

PT Medco Energi Internasional Tbk. Monthly Newsletter



STOCK DATA*

Market Cap. (bn Rp)	:	5,998.4
Highest (12mth)	:	2,975
Lowest (12mth)	:	1,590
Last Price	:	1,800
Free Float	:	37.56%

*as of 30 June 2012

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News Release

MedcoEnergi Issued Rupiah Bond III With Fixed Coupon Rate. BAPEPAM-LK has approved the issuance of PT Medco Energi Internasional Tbk's 'Rupiah Bond III with Fixed Coupon Rate' on June 11, 2012. The Company has appointed PT DBS Vickers Securities Indonesia, PT Mandiri Sekuritas and PT Standard Chartered Securities Indonesia as The Joint Lead Underwriters, while PT Bank Mega Tbk will act as the Trustee.

The Rp. 1,500,000,000,000 (One Trillion and Five Hundred Billion Rupiah) bond is offered at 100% of the principal nominal amount for a tenure of five (5) years and will mature in 2017. The Coupon rate for this Bond is 8.75% per annum. To mitigate the exchange rate risk of the bond, the Company has signed an agreement with PT Bank DBS Indonesia and Standard Chartered Bank to enter into Cross Currency Swap (CCS) arrangement. The swap will allow MedcoEnergi to receive the bond proceeds in US Dollar (USD) thus converting its Rupiah liability into USD liability with the all-in interest rate of 4.85% per annum.

The Bond's proceeds, after deducting with the public offering costs, will be used for:

- Financing acquisition of producing oil and gas assets in Indonesia and/or overseas; or
- 70% for refinancing and 30% additional working capital and/ or capital expenditure.

This Bond issuance has been another milestone in the Company's fund raising activity, as securing a new low-cost fund with interest rate below 5% per annum, during the current difficult situation due to European crisis and currency volatility is not an easy feat to accomplish. MedcoEnergi expects the Bond will enhance its current performance and create an added value to its shareholders and investors.

MedcoEnergi booked net profit of USD12.1 million in First Quarter 2012. On June 19, 2012 PT Medco Energi International Tbk is pleased to announce its net income for the first quarter of 2012 in the amount



SUMMARY OF MEDCOENERGI PERFORMANCE ACHIEVEMENTS IN FIRST QUARTER 2012 vs. 2011

- Total oil and gas sales of 66.1 MB0EPD, up 3.9%
- Weighted-average realized oil and gas price – USD125/ barrel and USD3.9/mmbtu, up 17.3% and 4.3%
- HSD sales of 70.1 (000 KL); and Ethanol sales of 938 KL
- Revenue of USD282.2 million, up 10.6%
- Gross profit of USD91.8 million, up 2.7%
- Income from operations of USD56.9 million, up 7.1%; and EBITDA of USD81.2 million, up 0.7%
- Net income of USD12.1 million, up 22.9%

Balance sheet position:
Cash and cash equivalents USD632
million, up 110.7%; Total liabilities
USD1.667 billion, up 17.4%;
and Equity USD857.5 million, up 4.0%

of USD12.1 million, an increase of 22.9% compared to USD9.8 million from the same period last year. The increase was mainly due to:

- The relatively stable oil and gas sales in first quarter of 2012 compared to 2011, in the amount of 66.1 MBOEPD, or up slightly by 3.9%; and
- Higher weighted-average realized oil price in the first quarter of 2012 of USD125/barrel compared to USD106.6/barrel in 2011, and also a slight increase in average realized gas price to USD3.9/ mmbtu during the first quarter of 2012 from USD3.7/mmbtu in same period last year.

The stability of oil and gas sales and a boost in realized HSD sales volume by 66.3% resulted in the increase of MedcoEnergi's revenue in the first quarter 2012 to USD282.2 million, from USD255.1 million in the same period last year, which significantly increased by 10.6%. Therefore, MedcoEnergi was able to book its income from operations for the first quarter of 2012 in the amount of USD56.9 million, an increase of 7.1% compared to same period of last year in the amount of USD53.1 million.

MedcoEnergi has also been able to improve its balance sheet whereas its cash and cash equivalents increase by 110.7% to USD632 million in the first guarter of 2012 from USD300.3 million in the same period last year. The increase was primarily due to A). An increase in cash flow from operating activity; and B). An increase in cash flow from a financing activity. In terms of liability, to anticipate maturing debts in 2012 and to fund its projects development, the Company has secured loans from various financial institutions and from the market through bond issuance. MedcoEnergi's total liabilities in the first quarter of 2012 increased to USD1.667 billion from USD1.420 billion in the same period last year, however in term of net debt to equity ratio it decreased from 0.8x to 0.7x due to the accumulation of cash. The Company's equity position also increased to USD857.5 million in the first quarter of 2012, from USD824.4 million in the same period last year. For more details, please download the full consolidated interim financial statements here and also our 1012 Investors' Update.

MedcoEnergi Increases its Production in Oman. MedcoEnergi through its wholly owned subsidiary, Medco Oman LLC on June 19, 2012 announced that its production from the Karim Small Fields has reached over 22,000 BOPD, a record number since the Company was awarded the service contract in 2006 at which time the production was still around 9,500 BOPD. The field has demonstrated a steady production increase and achieved 22,538 BOPD in May 2012, compared to last year's monthly average of 18,729 BOPD. The Company operates Karim Small Fields under a production service contract on behalf of PDO (Petroleum Development of Oman), which is jointly





owned by the Government of Oman and Shell. The Company, through Medco Oman LLC, holds 51% of participating interest.

The Karim Small Fields, which is located 700 kilometers southwest of Muscat, Oman, consists of 18 fields the majority of which are already in mature state with an average of 20 to 25 years old. MedcoEnergi has conducted a drilling campaign to prioritize the most potential wells combined with good reservoir wells management to attain operational excellence. The Company has also maintained a good safety record with over 3.7 million man hours without accident. Currently, the Company's main activities is to continue to increase production through improving efficiencies in the drilling program, finding new prospective reservoirs and undertaking production optimization.

This achievement in Oman is a showcase of the Company's success in operating overseas producing assets, particularly in the Middle East region. This performance proves that MedcoEnergi is highly capable of delivering the best service and operations in this region. MedcoEnergi's operation team, which is currently 80% supported by local resources of Omani people across subsurface, drilling, and operation divisions, has been working extensively to add values at international operations and to support the Company's business strategy in strengthening the portfolio of producing assets. In future MedcoEnergi plans to increase participation of local resources, not only in Oman but also in other places where it operates.





Major Projects Report

Senoro Upstream

A follow-up commercial Re-Bid was performed for the EPC contract. All bidders have registered and submitted commercial tender documents and currently reach final commercial evaluation phase.

With BPMIGAS approval on tender plans, the Drilling Rig, OCTG (Oil Country Tubular Goods) and other long lead procurement tenders have been started for Q1-2013 spud date target.

Site preparation for CPP (Central Processing Plant) and Jetty Site preparation is progressing well, now approaching 75.5% progress on Filling and Compacting, to be concluded before hand over to EPC contractor.

Land Acquisition's progress is relatively on track, the area for CPP and jetty are nearing completion with the remaining area of 0.2 Ha is still being negotiated. The pipeline's Right of Way (ROW) from the CPP to DSLNG area are 95% complete, negotiations are still ongoing for the remaining land.

Donggi-Senoro LNG

In general, the EPC progress for this project is ahead of schedule (52% actual vs 44% plan) as of June 2012, with good safety records. Road Rerouting Project (RRP) is still recuperating after some delays due to the land settlement, forestry permit, and disposal issues. Contractor has sufficient land area to work with and catch up on the RRP progress, while the land team continues to pursue the remaining land.

Blok A Re-tender for CPP's EPC contract is waiting for the new quotation submissions from the bidders. Land Acquisition is relatively on track with the schedule. About 96% land has been acquired on the CPP ar-

From the Exploration activities, Drilling Rig tender for Matang-1 well is still underway with target spud date in Q3 2012.

Rimau EOR With the start of pre-flush activity in December 2011, the project is

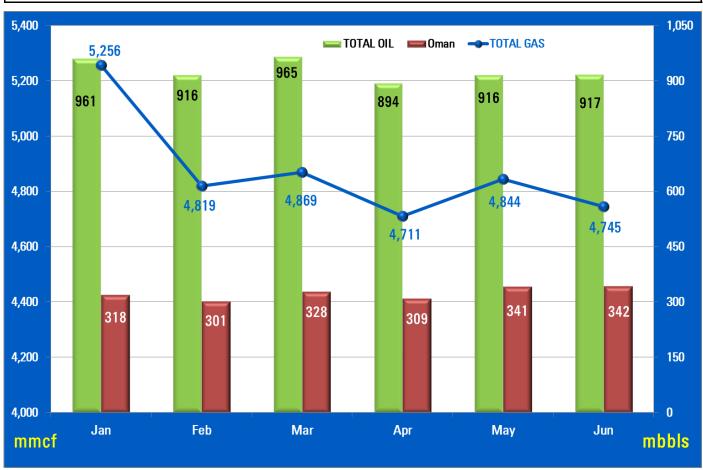
now focusing to complete the remaining facilities to allow for Chemical Injection in $\Omega 3$ 2012.

Libya FEED tender and environmental impact assessment is expected to be utilized under JOC (Joint Operating Company) which currently being closely discussed with NOC (National Oil Company) for its establishment.



Production Report

Oil Production (mbbls)	2011A	Jan	Feb	Mar	Apr	May	Jun	YTD 2012
Rimau	6,024.4	520.5	471.5	505.6	490.2	495.8	478.3	2,961.8
South & Central Sumatra	2,728.4	194.6	202.0	216.0	204.1	219.2	221.1	1,256.9
Tarakan	873.7	82.4	84.9	102.8	93.6	90.6	87.3	541.6
Sembakung	812.8	83.0	73.0	71.3	69.3	71.2	68.8	436.7
Bawean	373.3	51.4	60.3	42.0	10.9	12.9	38.8	216.3
Tiaka	180.2	13.3	12.2	12.6	12.0	11.8	10.9	72.8
USA	161.0	15.7	12.2	14.8	14.2	14.4	11.9	83.1
TOTAL OIL	11,153.8	961.0	916.2	965.0	894.2	915.8	917.0	5,569.2
Gas Production (mmcf)	2011A	Jan	Feb	Mar	Apr	May	Jun	YTD 2012
South & Central Sumatra	46,191.2	3,774.9	3,551.6	4,096.3	3,988.5	4,124.9	3,999.3	23,535.5
Lematang	12,739.1	1,262.3	1,100.0	587.8	568.8	574.7	542.1	4,635.7
Tarakan	1,885.8	160.0	118.9	117.2	91.2	88.4	149.1	724.7
USA	826.9	58.9	48.7	67.9	62.1	55.8	54.0	347.4
TOTAL GAS	61,643.0	5,256.1	4,819.2	4,869.2	4,710.6	4,843.8	4,744.5	29,243.3
Service Contract (mbbls)	2011A	Jan	Feb	Mar	Apr	May	Jun	YTD 2012
Oman	3,481.7	318.3	301.3	327.6	309.1	341.2	341.8	1,939
Electricity (GWH)	2011A	Jan	Feb	Mar	Apr	May	Jun	YTD 2012
Power Production - IPP	1,202	111	108	108	91	91	85	595
Power Production - 0&M	9,520	678	720	819	835	840	786	4,678
Downstream	2011A	Jan	Feb	Mar	Apr	May	Jun	YTD 2012
Fuel Distribution / KL	268,468	36,834	9,821	25,446	22,265	21,552	17,075	132,993
Ethanol Production / KL	16,098	853	0	85	3,253	1,175	0	5,366
LPG Production / MT	15,304	1,306	1,188	1,289	1,234	1,275	1,224	7,516





Exploration Report

Seismic Activities

During the month of May and June 2012, the Company continued to do seismic surveys in Rimau Block PSC and Senoro Toili Block PSC. In Rimau 2D land seismic acquisition are taken place in 2 districts, Kabupaten Banyuasin and Kabupaten Musi Banyuasin with total track of 400 km. Topography Survey activities started on 27 July 2011 and parameter tests on 12 and 13 August 2011. Meanwhile, in Senoro Toili 3D seismic (including transition zone) and 2D marine covered an area of 95 sqkm and 400 km respectively.

Drilling Activities

MedcoEnergi drilled one development well in SCS Block PSC namely the Meta 2012-1 well with spud date in May 2012.

WTI, Brent and ICP Oil Price

