



First Quarter 2010 Results Investor Memo

25 August 2010

PT Indosat Tbk

IDX : ISAT
NYSE : IIT

Market Capitalization
(As at 31 March 2010)
IDR 29,89 trillion

Issued Shares
5,433,933,500

Share Price (NYSE:IIT)
(As at 31 March 2010) US\$30.46
Hi/Lo (3 months) US\$33.96/US\$25.38

Share Price (IDX:ISAT)
(As at 31 March 2010) IDR5,500.-
Hi/Lo (3 months) IDR6,200/IDR4,700

Shareholder Structure
(As at 31 March 2010)

Qtel Asia	65.00%
Republic of Indonesia	14.29%
Free Float	20.71%

IDR to USD Conversion
1 USD = IDR9,115 (31 March 2010)

Corporate and Bond Ratings
(at 31 March 2010)

Moodys : Negative Outlook
: Ba1

S&P : Stable Outlook
: BB

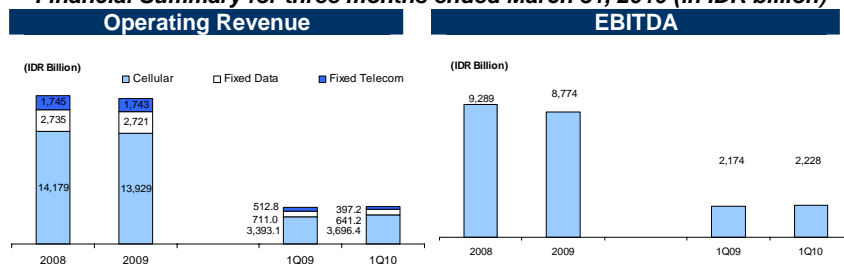
Fitch : Stable Outlook
: BBB-

Pefindo : Negative Outlook

idAA+/Local Currency Debt
idAA+(sy)/Local Sukuk Ijarah

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Financial Summary for three months ended March 31, 2010 (in IDR billion)



	1Q 2009	1Q 2010	Change (%)
Operating Revenue	4,616.9	4,734.7	2.6
Operating Income	1,056.1	746.0	-29.4
Net Income	119.5	278.0	132.6
EBITDA*	2,173.7	2,227.6	2.5

Balance Sheet as of March 31, 2010 (in IDR billion)

	1Q 2009	1Q 2010	Change (%)
Total Assets	53,444.1	53,991.8	1.0
Total Liabilities	35,626.3	35,428.7	-0.6
Total Stockholders' Equity	17,525.7	18,232.2	4.0
Total Debt	22,970.3	24,937.4	8.6

Financial Ratios** as at 31 March 2010

	Formula	1Q 2009 (%)	1Q 2010 (%)
EBITDA Margin	EBITDA/Operating Revenues	47.1	47.0
Interest Coverage	EBITDA/Interest Expense	514.1	466.1
Gross Debt to Equity	Gross Debt / Total Equity	130.8	136.0
Debt to EBITDA	Gross Debt / Total EBITDA	251.7	286.1

Results Highlights

- Operating revenues grew by 2.6% in 1Q 2010 compared to 1Q 2009. Cellular revenues increased by 8.9%, as the company began to benefit from its strategic shift towards a value and segmented approach to the market. Increased in cellular revenue was resulted from the 12.8% increased in cellular subscribers, (from 33.4 million in 1Q 2009 to 37.7 million in 1Q 2010).
- Revenue from Fixed Data (MIDI) services decreased by 9.8% YoY, as a result of a decrease in revenue on internet, frame relay services and leased line resulting from intensified competition.
- Fixed Voice (Fixed Telecom) revenues decreased by 22.5% resulting from decreased IDD revenue due to the appreciation of the IDR vs. USD and decreased FWA revenues.

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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.

**FIRST QUARTER 2010
OPERATING AND LIMITED REVIEWED FINANCIAL
RESULTS**

PT Indosat Tbk ("Indosat" or "the Company") released its limited reviewed consolidated financial statements for the First Quarter 2010 ("1Q 2010"). The financial statements have been prepared in accordance with the Indonesian Generally Accepted Accounting Principles (GAAP).

STATEMENT OF INCOME

Operating revenues of IDR4,734.7 billion were recorded in 1Q 2010, increase by IDR117.8 billion or 2.6% YoY. Indosat's Cellular, Fixed Data and Fixed Voice businesses contributed 78%, 14% and 8% respectively to consolidated operating revenues.

- **Cellular revenues** increased by 8.9% for the 1Q 2010, attributable to an increase of 12.8% in the subscriber base and growth of 10.7% in Average Revenue Per User (ARPU) on a YoY basis. Value added service revenues also increased by 25.6% YoY as a result of increased wireless broadband revenues driven by the increasing demand in this segment.
- **Fixed Data (MIDI) revenues** decreased by 9.8% on a YoY basis driven largely by increased competition which in turn impacted churn and declines in the tariff structure.
- **Fixed Voice (Fixed Telecom) revenues** decreased by 22.5% on a YoY basis resulting from decreased IDD revenue due to the appreciation of the IDR vs. USD and decreased FWA revenues.

Operating expenses of IDR3,988.7 billion were recorded for the 1Q 2010, an increase of IDR427.8 billion or 12.0% YoY. The increase was a result of an accelerated Depreciation & Amortization charges and rise in marketing costs.

- **Depreciation and Amortization:** increased by IDR364.0 billion or 32.6% YoY, due to ongoing growth of the fixed asset base.
- **Marketing expenses:** increased by IDR42.8 billion or 22.1% YoY, driven by intensified marketing programs targeting higher value customers.
- **Cost of Services:** increased by IDR12.0 billion or 0.7% YoY as a result of increased government levies relating to frequency fees, annual 3G license payments (including second carrier), Universal Service Obligation (USO) and concession fees. Other key drivers to the increases included site utilities, site rentals and maintenance.
- **Personnel expenses:** increased by IDR9.7 billion or 2.6% YoY owing to an increase in incentives and other benefits, pension, early retirement provisions, salaries, as well as an increase in employee income taxes.
- **General and Administration expenses:** decreased by IDR0.6 billion or 0.4% YoY, following the implementation of a cost efficiency program designed to minimize non-operational costs.

**CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2009 AND 2010 (Unaudited)
(Expressed in Billions of Indonesian Rupiah and Millions of U.S. Dollar)**

Description	Three Months Ended			Growth (2)
	March, 31		US\$ (1)	
	2009	2010		
	IDR	IDR		
OPERATING REVENUE				
Cellular	3,393.1	3,696.4	405.5	8.9%
Multimedia, Data Communication, Internet (MIDI)	711.0	641.2	70.3	-9.8%
Fixed Telecommunication	512.8	397.2	43.6	-22.5%
TOTAL OPERATING REVENUE	4,616.9	4,734.7	519.4	2.6%
OPERATING EXPENSES				
Cost of Service	1,712.4	1,724.4	189.2	0.7%
Depreciation & Amortization	1,117.6	1,481.5	162.5	32.6%
Personnel	372.4	382.0	41.9	2.6%
Marketing	193.6	236.4	25.9	22.1%
General and Administration	164.9	164.3	18.0	-0.4%
TOTAL OPERATING EXPENSES	3,560.8	3,988.7	437.6	12.0%
OPERATING INCOME	1,056.1	746.0	81.8	-29.4%
OTHER INCOME (EXPENSES)				
Gain (loss) on foreign exchange - net	(467.2)	359.1	39.4	-176.9%
Interest Income	67.0	33.9	3.7	-49.4%
Financing Cost	(452.2)	(548.3)	(60.1)	21.2%
Gain (loss) on change in fair value of derivatives - net	78.0	(97.6)	(10.7)	-225.1%
Amortization of goodwill	(59.1)	(56.6)	(6.2)	-4.1%
Others - net	(19.5)	(16.1)	(1.8)	-17.6%
TOTAL OTHER EXPENSES - Net	(852.9)	(325.5)	(35.7)	-61.8%
INCOME BEFORE INCOME TAX	203.2	420.5	46.1	107.0%
INCOME TAX EXPENSE - Net	(69.5)	(127.8)	(14.0)	83.8%
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES	(14.1)	(14.7)	(1.6)	4.3%
NET INCOME	119.5	278.0	30.5	132.6%

1) Translated into U.S. dollars using IDR9,115 to US\$1 (in full amounts) as the prevailing exchange rate as of the balance sheet date
2) Percentage changes may vary due to rounding.

Other expenses: decreased by IDR527.4 billion or 61.8% YoY driven primarily by foreign exchange movements.

- **Gain on Foreign Exchange-Net and Loss on change in fair value of Derivatives-Net:** Indosat recorded a net foreign exchange gain in 1Q 2010 of IDR359.1 billion versus a loss of IDR467.2 billion in the prior year. This gain was driven primarily by the strengthening of the Rupiah against the US Dollar. Indosat also recorded a loss on the change in fair value of derivatives in 1Q 2010 of IDR97.6 billion, compared to the gain on change in fair value of derivative of IDR78.0 billion on prior year.
- **Financing costs:** increased by IDR96.0 billion or 21.2% YoY as a result of higher overall debt.
- **Interest income:** decreased by IDR33.1 billion or 49.4% YoY as a result of lower average cash balances and lower average interest rates.

Balance Sheet

Total assets increased by 1.0% to IDR53,991.8 billion.
Total liabilities decreased by 0.6% to IDR35,428.7 billion.
Total stockholder equity increased by 4.0% to IDR18,232.2 billion.

- Current assets decreased by 22.2% to IDR6,507.3 billion, resulting from capital expenditure payments related to expansion of the network.
- Non-current assets (property and equipment) increased by 5.3% to IDR47,484.5 billion, driven largely by additional cellular and satellite assets.
- Current liabilities increased by 9.0% to IDR12,211.0 billion as a result of some of the long term liabilities becoming current in the period.
- Non-current liabilities decreased by 4.9% to IDR23,217.7 billion, as a result of additional credit facilities from BCA, Mandiri, EKN and additionally from the Indosat bond VII and Sukuk Ijarah IV.

Description	2009		2010		Growth (2)
	IDR	IDR	US\$ (1)		
ASSETS					
Current Assets	8,362.8	6,507.3	713.9	-22.2%	
Non Current Assets	45,081.4	47,484.5	5,209.5	5.3%	
TOTAL ASSETS	53,444.1	53,991.8	5,923.4	1.0%	
LIABILITIES					
Current Liabilities	11,200.1	12,211.0	1,339.7	9.0%	
Non-Current Liabilities	24,426.2	23,217.7	2,547.2	-4.9%	
TOTAL LIABILITIES	35,626.3	35,428.7	3,886.9	-0.6%	
MINORITY INTEREST	292.1	330.8	36.3	13.3%	
TOTAL STOCKHOLDERS' EQUITY	17,525.7	18,232.2	2,000.2	4.0%	
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	53,444.1	53,991.8	5,923.4	1.0%	

1) Translated into U.S. dollars using IDR9,115 to US\$1 (in full amounts) as the prevailing exchange rate as of the balance sheet date
2) Percentage changes may vary due to rounding.

Cash Flows and Capital Expenditure

Cash-out capital expenditures in the 1Q 2010 was IDR1,734.5 billion. Of this amount, approximately 80% was allocated to cellular, with the balance allocated to fixed telecom, fixed data, infrastructure and IT.

Description	2009		2010	
	IDR	IDR	US\$ (1)	
Net Cash Provided by Operating Activities	1,672.1	1,645.1	180.4	
Net Cash Used in Investing Activities	(3,399.0)	(1,195.1)	(131.1)	
Net Cash Provided by Financing Activities	442.6	(203.6)	(22.3)	
Net Increase (Decrease) in Cash and Cash Equivalents	(1,284.3)	246.4	27.0	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,737.9	2,836.0	311.1	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,453.6	3,082.4	338.2	

1) Translated into U.S. dollars using IDR9,115 to US\$1 (in full amounts) as the prevailing exchange rate as of the balance sheet date

STATUS OF DEBT

Total outstanding debt: As at 31 March 2010, the Company had total outstanding debts of IDR24,937.4 billion. The Company has hedging facilities in place covering USD509.0 million or 44.1% of the Company's USD denominated bonds and loans. The Company's cash position as at 31 March 2010 stood at IDR3,082.4 billion and net debt at IDR21,855.0 billion. The composition of Indosat debt is as follows:

- 55.0% or IDR13,718.2 billion in loans
- 45.0% or IDR11,219.2 billion in bonds

Currency breakdown of total debt as follows:

- 58.5% Indonesian Rupiah denominated
- 41.5% US Dollar denominated

LOANS AND BONDS PAYABLE

Facility	Amount	Maturity	Interest Rate
Indosat			
IDR Bond (IDR Million)			
Bond II	200	2032	Series B Fixed 16% p.a
Bond III	640	2010	Series B Fixed 12.875% p.a
Bond IV	815	2011	Fixed 12.0% p.a
Bond V	2,600	2014&2017	Series A Fixed 10.2% p.a and Series B Fixed 10.65% p.a
Bond VI	1,080	2013&2015	Series A Fixed 10.25% p.a and Series B Fixed 10.8% p.a
Bond VII	1,300	2014&2016	Series A Fixed 11.25% p.a and Series B Fixed 11.75% p.a
USD Bond (USD Million)			
Guaranteed Notes I	234.74	2010	Fixed 7.75% p.a
Guaranteed Notes II	109.41	2012	Fixed 7.125% p.a
Sharia Bond (IDR Billion)			
Syariah Ijarah I	285	2011	Fixed Ijarah Return amounting to IDR8.55 payable on a quarterly basis
Sukuk Ijarah II	400	2014	Fixed Ijarah Return amounting to IDR10.20 payable on a quarterly basis
Sukuk Ijarah III	570	2013	Fixed Ijarah Return amounting to IDR14.61 payable on a quarterly basis
Sukuk Ijarah IV	200	2014&2016	Fixed Ijarah Return amounting to IDR0.79 and IDR5.05 payable on a quarterly basis for Series A and B respectively
IDR Loan (IDR Billion)			
Mandiri Loan 1	1,600	2012	Fixed rate of 9.75% and 10.5% for the First 2 years, floating rate 3 month JIBOR + 1.5% for the following year
Mandiri Loan 2	1,000	2014	Floating Rate based on 3 Month JIBOR + 4% p.a
BCA Loan 1	1,600	2012	Fixed rate of 9.75% and 10.5% for the First 2 years, floating rate 3 month JIBOR + 1.5% for the following year
BCA Loan 2	400	2012	Floating Rate based on 3 Month JIBOR + 2.25% p.a
BCA Loan 3	1,000	2014	Floating Rate based on 3 Month JIBOR + 4% p.a
DBS Loan	400	2013	Fixed rate of 9.7% and 10.4% for the First 2 years, floating rate prevailing annual interest rate of 3 months Certificates of Bank Indonesia +1.5% for the following year
Goldman Sachs International (GSI)	434.3	2013	Fixed annual rate 8.75% times IDR434.3 billion. Fixed annual rate 6.45% times US\$50 million if GSI exercise its option on the beginning of the 5th year
USD Loan (USD Million)			
Finnish Export Credit Facility	11.40	2011	Fixed 4.15% p.a
HSBC France - Coface	149.33	2019	Fixed 5.69% p.a
9 Year Commercial Facility	25.69	2016	Floating Rate based on US LIBOR + 1.45% p.a
HSBC France - Sinosure	41.99	2019	Floating Rate based on US LIBOR + 0.35% p.a

Facility	Amount	Maturity	Interest Rate
USD Loan (USD Million)			
Syndicated USD Loan Facility	450.00	2013	Floating Rate based on 6m US LIBOR + 1.85% p.a.*
EKN Loan	131.64	2017	Floating Rate based on 6m US LIBOR + 2.87% p.a over USD 92.86; Fixed Rate 4.26% over USD 38.79
Lintasarta			
IDR Bond (IDR Billion)			
Limited Bond I **	17.0	2012	Floating maximum 19% p.a and minimum 12.75% p.a
Limited Bond II **	25.0	2012	Floating maximum 19% p.a and minimum 12.75% p.a
IDR Loan (IDR Billion)			
Facility 5 From Niaga	19.9	2011	Annual Rate of 1-month Certificated of Bank Indonesia + 2.25% p.a
Facility 6 From Niaga	75.0	2012	Fixed 14.5% p.a

*1.85% p.a. for offshore lenders and 1.90% p.a. for onshore lenders

** After elimination of limited bonds issued to the Company

Total maturing debt: in the next twelve months, the Company has debts of IDR1,715 billion and US\$285.0 million coming to maturity.

DEBT MATURITY IN THE NEXT TWELVE MONTHS

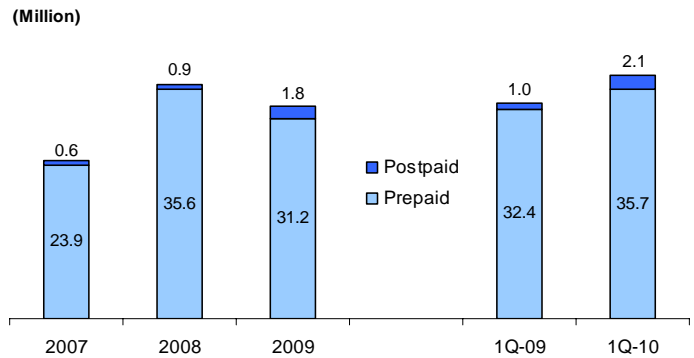
Maturity	Facility	Amount	
		USD	IDR
2Q2010	BCA Loan 3 installment		100,000,000,000
	Credit Facility 6 Niaga Inst.		7,500,000,000
	Credit Facility 5 Niaga Inst.		5,000,000,000
	EKN Loan Inst. – Tranche A	7,142,857	
	FEC Installment	3,800,000	
3Q2010	9 Year Commercial Facility Inst.	1,351,850	
	Mandiri Loan 1 installment		300,000,000,000
	BCA Loan 1 installment		300,000,000,000
	Mandiri Loan 2 installment		100,000,000,000
	Credit Facility 6 Niaga Inst.		7,500,000,000
4Q2010	Credit Facility 5 Niaga Inst.		5,000,000,000
	HSBC France – Coface inst.	7,859,335	
	EKN Loan Inst. – Tranche B	2,770,536	
	HSBC France – Sinosure inst.	2,210,000	
	Bond III		640,000,000,000
1Q2011	Credit Facility 6 Niaga Inst.		7,500,000,000
	Credit Facility 5 Niaga Inst.		5,000,000,000
	EKN Loan Inst. – Tranche A	7,142,857	
	USD Bond I	234,747,000	
	FEC Installment	3,800,000	
1Q2011	9 Year Commercial Facility Inst.	1,351,850	
	BCA Loan 2 installment		150,000,000,000
	DBS Loan installment		75,000,000,000
	Credit Facility 6 Niaga Inst.		7,500,000,000
	Credit Facility 5 Niaga Inst.		5,000,000,000
1Q2011	HSBC France – Coface Inst.	7,859,335	
	HSBC France – Sinosure Inst.	2,210,000	
	EKN Loan Inst. – Tranche B	2,770,536	

OPERATIONAL RESULTS

Cellular

In July 2010, Indosat has issued a restatement of its cellular subscriber base as there is a discrepancy during the compilation of data from multiple reporting systems. Indosat confirms that the adjustment has no impact on the customer experience, network quality or access, the Company's revenues or costs. The same issue resulted in an over-reporting of subscribers in the second, third and fourth quarters of 2009. This report is using the new subscriber number.

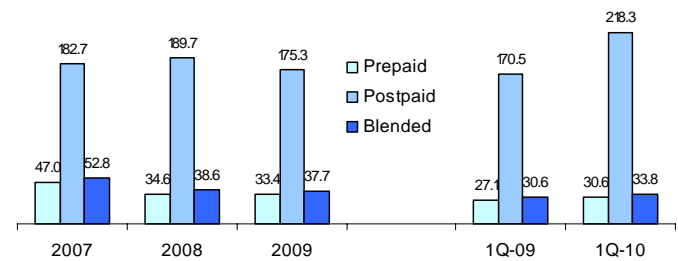
Total Subscriber Base



As at 31 March 2010 the Company's cellular subscriber base stood at 37.7 million: an increase of 4.3 million subscribers YoY. Indosat's customer base has been showing positive growth since 3Q2009, with 4.8 million net additions during 4Q2009 and with 4.7 million during 1Q 2010 alone.

ARPU

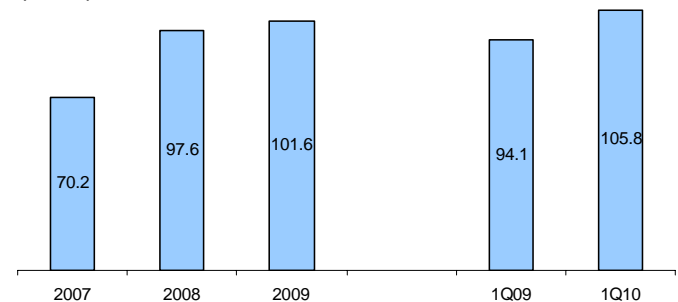
(IDR Thousand)



ARPU for cellular customers in 1Q 2010 was IDR33,827 a growth of 10.7% YoY as a result of continued focused on higher value customers.

MOU

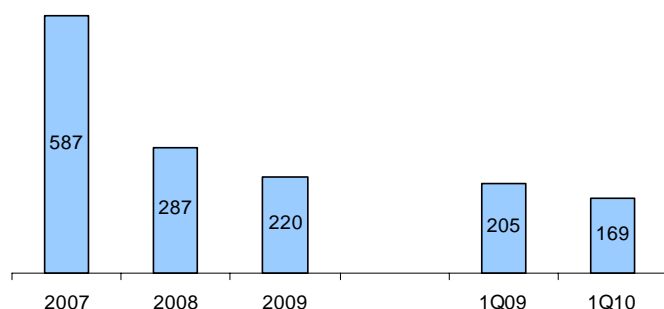
(Minute)



Average Minutes of Usage (MOU) per subscriber increased to 105.8 minutes, (an increase of 13.4% compared to 1Q 2009) as a result of competitive price dynamics in the industry coupled together with focused promotions aimed at stimulating value accretive usage patterns.

RPM

(Rupiah)



Revenue Per Minute (RPM) decreased to 169 (a decrease of 17.4% compared to 1Q 2009) as a result of continued price competition and dynamics in the industry.

FIXED DATA (MIDI)

	Unit	1Q-09	1Q-10	Change %
Indosat				
Wholesale				
International High Speed Leased Circuit	Mbps	2,935	7,924	170%
Domestic High Speed Leased Circuit	Mbps	9,763	15,434	58%
Transponder	Mhz	589	618	5%
IPVPN	Mbps	990	1,109	12%
Internet	Mbps	4,587	7,555	65%
Frame Relay	Mbps	27	21	-24%
Lintasarta				
High Speed Leased Line	link	905	663	-26.7%
Frame Relay	access	4,452	3,871	-13.1%
VSAT	terminal	2,713	3,106	14.5%
IPVPN	link	5,995	7,498	25.1%
IM2				
Internet Dial Up	user	11,741	9,281	-21.0%
Internet Dedicated	link	1,527	1,775	16.2%
IPVPN	link	522	442	-15.3%

Indosat continues to offer high quality services with advanced technological solutions such as IPVPN and Ethernet for high-value customers.

Fixed Telecommunications

	Unit	1Q-09	1Q-10	Change %
IDD				
Outgoing Traffic	min	115,532	113,736	-1.6%
Incoming Traffic	min	356,196	407,835	14.5%
Total Traffic	min	471,728	521,570	10.6%
I/C Ratio		3.1	3.6	16.8%
Fixed Wireless				
Prepaid	subs	621,529	619,063	-0.4%
Postpaid	subs	77,245	67,438	-12.7%
Total Subscribers	subs	698,774	686,501	-1.8%
ARPU Prepaid	IDR	20,749	14,939	-28.0%
ARPU Postpaid	IDR	66,045	55,539	-15.9%
ARPU Blended	IDR	25,601	19,051	-25.6%

Indosat continues to increase its IDD traffic despite challenging economic conditions as a result of the global financial crisis.

MARKETING ACTIVITIES

Cellular

- In February 2010 – Through its subsidiary Indosat Mega Media (IM2), Indosat launched Prepaid Broadband services for IM3 and Mentari customers allowing them to access internet with speeds of up to 256Kbps.
- In March 2010 – Indosat launched “Mentari 50” to offer Rp50 to call on-net local calls and SMS to all operators. This promotion will enable Mentari to become more competitive in the market.

NETWORKS

Cellular (GSM) Network. The Company operated 17,010 BTSs as at 31 March 2010, including 2G and 3G BTSs or added 2,607 BTSs compared to the same period of last year.

As at March 31	2009	2010	Additional
Base Transceiver Stations (BTS)	14,403	17,010	2,607
Base station controllers (BSC)	287	316	29
Mobile switching centers (MSC)	86	95	9

Fixed Wireless (CDMA) Network. As at 31 March 2010, the Company operated 1,571 BTSs, 37 BSCs and 8 MSCs.

About Indosat

Indosat is a leading telecommunication and information service provider in Indonesia that provides cellular services (Mentari, Matrix and IM3), fixed telecommunication services or fixed voice (IDD 001, IDD 009 and FlatCall 01016, fixed wireless service StarOne and I-Phone). Indosat also provides Multimedia, Internet & Data Communication Services (MIDI) through its subsidiary company, Indosat Mega Media (IM2) and Lintasarta. Indosat also provides 3.5 G with HSDPA technology. Indosat's shares are listed in the Indonesia Stock Exchange (IDX:ISAT) and its American Depositary Shares are listed in the New York Stock Exchange (NYSE:IIT).

**EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP measure that management believes is a useful supplemental measure of cash available prior to debt service, capital expenditures and income tax. Investors are cautioned that EBITDA should not be construed as an alternative to net income determined in accordance with GAAP as an indicator of the Company's performance or to cash flows from operations as a measure of liquidity and cash flows. EBITDA does not have a standardized meaning prescribed by GAAP. The Company's method of calculating EBITDA may differ from the methods used by other companies and, accordingly, it may not be comparable to similarly titled measures used by other companies.*

***Financial Ratios were computed based on EBITDA and Interest Expense for the twelve months period, as required by our debt covenants.*