93,750,000	1,125,000,000
Repair Services	60	100,000	150,000,000	1,800,000,000
<b>Total:</b>			<b>518,750,000</b>	<b>6,225,000,000</b>
Products	2000			
	Daily Average Unit Sold	Average Unit Price	Average Sales (monthly)	Average Sales (yearly)
Hand phone & Acc.	6.0	1,250,000	175,000,000	2,100,000,000
Prepaid voucher	29	100,000	72,500,000	870,000,000
SIM card ( <i>Regular and Prepaid</i> )	23	150,000	86,250,000	1,035,000,000
Repair Services	55	100,000	137,500,000	1,650,000,000
<b>Total:</b>			<b>471,250,000</b>	<b>5,655,000,000</b>
Products	Growth	Market Share		
Hand phone & Acc.	14%	15%		
Prepaid voucher	3%	6%		
SIM card ( <i>Regular and Prepaid</i> )	9%			
Repair Services	9%	59%		
<b>Overall</b>	<b>9%</b>			

## Appendix II-2

Balance sheet 2001 and key financial figures. (Numbers are in Rupiah).

Balance Sheet Items	2001
<b>Current Assets</b>	
Cash	2,879,000,000
Account receivable	756,000,000
Inventory	2,567,000,000
Prepaid expenses	0
Other	0
<b>Total Current Assets</b>	6,202,000,000
<b>Fixed Asset</b>	
Land	0
Buildings	0
Equipment	650,000,000
<b>Total Net Fixed Assets</b>	650,000,000
Other assets	0
<b>Total Assets</b>	6,852,000,000
<b>Current Liabilities</b>	
Account payable	3,233,290,000
Accrued payroll	10,500,000
Taxes payable	161,453,930
Other	0
<b>Total Current Liabilities</b>	3,405,243,930
<b>Long-term Liabilities</b>	2,350,000,000
Equity (owned+partners)	3,101,550,000
Retained earnings	345,206,070
Net equity	3,446,756,070
<b>Total Liability and Equity</b>	6,852,000,000

Key Financial Figures	2001
<b>Liquidity</b>	
Current ratio	1.82
Quick ratio	1.07
Current debt to inv.	1.33
<b>Leverage Ratio</b>	
Total debt to assets	0.84
Current debt to total assets	0.50
<b>Activity Ratio</b>	
Liquid asset turnover	2.16
Inventory turnover	2.43
Asset turnover	0.91
<b>Profitability</b>	
Gross Profit Margin	0.12
Operating profit margin	0.07
Net profit after tax	0.06
Asset Investment	
ROA	0.06
Return on operating assets	0.06
<b>Return on Owner's Investment</b>	
ROI	0.61
ROE	0.11

### Appendix II-3

#### Pro-forma Income Statement

(Numbers are in Rupiah)

Pro Forma Income Statement						
	2003		2002		2001	
	Amount	% of sales	Amount	% of sales	Amount	% of sales
<b>Gross Sales</b>	11,345,062,500		8,403,750,000		6,225,000,000	
Plus purchaser (retailer) or plus cost of good sales (manufacturer)	9,813,479,063		7,353,281,250		5,500,000,000	
<b>Gross Profit</b>	1,531,583,438	<b>13.5%</b>	1,050,468,750	<b>12.5%</b>	725,000,000	<b>11.65%</b>
<b>OPERATING EXPENSE</b>						
Building	19,000,000	<b>0.17%</b>	18,000,000	<b>0.21%</b>	18,000,000	<b>0.29%</b>
Utilities (Telephone and electricity)	20,421,113	<b>0.18%</b>	16,807,500	<b>0.20%</b>	13,200,000	<b>0.21%</b>
Salaries and wages	180,960,000	<b>2.15%</b>	153,000,000	<b>1.82%</b>	126,000,000	<b>2.02%</b>
General/administration/Office supply	51,052,781	<b>0.45%</b>	40,338,000	<b>0.48%</b>	30,000,000	<b>0.50%</b>
Insurance	21,555,619	<b>0.19%</b>	15,967,125	<b>0.19%</b>	12,000,000	<b>0.19%</b>
Commission and employee benefit	21,555,619	<b>0.19%</b>	15,967,125	<b>0.19%</b>	12,000,000	<b>0.19%</b>
Neighborhood care	4,538,025	<b>0.04%</b>	1,620,000	<b>0.03%</b>	1,200,000	<b>0.02%</b>
Advertising	96,433,031	<b>0.85%</b>	84,037,500	<b>1.00%</b>	18,000,000	<b>0.29%</b>
Others (transportation, guests, etc)	39,707,719	<b>0.35%</b>	40,500,000	<b>0.48%</b>	30,000,000	<b>0.48%</b>
Depreciation					-	
<b>Total Operating Expenses</b>	455,223,906	<b>5.42%</b>	386,237,250	<b>4.60%</b>	260,400,000	<b>4.18%</b>
<b>Net Income Before Taxes</b>	1,076,359,531	<b>12.81%</b>	664,231,500	<b>7.90%</b>	464,600,000	<b>7.46%</b>
Taxes (15%)	161,453,930	<b>1.92%</b>	99,634,725	<b>1.19%</b>	69,690,000	<b>1.12%</b>
<b>Net Income After Taxes</b>	914,905,602	<b>10.89%</b>	564,596,775	<b>6.72%</b>	394,910,000	<b>6.34%</b>
<b>NET INCOME (NET PROFIT)</b>	914,905,602	<b>10.89%</b>	564,596,775	<b>6.72%</b>	394,910,000	<b>6.34%</b>

**Appendix III-1**  
Company's Asset

Store	Use	Size (sq meter)	Capacity (person)	Utilization (%) <i>Timewise</i>	Equipment	Age/Capacity	Utilization (%) - <i>Toolwise</i>
Sukalila Branch	Store-sales Repair services Office- Administration	120	7	40%	1 PC 1 Cashier machine TV Stereo set Telephone Fax machine Repair tool box Air conditioner Refrigerator Motor Vehicle	5 years	95%
	Store-sales Sleeping Rooms - 2nd floor				1 Cashier machine TV set Stereo set Mattresses Telephone Air conditioner Refrigerator Bicycle Kitchen set		
Kosambi Branch		100	7	40%		1 years	60%

## Appendix III-2

### Company's Strengths and Weaknesses and Market Segment

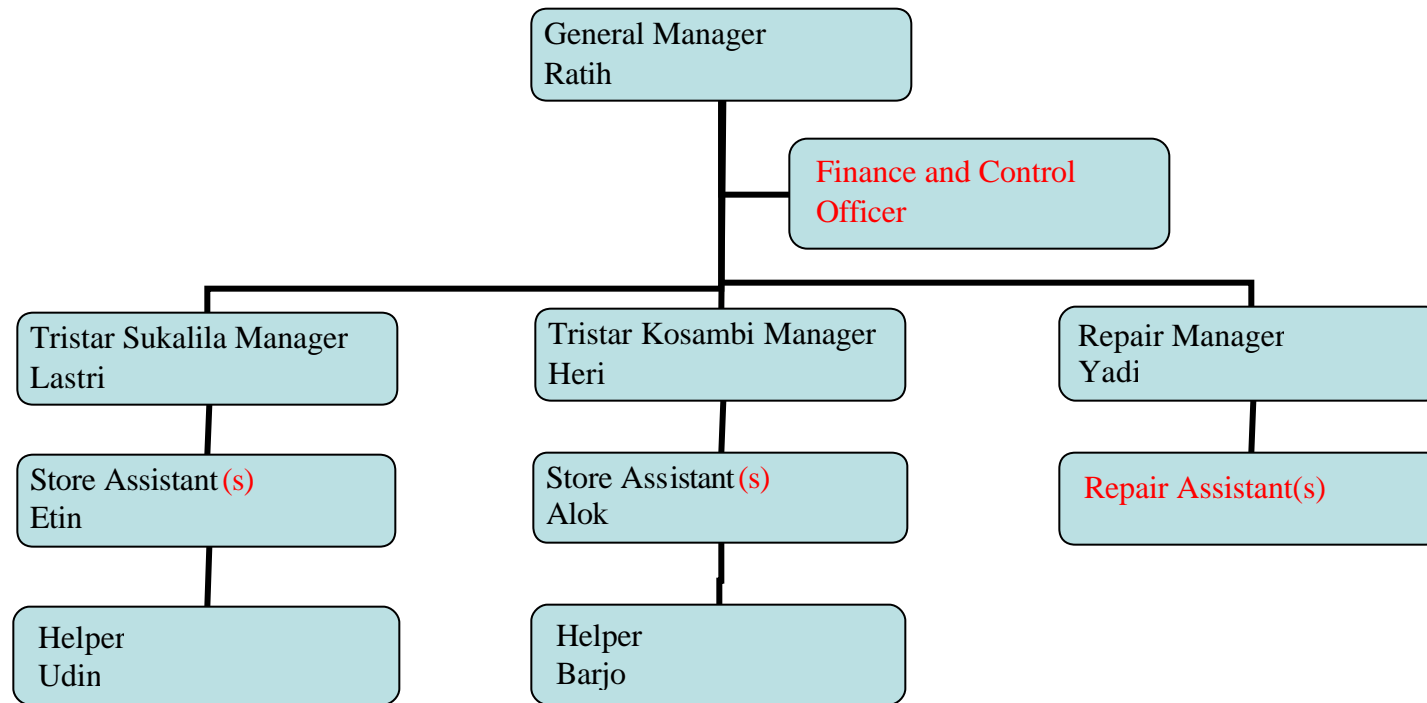
Functions	Strong (+)	Average (0)	Weak ( - )	Major Strengths and/or weaknesses in Resources
General Administration		0		Have not been computerized
Marketing		0		Newspapers mostly
Finance		0		Mostly manual - have not been computerized
Human Resources	+			Strong Leadership - good influence on employees, good company culture, team spirit
Engineering - Repair	+			The repair manager is the best in town. Other stores send their job to Tristar if they could not do it.
Operation			-	Need computerized system to ease monitoring, controlling, etc.
Purchasing			-	Don't have fix suppliers. Keep changing to find better deal. Currently, It uses out-island suppliers for handset
Distribution		0		Two branches comparatively not effective to reach more customer
International			-	Local concentration
Servicing	+			The best in town. Management's capability to maintain base customer is proven strong.

Market Segment	Monthly Income ( <i>in Rupiah</i> )	Age	Percentage
1. Premium users	(>4,000,000)	35 - 55	10%
2. Business user	(3,000,000 - 4,000,000)	25 - 40	15%
3. Fashion user	(2,000,000 - 3,000,000)	23 - 35	35%
4. First Taker user	<2,000,000	<30	40%



### Appendix III-3

#### Present and Future Look Organizational Structure



#### Legend:

Black Ink : Present structure

Red Ink : Future look structure

## Appendix IV-1

### Competitive Drivers

Competitive Drivers <i>(arranged from the most important one)</i>	Management Responds
1. Low cost	This one highly relates with economic condition in Indonesia. This is the most important since most of its customer is first taker and fashion user. They look for a good deal on handset and related stuff. Therefore, The management team keeps its ears and eyes open for cheap supplier. Currently, its main supplier is from Batam, a little island next to Singapore. They have stuff from Singapore, its cheaper.
2. The best level customer services	Its been a nature of this industry, low entry barriers, strong current of competitors entry brings to a level of super high competition. High level of customer services has to be given to customers. Management team has to take extra mile to maintain its customer while reaching out others. Beverage, gift, souvenir are the things to give away to attract customer. High level of explanation about handset, and all related stuff is planted in all employees.
3. Location	Tristar Sukalila is in Kecamatan/District Pekalipan which has the densest population in town. It is on the one way Sukalila Street, and it is just side by side with Asia shopping mall. Tristar kosambi is in District Kosambi which has the biggest population in town. It is on two-way kosambi street. It is next to public traditional market and food center. Why location is on the second place...because the profit margin on this industry is sheer, so it is almost impossible for competitors to have super cheap products.
4. High quality products, branded, and warranty	Management team is trying the best it can to provide the best breed of products. Warranty is given as well as for used products and for all services that has been given to customer.
5. Broad product selection	Management team is also trying to provide selections for customers. Tristar mostly provides broad selection for its major segment market.

**Appendix IV-2**  
Competitor Profile

Competitors	Sales Volume 2001 ( <i>In Rupiah</i> )	Growth Rate	Degree of Integration	Strengths	Weaknesses
PD Modern	7,500,000,000	15%	N/A	- 12 branch stores	- relatively unskilled employees
				- brand new devices	- low customer services
				- automate business operation	- worst repair services
				- medium-high marketing budget	
Medikomsel	9,500,000,000	16%	N/A	- strategic store location (shopping mall)	- expensive products
				- broad product selections	- high cost structure
				- strong distribution channel (independent sales force)	
				- long last warranty	
				- heavy marketing budget	
Total sales volume of major competitors & average growth rate	17,000,000,000	16%			
Competitors market share (combined)	34%				

### Appendix IV-3

#### Competitive Position

Bases of competition	Weight	Self		Major competitors			
				PD Modern		Medikomsel	
		e	h	e	h	e	h
Customer services	4	0	0	-1	-4	1	4
Low cost	5	1	5	0	0	-1	-5
Location	1	-1	-1	1	1	0	0
High quality and warranty	2	-1	-2	0	0	1	2
Broad selection	3	-1	-3	0	0	1	3
<i>Weighted Totals:</i>			-1		-3		4
<b>Key success factors</b>							
Providing high level of customer services	4	0	0	-1	-4	1	4
Strategic store location - add some more branches if necessary such as KIOSK in shopping centers	1	-1	-1	1	1	0	0
Providing competitive price products. Keep finding cheap suppliers to drive cost down (used devices)	5	1	5	0	0	-1	-5
Efficient and effective business operation. Increase controlling and monitoring.	3	-1	-3	1	3	0	0
Aggressive marketing effort to generate market awareness	2	-1	-2	0	0	1	2
<i>Weighted totals:</i>			-1		0		1
<b>Final Rankings</b>			-2		-3		5

## Appendix V-1

### Plan Assumptions

Economic	Industry	Market	Outside Influence
- Steady inflation rate	- adoption rate toward 3G technology for Indonesian wireless provider is slow due to huge investment	- Steady growth as assumed	- Indonesian government will be more open to foreign investment specially in wireless industry
- Steady currency exchange	- Indonesian wireless providers have difficulties to migrate to 3G technology	- The most important driver in this industry is still anywhere and anytime communication. Technology as the main driver is still on the line.	- Telkom will stay struggling to provide fixed line
- Steady political and national situation	- 3G era will really come on the door and ready to use and utilize in 4 years from now	- Most of customers are price sensitive customer given recent economic and political situation.	- Cirebon would be an independent province in near future
- Strong economic recovery	- Small percentage of Indonesian population familiar with internet. Internet is still for high class people.	- It is hard to change market behavior to electronic/internet (e-commerce) shopping behavior, takes time.	- Local wireless users ratio is extracted from national ratio.
	- SMS technology will eventually eliminate traditional voucher selling, it will be conducted through cell phones directly with the main providers	- Market will remain high competitive	
	- Wireless voice market will fall to commodity in 2005		
	- E-commerce is still hard to implement due to weak Indonesia financial system (credit card - plastic payment)		

## Appendix V-2

### Business Strategy

	Present Strategy	Future Strategy	Tactics
<b>Market Strategies</b>			
Market Focus		x	Focus on price sensitive market segment
Market Penetration	x	x	Aggressive marketing effort to generate market awareness of the company being low cost provider
<b>Product Line Strategy</b>			
Efficiency - Low cost		x	Automate operation, low cost supplier, efficient operation
<b>Technology Strategy</b>			
Business Operation Automation		x	Computerized operation ranging from administration, supplier relation, inventory, etc.
<b>Operation Strategy</b>			
Operation improvement		x	Automate system
Human resource enhancement	x	x	Trainings
Fixed and reliable suppliers		x	Get hooked up in mutually beneficial relationship with supplier to support continuous operation
<b>Retrenchment Strategy</b>			
General cut cost strategy		x	Cut unnecessary cost items
<b>Financial Strategy</b>			
External financing		x	Colleagues, business partners, bank, family, etc.
Focus on revenues- market share		x	being the lowest cost providers means the company generate profit from volume - economy of scale

### Appendix V-3

#### Business Strategy and Tactics

Reasonable Strategy		Tactics	Comments about appropriateness
Market Strategy	Market Position Enhancement	<b>Obj:</b> increase market share by taking customer away from competitors. <b>Tactics:</b> aggressive marketing spending, improving services/products - repackaging, restyling-, pricing aggressively, heavy advertising campaign.	Yes, for limited period of time to generate market awareness.
	Development of new market	<b>Obj:</b> expanding company's scope thus increase market size. <b>Tactics:</b> Set-up new facilities to reach market, acquisition of smaller business.	Yes, through innovative service features especially on repair division
	Market rationalization	<b>Obj:</b> To focus marketing effort on the most profitable, market or segments in order to earn a higher return on each marketing dollar. <b>Tactics:</b> concentrating on high-margin or high-volume market, using the highest-volume distributor.	No
Product line Strategy	Product line enhancement	<b>Obj:</b> to keep up with the pace of industry as a whole with respect to the features, style, and quality of services. <b>Tactics:</b> major/minor redesign, incorporation new technology, repackaging, etc.	Yes, not to be the best one, but just to keep up and excel without eliminating one features.
	Product Line Rationalization	<b>Obj:</b> To focus the company's effort and resources on the most profitable products and services. <b>Tactics:</b> standardization, product repositioning, etc.	No
Technology Strategy	Technology Focus (operation technology)	<b>Obj:</b> emphasizes exploiting and acquiring new technology to automate business operation. <b>Tactics:</b> investigating new application for the company's main technologies.	Yes, barcode system or automation item checks
Operation Strategy	Operation capability expansion	<b>Obj:</b> increase output and revenues derived from company's physical and staff resources, or to increase the resources available to meet demand. <b>Tactics:</b> investing in additional facilities, equipment, changing in operating system to eliminate bottlenecks, hiring additional employees.	Yes, benefited more from smart employees and two branch stores. Adding investment on operating system to computer-based system.
	Operation improvement	<b>Obj:</b> to lower cost or improve efficiency by altering the company's basic operating technology or its procedures or both. <b>Tactics:</b> automating production lines, plants, or function, and installing computer-based control.	Yes, main purpose to be the most efficient producer, either in system or procedures
	Human Resources Enhancement	<b>Obj:</b> to improve the organizational structure, increase worker productivity, decrease employee dissatisfaction, and turnover. <b>Tactics:</b> investing in procedures, training and equipment; improving physical condition in plants, stores, and offices; investing in job enrichment program, establishing innovative work schedule, changing managerial structure or system, and realigning information and control system.	Yes

Cont'd

Cont'd

	Distribution Improvement	<b>Obj:</b> to increase earnings and effectiveness by providing better or more rapid distribution at lower cost. <b>Tactics:</b> limiting distribution outlets, identifying the most efficient transportation cost, adding downstream manufacturing capacity to ensure a market for raw material products.	Yes
<b>Retrenchment Strategy</b>	General cost cutting	<b>Obj:</b> to simply cut costs. <b>Tactics:</b> selective or across-the-board overhead cost reduction such as: salary cost, travel budget cost, or postponement of scheduled wage increase, reduction or elimination of certain staff function, etc	No, the company is not in financial problem
<b>Financial Strategy</b>	Financial mix adjustment	<b>Obj:</b> to adjust the company's risk-the higher the leverage (debt/equity ratio), the higher the risk. <b>Tactics:</b> investing more of the owner's personal funds, seeking investments from VC or SBICs.	Yes
	External financing	<b>Obj:</b> increase investment to speed the growth of the business. <b>Tactics:</b> reinvesting all or large part of the company's earnings and securing the maximum debt available, while at the same time mounting a debt structure that will not drain cash flow from other critical areas of the business.	No
	Going public	<b>Obj:</b> raise capital beyond what might be available for a privately held company.	No
	Seeking a buyer	<b>If management does not want to run the company anymore.</b>	No



**Appendix V-4**  
Functions Break Down

Process Functions		Special Functions		Resources	
Objective setting		Public and political relations		Information	
Communicating		General Administration		Technology	
Coordinating		Office management		Equipment	
Controlling		Market intelligence		Capital	
Organizing		Risk Management		Labor	
Staffing		Distribution		Land	
Planning		Engineering			
Leading		Advertising			
		Purchasing			
		Operation			
		Production and sales			
		Personnel			
		Marketing			
		Finance			
		Legal			
		Taxes			
8		16		6	
Legend			Total Duties:		
	General Manager		15		
	Managers		10		
	Finance and controlling officer		11		
	Outside services		5		

## Appendix V-5

### Risk Analysis

Element	Ratings			Comments
	Low	Medium	High	
Industry		x		High industry growth for at least 10 years from now, 3G is not really a threat
Market			x	Promising market segment for the proposed strategy
Competitive position			x	Highly competitive. From competition side, the strategy is relatively easy to duplicate.
Strategy		x		Tristar is relatively small thus easy to move or elastic. The proposed strategy won't have impact on internal operation
Assumptions			x	Currency stability depends on national and political situation.
Financial performance		x		risk associated with ROI, ROA due to strategy investment
Management performance		x		Medium if the implementation phase not really as the way it expected
Level of future performance		x		
Others				
<b>Overall risk</b>		<b>x</b>		