



First Half of 2004 Results

31 Agustus 2004

PT Indosat Tbk

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

Market Capitalization

(As of 30 June 2004) Rp20.8 trillion

Issued shares

5,177,500,000 (after 5:1 Stock Split)

Share Price

As of 30 June 2004 Rp 4,025
Hi/Lo (Last 3 mo) Rp4,525/Rp3,275

Major Shareholders

Indonesia Communication Ltd 41.9%
Government of Indonesia 15.0%
Public 43.1%

IDR to USD Conversion

30 June 2004 1USD = IDR9,415

Board of Directors

President Dir./CEO – Widya Purnama
Deputy President Dir. – Ng Eng Ho
Finance Dir./CFO – Nicholas Tan Kok Peng
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

Consolidated Subsidiaries

PT Lintasarta (69.46%)
PT IM2 (99.85%)
PT Sisindosat (96.87%)



Financial Summary

For Period Ended 30 June

In Billion Rp	2003	2004	(%) Change
Operating Revenues	3,882.3	5,074.0	30.7%
Operating Expense	2,655.1	3,334.8	25.6%
Operating Income	1,227.1	1,739.2	41.7%
Net Income	402.1	717.6	78.5%
EBITDA *)	2,074.1	2,985.0	43.9%

*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	H1-2004
EBITDA Margin	$EBITDA / Operating Revenue$	58.8%
Operating Ratio	$Operating Expense / Operating Revenue$	65.7%
Net Profit Margin	$Net Profit / Operating Revenue$	14.1%
Current Ratio	$Total Current Asset / Total Current Liabilities$	150.0%
Interest Coverage	$EBITDA / Interest Expense$	544.4%
Debt to EBITDA	$(Debt + Procurement Payable) / EBITDA (Annualized)$	192.8%
Debt to Equity	$Debt / Total Equity$	78.2%

Highlights

- Indosat cellular business gained 1.392.1 million net-addition of subscribers in the first half of 2004 an increase of 90.9% compared to net-addition in the same period last year.
- Indosat's IDD recorded a yoy growth despite shows a declining trend from quarter to quarter in 2004.
- Indosat's MIDI recorded a stable growth due to a higher potential whole sale market both in international and domestic market
- Launched Fixed Wireless Service "StarOne" in Surabaya (in May) and Jakarta (in July)

Investor Relations Division

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For immediate release:

**INDOSAT REPORTS FIRST HALF 2004
OPERATING AND FINANCIAL RESULTS WITH LIMITED REVIEW REPORT**

Jakarta, 31 August 2004, PT Indosat Tbk (“Indosat” or “the Company”) today released its consolidated first half of 2004 operational and financial results with limited review report. The Company booked operating revenue and operating income for the period ended 30 June 2004 amounting to Rp5,074.0 billion and Rp1,739.2 billion respectively. Net income was recorded as Rp717.6 billion.

For the period ended 30 June 2004, cellular, international calls, and MIDI services contributed 66.4%, 18.6%, and 14.3% to operating revenues, respectively. Other services contributed the remaining 0.7% 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 June 2004 compared to the period ended 30 June 2003:

Operating Revenues increased by 30.7%; cellular revenues increased by 51.0%.

Operating revenues of Rp5,074.0 billion during the first half 2004 increased by 30.7% compared to the same period last year, mainly due to cellular revenues growth.

Cellular revenues amounted to Rp3,370.0 in first half 2004, increased by 51.0% compared to the same period last year mainly due to the increase in number of subscribers. Subscribers increased by 70.6% yoy, while ARPU declined by 11.7%.

International call revenues amounted to Rp945.0 in first half 2004, declined by 4.2% despite a 9.2% increase in total minutes, mainly due to the decline in outgoing minutes of 10.5%, special discount on IDD 008 and a lower settlement rate for incoming calls which decreased by 5.9%.

MIDI revenues amounted to Rp725.2 billion or grew by 17.8% compared to same period last year mainly due to the increase of wholesale and End-User segment for domestic private leased circuit.

Operating Expenses only increased by 25.6%

Operating expenses increased by 25.6% mainly due to the followings:

Depreciation and amortization of intangible assets expense increased by 47.1% was due primarily to the addition of the Company’s assets related to our cellular business expansion.

The 25.1% increase in personnel costs was mainly due to increase in ESOP compensation expense of Rp29.8 billion, healthcare for pensioners expense Rp13.4 billion. The remaining increase was mostly contributed by the increase in salary, incentives & allowance and accrual of bonuses.

Compensation expenses decreased by 31.8% mainly due to more minutes routed to our own network (on-net). Compensation expense mainly consists of interconnect with other operators for IDD minutes which represented more than 95% of total compensation expense.

The increase in maintenance of 61.8% was mainly due to the increase of our cellular equipment.

Marketing expenses grew by 3.8% in first half 2004 which was due to marketing activities conducted during the period but it is expected to increase in the second half of 2004.

General and administrative expense declined by 13.8% which was mainly due to the rationalization of policy in the provision on doubtful account for receivables from other operators.

Leased circuit expense declined by 0.5% mainly due to the decline in leased lines charges and efficiency program through migrating to our own network/facility.

The increase in other cost of services expenses amounting to Rp214.3 billion from Rp464.5 billion in first half 2003 to Rp678.8 billion in the first half 2004 or grew by 46.1% 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 and increase in radio frequency license due to the Cellular Base Transceiver Station expansion, and (c) increase in site rent as due to the expansion of BTS, BSC & MSC.

**Operating Income increased by 41.7%.
EBITDA increased by 43.9%**

For the period ended 30 June 2004, we recorded operating income of Rp 1,739.2 billion or increased by 41.7% compared to the first half of last year and EBITDA of Rp2,985.0 billion or increased by 43.9%. As such EBITDA margin for the period was 58.8%.

Other income (expense) grew by 167.7% from expense of Rp254.4 billion in first half 2003 to Rp680.9 billion in first half 2004, due to the following :

Gain on sale of investment in associated companies of Rp278.7 billion due to the sale of MGTI.

Foreign exchange losses was recorded Rp110.0 billion which was mainly due to the depreciation of Rp against US dollar during the first half of 2004. As of December 31, 2003, the exchange rate was Rp8,465 per US\$1, while it was Rp9,415 per US\$1 as of 30 June 2004. In the first half of 2003, the Company incurred a gain on foreign exchange of Rp229.1 billion.

Interest income increased by 29.9% which was mainly due to the higher cash and cash equivalents from Rp2,475 billion as of 30 June, 2003 to Rp5,072 billion as of 30 June 2004.

Financing cost increased by 51.3% 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 relating to the merger transaction.

Loss on fair value of derivatives of Rp287.9 billion was net fair value position per

30 June 2004 of cross currency swaps and interest rate swaps transactions which were entered into in the first half of 2004.

Others-net increased from Rp62.7 billion expense in first half 2003 to Rp10.4 billion income in first half 2004.

Income Tax

Consolidated corporate income tax includes current income tax expense of Rp39.5 billion and income tax expense-deferred of Rp350.8.

Income tax expense-current of Rp.39.5 billion was from Lintasarta and IM2. Indosat's (parent company) income tax, until 30 June 2004 was nil due to fiscal loss carry-over from prior years.

While deferred income tax expense of Rp350.8 billion derived mainly from Indosat's (parent company) fiscal loss carry-over utilization which can be compensated (30% of Rp767.8 billion taxable income or Rp230.4 billion), and timing difference between fiscal and accounting such as depreciation, investment income and goodwill and intangible assets amortization (Rp118.6 billion). From subsidiary, deferred income tax is about 12.5 billion

Net Income

Consolidated net income of Rp717.6 billion or increased by 78.5%

We recorded consolidated net income amounting to Rp717.6 billion for the period ended 30 June 2004, representing an increase of 78.5% compared to the same period last year.

Status of Borrowings and Bonds Payable

Outstanding long term borrowing of Rp9,607.2 billion

As of 30 June 2004, the Company had outstanding long term borrowings of Rp9,607.2 billion which includes :

- Long term debt of Rp 1,711.6 billion
- Current maturities of Long-term Debt of Rp358.0 billion
- Bonds payable - net of unamortized bonds and note issuance cost of Rp7,537.6 billion.

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

Facility	Amount	Maturity	Interest Rate
INDOSAT			
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 and floating)
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)
LINTASARTA			
Bank loan(Rp billion)	98.7	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	Q3-03	Q4-03	Q1-04	Q2-04
Internet (from IM2)	39,674.4	41,298.0	44,763.5	39,956.3
Satellite	39,042.5	29,656.6	39,771.9	46,246.8

Capital Expenditures

Capital Expenditure Plan of US\$650-700 million in 2004.

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 (or Rp5.1 trillion) will be allocated for cellular.

In first half of 2004, Indosat committed Rp4,116.7 billion for investment which includes the following figures :

- (i) Rp2,944.9 billion for cellular network (40% for capacity enhancement, 35% for coverage extension and 25% for quality and modernization of network).
- (ii) Rp548.2 billion for fixed telecom
- (iii) Rp623.5 billion for MIDI

Foreign Currency and Interest Rate Risk Management

Foreign currency contract and interest rate swap (LIBOR Linked)

In the first half of 2004, we entered into several foreign currency contracts and interest rate swaps with five separate international financial institutions in order to cost-effectively manage our foreign currency exposure and in order to lower our overall funding costs. These contracts include LIBOR-linked cross currency swap contracts as well as interest rate swap contract with respect to our U.S. dollar and fixed rate interest obligations under the Guaranteed Notes Due 2010. As a result of these contractual arrangements, we reduced our foreign currency risk exposure, but increased our exposure to LIBOR-based interest rate risk.

OPERATIONAL RESULTS

Cellular Services

1,392.1 thousand net additional customers during first half 2004

Cellular Subscribers grew by 70.6% year on year

Total cellular customers at 30 June 2004 were recorded 7,354.5 thousand customers representing a 70.6% increase compared to the same period last year. Our cellular business reported 1,392.1 thousands net additional customers during first half of 2004 or 90.9% increase compared to the same period last year.

The above achievement in subscriber growth in first half 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.

Net addition grew by 21.7% quarter-on quarter.

While in the second quarter of 2004 in particular, net addition of subscribers were 764.1 thousands or increased by 21.7% compared to the net addition in the first quarter of this year. Detailed second quarter of 2004 figures are as follows :

Net-Add (Subs in '000)	Q1-04	Q2-04	Growth %
Prepaid	607.4	731.6	20.5%
Postpaid	20.6	32.5	57.6%
Total	628.0	764.1	21.7%
(Subs in '000)	Q1-04	Q2-04	
Prepaid	6,208.2	6,939.9	11.8%
Postpaid	382.2	414.6	8.5%
Total	6,590.4	7,354.5	11.6%
Revenue (Rp billion)	Q1-04	Q2-04	
Cellular	1,721.6	1,648.4	-4.3%
ARPU (Rp)	Q1-04	Q2-04	
Blended	100,129	86,256	-13.9%

Launched various marketing and promotion programs

Marketing and Promotion initiatives launched during the period were :

- Matrix-9 : Offering free roaming or free monthly charges for postpaid customers
- Mentari Liburan and IM3 Holiday : Special package (starter pack) for the holiday seasons equipped with free offering of SMS and airtime.
- Mentari and IM3 Pulse Transfer : Subscriber-to-subscriber Over-the-Air Pulse Transfer between Mentari and IM3 customers.
- IM3 Pulsa Shock : Extended offering of flat inter network call charges and SMS

Celular Network Integration in Batam, and East Java were finalized *Network Integration and Network Quality*

Integration of legacy Satelindo and IM3 Networks in Batam and East Java were finalized earlier this year. The integration of network in greater Jakarta and Bali will be finalized in the fourth quarter of 2004.

Fixed Telecommunication Services

IDD minutes grew 9.2% year-on-year *IDD Services*

For the first half 2004, Indosat's IDD minutes grew by 9.2% compared to the same period in 2003, representing a 17.7% growth of the incoming minutes from and outgoing minutes declined by 10.5% (see table attached).

Incoming minutes increased due to partnership program with foreign operator through volume commitment and offering of competitive termination rates for wholesale VoIP minutes which has resulted in a lower incoming revenues. We defend the outgoing minutes through the tiering strategy and discount of IDD program via cellular. A 10.5% decline in outgoing minutes reflects Indosat's efforts in managing its competitiveness with VoIP.

However, in quarter to quarter comparison as seen in the table below, there was a declining trend on both incoming and outgoing minutes. A future decline in IDD is anticipated following the entry of Telkom in the same service starting from June of this year.

Minutes (in '000 mins)	Q1-04	Q2-04	Growth%
Outgoing	57,125	50,194	-12.1%
Incoming	171,002	157,229	-8.1%
Total IDD	228,127	207,423	-9.1%
I/O Ratio	2.99	3.13	4.7%
Revenue (in Rp billion)	440	505	14.8%

MIDI Services

On a year-on-year comparison, Indosat's International High Speed Leased Circuits wholesale, in the first half of 2004, reached a growth of 110.4% compared to last year indicating a potential continuous growth of this business in the future. In addition, as of 30 June 2004 Domestic High Speed Leased Circuits grew by 220.9% compared to the same period last year due to high potential of domestic market demand.

IPC Wholesale grew by 110.4% year-on-year

Services	Q1-04	Q2-04
Indosat		
Wholesale		
International High speed Leased circuit	1,591	2,171
Domestic High Speed Leased Circuit	1310	1,993
Satellite Transponder Leased (Mhz)	19.39	23.33

Positive growth in second quarter for wholesale segment and datacom end-users

Frame Relay and VSAT services grew to compensate decline in high speed leased lines

Datacom		
International High Speed Leased Circuit	548	564
Domestic High Speed Leased Circuit	2,835	3,003
Frame Relay (number of ports)	846	835
Lintasarta		
High speed Leased line (number of links)	2,002	1,880
Frame Relay (number of access)	3,823	3,960
VSAT (number of terminals)	1,256	1,268
Internet Dial Up (users)	2,276	2,146
Internet Dedicated (number of links)	262	273
IM2		
Internet Dial Up (subs)	25,754	24,139
Internet Dedicated (subs)	610	625

In the second quarter of 2004, the production of overall MIDI services generally grew, especially for wholesale segment and datacom end user. This figure reflected the market growth of MIDI services. To develop revenues from MIDI services in international and domestic market and anticipate market competition, Indosat maintains international market and expanded domestic market through partnership program and offering a competitive price for wholesale and end user segments.

While in Lintasarta, its high speed leased lines number of links, as of 30 June 2004, declined by 17.0% compared to the same period last year due to the shifting to a more economical service (such as Frame Relay and IPVPN). However, its frame relay and VSAT services grew by 25.1% and 63.0% compared to the same period last year, respectively, as a result of expanding partnership, and migration trend to more economical services or share bandwidth.

Recent development

Fixed Wireless Access "StarOne"

Indosat launched Fixed Wireless Access Service "StarOne" in Surabaya (29 May 2004) and Jakarta (25 July 2004). The service is offered with limited mobility (within one area/city code) and use CDMA2000 1X technology. As of 31 July 2004, StarOne subscribers were 8,444 subscribers, which comprised of 1,505 postpaid subscribers and 6,939 prepaid subscribers. Campaign programs – such as StarOne Grand Launching, StarOne Promo program and sales roadshow to shopping centres – were launched to increase brand awareness and subscriber acquisitions.

Appointment Of Widya Purnama As President Director Of PT Pertamina (Persero)

Related to the appointment of Mr. Widya Purnama as the President Director of PT Pertamina (Persero), Indosat plans to hold an Extraordinary General Meeting of Shareholders on 30 September 2004, which among others, will approve the proposed change to the composition of the Board of Directors.

Widya Purnama remains as the President Director of the Company until the EGMS is held. However, he will be on leave of duty until the EGMS and as pursuant to Article 11 paragraph 5 of Indosat's Articles of Association, the Deputy President Director will cover all his duties.

Independence Day Program

To celebrate the 59th Anniversary of the Indonesia Independence Day on 17th August 2004, Indosat launched several promotion and charity program such as the donation of Rp59 for each IDD minutes dialed through Indosat's IDD 001 generated during the month of August.

IP Virtual Private Network

Indosat will develop Metro Ethernet in order to anticipate market demand and optimize IMAN network as well as develop Domestic IP-VPN. The MIDI pricing and partnership scheme will be reviewed and developed soon.

Indosat cooperates with NOKIA and BCA in StarOne Marketing

Indosat signed an agreement with Nokia and BCA in August of 2004 relating to the provision of installments/credits facility for BCA Card Holder to own various Nokia branded CDMA handset inclusive with the starter pack of StarOne Postpaid.

The benefit that public can enjoy from this joint marketing are, among others, a facility for BCA card holder to own Nokia branded CDMA handphone with a lower price, the 6 months installment, and a low interest rate. The payment method is also simple, because the credit installment and StarOne invoice will be conducted by debiting BCA customer account.

For further information, please contact :

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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 10th 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
	1	2	
CELLULAR			
Total Net Additions			
Prepaid	688,098	1,338,997	94.6%
Postpaid	41,183	53,075	28.9%
Total Net Additions	729,281	1,392,072	90.9%
Total Subscribers (As of End of Period)			
Prepaid	4,029,171	6,939,879	72.2%
Postpaid	282,759	414,637	46.6%
Total Cellular Subscribers	4,311,930	7,354,516	70.6%
ARPU Postpaid	348,059	282,480	-18.8%
ARPU Prepaid	87,441	80,508	-7.9%
ARPU Blended	104,530	92,281	-11.7%
IDD			
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%
MIDI			
Indosat : (Accumulated Numbers)			
Wholesale			
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%
Datacom			
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%
Lintasarta : (Accumulated Numbers)			
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%
IM2			
Internet Dial Up (subs)	26,364	24,139	-8.4%
Internet Dedicated (subs)	535	625	16.8%
EMPLOYEES			
Indosat and its subsidiaries (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)
CURRENT ASSETS			
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
Total Current Assets	4,881.8	7,755.1	823.7
NON-CURRENT ASSETS			
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
Total Non-Current Assets	17,796.1	19,948.9	2,118.8
TOTAL ASSETS	22,677.9	27,704.0	2,942.5

(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)
CURRENT LIABILITIES			
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
Total Current Liabilities	3,023.8	5,171.4	549.3
NON-CURRENT LIABILITIES			
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
Total Non-Current Liabilities	8,662.6	10,074.1	1,070.0
MINORITY INTEREST	137.4	154.7	16.4
SHAREHOLDERS' EQUITY			
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
Total Retained Earning	4,911.3	6,043.2	641.9
Net Shareholders' Equity	10,854.1	12,303.8	1,306.8
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	22,677.9	27,704.0	2,942.5

(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 \$	
OPERATING REVENUES				
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%
TOTAL OPERATING REVENUES	3,882.3	5,074.0	538.9	30.7%
OPERATING EXPENSES				
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%
TOTAL OPERATING EXPENSES	2,655.1	3,334.8	354.2	25.6%
OPERATING INCOME	1,227.1	1,739.2	184.7	41.7%
OTHER INCOME(EXPENSES)				
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%
TOTAL OTHER INCOME(EXPENSES)	(254.4)	(681.0)	(72.3)	167.7%
EQUITY IN NET INCOME OF ASSOCIATED COMPANIES	6.0	61.6	6.5	927.4%
INCOME BEFORE INCOME TAX	978.8	1,119.9	119.0	14.4%
INCOME TAX BENEFIT (EXPENSE)				
Current	(372.1)	(39.5)	(4.2)	-89.4%
Deferred	(195.9)	(350.8)	(37.3)	79.1%
TOTAL INCOME TAX BENEFIT (EXPENSE)	(568.0)	(390.3)	(41.5)	-31.3%
INCOME BEFORE MINORITY INTEREST IN NET INCOME OF OF SUBSIDIARIES	410.8	729.6	77.5	77.6%
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES	(8.7)	(12.0)	(1.3)	37.5%
PREACQUISITION INCOME	0.0	0.0	0.0	0.0%
NET INCOME	402.1	717.6	76.2	78.5%
BASIC EARNINGS PER SHARE	77.66	138.61	0.01	78.5%
DILUTED EARNINGS PER SHARE	77.66	137.47	0.01	77.0%
BASIC EARNINGS PER ADS (50 B shares per ADS)	3,882.23	6,930.37	0.74	78.5%
DILUTED EARNINGS PER ADS	3,882.23	6,873.70	0.73	77.1%

(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.