



Nine Months to 30 September 2009 Results Investor Memo

29 October 2009

PT Indosat Tbk

IDX : ISAT
NYSE : IIT

Market Capitalization
(As at 30 September 2009)
Rp29.61 trillion

Shares in issue
5,433,933,500

Share Price (IIT)
(As at 30 September 2009) US\$27.89
Hi/Lo (9 mo) US\$28.35/US\$16.74

Share Price (ISAT)
(As at 30 September 2009) Rp5,450.-
Hi/Lo (9 mo) Rp5,950/Rp4,200

Shareholder Structure
(As at 30 September 2009)

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

IDR to USD Conversion
1 USD = Rp9,681 (30 September 2009)

Corporate and Bond Ratings

Moodys : Stable Outlook
: Ba1/Local Currency Rating
: Ba1/Foreign Currency Rating

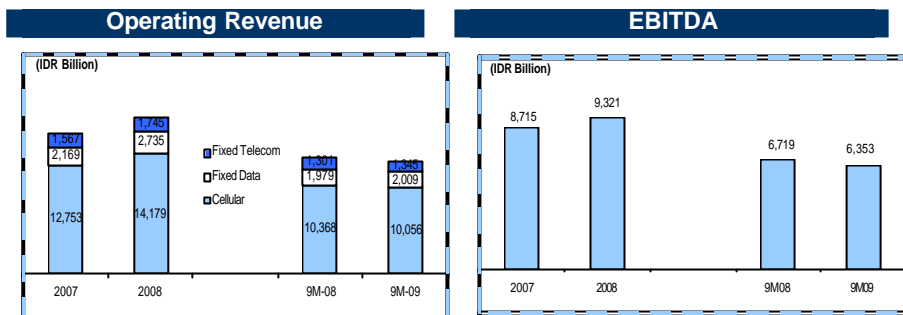
S&P : Stable Outlook
: BB/LT Foreign Issuer Credit
: BB/LT Local Issuer Credit

Fitch : Stable Outlook
: BB+/Foreign Currency LT Debt
: BBB-/Local Currency LT Debt

Pefindo : Negative Outlook
: idAA+/Local Currency Debt
: idAA+(sy)/Local Sukuk Ijarah

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Financial Summary as at 30 September 2009 (in Rp billion)



	9M08	9M09	Change (%)
Operating Revenue	13,648.8	13,409.5	-1.8
Operating Income	3,333.1	2,592.3	-22.2
Net Income	1,473.1	1,449.9	-1.6
EBITDA	6,718.9	6,352.9	-5.4

Balance Sheet as at 30 September 2009 (in Rp billion)

	9M08	9M09	Change (%)
Total Assets	48,600.6	54,817.4	12.8
Total Liabilities	31,296.5	36,592.8	16.9
Total Stockholders Equity	16,995.9	17,911.0	5.4

Financial Ratios as at 30 September 2009

	Formula	9M08 (%)	9M09 (%)
EBITDA Margin	EBITDA/Operating Revenues	49.2	47.4
Interest Coverage	EBITDA/Interest Expense	499.0	482.2
Gross Debt to Equity	Gross Debt / Total Equity	112.3	136.3
Debt to EBITDA	Gross Debt / Total EBITDA	213.0	288.3

9M09 Results Highlights

- Cellular revenue increased by 5.6% Q.o.Q., evidence that our shift from a volume to value focus is generating results. Revenue showed a slight 3.0% Y.o.Y. decrease as a result of the 19.1% decrease in cellular subscribers to 28.7 million in 9M09.
- Revenue from Fixed Data (MIDI) services grew by 1.5% Yo.Y. as a result of increased demand, particularly in MPLS, application services, internet services, satellite leasing and digital data network.
- Fixed Voice (Fixed Telecom) revenue grew by 3.3% Yo.Y., driven mainly by an increase in incoming IDD traffic and a resulting rise in IDD revenue of 3.8%.

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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.

NINE MONTHS TO 30 SEPTEMBER 2009 UNAUDITED OPERATING AND FINANCIAL RESULTS

PT Indosat Tbk ("Indosat" or "the Company") released its unaudited consolidated financial statements for the nine months to 30 September 2009 ("9M 2009"). The financial statements have been prepared in accordance with Indonesian Generally Accepted Accounting Principles (GAAP).

STATEMENT OF INCOME

Operating revenue of Rp13,409.5 billion were recorded in 9M 2009, a decrease of Rp239.3 billion or 1.8% on Y.o.Y. basis. Indosat's Cellular, Fixed Data and Fixed Voice businesses respectively contributed 75%, 15% and 10% of consolidated operating revenue.

- **Cellular revenue** decreased by 3.0% in 9M 2009, attributable to a decrease of 19.1% in the subscriber base and a decline in Average Revenue Per User (ARPU) on a Y.o.Y. basis. On a quarterly basis, Cellular revenue increased by 5.6%, owing largely to increased network capacity and seasonality. Value added service revenues also increased by 14.7% on a Y.o.Y. basis as a result of an increase in the number of SMSs delivered, increase in wireless broadband revenues and the factors affecting the quarterly growth in cellular revenue as above.
- **Fixed Data (MIDI) revenue** increased by 1.5% in 9M 2009 on a Y.o.Y. basis driven largely by increased demand for corporate data communication (Multi Protocol Label Switching/MPLS), application services, internet services, satellite leases and digital data network services from corporate customers.
- **Fixed Voice (Fixed Telecom) revenue** increased by 3.3% in 9M 2009 on a Y.o.Y. basis due to higher international call (IDD) revenue, resulting from increased incoming IDD traffic, and the depreciation of the Rupiah against the US Dollar, particularly linked to revenue from incoming calls originating in US Dollars.

Operating expenses of Rp10,817.3 billion were recorded in 9M 2009, an increase of Rp501.5 billion or 4.9% Y.o.Y. Much of the change is a result of increased Cost of Services and Depreciation & Amortization.

- **Cost of Services:** increased by Rp427.7 billion or 9.7% Y.o.Y. as a result of increased cost of utilities, rental sites, government levies and leased circuits. Government levies relating to frequency fees including the annual 3G license payment, USO and concession fees also contributed to the increase in cost of services.
- **Depreciation and Amortization:** increased by Rp374.8 billion or 11.1% Y.o.Y. as a result of increased cellular, transmission & cross connection equipment in addition to building & leasehold improvements.

- **Personnel expenses:** decreased by Rp138.5 billion or 11.2% Y.o.Y. owing to a decrease in pension contributions, decreased use of outsourcing, decrease in bonus and income tax (decrease in the effective tax rate).
- **Marketing expenses:** recorded a decrease of Rp92.1 billion or 13.1% Y.o.Y. mainly driven by cost efficiencies and more targeted marketing campaigns.
- **General and Administration expenses:** decreased by Rp70.3 billion or 12.4% Y.o.Y., following the implementation of a cost efficiency program to minimize non-operational costs.

CONSOLIDATED STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2009 (Unaudited)
(Expressed in Billions of Indonesian Rupiah and Millions of U.S. Dollar)

Description	Nine Months Ended September, 30			Growth (2)
	2008	2009		
	Rp	Rp	US\$ (1)	
OPERATING REVENUE				
Cellular	10,367.9	10,055.8	1,038.7	-3.0%
Multimedia, Data Communication, Internet (MIDI)	1,979.4	2,009.1	207.5	1.5%
Fixed Telecommunication	1,301.5	1,344.7	138.9	3.3%
TOTAL OPERATING REVENUE	13,648.8	13,409.5	1,385.1	-1.8%
OPERATING EXPENSES				
Cost of Service	4,423.0	4,850.7	501.1	9.7%
Depreciation & Amortization	3,385.8	3,760.6	388.5	11.1%
Personnel	1,236.2	1,097.7	113.4	-11.2%
Marketing	703.2	611.0	63.1	-13.1%
General and Administration	567.6	497.3	51.4	-12.4%
TOTAL OPERATING EXPENSES	10,315.7	10,817.3	1,117.4	4.9%
OPERATING INCOME	3,333.1	2,592.3	267.8	-22.2%
OTHER INCOME (EXPENSES)				
Gain (loss) on foreign exchange - net	(45.1)	1,394.4	144.0	-3192.4%
Interest Income	353.5	120.9	12.5	-65.8%
Financing Cost	(1,377.7)	(1,359.2)	(140.4)	-1.3%
Gain (loss) on change in fair value of derivatives - net	(53.5)	(387.6)	(40.0)	624.2%
Amortization of goodwill	(169.9)	(177.2)	(18.3)	4.3%
Others - net	30.3	(68.4)	(7.1)	-325.7%
TOTAL OTHER EXPENSES - Net	(1,262.4)	(476.9)	(49.3)	-62.2%
INCOME BEFORE INCOME TAX	2,070.7	2,115.3	218.5	2.2%
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES	(22.2)	(39.5)	(4.1)	77.8%
NET INCOME	1,473.1	1,449.9	149.8	-1.6%

1) Translated into U.S. dollars using Rp9,681 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 Rp785.4 billion or 62.2% Y.o.Y., driven primarily through increased gains in foreign exchange.

- **Gain on Foreign Exchange-Net** and **Loss on change in fair value of Derivatives-Net:** Indosat recorded a net foreign exchange gain in 9M 2009 of Rp1,394.4 billion: an increase of Rp1,439.5 billion on the prior year. The gain was driven primarily by the strengthening of the Rupiah against the US Dollar. Indosat also recorded an increase in net loss on the change in fair value of derivatives in 9M 2009 of Rp387.6 billion, compared to Rp53.5 billion a year earlier.
- **Financing costs:** decreased by Rp18.5 billion or 1.3% Y.o.Y. due to lower interest costs from Rp1,377.7 billion in 9M 2008 to Rp1,359.2 billion in 9M 2009.
- **Interest income:** decreased by Rp232.6 billion or 65.8% over Y.o.Y. as a result of lower average cash balances and lower average interest rates.

Balance Sheet

Total assets increased by 12.8% to Rp54,817.4 billion.
Total liabilities increased by 16.9% to Rp36,592.8 billion.
Total stockholder equity increased by 5.4% to Rp17,911 billion.

- Current assets decreased by 37.1% to Rp6,169.1 billion, due to decreases in cash and cash equivalents resulting from capital expenditure and bond payments.
- Non-current assets increased by 25.4% to Rp48,648.2 billion due to increases in property and equipment; primarily additional cellular assets.
- Current liabilities decreased by 10.1% to Rp11,122.6 billion as a result of the pay-down of some current maturities of medium-term loans.
- Non-current liabilities increased by 34.6% to Rp25,470.2 billion, as a result of additional loans from DBS, ING, BCA, Mandiri, HSBC, Sinasure, Coface, and EKN.

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2008 AND 2009 (Unaudited) (Expressed in Billions of Indonesian Rupiah and Millions of US Dollar)

Description	2008	2009		Growth (2)
	Rp	Rp	US\$ (1)	
ASSETS				
Current Assets	9,814.7	6,169.1	637.2	-37.1%
Non Current Assets	38,785.9	48,648.2	5,025.1	25.4%
TOTAL ASSETS	48,600.6	54,817.4	5,662.4	12.8%
LIABILITIES				
Current Liabilities	12,378.1	11,122.6	1,148.9	-10.1%
Non-Current Liabilities	18,918.4	25,470.2	2,630.9	34.6%
TOTAL LIABILITIES	31,296.5	36,592.8	3,779.9	16.9%
MINORITY INTEREST	308.2	313.6	32.4	1.7%
TOTAL STOCKHOLDERS' EQUITY	16,995.9	17,911.0	1,850.1	5.4%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	48,600.6	54,817.4	5,662.4	12.8%

1) Translated into U.S. dollars using Rp9,681 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

Committed capital expenditure for 9M 2009 was Rp5,553.4 billion, with 79% allocated to Cellular and the balance allocated to Fixed Telecom, Fixed Data, Infrastructure and IT.

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2009 (Unaudited) (Expressed in Billions of Indonesian Rupiah and Millions of U.S Dollars)

Description	2008	2009	
	Rp	Rp	US\$ (1)
Net Cash Provided by Operating Activities	4,506.0	3,902.8	403.1
Net Cash Used in Investing Activities	(6,168.6)	(9,758.4)	(1,008.0)
Net Cash Provided by Financing Activities	256.4	2,362.0	244.0
Net Increase (Decrease) in Cash and Cash Equivalents	(1,406.3)	(3,493.6)	(360.9)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,053.0	5,737.9	592.7
Beginning Balance of Cash and Cash Equivalents of Liquidated Subsidiary	-	(7.0)	(0.7)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,646.7	2,237.2	231.1

1) Translated into U.S. dollars using Rp9,681 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 30 September 2009, the Company had outstanding debt of Rp24,418.5 billion. The Company has hedging facilities in place totaling USD509.0 million or 43.3% of the Company's USD denominated bonds and loans. The Company's cash position as at 30 September 2009 stood at Rp2,237.2 billion with net debt standing at Rp22,181.3 billion. Indosat's debt is comprised of Rp14,506.0 billion in loans and Rp9,912.5 billion in bonds representing 59.4% and 40.6% of total debt respectively. In terms of currency 54.0% is denominated in Rupiah and the remaining 46.0% is denominated in USD.

LOANS AND BOND PAYABLE

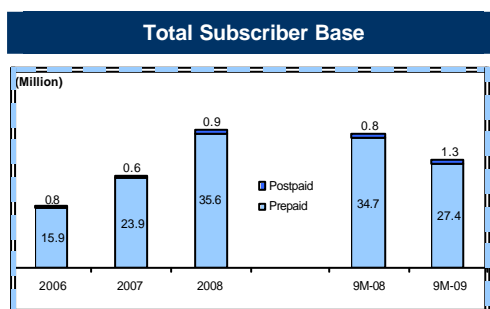
Facility	Amount	Maturity	Interest Rate
Indosat			
IDR Bond (Rp Million)			
Bond II	200	2032	Series B Fixed 16% p.a
Bond III	640	2010	Series B Fixed 12.875% p.a
Bond IV	815	2011	Fixed 12.0% p.a
Bond V	2,600	2014&2017	Series A Fixed 10.2% p.a and Series B Fixed 10.65% p.a
Bond VI	1,080	2013&2015	Series A Fixed 10.25% p.a and Series B Fixed 10.8% p.a
USD Bond (USD Million)			
Guaranteed Notes I	234.7	2010	Fixed 7.75% p.a
Guaranteed Notes II	109.4	2012	Fixed 7.125% p.a
Sharia Bond (Rp Billion)			
Syariah Ijarah I	285	2011	Fixed Ijarah Return amounting to Rp8.55 payable on a quarterly basis
Sukuk Ijarah II	400	2014	Fixed Ijarah Return amounting to Rp10.20 payable on a quarterly basis
Sukuk Ijarah III	570	2013	Fixed Ijarah Return amounting to Rp14.61 payable on a quarterly basis
IDR Loan (Rp Billion)			
Mandiri Loan	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

Facility	Amount	Maturity	Interest Rate
Mandiri Loan	1,000	2014	Floating Rate based on 3 Month JIBOR + 4% p.a
BCA Loan	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	500	2012	Floating Rate based on 3 Month JIBOR + 2.25% p.a
BCA Loan	1,000	2014	Floating Rate based on 3 Month JIBOR + 4% p.a
DBS Loan	450	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 Rp434.3 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)			
Finish Export Credit Facility	15.2	2011	Fixed 4.15% p.a
HSBC France - Coface	155.5	2019	Fixed 5.69% p.a
9 Year Commercial Facility	27.0	2016	Floating Rate based on US LIBOR + 1.45% p.a
HSBC France - Sinosure	44.2	2019	Floating Rate based on US LIBOR + 0.35% p.a
Syndicated USD Loan Facility	450.0	2013	Floating Rate based on 6m US LIBOR + 1.85% p.a
EKN Loan	138.8	2016	Floating Rate based on 6m US LIBOR + 2.87% p.a over USD 100; Fixed Rate 4.26% over USD 38.8
Lintasarta			
IDR Bond (Rp 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 (Rp Billion)			
Facility 5 From Niaga	29.9	2011	Annual Rate of 1-month Certificated of Bank Indonesia + 2.25% p.a
Facility 6 From Niaga	10.2	2012	Fixed 14.5% p.a

* After elimination of limited bonds issued to the Company

OPERATIONAL RESULTS

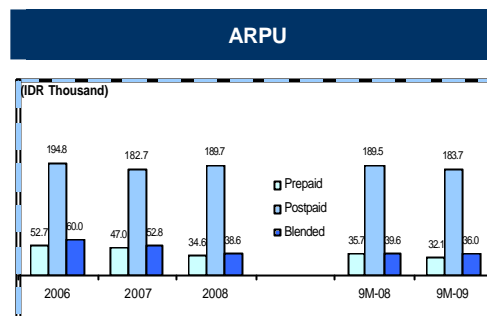
Cellular



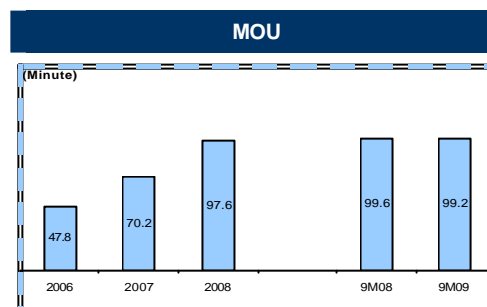
As at 30 September 2009 the Company's cellular subscriber base totaled 28.7 million: a reduction of 6.8 million subscribers Y.o.Y., as a result of the continued focus on reducing calling card-type behavior within the subscriber base.

As the Company continued to focus away from volume, Indosat experienced an expected decline in subscribers during the period. This strategy has eliminated 7.8 million calling card type customers from its subscriber base during the nine

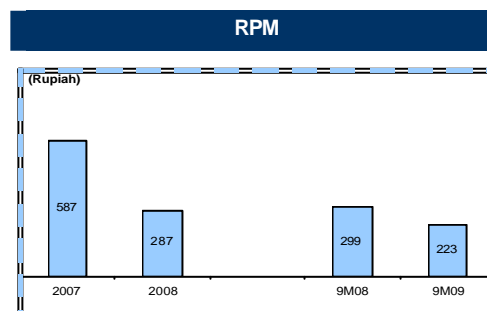
months of 2009, and as a result, increasing the overall percentage of value customers on the network, and improving the quality of service offered to those customers.



ARPU for cellular customers was Rp36,032, a decline of 8.9% year on year due to intensified price competition in the market which began in early 2008 together with the impact of lower interconnection charges which came into effect in April 2008.



Minutes of Usage (MOU) slightly decreased to 99, (a decrease of 0.4% compared with 9M08) as we removed some of our free minute offerings.



Revenue Per Minute (RPM) decreased to 223 (a decrease of 25.4% compared with 9M08) due to intensified price competition in the market which began in early 2008 together with the impact of lower interconnection charges which came into effect in April 2008.

FIXED DATA (MIDI)

	Unit	9M-08	9M-09	Change %
Indosat				
Wholesale				
International High Speed Leased Circuit	cct/64k	47,524	76,268	60.5%
Domestic High Speed Leased Circuit	cct/64k	102,359	169,897	66.0%
Satellite Transponder Leased (external usage)	Number	14.6	15.6	7.1%
Datacomm				
International High Speed Leased Circuit	cct/64k	1,477	859	-41.8%
Domestic High Speed Leased Circuit	cct/64k	12,502	16,322	30.6%
Frame Relay	Port	596	359	-39.8%
IPVPN	cct/64k	13,107	15,383	17.4%
Lintasarta				
High Speed Leased Line	link	905	798	-11.8%
Frame Relay	access	4,474	4,217	-5.7%
VSAT	terminal	2,065	3,001	46.3%
IPVPN	link	5,600	6,709	19.8%
IM2				
Internet Dial Up	user	14,417	9,979	-30.8%
Internet Dedicated	link	1,225	940	-23.3%
IPVPN	link	523	479	-8.4%

Indosat continues to increase its attractiveness to the customer by increasing the range of high quality services it offers at a competitive price. Some customers are also switching from older technology such as frame relay to newer technology such as IPVPN.

Fixed Telecommunications

	Unit	9M-08	9M-09	Change %
IDD				
Outgoing Traffic	min	345,228,110	371,854,636	7.7%
Incoming Traffic	min	1,048,056,788	1,114,255,322	6.3%
Total Traffic	min	1,393,284,898	1,486,109,958	6.7%
I/C Ratio		3.0	3.0	
Fixed Wireless				
Prepaid	subs	824,827	478,723	-42.0%
Postpaid	subs	70,933	64,126	-9.6%
Total Subscribers	subs	895,760	542,849	-39.4%
ARPU Prepaid	Rp	20,119	23,273	15.7%
ARPU Postpaid	Rp	102,709	71,378	-30.5%
ARPU Blended	Rp	24,903	28,638	15.0%

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

MARKETING ACTIVITIES

Cellular

- In July 2009, Indosat launched Hape Online (bundling with low end handset) which offers price for only Rp 999.000,-. With this offering, customers can browse the internet, download materials, access their Facebook accounts and chat online.
- In August 2009, continuing existing promo for IM3 Rp0,1 for call & SMS, and Internet Rp1/Kb.

Fixed Data (MIDI)

- In July 2009, Indosat Mega Media (IM2) launched **Broombastis**, a high-end broom package, a prepaid wireless broadband services with a capacity of usage up to 3GB after reloading Rp200.000 per month.

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 008 and FlatCall 01016, fixed wireless service StarOne and iPhone). 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 Depository Shares are listed in the New York Stock Exchange (NYSE:IIT).

- In September 2009, Indosat launched 3 month promotion program for Indosat Dedicated Internet Access (IDIA) services to penetrate Industrial market segment. IDIA service is an internet access services for national and international coverage which is provided by Indosat for small corporate users. This program will last by end of November 2009.
- In September 2009, Indosat launched **Acer 'Unity in One'**, a product bundling program incorporation with Acer, where customers can get a whole package of a notebook, HSDPA modem and Broom starter pack with discounted price. The Broom starter pack is featured with free capacity of 300MB every month for 12 months.

Fixed Voice (Fixed Telecommunications)

- In the third quarter of 2009, Indosat added 7 new cities to its existing StarOne coverage. Those additional cities are Kerawang, Serang, Pandeglang, Rangkas Bitung, Jambi, Pangkal Pinang and Metro bringing the total number of StarOne-covered to 70 cities. During the period Indosat offered six months of free calls to StarOne customers during a promotional period. Once the promotional period is over, the tariff will be Rp25/minute for local and long distance calls, Rp25 per SMS, Rp25/30sec for calls to GSM local and long distance and Rp99/MB for internet with speeds of up to 153,6 kbps.

NETWORKS

Cellular (GSM) Network. The Company operated 16,145 BTSs as at 30 September 2009, including 2G and 3G BTSs or added more than 3,000 compared to the same period of last year.

As at September 30	2008	2009	Additional
Base Stations (BTS)	13,096	16,145	3,049
Base station controllers	284	308	24
Mobile switching centers	75	96	21

Fixed Wireless (CDMA) Network. As at 30 September 2009, the Company operated 1,529 BTSs, 34 BSCs and 9MSCs.

Satellite Network. In August 2009, Indosat launched the Palapa D satellite at Xi Chang, China to continue the satellite services of Palapa C2 satellite that operational life will end by 2011. The new satellite has wider coverage and higher power than the previous PALAPA-C2 and has 40 transponders (24 C-band, 11 extended C-band and 5 Ku-band) for serving broadcasters, cellular backhaul, data communication internet access as well Direct To Home services.

Submarine Cable Network. After the completion of Jakabare submarine cable system by end October 2009, Indosat will now have an additional 80Gbps capacity, for direct connecting from Jakarta, Pontianak, Batam and to Singapore. This new submarine cable will provide more capacity and diversity to the existing SEA-ME-WE 3 submarine cable system and was designed to have ultimate capacity of more than 1.2 Terra Byte Per Second.