

PRESS RELEASE

**PT INTERNATIONAL NICKEL INDONESIA Tbk
REPORTS SECOND QUARTER 2009 EARNINGS OF
US\$17.4 MILLION**



**PT INTERNATIONAL NICKEL INDONESIA Tbk REPORTS
SECOND QUARTER 2009 EARNINGS OF US\$17.4 MILLION**

JAKARTA, July 30, 2009 --- PT International Nickel Indonesia Tbk (“PT Inco”, or the “Company”, IDX: INCO) announces unaudited 2009 second quarter results. PT Inco’s gross profit margin in the second quarter of 2009 increased to 19.0 percent from 5.6 percent in the first quarter of 2009 mainly due to an increase in the average realized price of nickel in matte compared to last quarter, lower oil prices and our continued implementation of cost containment initiatives.

“PT Inco is continuing to focus on increasing the efficiency of its operations. This includes implementation of our integrated business planning to identify efficiency improvements, finalizing our organizational restructuring and lowering our maintenance costs,” said Arif Siregar, PT Inco’s President Director.

Despite the recessionary scenario, sales were US\$155.0 million for the three months ended on June 30, 2009, with an increase of 27.7 per cent compared to US\$121.4 million in the first quarter of 2009. This is due to higher delivery of nickel in mate in this quarter totalling 17,423 metric tons, compared to 14,600 metric tons in the first quarter of 2009; as well as the increase in average realized price for nickel in matte, which averaged US\$8,894 per metric ton during the second quarter of 2009, compared to US\$8,309 per metric ton in the first quarter of 2009. Production of nickel in matte in the first quarter 2009 was 16,300 metric tons, compared to 16,200 metric tons in the second quarter of 2009.

The cost of goods sold in the second quarter of 2009 increased to US\$125.6 million from US\$114.6 million in the first quarter of 2009, due to higher realized deliveries. The cost of goods sold in the first half 2009 decreased 38.1 per cent to US\$240.2 million from US\$388.3 million in the first half 2008. This significant decrease resulted from decrease in oil prices and consumptions as well as other major cost components such as services and contracts and human capital.



“Higher rainfall at our catchment areas is providing sufficient water levels for our hydroelectric generating facilities to support our 2009 nickel in matte production,” added Mr. Siregar.

In the second quarter of 2009, PT Inco consumed 10,944 kilolitres of diesel fuel at an average cost of US\$0.47 per litre as compared to 10,893 kilolitres at an average cost of US\$0.74 per litre in the first quarter of 2009. In addition to that, the Company used 583,156 barrels of HSFO at an average cost of US\$49.0 per barrel as compared to 571,287 barrels at an average cost of US\$54.37 per barrel in the first quarter of 2009.

The Company recorded net earnings of US\$17.4 million in the second quarter of 2009 (US\$0.002 per share) in line with the net earnings of US\$17.2 million (US\$0.002 per share) achieved in the first quarter of 2009. EBITDA totalled US\$47.3 million in the second quarter of 2009, compared to US\$46.3 million in the first quarter of 2009.

In the second quarter of 2009, cash provided by operating activities, but before capital expenditures, decreased US\$11.9 million determined by US\$13.3 million of income tax overpayment. Cash used in relation to capital expenditures in the second quarter of 2009 was US\$41.7 million, about the same amount spent in the first quarter 2009 of US\$40.3 million. There was a net cash outflow of US\$55.1 million in the second quarter of 2009 compared with a cash outflow of US\$3.7 million in the first quarter of 2009.



The Company's results are summarized below (unaudited) – all figures are in US\$ except for nickel in matte production and deliveries which are in metric tons.

	Second Quarter <u>2009</u>	First Quarter <u>2009</u>	First Half <u>2009</u>	Second Half <u>2008</u>
Nickel in matte production:	16,300	16,200	32,500	35,250
Nickel in matte deliveries:	17,423	14,600	32,023	37,039
Average realized price per metric ton	8,894	8,309	8,627	13,309
Net sales – millions	155.0	121.4	276.4	492.9
Net earnings – millions	17.4	17.2	34.6	63.7
Net earnings per share	0.002	0.002	0.003	0.006

UNAUDITED CONDENSED FINANCIAL STATEMENTS ARE ATTACHED

For further information, please contact:

Indra Ginting, Director of Investor Relations & Corporate Secretary indra.ginting@valeinco.com

Cláudio Bastos, Vice President Director and Chief Financial Officer claudio.bastos@valeinco.com

or PTI.InvestorRelations@valeinco.com

or visit our website at www.pt-inco.co.id

-end-



**PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED STATEMENTS OF EARNINGS**

(Unaudited)

(US\$ in Thousands except Net Earnings Per Share Amount)

	Second Quarter 2009	First Quarter 2009	First Half 2009	Second Half 2008
Sales	154,964	121,395	276,359	492,940
Cost of Goods Sold	<u>(125,559)</u>	<u>(114,641)</u>	<u>(240,200)</u>	<u>(420,163)</u>
Gross Profit	29,405	6,754	36,159	72,777
Selling, General and Administration Expenses	<u>2,246</u>	<u>1,557</u>	<u>3,803</u>	<u>7,175</u>
Operating Profit	<u>27,159</u>	<u>5,197</u>	<u>32,356</u>	<u>65,602</u>
Interest Expense	(51)	(91)	(142)	(166)
Other Income/(Expense), net	<u>(2,798)</u>	<u>18,887</u>	<u>16,089</u>	<u>(24,775)</u>
	<u>(2,849)</u>	<u>18,796</u>	<u>15,947</u>	<u>(24,941)</u>
Earnings Before Income Taxes	24,310	23,993	48,303	40,661
Income Taxes	<u>6,905</u>	<u>6,817</u>	<u>13,722</u>	<u>(23,047)</u>
Net Earnings	<u>17,405</u>	<u>17,176</u>	<u>34,581</u>	<u>63,708</u>
Basic Net Earnings Per Share	<u>0.002</u>	<u>0.002</u>	<u>0.003</u>	<u>0.006</u>



PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED BALANCE SHEETS

(US\$ in Thousands)

	June 30, 2009 (Unaudited)	March 31, 2008 (Unaudited)	December 31, 2008 (Audited)
<u>ASSETS</u>			
Cash and Cash Equivalents	107,293	162,428	166,107
Trade Receivables – Related Parties	81,144	52,187	63,566
Other Receivables	7,283	6,668	7,007
Taxes Receivable	128,249	102,808	82,580
Inventories, net	112,138	130,826	147,015
Prepaid Expenses and Advances	21,497	19,274	31,146
Total Current Assets	457,604	474,191	497,421
Property, Plant and Equipment, net	1,369,381	1,345,441	1,336,122
Other Assets	11,374	19,285	9,041
Total Assets	1,838,359	1,838,917	1,842,584
<u>LIABILITIES AND EQUITY</u>			
Trade Payables – Related Parties	3,926	3,764	5,527
– Third Parties	17,132	27,879	38,972
Accrued Expenses	21,283	26,042	35,276
Taxes Payable	3,749	3,973	5,740
Current Maturities of Long-Term Liability:			
Finance Leases	4,658	5,607	6,017
Other Current Liabilities	11,692	12,293	10,174
Total Current Liabilities	62,440	79,558	101,706
Deferred Income Tax Liabilities, net	181,421	181,357	179,569
Long-Term Liability:			
Finance Leases	13	591	1,708
Employee Benefits Liability	1,513	2,335	2,192
Asset Retirement Obligation	37,507	37,016	36,525
Total Liabilities	282,894	300,857	321,700
Equity	1,555,465	1,538,060	1,520,884
Total Liabilities and Equity	1,838,359	1,838,917	1,842,584

**PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED STATEMENTS OF CASH FLOWS**

**(Unaudited)
(US\$ in Thousands)**

	Second Quarter 2009	First Half 2009	2008
Cash Flows from Operating Activities			
Receipts from Customers	127,007	258,781	839,663
Payments to Suppliers	(102,217)	(182,370)	(318,517)
Payments of Corporate Income Tax	(20,129)	(36,183)	(221,600)
Payments to Employees	(12,928)	(32,034)	(43,482)
Payment of Employee Benefits Contributions	(1,238)	(2,351)	(2,067)
Other Receipts	(182)	26,835	22,995
Other Payments	(1,563)	(6,353)	(16,612)
Net Cash Flows (Used) for / Provided by Operating Activities	(11,886)	26,325	260,380
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment	(41,651)	(81,918)	(69,541)
Net Cash Flows Used for Investing Activities	(41,651)	(81,918)	(69,541)
Cash Flows from Financing Activities			
Payments of Dividends	(15)	(15)	(225,051)
Payments of Finance Leases	(1,528)	(3,055)	(3,594)
Payments of Interest	(55)	(151)	(446)
Net Cash Flows Used for Financing Activities	(1,598)	(3,221)	(229,091)
Net Decrease in Cash and Cash Equivalents	(55,135)	(58,814)	(38,252)
Cash and Cash Equivalents at the Beginning of the Period	162,428	166,107	294,306
Cash and Cash Equivalents at the End of the Period	107,293	107,293	256,054