



MEDCOENERGI

1H10 Investors' Update

PT Medco Energi Internasional Tbk.

July, 2010

www.medcoenergi.com

Energy Company of Choice



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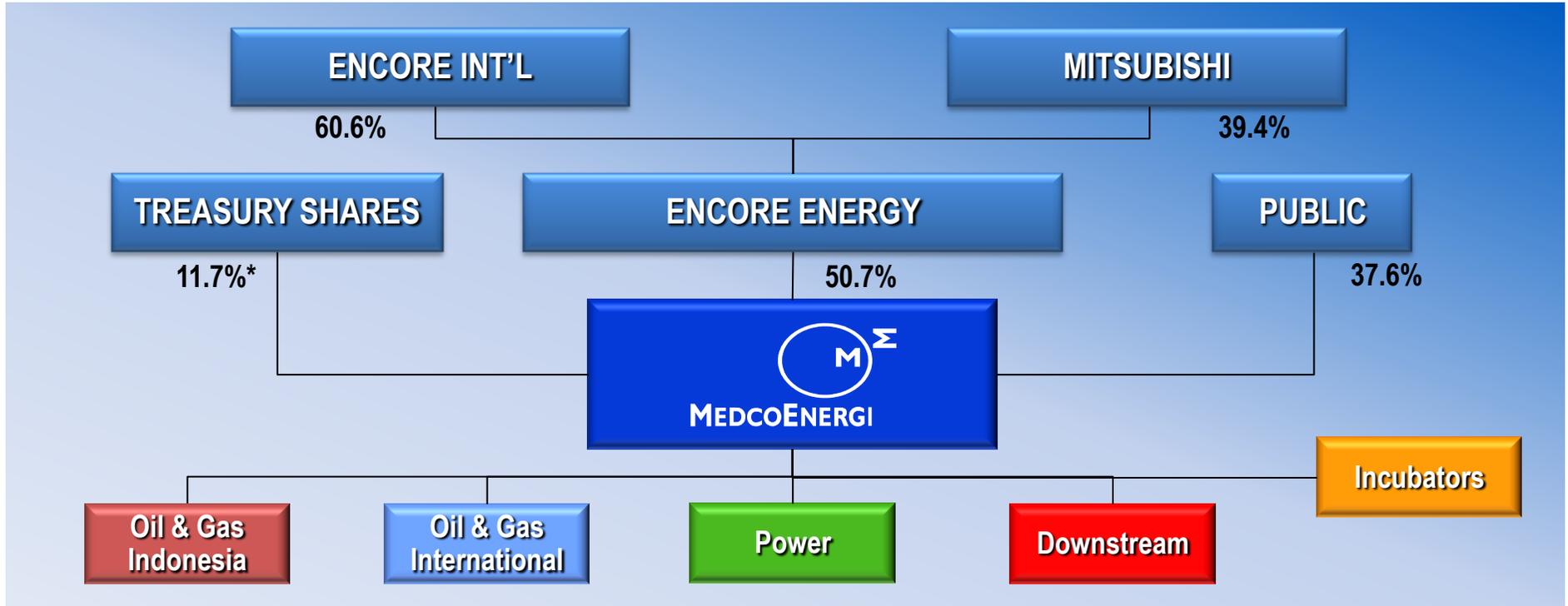


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Overview



“A leading, domestic E&P focused company with international oil and gas assets, supported by diversified business portfolio.”



*All treasury shares including the 6.7% tied to the CB are now free and unencumbered after the CB has been put back to us on 12 May 2009

- ❖ An integrated energy company, operating in:
 - Oil and gas E&P sector (domestic and international assets)
 - Power sector (power generation plants, EPC and O&M services)
 - Downstream sector (renewables, fuel distribution and other utilization of upstream resources)
- ❖ With a long-term view, Medco allocates a portion of its capital to its incubator unit to supervise the development for nurturing new energy-related business opportunities, e.g.:
 - Coal Bed Methane
 - Mining (coal)
 - Natural gas distribution

“Large portfolio, domestic and international, offers diversification of opportunities and risks across broader geological formation.”



Medco E&P Indonesia

- In Indonesia, Medco operates 10 blocks, maintains working interests in 3 blocks operated by strategic partners, and holds economic participating interest in an exploration field.

Indonesia

■ Producing blocks	7	■ Exploration blocks	5
■ Development block	1	■ Economic interest	1

“Global presence enhanced Company’s credibility when negotiating for hydrocarbon assets in under-exploited countries.”



Medco Energi Global

- Medco’s international operations spread across 20 assets in Asia, Africa, and the US

US		Yemen		Tunisia	
▪ Producing blocks	8	▪ Exploration blocks	2	▪ Development block	1
▪ Exploration blocks	5				
Oman		Libya		Cambodia	
▪ E&P service contract	1	▪ Exploration Block	1	▪ Exploration blocks	2

“Other revenue streams not only further diversify risks but also monetize upstream assets by midstream and downstream integration.”

Medco Power Indonesia

- 4 gas-fired power generation plants in Batam with total capacity of 156.6 MW including a new commercially operated gas-fired combined cycle power plant with additional capacity of 20.6 MW
- 1 Operation & Maintenance project in Tanjung Jati B, Central Java 1,320 MW



Medco Downstream Indonesia

- LPG plant in Rimau, South Sumatra, with capacity of 73,000 ton/year -- processing associated gas from Rimau block
- Ethanol plant in Lampung, with capacity of 180 KL/day
- HSD storage and distribution, with storage capacity of 22,700 KL.



Incubator Projects

- Coal Bed Methane project, South Sumatra
- Coal Mining project, East Kalimantan
- Gas Pipeline project, Gunung Megang – Pagar Dewa



MedcoEnergi Business Portfolio

1

Build a business with profitable growth based on three main businesses, E&P, Power and downstream (renewables, fuel distribution and other downstream businesses that utilize upstream resources e.g. LPG and Power).

2

Develop a strong position in renewable fuels over 5-8 year period by reconfiguring and refocusing Medco Downstream's businesses leveraging off Indonesia's vast agriculture economy.

3

Improve Medco Energi Global (MEG) position and increase clarity around MedcoEnergi's international activity footprint

4

Allowing flexibility and innovation through allocation of capital to a "New Business Incubator" unit

MedcoEnergi Organizational Effectiveness

5

Enhance MedcoEnergi's organizational effectiveness by instilling rigorous financial discipline, fostering a pervasive performance culture and building personnel competencies



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1H10 Financial and Operational Highlights



Consolidated

Financial Highlights(mn USD)	1H10	1H09	Δ%
Revenue	397.1	311.0	27.7
Gross Profit	153.8	93.8	63.9
Income from Operations	91.6	31.4	192.1
EBITDA	127.0	82.9	53.1
Earnings Before Tax	40.4	16.2	149.7
Net Income	12.1	9.6	26.2
EPS (USD/share)	0.0041	0.0033	31.8
Equity	714.6	698.8	2.3
Total Assets	2,064.4	2,073.7	(0.4)
Total Liabilities	1,327.9	1,361.0	(2.4)

Net Income Breakdown by Business Segments

Business Segment (in million USD)	1H10 Net Income
Medco Energi Internasional, Tbk. (stand-alone)	(44.8)
Oil and Gas, Exploration & Production	56.8
Electricity	0.6
Downstream	(7.3)
Other Contracts	6.8
Consolidated Net Income after Eliminations	12.1



Oil and Gas E & P

Operational & Financial Highlights	1H10	1H09	Δ%
Proved Reserves - 1P (MMBOE)	225.4	98.3	129.2
Proved and Probable Reserves - 2P (MMBOE)	266.4	183.6	45.1
Oil Lifting / MBOPD	30.63	36.67	(16.5)
Gas Sales / MMCFD	145.47	98.95	47.0
Total Oil and Gas (MBOEPD)	55.49	53.58	3.6
Average Oil Price, USD/barrel	80.48	54.85	46.7
Average Gas Price, USD/mmbtu	3.56	3.08	15.6
Revenues (mn USD)	258.6	227.2	13.8
Cost of Sales (mn USD)	129.2	142.9	(9.6)
Net Income (mn USD)	56.8	24.9	128.5



Electricity

Operational & Financial Highlights	1H10	1H09	Δ%
Power Production - IPP / GWH	491	437	12.3
Power Production - O&M / GWH	4,187	3,513	18.6
Revenues (mn USD)	30.2	30.1	0.4
Cost of Sales (mn USD)	27.2	22.2	22.6
Net Income (mn USD)	0.6	(0.9)	n.m.



Downstream

Operational & Financial Highlights	1H10	1H09	Δ%
Fuel Distribution / '000 KL	84,165	31,127	170.4
Average HSD Price / Rp per KL	5,966	4,474	33.3
Ethanol Production/ KL	8,110	2,396	238.5
Average Ethanol Price, USD / KL	548	405	35.3
LPG Sales / MT per day	41.12	47.28	(13.0)
LPG Price/ USD per MT	658.12	364.76	80.4
Revenues (mn USD)	51.5	15.0	243.3
Cost of Sales (mn USD)	49.6	18.8	164.1
Net Income (mn USD)	(7.3)	(9.4)	(21.9)

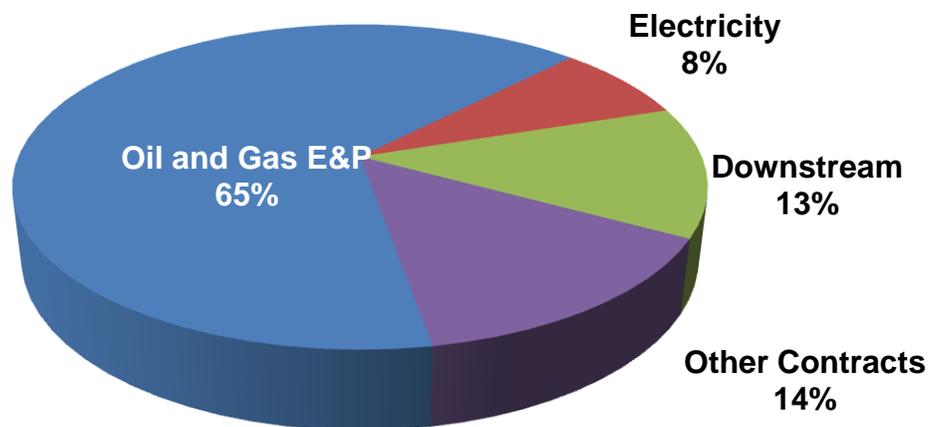


Other Contracts*

Financial Highlights	1H10	1H09	Δ%
Revenues (mn USD)	56.8	38.7	46.9
Cost of Sales (mn USD)	37.4	33.4	12.0
Net Income (mn USD)	6.8	2.7	155.3

*Operation and service contract from Oman and drilling services from EPI

Segmental breakdown, 1H10 Revenues





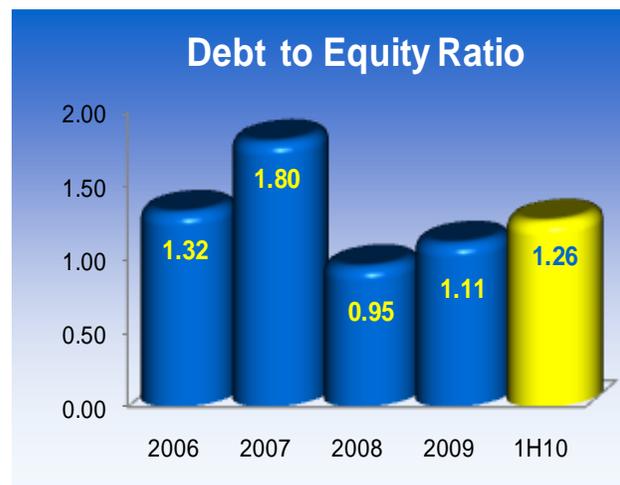
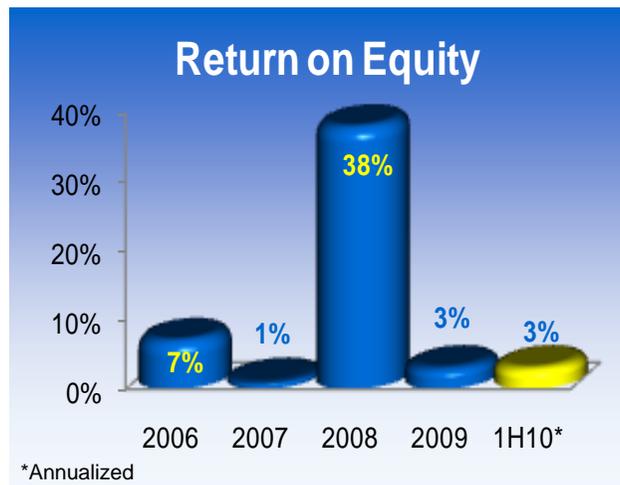
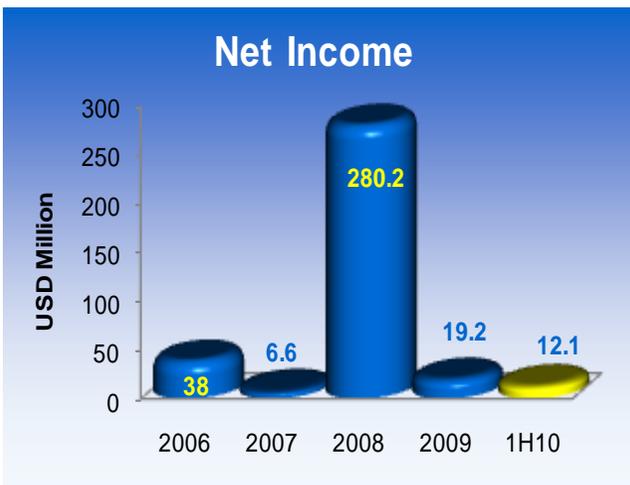
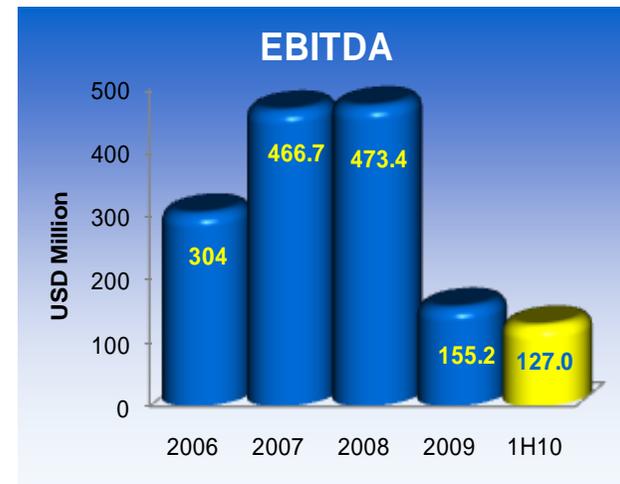
CONSOLIDATED DEBTS (in million USD)	1H10	1H09	Δ%
A. Total Bank Loans	635.0	456.9	39.0
Current Portion	115.1	71.8	60.3
Non Current Portion	519.9	385.1	35.0
B. Other Obligations	264.0	347.5	(24.0)
Rupiah Bonds (due in 2012 and 2014)	164.3	258.7	(36.5)
MTN (due in 2011 and 2012)	99.6	0.0	n.m.
USD Notes (Paid in 22 May 2010)	0.0	88.9	n.m.
Total	899.0	804.5	11.7

STOCKHOLDER COMPOSITION	1H10	1H09	Δ%
Encore Energy Pte. Ltd.	1,689,393,006	1,689,393,006	50.70
Public	1,252,603,944	1,252,603,944	37.58
Treasury Shares	390,454,500	390,454,500	11.72
Total	3,332,451,450	3,332,451,450	100.00



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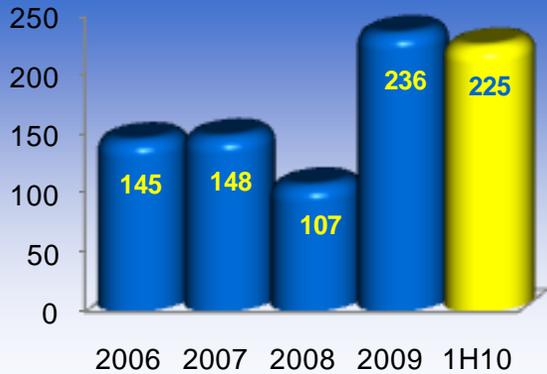
Charts and Ratios





Financial Charts - Consolidated

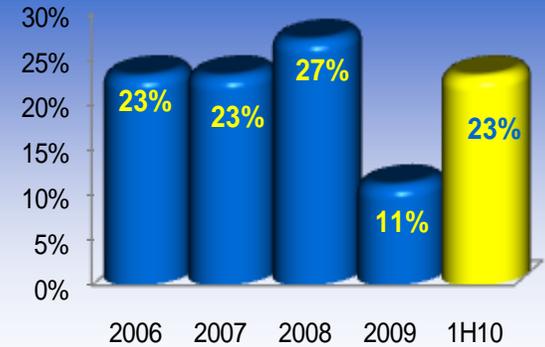
1P Reserves in MMBOE



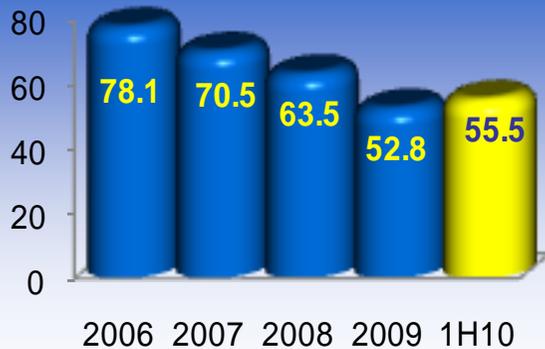
2P Reserves in MMBOE



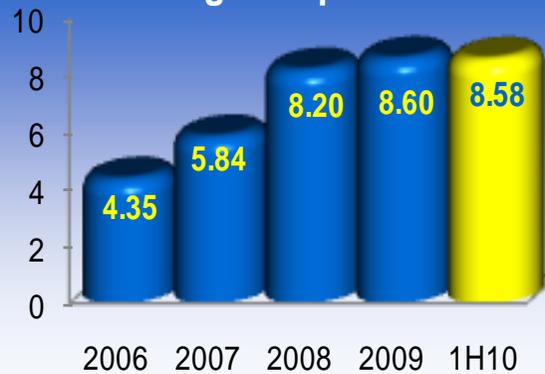
Operating Margin



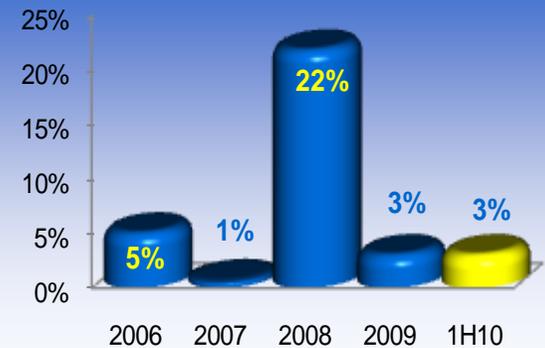
Lifting in MBOEPD



Lifting Cost per BOE



Net Margin





RATIOS	1H10	1H09	Δ%
Liquidity & Solvability (x)			
Cash Ratio	0.72	0.63	15.26
Quick Ratio	1.78	1.46	21.94
Current Ratio	2.02	1.67	21.03
Debt to Equity Ratio	1.26	1.15	9.27
Net Debt to Equity Ratio	0.88	0.68	29.59
Total Liabilities / Total Equity	1.86	1.95	(4.59)
Profitability (%)			
Gross Margin	38.7%	30.2%	28.4
EBITDA Margin	32.0%	26.7%	19.9
Operating Margin	23.1%	10.1%	128.8
Net Margin	3.0%	3.1%	(1.1)
Return on Equity - Annualized	3.4%	2.7%	23.4



RATIOS	1H10	1H09	Δ%
Coverage Ratios (x)			
Interest Coverage Ratio	3.63	3.56	2.1
Net debt/ EBITDA - Annualized	2.48	2.86	(13.4)
Efficiency Ratios (x)			
Revenue/ fixed assets - Annualized	0.74	0.61	20.2
Revenue/ net working capital - Annualized	2.09	1.78	17.9
Investment Ratios (x)			
CapEx/ Revenue	0.18	0.35	(49.1)
CapEx/ Depreciation	1.97	2.08	(5.3)
Capital Structure (x)			
Net debt/ total equity	0.88	0.68	29.6
Net debt/ (net debt + equity)	0.47	0.40	15.7



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Reserves Profile



“The combination of oil and gas reserves on Medco’s portfolio will help sustain production life for years to come”

Indonesia	International	1P (Proved)
<ul style="list-style-type: none"> Rimau Kampar Lematang Tarakan Sembakung Senoro Toili Bawean 	<ul style="list-style-type: none"> East Cameron Main Pass Mustang Island Brazos West Delta 	<p>225.37 MMBOE 37% oil, 63% gas</p>

- ❖ **1P or Proved reserves:**
Reserves claimed to have a reasonable certainty (normally at least 90% confidence) of being produced.
- ❖ **2P or Proved and Probable reserves:**
Reserves claimed to have a lower certainty (at least 50% confidence) of being produced due to operational, contractual, or regulatory uncertainties.
- ❖ **Contingent Resources:**
Discoveries not yet considered fully ready for commercial development due to certain contingencies.

Indonesia	International	2P (Proved and Probable)
<ul style="list-style-type: none"> Rimau Kampar Lematang Tarakan Sembakung Senoro Toili Bawean 	<ul style="list-style-type: none"> East Cameron Main Pass Mustang Island Brazos West Delta 	<p>266.38 MMBOE 40% oil, 60% gas</p>

→ Most of 2P reserves and Contingent Resources are **technically proven** – conversion to proved reserves is pending certain milestones of commerciality factors e.g. government approvals, final POD etc.

Contingent Resources
<ul style="list-style-type: none"> Libya-47 Block A Senoro Toili Bangkanai Simenggaris
<p>257.30 MMBOE 60% oil, 40% gas</p>

Based on 1H10 data



Reserves Profile: Potential Additional Reserves

“Medco will book its technically proven discovery from major projects as proved reserves upon achievement of certain milestones.”

Major Projects Assets

Est. Contingent Resources

Key Milestones

Libya-47

175,850 MBOE

- ❖ Acquired 50% working interest in 2005
- ❖ Obtained reserves estimation from D&M in 2008
- ❖ Submitted POD to Libyan National Oil Corporation (NOC) in late 2008
- ❖ Secured operatorship and exploration extension in April 2010
 - ❖ **FID pending: POD approval by the NOC**

Senoro Toili

45,214 MBOE

- ❖ Established operating company in 2007
 - ❖ Signed GSA early 2009
- ❖ Migration of 118.9 mmboe contingent resources to 2P
 - ❖ **FID pending: conditions on GSA**

Block A

22,067 MBOE

- ❖ Acquired 41.67% working interest in 2006
- ❖ Signed GSA with two off-takers in Q4 2007 and Q1 2008
- ❖ **FID pending: PSC extension (current contract expires in 2011)**

Subtotal 243,131 MBOE

Total 2P + contingent reserves 514,707 MBOE



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Corporate Updates 2010



1. MedcoEnergi has issued the **2nd Medium Term Notes (MTN)** in a total amount of USD 50 million on March 22nd 2010. The MTN were issued in two tranches: Series A in the amount of USD 40 million with coupon rate of 7.25% per annum and a 2-year tenor and Series B in the amount of USD 10 million with coupon rate of 8.00% per annum and a 3-year tenor. The transaction was arranged by Bahana Securities, OSK Nusadana Sekuritas and NISP Sekuritas and privately placed it to a number of prominent institutional investors.
2. MedcoEnergi completed the construction of **Combined Cycle Power Plant in PLTGU Panaran II, Batam** and started the operation on March 25th 2010. The combined cycle which is operated by the Company's indirect subsidiary PT Dalle Energy Batam will add another 20.6 MW of power supply from Panaran II by utilizing steam produced from the simple cycle gas turbine generator. Prior to this, Panaran II produces 61.5 MW of power supply from 55.5 MW (2x27.75 MW) gas turbine generator and 6 MW chiller.
3. MedcoEnergi **secured operatorship of Area 47 in Libya** from the Libyan General People's Committee (GPC) starting April 1st 2010 replacing Verenex Energy Area 47 Libya Limited (VEAL). GPC also **granted a one year extension to the exploration period** commencing the same date of Operatorship. The move came after Verenex Energy Inc. which is Medcoenergi's partner and also operator of Area 47 was acquired by Libya Investment Authority (LIA) a sovereign wealth fund established by the Libyan Government in 2006 and has assets in excess of US\$65 billion.
4. On May 5th 2010, MedcoEnergi announced **the thirteenth oil discovery at Area 47**, Libya, which came from the **L1-47/02 exploration well**. Based on the two test results conducted on the new discovery wells it achieved combined main flow rate of 2,612 BOPD.
5. The Indonesian Minister of Energy and Mineral Resources, has **signed off the consent letter for Donggi-Senoro** gas allocation on June 17th, 2010.
6. On July 20th 2010, MedcoEnergi announced **the fourteenth oil discovery at Area 47**, Libya, which came from the **N1-47/02 exploration well**. Based on the two test results conducted on the new discovery wells it achieved combined main flow rate of 3,770 BOPD. Since exploration drilling activities began in September 2006, there were 21 wells drilled in the Area 47, which consisted of 17 exploration and 4 appraisal wells. Out of 17 exploration wells drilled, it has oil discovery in 14 wells.

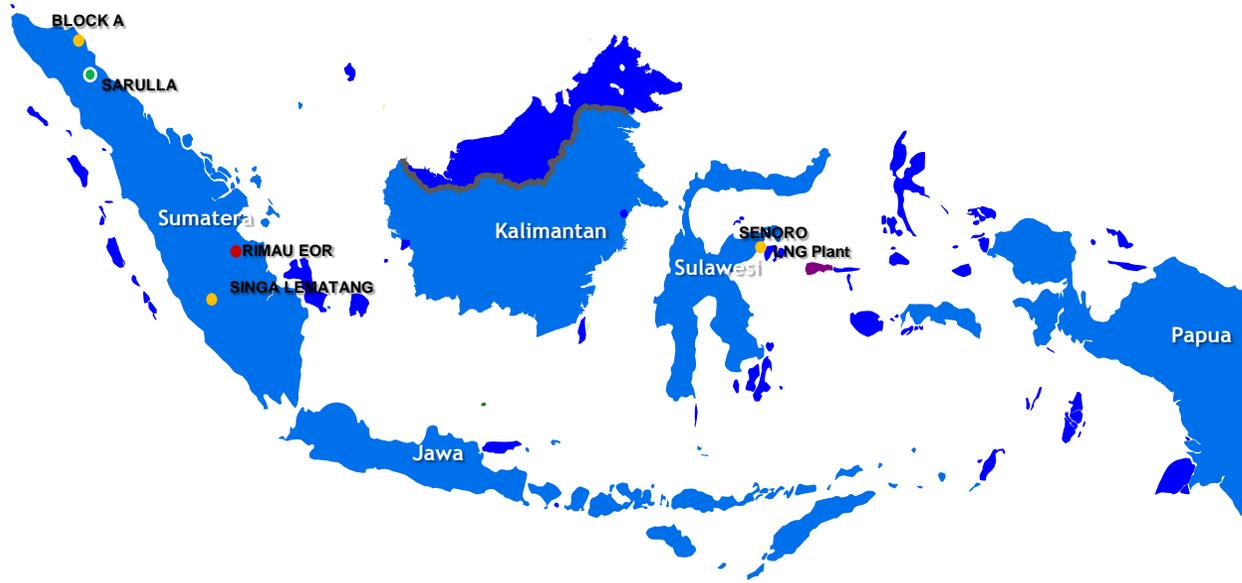


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Major Projects Update

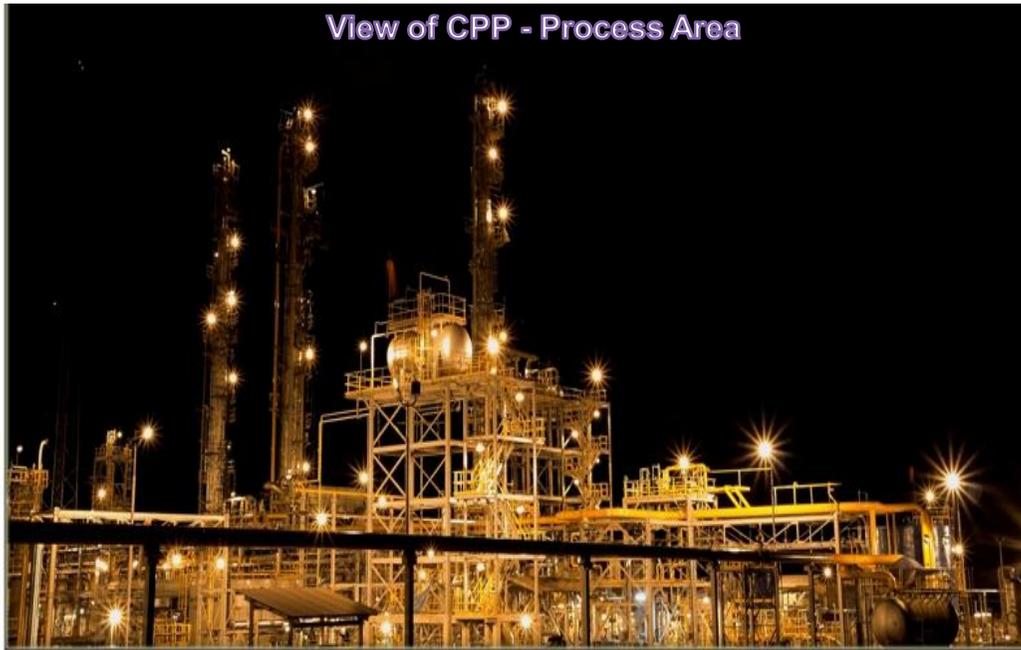


Major Projects Portfolio



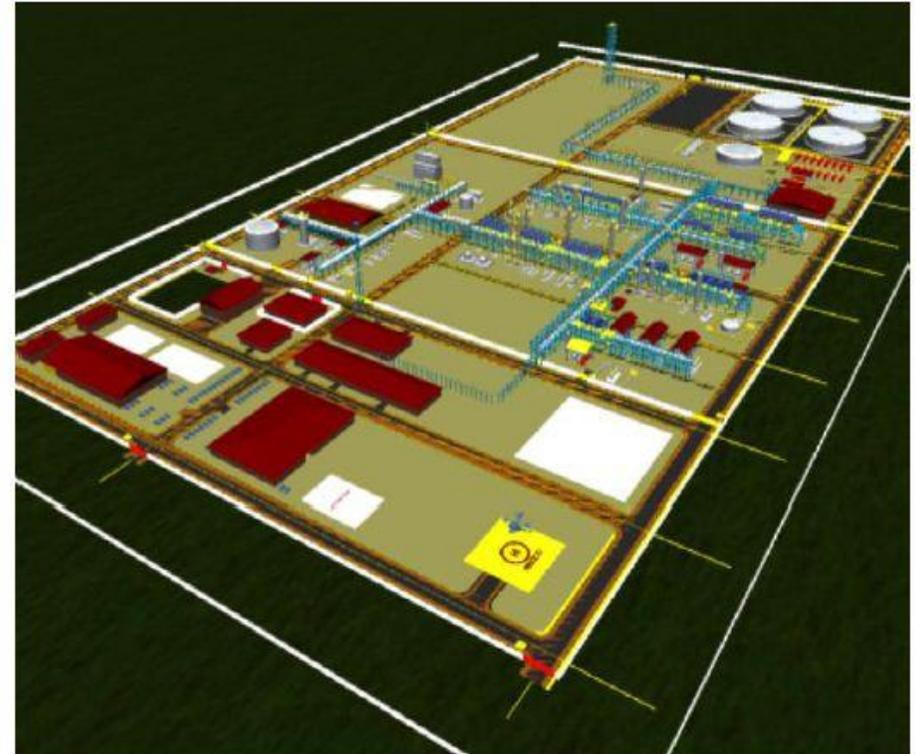
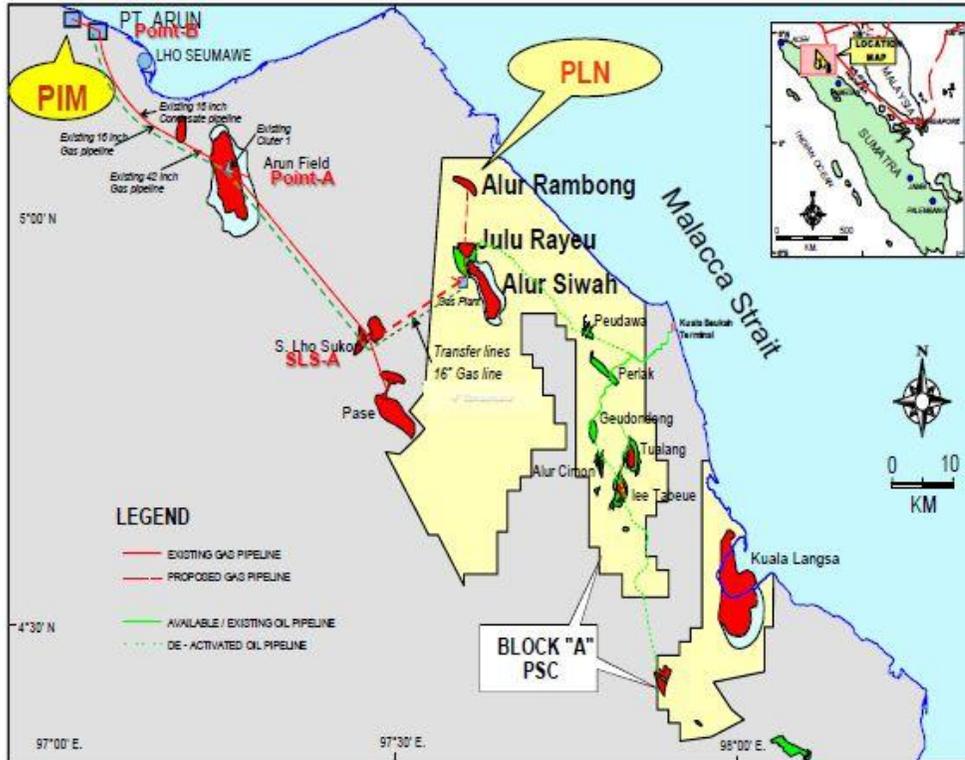
- Oil Development
- Power Plant
- Gas Development

PROJECTS	TARGET Start-Up	Project Descriptions	% ownership	Partners
Singa	2010	Gas field development of 50 MMscfd	74.12%	Lundin Lematang
Block A	2012 - 2015	Gas field development up to 110 MMscfd	41.67%	Premier, Japex
Rimau	2013	Oil field - Enhanced Oil Recovery	95%	PD-PDE
Senoro	2014	Gas field development up to 250 MMscfd	50%	Pertamina
DS- LNG	2014	LNG plant , single train of 2.1 mtpa capacity	20%	Pertamina, Mitsubishi
Libya 47	2014	Oil field development of 50,000 - 100,000 bopd	50%	Verenex
Sarulla	2013 - 2015	Geothermal power plant, 3x110 MW	37.25%	Kyushu, Ormat, Itochu



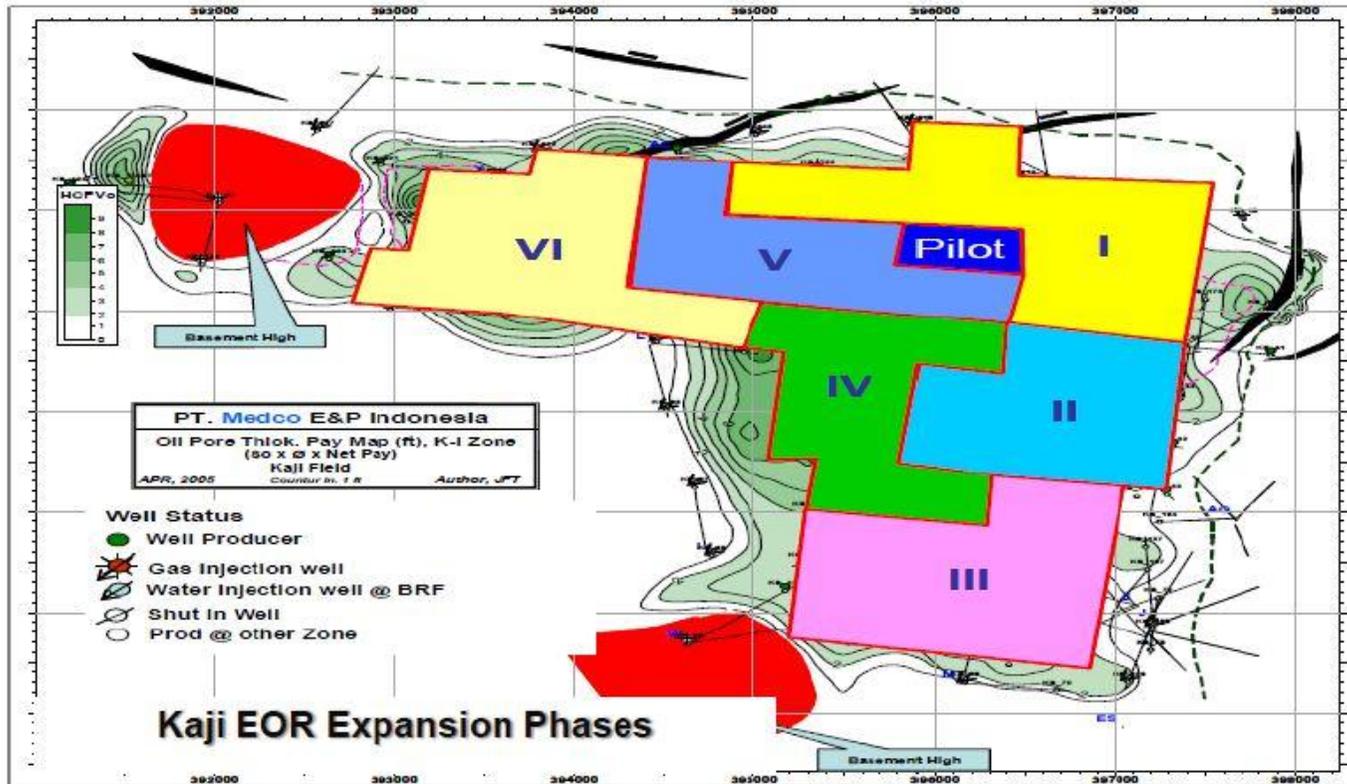
- Objective: Monetize 13 MMBOE (76 BCF) 2P Gross Reserve
- Project Scope: 50 MMSCFD gas plant and associated pipeline, including 3 HPHT Drilling with high CO₂/H₂S
- Project Status:
 - Central Processing Plant including gas shipping line from Singa to Pagar Dewa is in operation.
 - First production started in June 2010, and will continue ramping up production up to 50 MMSCFD.
 - MedcoEnergi has signed Gas Sales Purchase Agreement with PT Perusahaan Gas Negara on December 4, 2009 to supply natural gas of 53,266 BBTU at USD 5.4/mmbtu for a 38-month period;





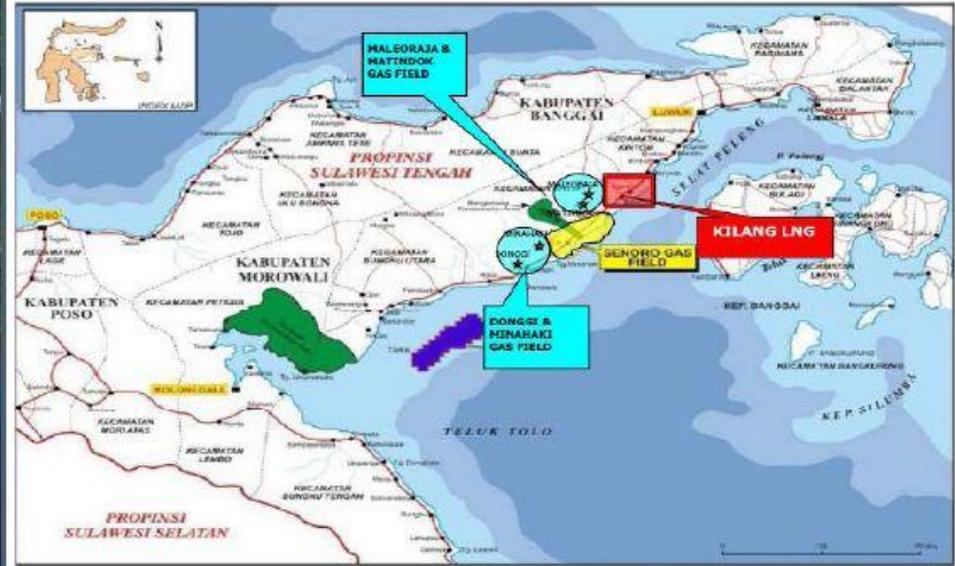
- Objective : Monetize 121.7 BCF 2P gas contingent resources;
- Project Scope: 2 x 60 MMSCFD gas plant and associated pipeline
- Project Status:
 - FEED completed; continue preparing EPC tender documents
 - Complete Pre-Sanction Review by independent consultant to improve project readiness prior to FID
 - GSA with Pupuk Iskandar Muda and PLN have been signed in 2007 and 2008, respectively. Gas prices for both buyers have been approved by MESDM in 2009;
 - Obtained endorsement from Local Oil and Gas Regulator, follow up with Central Regulator to obtain PSC Extension approval. No major capex before Final Investment Decision.

Rimau Enhance Oil Recovery Project



- Objective : Increase oil production volume from existing reservoir by using new EOR technique
- Project Scope : Implementation of pilot project Enhance Oil Recovery (EOR) to increase 16.4% Original Oil In Place (OOIP) in 2013
- Project Status:
 - Obtained budget approval from BPMIGAS and tender is on going for pilot project execution in 2011.
 - This pilot project is a step to full expansion, contains 6 pattern drilling;
 - Capex will be internally funded from operation.

Senoro Gas/LNG Development



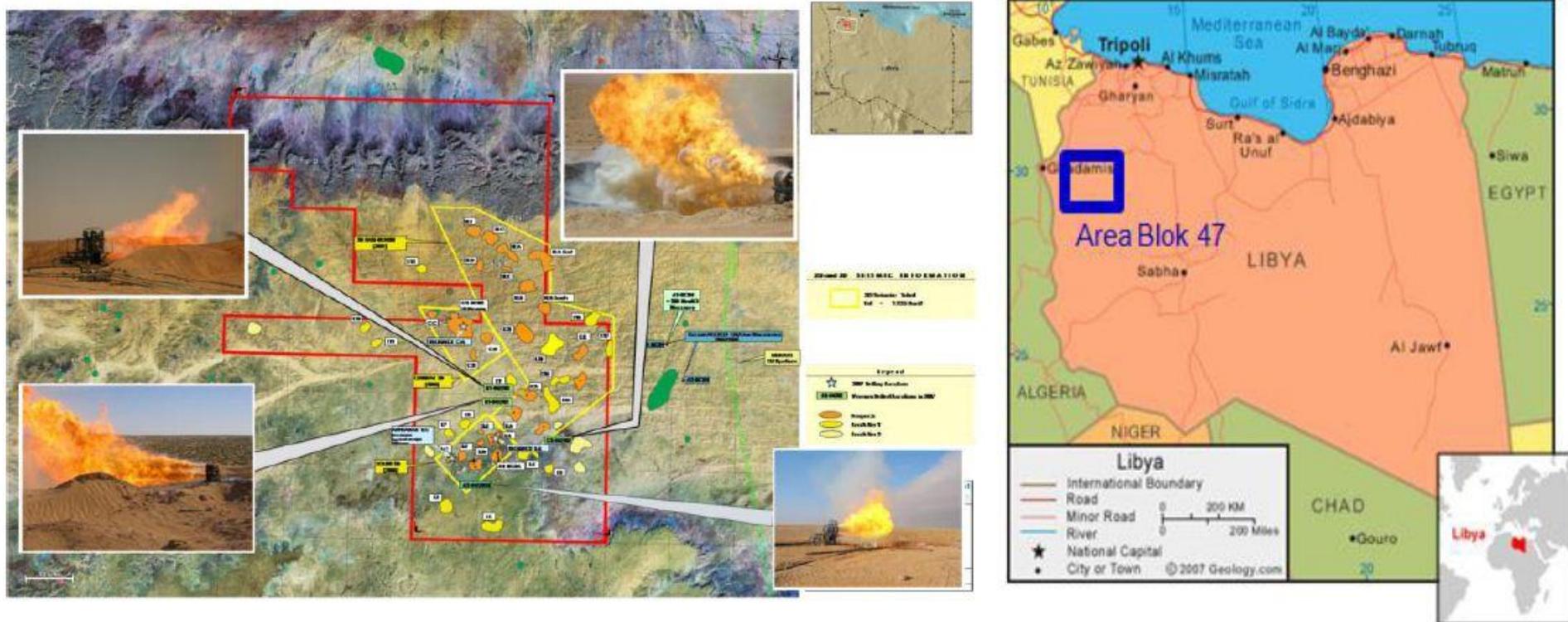
- Objective : Commercialize 1.8 TCF of gross 2P reserve and contingent gas resources through LNG Product

Upstream:

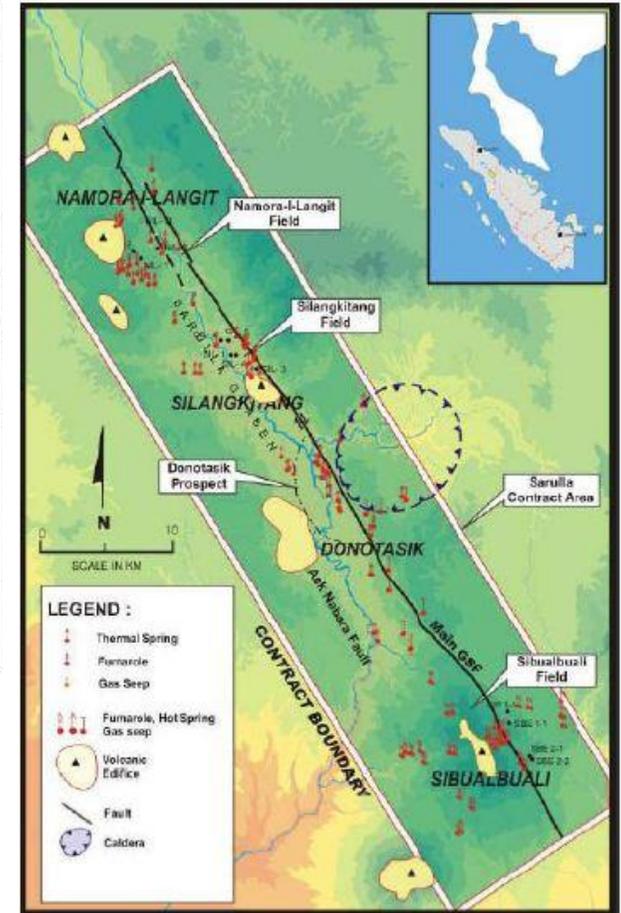
- Project Scope: Build 250 MMSCFD plant and associated pipelines,
- Project Status:
 - Reserve assessment by GCA completed;
 - ESDM has recommended project to proceed;
 - Obtaining BPMIGAS approval on Update POD, AFE and EPC tender plan
 - No major capex before Final Investment Decision;
 - Financing – negotiations with commercial banks.

Downstream:

- Project Scope : Build 2.1 MT per annum LNG facilities
- Project Status:
 - GSA signed with PT Donggi Senoro LNG Indonesia and LNG HOA with Japanese (Kyushu & Chubu) and Korean (KoGas) buyers;
 - Financing – continuing negotiations with JBIC and commercial banks.
 - Final Investment Decision – closing out outstanding CPs



- Objective : Development of area 47 oil discovery in Libya with Gross Contingent Resources of 352 MMBOE
- Project Scope : Produce 50-100 MBOPD production facilities with associated pipelines
- Project Status :
 - Total 21 wells drilled, 17 exploration wells and 4 appraisal wells;
 - Successful exploration results with aggregate flow of 116,318 bopd based on 14 exploration and 2 appraisal wells;
 - Obtained operatorship replacing Verenex and extended exploration period until 31 March 2011;
 - Target to obtain commerciality in 2H10;
 - Continue exploring financing in the form of reserve based lending.



- Objective : Develop renewable energy resources in Geothermal sector by building strategic alliances with Kyushu, Ormat, Itochu
- Project Scope : Build geothermal power plant 3x110MW in Sarulla North Sumatra, using combined cycle unit and Ormat Energy Converter
- Project Status :
 - Electricity Tariff – renegotiate underway with PLN;
 - Engineering, Procurement & Construction (EPC), Drilling, O&M contract – preparing for negotiations and finalization;
 - Financing – positive response from JBIC/ADB and other commercial banks to provide funding.

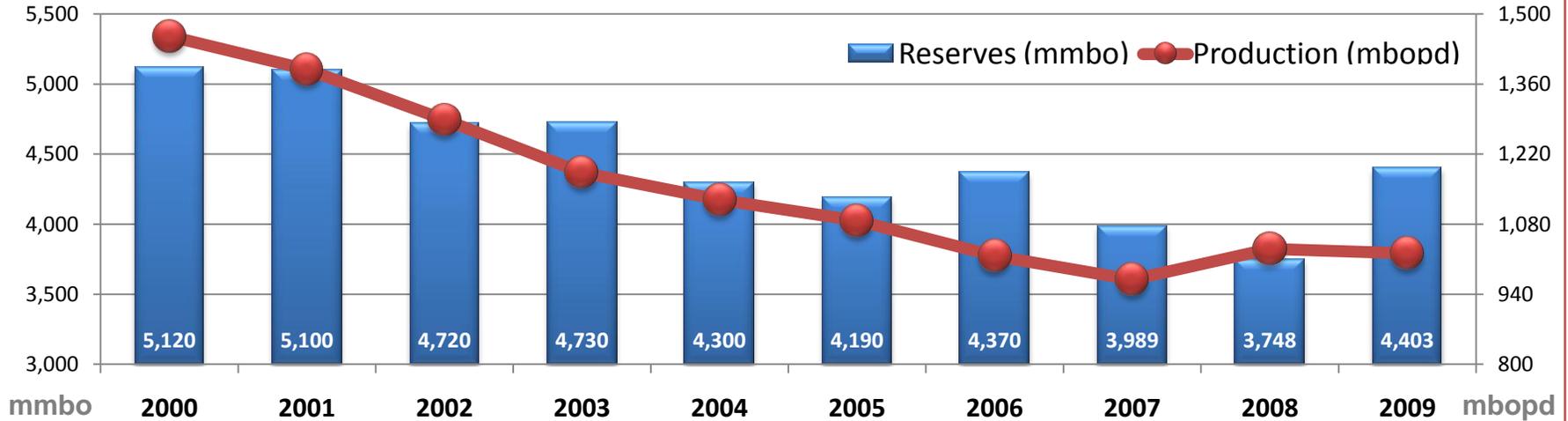


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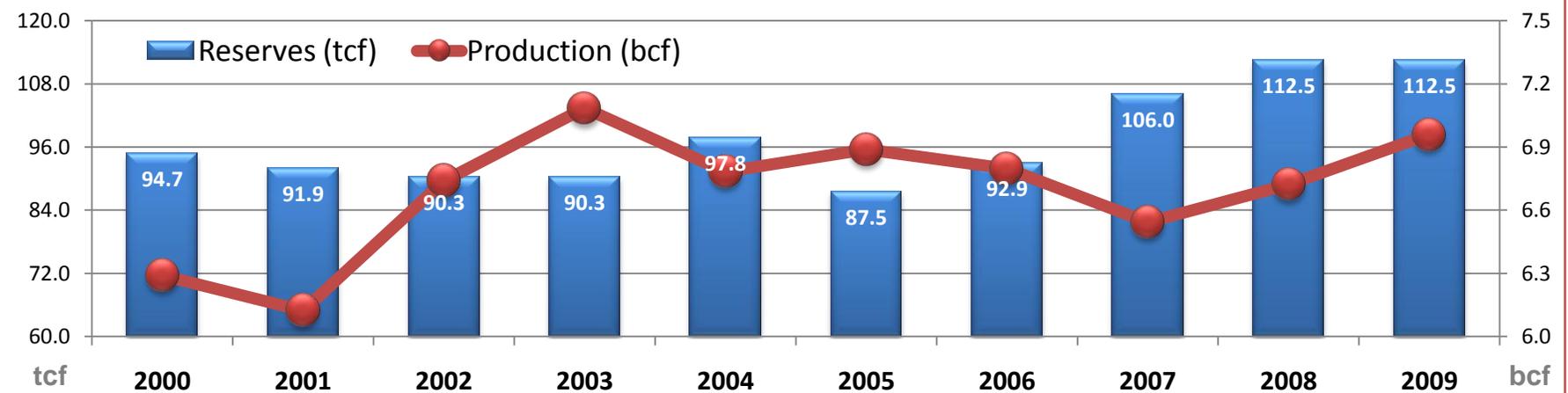
Indonesia Proved Oil and Gas Reserves and Production

Indonesia Oil & Gas Reserves and Production

Indonesia Proved Oil Reserves and Production



Indonesia Proved Gas Reserves and Production





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