



# Nine months of 2004 Results

1 November 2004

## PT Indosat Tbk

JSX : ISAT  
NYSE : IIT  
Reuters : ISAT.JK  
Bloomberg : ISAT.IJ

### Market Capitalization

(As of 30 Sept 2004) Rp22.3 trillion

### Issued shares

5,269,295,500 (after 5:1 Stock Split & ESOP)

### Share Price

As of 30 Sept 2004 Rp4,225  
Hi/Lo (Last 3 mo) Rp4,425/Rp4,025

### Major Shareholders

Indonesia Communication Ltd 41.21%  
Government of Indonesia 14.74%  
Public 44.05%

### IDR to USD Conversion,

30 Sept 2004 1USD = IDR9,170

### Board of Directors

Deputy President Dir. – Ng Eng Ho

Finance Dir./CFO – Heang Tuck Wong

Cellular Mktg Dir. – Hasnul Suhaimi

Fixed Tel & MIDI Dir. – Wahyu Wijayadi

Business Dev. Dir. – Wityasmoro S. H.

Corporate Svc. Dir. – Sutrisman

Network Quality & Operations Dir –

Raymond Tan Kim Meng

IT Dir – Joseph Chan Lam Seng

### Consolidated Subsidiaries

PT Lintasarta (69.46%)

PT IM2 (99.85%)

PT Sisindosat (96.87%)

## Financial Summary

For Period Ended 30 September

In Billion Rp	2003	2004	(%) Change
Operating Revenues	6,012.6	7,803.5	29.8%
Operating Expense	4,077.3	5,128.9	25.8%
Operating Income	1,935.3	2,674.5	38.2%
Net Income	566.6	1,378.6	143.3%
EBITDA*)	3,290.2	4,597.5	39.7%

\*EBITDA: Earning before interest, amortization of goodwill, non-operating income and expense, income tax expense and depreciation as computed under Indonesian GAAP.

## Financial Ratios

	Formula	9M-2004
EBITDA Margin	$EBITDA / Operating\ Revenues$	58.9%
Operating Ratio	$Operating\ Expense / Operating\ Revenues$	65.7%
Net Profit Margin	$Net\ Profit / Operating\ Revenues$	17.7%
Current Ratio	$Total\ Current\ Asset / Total\ Current\ Liabilities$	168.0%
Interest Coverage	$EBITDA / Interest\ Expense$	545.2%
Debt to EBITDA	$(Debt + Procurement\ Payable) / EBITDA\ (Annualized)$	178.7%
Debt to Equity	$Debt / Total\ Equity$	73.1%

## Highlights

- Indosat cellular business gained 3,014.6 million net-addition of subscribers in the first nine months of 2004, an increase of 108.5% compared to the same period last year. On September 30, 2004, our mobile cellular subscriber base reached 8,977,042, or a 78.5% increase year-on-year.
- Indosat's IDD total minutes grew by 2.1% y-o-y despite competition.
- Indosat's MIDI recorded a positive growth due to a higher demand of wholesale market both in international and domestic market.
- Cellular, fixed telecommunication, and MIDI & Other services contributed 68.5%, 16.4%, and 15.1% to operating revenues, respectively.



Investor Relations Division  
PT Indosat Tbk

Phone : +62213869614/300030001

Fax : +62 21 3804045

E-mail : [investor@indosat.com](mailto:investor@indosat.com)

<http://www.indosat.com>

**For immediate release:**

**INDOSAT REPORTS NINE MONTHS OF 2004  
UNAUDITED OPERATING AND FINANCIAL RESULTS**

*Jakarta, 1 November 2004*, PT Indosat Tbk (“Indosat” or “the Company”) released its consolidated nine months of 2004 operational and financial results. The Company booked operating revenues and operating income for the period ended 30 September 2004 amounting to Rp7,803.5 billion and Rp2,674.5 billion respectively. Net income was recorded as Rp1,378.6 billion.

For the period ended 30 September 2004, cellular, fixed telecommunication, and MIDI services contributed 68.5%, 16.4%, and 14.2% to operating revenues, respectively. Other services contributed the remaining 0.9% of operating revenues.

The financial statements were prepared in accordance with the Indonesian Generally Accepted Accounting Principles.

**FINANCIAL RESULTS**

**Profit and Loss Statements** ( for the period ended 30 September 2004 compared to the period ended 30 September 2003) :

*Operating Revenues*

Operating revenues of Rp7,803.5 billion in the nine months of 2004 increased by 29.8% compared to the same period last year, mainly due to cellular revenues growth.

Cellular revenues amounted to Rp5,342.6 in nine months of 2004, increased by 46.7% compared to the same period last year mainly due to the increase in number of subscribers. A 108.5% increase in net additional subscribers year-on-year, compensate for the decline in blended ARPU.

Fixed Telecommunication revenues amounted to Rp1,277.3 in nine months of 2004 consist of international calls revenues of Rp1,275.0 billion and fixed wireless access “StarOne” revenues of Rp2.3 billion. International calls revenues declined by 9.1% yoy from Rp1,403.1 billion in nine months of 2003 to Rp1,275.0 billion in nine months of 2004, mainly due to the decline in outgoing minutes, special discount rate on IDD 008 and a lower settlement rate for incoming calls.

MIDI revenues grew by 23.8% compared to same period last year mainly due to the increased demand for wholesale leased circuit communication services both in international and domestic market.

*Operating expenses*

Depreciation and amortization of intangible assets expense increased by 41.9% was due primarily to the addition of the Company’s assets related to cellular business expansion.

The 34.3% increase in personnel costs was mainly due to the increase in ESOP compensation expense of Rp57.0 billion, healthcare for pensioners expense of Rp29.3 billion and an increase in outsourcing expenses of Rp46.8 billion. The

remaining increase was mostly contributed by the increase in salary, incentives & allowance and accrual of bonuses.

Compensation expenses decreased by 37.8% mainly due to increased proportion of minutes routed to our own network (on-net). Compensation expense mainly consists of interconnect to other operators for IDD.

The increase in maintenance expense of 56.5% was mainly due to the expansion of our cellular network and equipment.

The increase in marketing expense of 21.1% in the period was due to the aggressive marketing efforts in terms of promotion and advertising.

General and administrative expense declined by 18.1% which was mainly due to the rationalization of accounting policy in the provision on doubtful account policy for receivables from other operators, which was applied starting from the second quarter of this year.

Leased circuit expense slightly increased by 2.8% which was due to the increase in our leased line expenses related to the increase of our leased line business subscribers.

The increase in other cost of services expenses amounting to Rp342.5 billion from Rp670.4 billion in nine months 2003 to Rp1,012.9 billion in nine months 2004 or grew by 51.1% was mainly due to (a) increase in cost of SIM card as a result of increase in subscribers, (b) increase in concession fee (1% of revenue) as we increase revenue, (c) increase in radio frequency license due to the expansion and increase in the number of BTS, (d) increase in site rent as due to the expansion of BTS, BSC & MSC, and (e) increase in utilities expense and (f) the increase in cost of value add services content provider.

#### *Operating Income and EBITDA*

For the period ended 30 September 2004, we recorded an operating income of Rp 2,674.5 billion or increased by 38.2% compared to same period last year and EBITDA of Rp4,597.5 billion or increased by 39.7%. EBITDA margin for the period was recorded as 58.9%.

#### *Other income*

Other income (expense) grew by 21.8% from (Rp524.7) billion in nine months of 2003 to (Rp639.1) billion in nine months 2004, due to the following :

Gain on sale of investment of associated companies of Rp283.4 billion was primarily due to the sale of MGTI in the first quarter of 2004.

Foreign exchange losses of Rp62.0 billion which was mainly due to the depreciation of Rp currency against US\$ during nine months of 2004. As of January 1, 2004, the exchange rate was Rp8,465 per US\$ 1.0, while it was Rp9,170 per US\$ 1 as of 30 September 2004.

Interest income increased by 44.0% which was mainly due to the higher cash and cash equivalent from Rp2,606.7 billion as of 30 September, 2003 to Rp4,200.2 billion as of 30 September 2004.

Financing cost increased by 41.6% mainly due to the interests of debts and bonds

that were raised in the fourth quarter of last year.

Amortization of goodwill decreased by 12.8% mainly due to deduction of goodwill balance due to reversal of deferred tax liabilities following the merger transaction.

Unrealized loss on fair value of derivatives of Rp68.7 billion was net fair value position per 30 September 2004 of cross currency swaps and interest rate swaps transactions which were entered into in the first half of 2004.

Others-net improved from a loss of Rp47.6 billion in the nine months of 2003 to become gain/income of Rp44.0 billion in nine months 2004 mainly due to the (a) income from submarine cable services Rp41.0 billion (b) divestment of AlphaNet amounted Rp8.6 billion (c) income from subsidiaries/affiliates Rp1.8 billion (d) income from penalty of late payment of Rp6.0 billion and (e) tax return of (PPH No 21 or income tax article No. 21) of Rp1.1 billion which more than offset the consultant fees/expenses of Rp15.0 billion.

#### *Income Tax*

Consolidated corporate income tax includes income tax expense-current of Rp216.0 billion and Income tax expense-deferred of Rp485.6 billion.

Income tax expense-current of Rp.216.0 billion was derived mainly from Lintasarta and IM2. Indosat's (parent company) income tax, until 30 September 2004 was nil due to fiscal loss carry over from prior years.

While income tax-deferred expense of Rp.485.6 billion was derived mainly from the utilization of Indosat's (parent company) fiscal-loss carry-over which can be compensated (30% of Rp934.6 billion taxable income or Rp280.4 billion).

#### *Net Income*

We recorded consolidated net income amounting to Rp1,378.6 billion for the period ended 30 September 2004, representing an increase of 143.3% compared to the same period last year.

### **STATUS OF BORROWINGS**

As of 30 September 2004, the Company had outstanding long term borrowings of Rp9,591.4 billion which includes :

- Long term debt of Rp 1,767.2 billion
- Current maturities of Long-term Debt of Rp358.0 billion
- Bonds payable - net of unamortized bonds and note issuance cost of Rp7,466.2 billion.

The table below summarizes major long-term debts of Indosat as of 30 September 2004.

Facility	Amount	Maturity	Interest Rate
<b>INDOSAT</b>			
Bonds I (Rp billion)	1,000	2006	Series A Fixed 18.5% pa Series B Floating, maximum 21% and minimum 16%

Bonds II (Rp billion)	1,250	2007	Various (Fixed, floating and revenue sharing/Syariah)
Bonds III (Rp billion)	2,500	2008 and 2010	12.5% and 12.875% fixed
U.S. Bonds (US\$ Million)	300	2010	7.75% (Fixed)
Secured Loan (Bank Syndicated) (Rp billion)			
- Mandiri	200	2008	6.25%+average dep rate (Mandiri, BNI, BCA)
- BNI	825	2008	5.83%+average dep rate (Mandiri, BNI, BCA)
- BCA	975	2008	5.33%+average dep rate (Mandiri, BNI, BCA)
<b>LINTASARTA</b>			
Bank loan(Rp billion)	151.8	2007	3-month time deposit rate guaranteed by BI + 3% - 3.5%
Convertible Bonds (Rp billion)	36.5	2006 - 2007	Fixed rate and floating rate

For the purpose of revenue sharing calculation on Indosat's Syariah Bond, the table below presented consolidated satellite revenue and IM2's Internet revenues as the basis for revenue sharing calculation.

Revenues In Mio Rp	Q1-04	Q2-04	Q3-04
Internet (from IM2)	44,763.5	39,956.3	87,885.5
Satellite (Indosat Consolidated)	39,771.9	35,767.8	39,891.4

## **CAPITAL EXPENDITURES**

In 2004, we plan to spend between \$650 – 700 million which (equivalent to Rp 6.1 trillion to 6.6 trillion) for capital expenditure of which around \$540 million (or Rp5.1 trillion) will be allocated for cellular.

In nine months of 2004, Indosat committed and spent around Rp5,845.4 billion for investment. Of this amount, Indosat has recorded Rp3,707.6 billion covering all payments of the projects which have passed the acceptance test.

The following figures are the breakdown of our committed and realized capital expenditures of Rp5,845.4 until September 30, 2004.

- (i) Rp4,810.6 billion for cellular network (40% for capacity enhancement, 35% for coverage extension and 25% for quality and modernization of network).
- (ii) Rp373.2 billion for fixed telecom
- (iii) Rp661.6 billion for MIDI

## OPERATIONAL RESULTS

### CELLULAR SERVICES

*3.014 million net additional subscribers in the nine months of 2004*

In the third quarter of 2004, net addition of subscribers were increase significantly of 1.622 million due to our new promotions so that total net addition in nine months were 3.014 million new customers and total Indosat cellular customers as of 30 September 2004 were recorded as 8.977 million customers.

The above achievement in subscriber growth in nine months 2004 was mainly as a result of the expansion and enhancement of our cellular network, our marketing campaign and promotion activities, as well as introduction of new cellular features and products.

However, while entering lower customer segment, we recorded ARPU Rp 87.5 thousand for the third quarter 2004 so that until September 2004 our ARPU was Rp 91.6 thousand.

The table below shows the quarterly trend in 2004, of net add, subscribers, revenues and ARPU.

Description	Unit	Q1-04	Q2-04	Q3-04
<b>Net Additions</b>				
Prepaid	(000) subs	607.4	731.6	1,552.7
Postpaid	(000) subs	20.6	32.5	69.8
Total	(000) subs	628.0	764.1	1,622.5
<b>Total Customers (YTD)</b>				
Prepaid	(000) subs	6,208.2	6,939.9	8,492.6
Postpaid	(000) subs	382.2	414.6	484.5
Total	(000) subs	6,590.4	7,354.5	8,977.0
<b>Revenues</b>				
Cellular	(Rp billion)	1,721.6	1,648	1,972.6
<b>ARPU *)</b>				
Blended	Rp	100,129	87,223	87,452

\*) Based on the average of monthly ARPU records.

Marketing and Promotion initiatives launched during the third quarter were :

- Indosat released a package program (Mentari Mudik & IM3-Super) for year end holiday program.
- Indosat launched Ring Back Tone (RBT) feature in BATAM, named 'I Ring' (customized & private ring back tone for caller number). This feature is currently available in Medan & Batam only.

- Joint marketing with banks / credit card issuer. Indosat Offer Matrix Postpaid with free monthly subscription package and special SMS & MMS tariff for HSBC cardholder.
- Indosat offered a 50% discount for local off peak calls (00:00 – 07:00) between Mentari subscribers and from Mentari made to PSTN.
- Indosat extended a gimmick program (IM3 Pulsa Shock) namely the Special SMS tariff : Rp100/sms between IM3 subscribers until 31 December 2004.
- The IM3 Smart Teenage Ambassador to represent IM3 Brands intended to increase brand awareness and positioning in youth community

#### *Network Development*

Integration of legacy Satelindo and IM3 cellular Networks has been being carried out, especially to achieve our target to finalize the integration of network in greater Jakarta and Bali in fourth quarter of 2004.

In term of network quality, our network quality shows improvement from time to time. As of September 30, 2004, our CSSR is 97.31% and our CCR is 98.95%.

### **FIXED TELECOMMUNICATION SERVICES**

#### *IDD Services*

Quarterly trend as shown in the table below, indicating a declining trend on both incoming and outgoing minutes due to competition from VoIP and other IDD operator.

While to defend our IDD, Indosat has engaged several key promotions such as :

- Continued IDD 008 discount program (national coverage) and Special Program on Batam.
- Continued promotion IDD 001 and 008 price via ISAT cellular
- Customize program to selected customers

Description	Unit	Q1-04	Q2-04	Q3-04
Outgoing	(000) minutes	57,125	50,337	42,315
Incoming	(000) minutes	171,003	157,229	149,237
Total IDD	(000) minutes	228,127	207,566	191,552
I/O Ratio		2.99	3.10	3.53
Revenue	(Rp billion)	440	505	332

#### *Fixed Wireless Access*

As of September 30, 2004, our fixed wireless access “StarOne” recorded a total subscriber base of 22,499 consisted of 5,852 postpaid customers and 16,647 prepaid customers. This customer base includes customers of 10,387 in Jakarta area, and 12,112 in Surabaya area. Our fixed wireless access recorded a blended ARPU of Rp60,460 derived from Rp114,024 of Postpaid ARPU and Rp43,919 of Prepaid ARPU.

## MIDI SERVICES

Indosat's International High Speed Leased Circuits-wholesale grew due to increasing demand of wholesale market.

In addition, there was an increase in net addition of IM2's Internet dial up customers in third quarter 2004 following the launch of IM2's prepaid Internet access card and wireless LAN (Wi-Fi) service called "Hotspot" in well known shopping malls and café in Jakarta.

However, Lintasarta's Leased Circuit, Digital Data Network services and Packet Switch Data Network showed a declining trend, particularly due to the mature technology, and migration of customers to the advanced and more efficient technology (Frame Relay, VSAT and IP VPN).

Services	Unit	Q1-04	Q2-04	Q3-04
<b>INDOSAT</b>				
<b>Wholesale</b>				
International High speed Leased circuit	Circuit	1,945	2,571	2,529
Domestic High Speed Leased Circuit	Circuit	700	1,993	2,746
Satellite Transponder Leased	Transponder	20.90	23.70	23.61
<b>Datacom</b>				
International High Speed Leased Circuit	Circuit	594	610	616
Domestic High Speed Leased Circuit	Circuit	2,809	2,999	3,127
Frame Relay	Port	1,008	1,033	937
<b>LINTASARTA</b>				
High speed Leased line	Link	2,002	1,880	1,814
Frame Relay	Access	3,823	3,960	4,049
VSAT	Terminal	1,256	1,268	1,314
Internet Dial Up	User	2,276	2,146	2,144
Internet Dedicated	Link	262	273	269
<b>IM2</b>				
Internet Dial Up	Subs	25,754	24,139	24,886
Internet Dedicated	Circuit	610	625	632

In the third quarter of 2004, Indosat engaged several initiatives in the MIDI business such as :

- Study of Implementation of the MPLS Domestic & International Network & Product for retail and wholesale customer
- Implementation ACASIA Mid Year Promo (Frame Relay off 25% & IPLC off 20%)
- To develop new product development (Metro Ethernet)

## **RECENT DEVELOPMENT**

### *Indosat was granted the 3-G License*

The Government of Indonesia through the Ministry of Communication has granted in principle Indosat with 3-G license. In October 2004, Indosat received the MoC's letter signed by the Minister of Communication ad. int. Mr. Soemarno which confirms the Government's approval for the Company's proposal on the development plan of mobile cellular network using the 3-G technology. Following this in-principle license, the Company will discuss in soon with the Directorate General of Post and Telecommunication of the MoC on the determination of frequency allocation.

### *Extraordinary General Meeting of Shareholders.*

Indosat held its Extraordinary General Meeting of Shareholders on September 30, 2004. The EGMS approved the change of BOD composition and amend some articles of the Company's Article of Associations. The EGMS discharged with thanks and gratitude, Mr. Widya Purnama as the President Director and Mr. Nicholas Tan Kok Peng as the Finance Director of the Company. The EGMS also appointed Mr. Heang-Tuck Wong as the Finance Director and Mr. Joseph Chan Lam Seng as the Information and Technology Director, both for the remaining term of office of other member of the Board of Directors who are still in office, namely until the closing of the Annual General Meeting of Shareholders in the year 2005. Further so long is no President Director, the duties of the President Director will be covered by the Deputy President Director.

### *Indosat Signed an Agreement on the Development of CDMA 2000-1x Network for Yogyakarta Area*

On October 22, 2004, PT Indosat Tbk ("Indosat"), Special Regional Government of Yogyakarta, PT Jogja Telpun Cerdas and PT Cipta Amanda signed an agreement on the development of CDMA 2000-1x Network to provide local, Domestic Long Distance and International with the fixed wireless technology for Yogyakarta area. The signing ceremony had been witnessed by Sri Sultan Hamengkubuwono X, the Governor of Daerah Istimewa Yogyakarta in Pracimasono Building, Kepatihan Yogyakarta. For the first step, within three years Indosat has committed to develop 200.000 lines of fixed wireles network.

Under the scheme of this Revenue Sharing Project, PT Jogja Telpun Cerdas will build and finance the construction of the network and telecommunications infrastructure, and participate on the project operational aspect and transfer of the assets of telecommunications infrastructure to Indosat in the end of revenue sharing period. Based on the calculate assumption, the Revenue Sharing Period had been planned for a maximum of 10 years and may be extended for maximum of 2 years

### *Indosat's 10 Years Anniversary as Listed Company*

Indosat celebrated its 10<sup>th</sup> anniversary as a publicly listed company in October 2004. In October of 1994, Indosat listed its shares on the Jakarta, Surabaya and New York Stock Exchanges and became one of the first Indonesian companies listed in the New York Stock Exchange. In honors of the occasion, Indosat Board of Directors was in the Closing Bell(sm) at the New York Stock Exchange on 8

October 2004. Indosat also held an annual public expose in the Jakarta Stock Exchange and also commemorated its 10<sup>th</sup> anniversary as a publicly listed company.

**Disclaimer:**

*This document contains certain financial information and results of operation, and may also contain certain projections, plans, strategies, and objectives of Indosat, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law.*

*Forward looking statements are subject to risks and uncertainties that may cause actual events and Indosat's future results to be materially different than expected or indicated by such statements. No assurance can be given that the results anticipated by Indosat, or indicated by any such forward looking statements, will be achieved.//*

*Celebrating 10<sup>th</sup> Anniversary of Indosat as a Publicly Listed Company (1994 – 2004)*

**PT Indosat Tbk and Subsidiaries**  
*Key Operational Data*  
YTD For The Year Ended 30 June 2003 and 2004

Description	YTD Ended	YTD Ended	Growth
	30 June 2003	30 June 2004	3=(2-1)/1
	<b>1</b>	<b>2</b>	
<b>CELLULAR</b>			
Total Net Additions			
Prepaid	688,098	1,338,997	94.6%
Postpaid	41,183	53,075	28.9%
<b>Total Net Additions</b>	<b>729,281</b>	<b>1,392,072</b>	<b>90.9%</b>
Total Subscribers (As of End of Period)			
Prepaid	4,029,171	6,939,879	72.2%
Postpaid	282,759	414,637	46.6%
<b>Total Cellular Subscribers</b>	<b>4,311,930</b>	<b>7,354,516</b>	<b>70.6%</b>
ARPU Postpaid	348,059	282,480	-18.8%
ARPU Prepaid	87,441	80,508	-7.9%
<b>ARPU Blended</b>	<b>104,530</b>	<b>92,281</b>	<b>-11.7%</b>
<b>IDD</b>			
Outgoing Traffic (in 000 minute)	119,966	107,319	-10.5%
Incoming Traffic (in 000 minute)	278,757	328,232	17.7%
Total Traffic (in 000 minute)	398,723	435,551	9.2%
I/C Ratio	2.32	3.06	31.6%
<b>MIDI</b>			
<b>Indosat : (Accumulated Numbers)</b>			
<b>Wholesale</b>			
International High Speed Leased Circuit	1,032	2,171	110.4%
Domestic High Speed Leased Circuit	621	1,993	220.9%
Satellite Transponder Leased (Transponder)	19.36	23.33	20.5%
<b>Datacom</b>			
International High Speed Leased Circuit	459	564	22.9%
Domestic High Speed Leased Circuit	2,204	3,003	36.3%
Frame Relay (number of ports)	719	835	16.1%
<b>Lintasarta : (Accumulated Numbers)</b>			
High Speed Leased Line (number of links)	2,265	1,880	-17.0%
Frame Relay (number of access)	3,166	3,960	25.1%
VSAT (number of terminal) - VSAT-NET/IP	778	1,268	63.0%
Internet Dial Up (users)	2,210	2,146	-2.9%
Internet Dedicated (number of links)	233	273	17.2%
<b>IM2</b>			
Internet Dial Up (subs)	26,364	24,139	-8.4%
Internet Dedicated (subs)	535	625	16.8%
<b>EMPLOYEES</b>			
<b>Indosat and its subsidiaries</b> (including non permanent employees)	6,205	7,210	16.2%

**PT INDONESIAN SATELLITE CORPORATION Tbk AND SUBSIDIARIES**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2003 AND 2004**  
(In Billions of Indonesian Rupiah and Millions of US\$)

DESCRIPTION	CONSOLIDATED		
	2003 Rp	2004 Rp	US\$ (1)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2,475.2	5,072.4	538.8
Short term investment - net of allowance	187.8	101.7	10.8
Accounts receivable - net of allowance			
Trade :			
Related parties			
PT Telkom	273.2	379.3	40.3
Others	274.4	208.0	22.1
Third parties	763.2	1,103.8	117.2
Others :			
Third parties	119.2	31.8	3.4
Swap contracts	-	-	-
Inventories	87.7	120.3	12.8
Advances	52.2	86.7	9.2
Prepaid taxes and expenses	625.9	608.7	64.7
Other current assets	23.1	42.3	4.5
<b>Total Current Assets</b>	<b>4,881.8</b>	<b>7,755.1</b>	<b>823.7</b>
<b>NON-CURRENT ASSETS</b>			
Due from related parties - net of allowance	37.0	59.1	6.3
Deferred tax assets - net	152.2	40.6	4.3
Investment in associated companies - net of allowance	166.2	46.8	5.0
Other long-term investments - net of allowance	260.3	102.2	10.9
Property and equipment - net	12,489.5	15,171.3	1,611.4
Goodwill and other intangible assets - net	3,976.8	3,178.8	337.6
Long-term receivables	132.9	131.2	13.9
Long-term prepaid pension - net of current portion	264.4	249.0	26.4
Long term advance	28.5	487.5	51.8
Other non-current assets	288.3	482.3	51.2
<b>Total Non-Current Assets</b>	<b>17,796.1</b>	<b>19,948.9</b>	<b>2,118.8</b>
<b>TOTAL ASSETS</b>	<b>22,677.9</b>	<b>27,704.0</b>	<b>2,942.5</b>

(1) Translated into dollars based on average buying and selling rate of US\$ 1.00 = Rp 9,415,- which are published by Indonesian Central Bank on June 30, 2004.

**PT INDONESIAN SATELLITE CORPORATION Tbk AND SUBSIDIARIES**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2003 AND 2004**  
(In Billions of Indonesian Rupiah and Millions of US\$)

DESCRIPTION	CONSOLIDATED		
	2003 Rp	2004 Rp	2004 US\$ (1)
<b>CURRENT LIABILITIES</b>			
Short-term loans	3.5	18.3	1.9
Accounts payable - trade :			
Related parties	26.9	7.7	0.8
Third parties	139.0	182.4	19.4
Dividend payable	153.3	762.2	81.0
Procurement payable	685.3	1,882.9	200.0
Taxes payable	333.9	119.7	12.7
Accrued expenses	545.6	1,085.3	115.3
Unearned income	501.8	622.5	66.1
Deposits from customers	13.0	24.9	2.6
Swap contracts	-	38.7	4.1
Current maturities of long-term debt :			
Related parties	5.2	168.2	17.9
Third parties	570.2	189.8	20.2
Other current liabilities	46.0	68.8	7.3
<b>Total Current Liabilities</b>	<b>3,023.8</b>	<b>5,171.4</b>	<b>549.3</b>
<b>NON-CURRENT LIABILITIES</b>			
Due to related parties	22.0	15.8	1.7
Deferred tax liabilities - net	1,313.5	329.3	35.0
Swap contracts	-	249.2	26.5
Long-term debt - net of current maturities :			
Related parties	1,951.7	841.6	89.4
Third parties	1,301.4	870.0	92.4
Bonds payable	3,861.0	7,537.6	800.6
Other non-current liabilities	213.0	230.7	24.5
<b>Total Non-Current Liabilities</b>	<b>8,662.6</b>	<b>10,074.1</b>	<b>1,070.0</b>
<b>MINORITY INTEREST</b>	137.4	154.7	16.4
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock	517.7	517.7	55.0
Premium on capital stock	673.1	673.1	71.5
Differences in value from restructuring transactions of entities under common control	4,467.7	4,610.9	489.7
Difference in transactions of equity changes in associated companies / subsidiaries	284.2	403.8	42.9
Stock options	-	54.6	5.8
Difference in foreign currency translation	-	0.4	0.0
Unrealized comprehensive income	-	-	-
Retained Earning :			
Appropriated	17.9	33.6	3.6
Unappropriated	4,491.3	5,292.0	562.1
Net income this period	402.1	717.6	76.2
<b>Total Retained Earning</b>	<b>4,911.3</b>	<b>6,043.2</b>	<b>641.9</b>
<b>Net Shareholders' Equity</b>	<b>10,854.1</b>	<b>12,303.8</b>	<b>1,306.8</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>22,677.9</b>	<b>27,704.0</b>	<b>2,942.5</b>

(1) Translated into dollars based on average buying and selling rate of US\$ 1.00 = Rp 9,415,-

PT INDONESIAN SATELLITE CORPORATION Tbk AND SUBSIDIARIES  
 BALANCE SHEET  
 AS OF JUNE 30, 2003 AND 2004  
 (In Billions of Indonesian Rupiah and Millions of US\$)

DESCRIPTION	CONSOLIDATED		
	2003 Rp	Rp	2004 US\$ (1)

which are published by Indonesian Central Bank on June 30, 2004.

**PT INDONESIAN SATELLITE CORPORATION Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2003 & 2004**  
(In Billions of Indonesian Rupiah and Millions of US\$, except for EPS and Earning per ADS)

DESCRIPTION	Six Months Ended June 30,			Growth
	2003	2004		
	Rp	Rp	US \$	
<b>OPERATING REVENUES</b>				
Cellular	2,232.3	3,370.0	357.9	51.0%
International calls	986.4	945.0	100.4	-4.2%
Multimedia, Data Communication, Internet ("MIDI")	615.8	725.2	77.0	17.8%
Other services	47.8	33.8	3.6	-29.3%
<b>TOTAL OPERATING REVENUES</b>	<b>3,882.3</b>	<b>5,074.0</b>	<b>538.9</b>	<b>30.7%</b>
<b>OPERATING EXPENSES</b>				
Depreciation & amortization	846.9	1,245.8	132.3	47.1%
Personnel costs	434.8	544.0	57.8	25.1%
Maintenance	148.4	240.2	25.5	61.8%
Compensation to telecommunications carriers & service providers	345.3	235.5	25.0	-31.8%
Administration and general	207.4	178.7	19.0	-13.8%
Marketing	120.3	124.8	13.3	3.8%
Leased circuit	87.4	87.0	9.2	-0.5%
Other costs of services	464.5	678.8	72.1	46.1%
<b>TOTAL OPERATING EXPENSES</b>	<b>2,655.1</b>	<b>3,334.8</b>	<b>354.2</b>	<b>25.6%</b>
<b>OPERATING INCOME</b>	<b>1,227.1</b>	<b>1,739.2</b>	<b>184.7</b>	<b>41.7%</b>
<b>OTHER INCOME(EXPENSES)</b>				
Gain on sale of investments in associated company	0.0	278.7	29.6	100.0%
Interest income	87.8	114.0	12.1	29.9%
Financing cost	(378.8)	(573.1)	(60.9)	51.3%
Loss on fair value of derivatives	0.0	(287.9)	(30.6)	100.0%
Amortization of goodwill	(129.8)	(113.2)	(12.0)	-12.8%
Gain (loss) on foreign exchange - net	229.1	(110.0)	(11.7)	-148.0%
Others - net	(62.7)	10.4	1.1	116.6%
<b>TOTAL OTHER INCOME(EXPENSES)</b>	<b>(254.4)</b>	<b>(681.0)</b>	<b>(72.3)</b>	<b>167.7%</b>
<b>EQUITY IN NET INCOME OF ASSOCIATED COMPANIES</b>	<b>6.0</b>	<b>61.6</b>	<b>6.5</b>	<b>927.4%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>978.8</b>	<b>1,119.9</b>	<b>119.0</b>	<b>14.4%</b>
<b>INCOME TAX BENEFIT (EXPENSE)</b>				
Current	(372.1)	(39.5)	(4.2)	-89.4%
Deferred	(195.9)	(350.8)	(37.3)	79.1%
<b>TOTAL INCOME TAX BENEFIT (EXPENSE)</b>	<b>(568.0)</b>	<b>(390.3)</b>	<b>(41.5)</b>	<b>-31.3%</b>
<b>INCOME BEFORE MINORITY INTEREST IN NET INCOME OF OF SUBSIDIARIES</b>	<b>410.8</b>	<b>729.6</b>	<b>77.5</b>	<b>77.6%</b>
<b>MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES</b>	<b>(8.7)</b>	<b>(12.0)</b>	<b>(1.3)</b>	<b>37.5%</b>
<b>PREACQUISITION INCOME</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>NET INCOME</b>	<b>402.1</b>	<b>717.6</b>	<b>76.2</b>	<b>78.5%</b>
<b>BASIC EARNINGS PER SHARE</b>	<b>77.66</b>	<b>138.61</b>	<b>0.01</b>	<b>78.5%</b>
<b>DILUTED EARNINGS PER SHARE</b>	<b>77.66</b>	<b>137.47</b>	<b>0.01</b>	<b>77.0%</b>
<b>BASIC EARNINGS PER ADS (50 B shares per ADS)</b>	<b>3,882.23</b>	<b>6,930.37</b>	<b>0.74</b>	<b>78.5%</b>
<b>DILUTED EARNINGS PER ADS</b>	<b>3,882.23</b>	<b>6,873.70</b>	<b>0.73</b>	<b>77.1%</b>

(1) Translated into dollars based on average buying and selling rate of US\$ 1.00 = Rp 9,415,- which are published by Indonesian Central Bank on June 30, 2004.

(2) Percentage changes may vary due to rounding.