

MEDCOENERGI

1H 2007 Results

PT Medco Energi Internasional Tbk.

August, 2007

www.medcoenergi.com

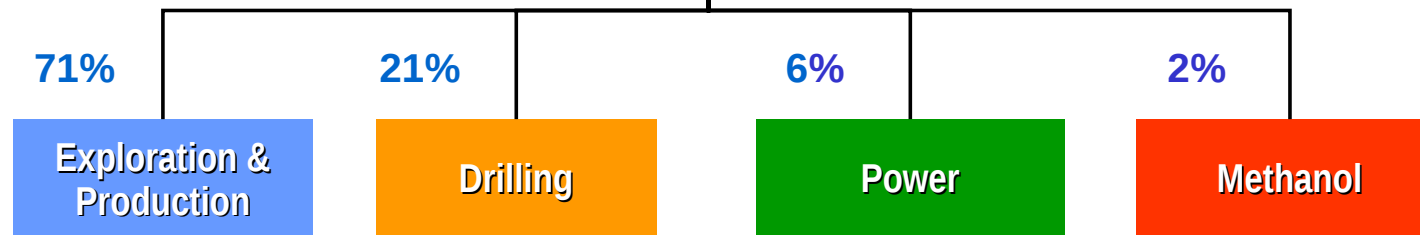
Energy Company of Choice

This document contains certain financial conditions and results of operation, and may also contain certain projections, plans, strategies, policies and objectives of the Company, which could be treated as forward looking statements within the meaning of applicable law. Forwards looking statements, by their nature, involve risks and uncertainties that could cause actual results and development to differ materially from those expressed or implied in these statements. PT MEDCO ENERGI INTERNASIONAL TBK. does not guarantee that any action, which should have been taken in reliance on this document will bring specific results as expected.

- 1. Introduction and Highlights**
2. Operations Update

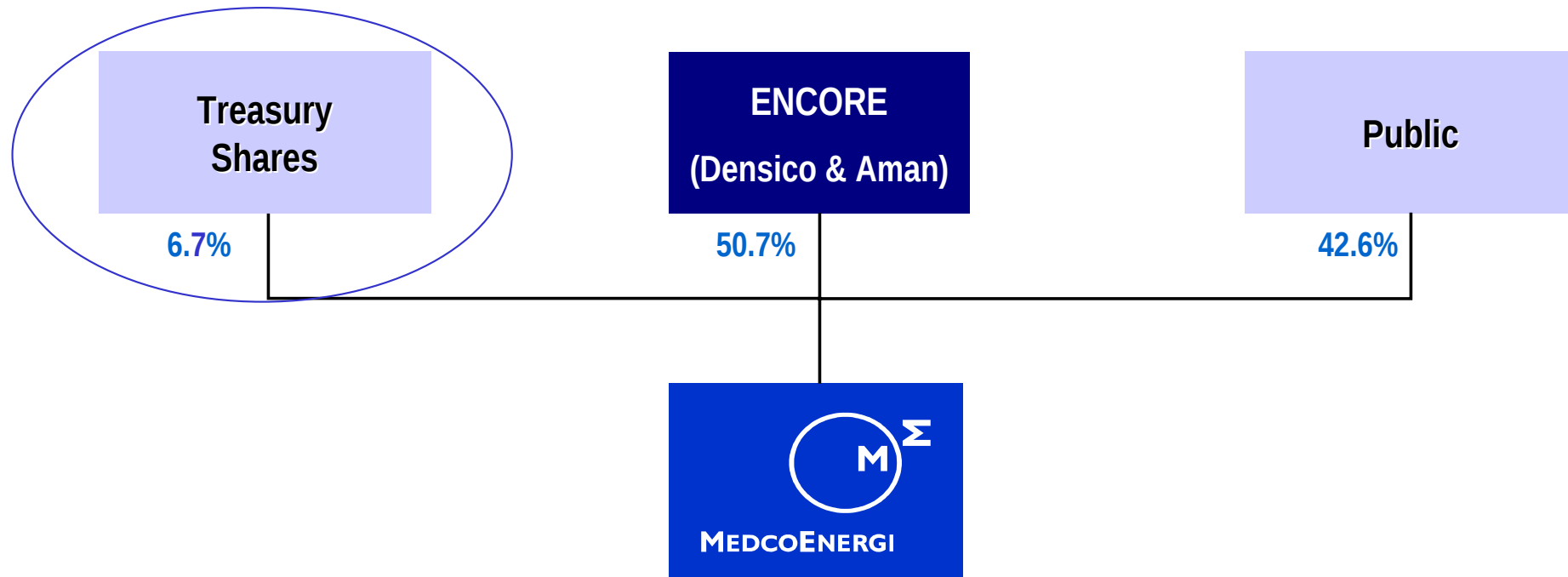


Highlights Revenue Contributions



- E&P Oil and Gas focused company, supported by onshore and offshore drilling operations, expanding to power opportunities.
- Strategic assets spread across Indonesia's prolific hydrocarbon bearing basins as well as international assets.
- Reserves Portfolio as of 1 January 2007:
 - Gross 1P reserve – 148 MMBOE (71% oil, 29% gas)
 - Gross 2P reserve – 483 MMBOE (34% oil, 66% gas)

Ownership Structure



- Medco (MEDC IJ) is listed in Jakarta Stock Exchange and Luxembourg (GDS)
- Market Capitalization ~ USD 1.29 billion (at IDR. 3,525/share and IDR 9,054/1USD)
- Number of shares 3,332,451,450

Note: as of June 29, 2007

Areas of Operations



MEDCOENERGI



Medco Energi's E&P operations:

- 15 producing blocks/operations
- 4 development blocks
- 14 exploration blocks
- 1 service contract

Major assets are:

- ❖ Rimau, SS Extension and Kampar
- ❖ Lematang
- ❖ Senoro – Toili (gas reserves)

Medco Energi's Drilling Rigs:

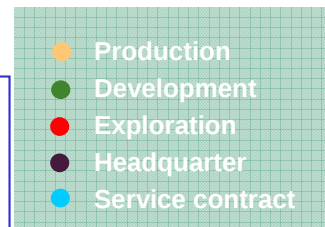
- 8 onshore rigs
- 4 swamp barge rigs
- 2 jack-up rigs

Medco Energi's Power Plants:

- 2 Gas Fueled Power Plant
- Tanjung Jati B (O&M)

Medco Energi's Chemical Plants:

- 1 Methanol plant in Bunyu Island
- 1 LPG plant in Kaji
- 1 Ethanol plant in Lampung (under construction)



Upstream Acquisitions:

- **Acquired Block A, North Sumatra, in 2 stages: 50% from Exxon-Mobil** (through a consortium with Japex and Premier Oil) on April 26th 2006 and another **50% from ConocoPhillips** (with Premier Oil) on January 23rd 2007.
- **Acquired 90% Block E in Cambodia on September 4th 2006**, subsequently farmed-out to Kuwait Energy making Medco's stake **62.5%**.
- **Acquired 4 additional US assets on October 12th and 19th 2006**; Block 435, 437, 492 and 514 in Brazos Area.
- **Acquired** blocks 82 and 83 in **Yemen** on December 9th 2006, through a consortium with Kuwait Energy Company, Indian Oil Corporation Limited, and Oil India Limited.
- **Acquisition** of 40% participating interest in Anaguid Block in **Tunisia** on June 12th 2007.

Upstream:

- **Banjar-Panji 1 well mudflow incident**, Brantas PSC occurred May 29th 2006.
- On March 16th 2007, signed the SPA of **PT Medco E&P Brantas** which holds 32% working interest of Brantas PSC.
- On March 21st 2007, signed a 9-year 130bcf **Gas Sales Agreement with PLN** for **Lematang** with an average price of **USD 3.22/mmbtu**.
- On June 27th 2007 Simmengaris farm-out 21% to **Salamander Energy (Simenggaris) Ltd.**
- On July 4th 2007 Nunukan farm-out 49% plus additional 11% to **Anadarko Nunukan Indonesia Company**.

Power:

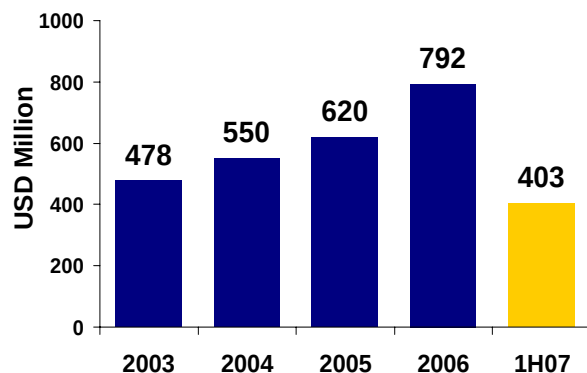
- On July 25, 2006, **awarded Sarulla Geothermal Project with a 300MW** capacity with consortium members ORMAT and Itochu.
- **Commissioning Panaran-2** Gas Fueled Power Plant in Batam on August 11th 2006.

Drilling Services:

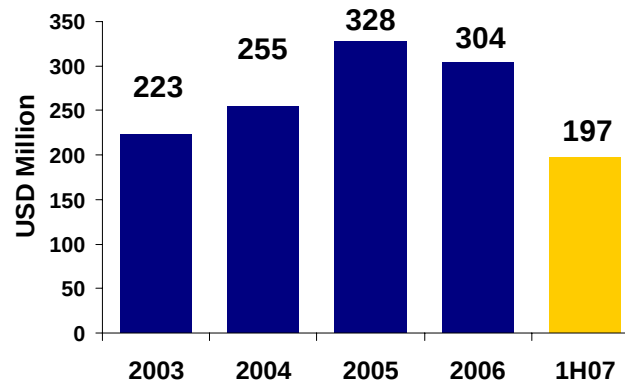
- **Secured 3 years long-term contract from Total E&P Indonesie** for the new jack-up rig – Soehanah.

Financial and Operating Highlights

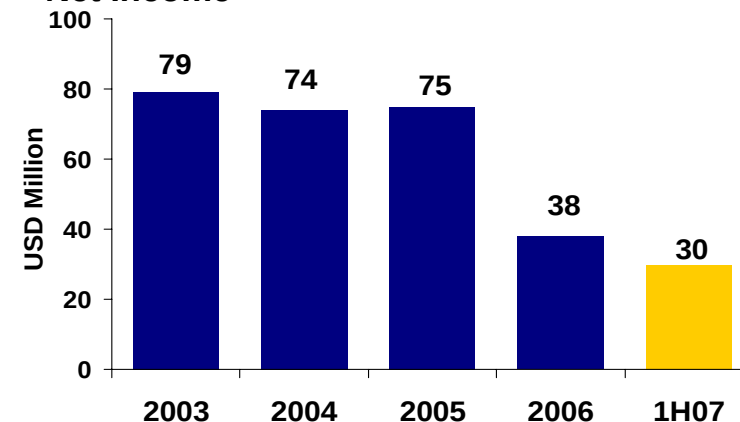
Revenues



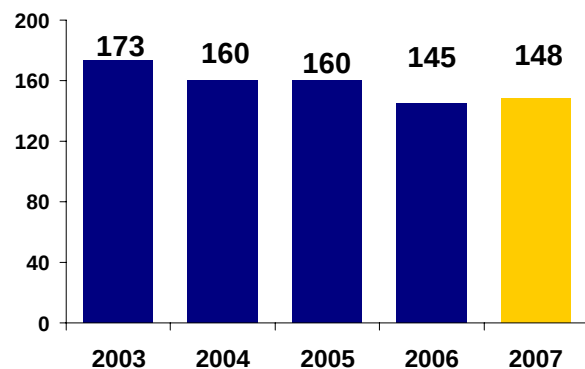
EBITDA



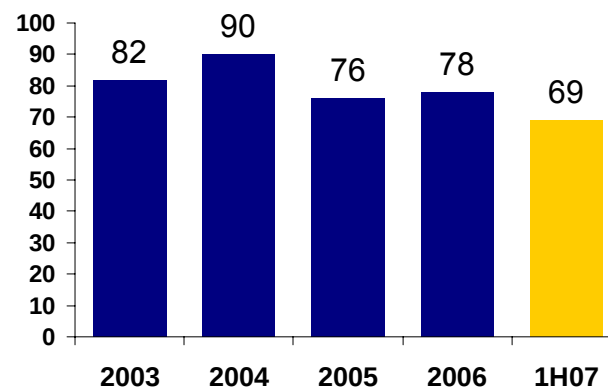
Net Income



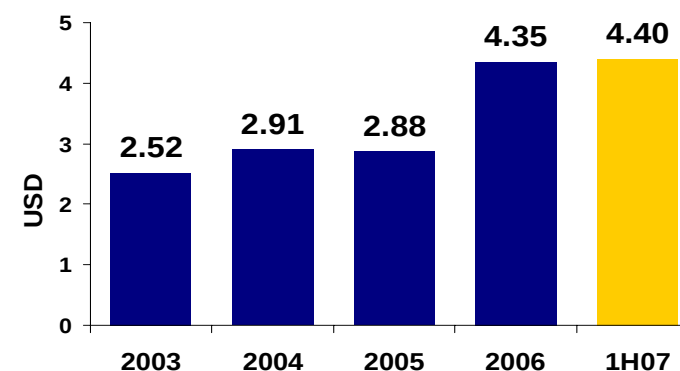
1P Reserves in MMBOE



Lifting volume (in MBOEPD)



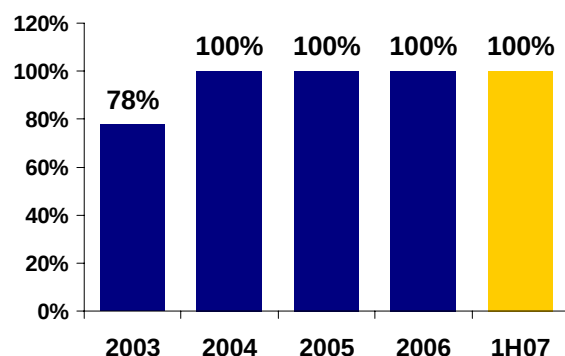
Lifting Cost per BOE



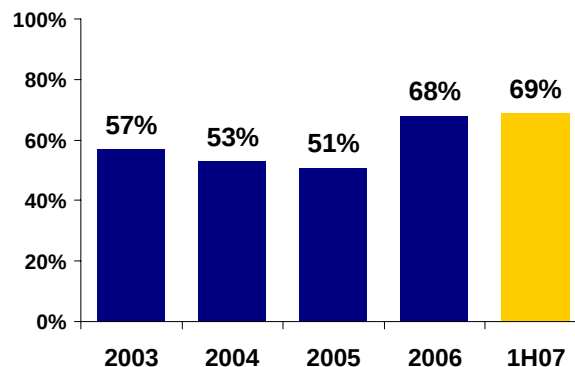
Note: Lifting Cost is based on production volume.

Financial and Operating Highlights

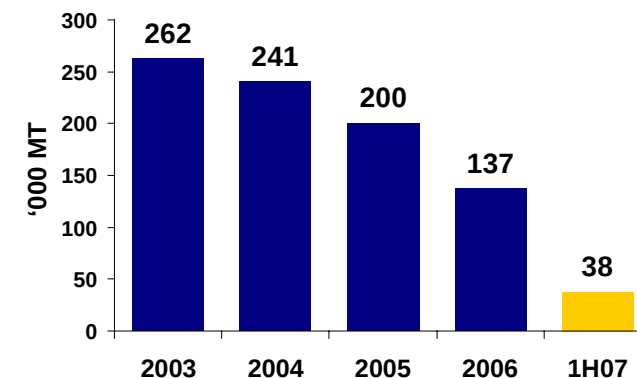
Swampbarges utilization rate



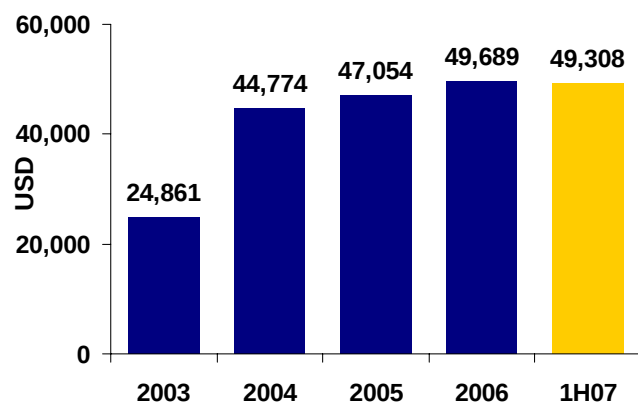
Onshore utilization rate



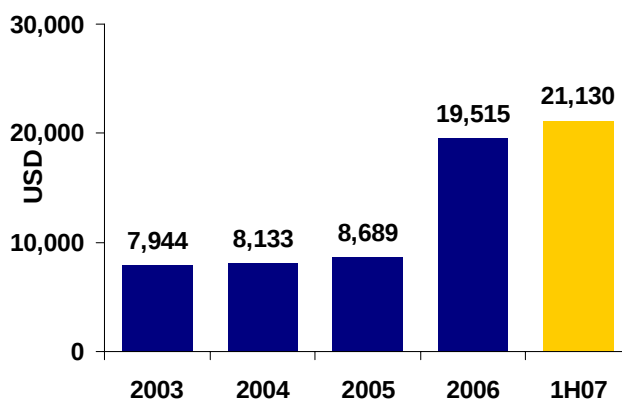
Methanol sales



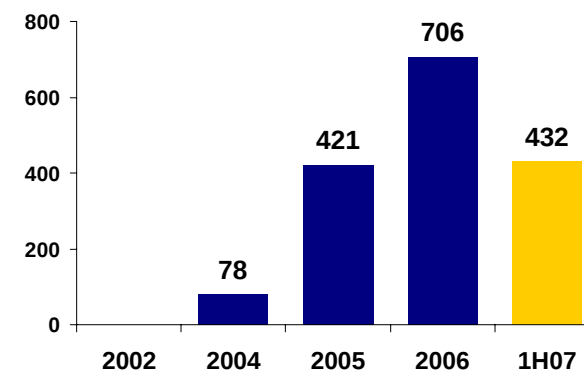
Swampbarges average daily revenues



Onshore average daily revenues



Power production in MWH



Operational Highlights



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OPERATIONAL HIGHLIGHTS	1H07	1H06	Δ%
Oil Lifting / MBOPD	51.43	56.71	-9.4
Gas Sales / MMCFD	103.5	134.91	-23.3
TOTAL Oil and Gas (MBOEPD)	69.11	79.85	-13.4
Crude Price, USD/barrel	62.86	65.06	-3.3
Gas Price, USD/mmbtu	3.01	2.30	30.7
Onshore Rig Utilization / %	69%	54%	27.8
Offshore Rig Utilization (Swamp barges) / %	100%	100%	-
Offshore Rig Utilization (Jack-up) / %	53%	100%	-47.0
Methanol Production / 000' MT	38	93	-59.2
Methanol Sales / 000' MT	38	87	-56.5
Methanol Price, USD/MT	269	228	18.0
LPG Production / MTD	84.25	102.38	-17.7
LPG price, USD/MT	316	317	-0.3

Financial Highlights

FINANCIAL HIGHLIGHTS (in million USD)	1H2007	1H2006	Δ%
Revenue	403.4	397.5	1.5
Gross Profit	190.4	161.8	17.6
Income from Operations	130.6	107.9	21.0
EBITDA	196.7	176.1	11.7
Earnings Before Tax	84.4	106.7	-20.9
Net Income	29.6	25.9	14.1
EPS (USD/share)	0.0095	0.0083	14.5
Equity	547.2	524.9	4.2
Total Assets	1,984.9	1,752.7	13.3
Ratios			
Debt to Equity	1.61	1.52	5.7
Current Ratio	2.17	2.90	-25.3
EBITDA/Interest Expense	6.06	6.93	-12.6

RATIOS	1H 07	1H06	Δ%
Liquidity & Solvability			
Cash Ratio	0.57	0.81	-29.0
Quick Ratio	1.83	2.22	-17.7
Current ratio	2.17	2.90	-25.3
Debt to Equity Ratio	1.61	1.52	5.7
Net Debt to Equity Ratio	1.09	1.04	4.7
Total Liabilities / Total Equity	2.40	2.14	12.3
Profitability			
Gross Margin	47%	41%	16.0
EBITDA Margin	49%	44%	10.1
Operating Margin	32%	27%	19.2
Net Margin	7.3%	6.5%	12.5
Interest Coverage Ratio	6.06	6.93	-12.6
Return on Equity	0.054	0.049	9.5

RATIOS	1H07	1H06	Δ%
Coverage Ratios (x)			
Income from Operations/ net interest	4.02	4.25	-5.3
Dividend payout ratio	0.50	0.47	7.2
Net debt/ EBITDA	3.69	3.63	1.8
Efficiency Ratios (x)			
Revenue/ fixed assets	0.36	0.41	-12.3
Revenue/ net working capital	1.27	0.93	37.1
Investment Ratios (x)			
CapEx/ Revenue	0.16	0.34	-51.9
CapEx/ depreciation	0.29	1.99	-85.4
Capital Structure (%)			
Net debt/ total equity	1.33	1.22	9.0
Net debt/ (net debt + equity)	0.57	0.55	3.9

1. Introduction and Highlights
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1. Exploration and Production

- a) Domestic Oil
- b) Domestic Gas
 - i. LNG
 - ii. Piped Gas
- c) International Oil and Gas

2. Drilling Services

- a) Jack-up Rigs
- b) Swamp Barge Rigs
- c) Onshore Rigs

3. Chemical

- a) Methanol
- b) Ethanol
- c) Fuel Farm

4. Power

- a) Gas Powered
- b) Geothermal

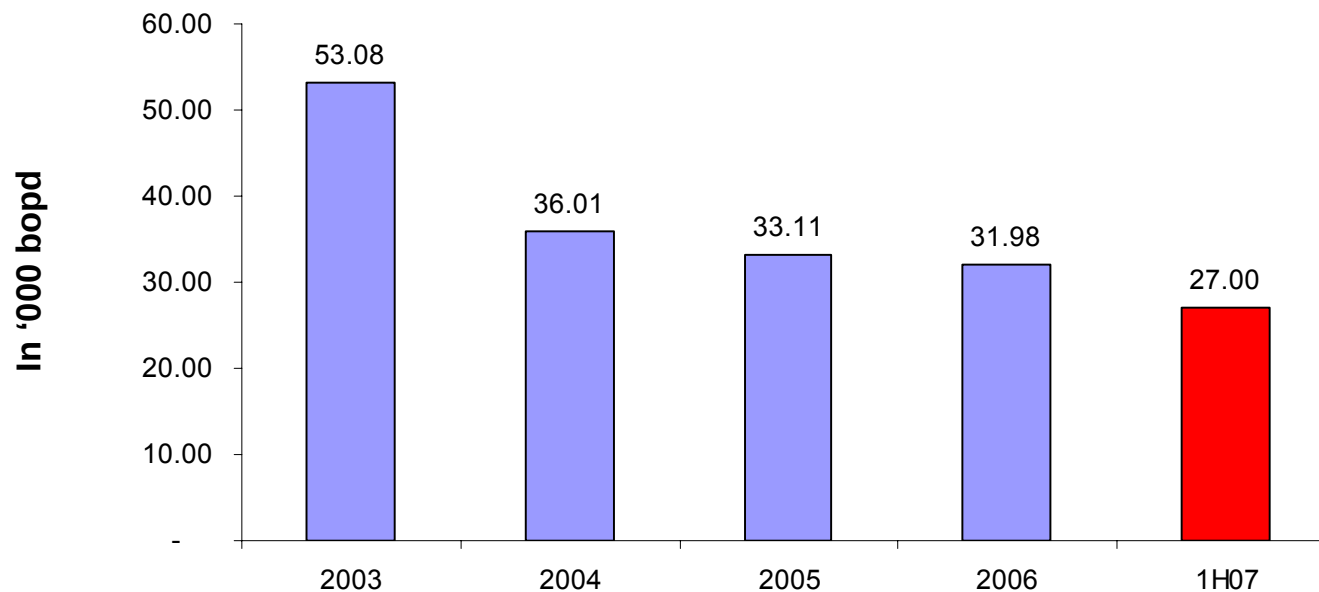
Upstream Oil and Gas:

- Creating values from existing assets
 - Finding and monetize gas accumulation, especially in South Sumatra to take advantage of the gas infrastructure that is currently being developed.
 - Invest in EOR Pilot Project to increase production from our maturing fields.
 - Risk Management by inviting partners that may have key technology or expertise, such as EOR.
 - Potential upside of CBM monetization once regulations are in place.
 - Asset rationalizations.
 - Listing of International Assets.

Other Business Units:

- Ethanol – Invite strategic partner(s) to create value.

- Optimizing production efforts:
 - Drilled 67 development wells for FY 2006;
 - POD progress on water-flooding;
 - Study for EOR (Schlumberger)
- Reserves: as of January 1, 2007
 - 1P 69.49 MMBO, 11.24 bcf;
 - 2P 86.15 MMBO, 18.84 bcf.
- Peak Production of 72,300 bopd in 2002



- **Progress Update:**
 - Estimated 2P reserves of 2.6 TCF gas;
 - Decision for a downstream LNG liquefaction project has been agreed;
 - Winner has been identified by end of 2006;
 - Framework Agreement (Pertamina, Medco, Mitsubishi) signed May 10, 2007;
 - HOA – targeted to be signed by 3Q 2007;
 - Gas Sales Agreement (GSA) expected to be signed 4Q 2007.
- **Upstream Development:**
 - To appoint main EPC contractor to construct upstream facilities for Senoro gas reserves (270 mmfcd).
- **Tiaka oil field** as of June 2007 production **3,422 BOPD** (100%)



Indonesia - Block A Gas

- Block size : 3,910 sq km.
- Medco : 41.67%.
- Contract expire : August 31, 2011.
- Discovery of **3 gas fields** : Estimated 660 BCF.
- Medco as the **operator**.
- Gas markets: Fertilizer plants, **Pupuk Iskandar Muda (“PIM”)** fertilizer plants, and nearby LNG terminal.
- On March 21, 2007, signed MoU with PIM.
- The Block is expected on-stream by 2010.
- Potential exploration upside of **more oil and gas reserves**.



Indonesia – Anadarko's Exploration Activities



MEDCOENERGI

- On July 26, 2005, Medco entered into an **Exploration Joint Venture Agreement (“EJVA”)** with a wholly-owned subsidiary of **Anadarko Petroleum Corporation (“Anadarko”)**.
- Under the EJVA, Anadarko has committed to:
 - 3 year work program (exploration);
 - Medco’s Indonesian blocks (except Merangin) at a cost USD 80 million;
- **Activities up-to-date:**
 - Executed 3 implementation agreements on EJVA; Nunukan, Simenggaris and Tarakan Seismic;
 - Drilled Sesayap B1 in Simenggaris Block, East Kalimantan;
 - Drilled South Sembakung 2 and Serban 3
 - Farmed-in 60% in Nunukan Block



- 6,812 sq kilometer area in the Ghadames Basin, Northwest Libya.
- Reserve estimates based on Libyan government estimates and are not booked by the company.
- **New oil discovery** based on own exploration:
 - A1-47/02 well flow-tested 12,500 bopd
 - B1-47/02 well initial flow-test 6,600 bopd
 - C1-47/02 well oil discovery, flow-test program in June-July 2007
- Exploration results indicates that Ghadames Basin as prolific oil bearing basin.
- Exploration Activities going forward;
 - Additional 3 exploration wells scheduled to be drilled in 2H07
 - Plan to acquire an additional drilling rig
 - Reserve calculation end of 07
 - Additional 2D and 3D seismic acquisition within the block
 - Starting work-over of existing well,
- Medco 50%, Verenex 50%



- Location: Cambodia, Offshore.
- Block E: Size approx. **5,500 km²**
- Status: **Exploration Block**
- Signed: September, 2006.
- Effective: December, 2006.
- Exploration period 3 years, with possible extension for 2nd and 3rd stages for additional 2 years, respectively.
- Effective Working Interest:
 - Medco Energi 62.5%.



- Location : Yemen, Onshore.
- Block Sizes : **1,853 km²** (block 82) & **364 km²** (block 83)
- Status: **Exploration Block**
- Attractive fiscal terms
- Three Leads of oil prospect with
 - Block 82: estimated OOIP of **213 mmbo**
 - Block 83: estimated OOIP of **130 mmbo**
- Economic Interest:
 - Medco Energi 38.3%.

- Location : Tunisia, Onshore
- Name of Block : Anaguid Block
- Status : **Development Block**
- Signed : June 12th 2007.
- Effective : June 12th 2007.
- Purchase price : USD 10 million
- Situated in the Western part of Ghadames Basin onshore Tunisia, these formations are similar to the formations that exists in the Area 47 block in Libya
- Economic Interest : Medco Energi 40%.
- Operator : Pioneer Natural Resources Anaguid Ltd.



- Status: Producing fields : ~13,000 bopd.
- Commence Operation : August 2006.
- Service Contract Tenor : 10 years.
- Economic Interest:
 - Medco Energi : 51%.
- Service Contract Arrangement:
 - 100% cost recovery with a maximum of 30% of gross revenue annually;
 - Signature Bonus of USD 30 million.
- Plan to double the existing production by 2008.
- Strategy: “beach-head” to the prolific oil and gas assets of the Middle East.



International - US New Assets



MEDCOENERGI

- Acquired 4 new concessions in the Gulf of Mexico; Block 435, 437, 492 and 514 in Brazos Area.
- Acquired 43.75% working interest in Mustang Island Block 758 in May 2006, located offshore of Texas. Subsequent gas discovery in October 2006.
- Working plan for the US assets to increase gas production by end of 2007, to about 20 mmcfd.
- Gas discovery in East Cameron, with flow test of 5 mmcfd.
- Sold Sorrento Dome Block in April 2007.





52%

PT Apexindo Pratama Duta Tbk. (onshore / offshore drilling)

- ◆ Incorporated in 1991.
- ◆ Operates 6 offshore rigs
- ◆ Currently operates 8 onshore rigs.
- ◆ Key long term clients like Total ensure high utilization.
- ◆ Revenue of USD 156.1 M in FY 2006.
- ◆ Market Capitalization USD 630 million (As of June 29th 2007)

FINANCIAL HIGHLIGHTS (in million USD, unless otherwise stated)	1H07	1H06	Δ%
Revenue	81.8	68.6	19.2
Gross Profit	30.8	22.9	34.5
Income from Operations	26.9	19.5	37.9
EBITDA	38.3	29.9	28.1
Earnings Before Tax	22.8	24.5	-6.9
Net Income	15.0	16.2	-7.4
Equity	215.0	204.0	5.4
Total Assets	472.1	407.7	15.8
Debt to Equity Ratio	0.95	0.44	115.9
Net Debt to Equity	0.15	0.15	-
Offshore average daily revenues Jack ups (USD per day)	42,874	68,748	-37.6
Offshore, average daily revenues Swamp barges (USD per day)	49,308	48,671	3.6
Onshore, average daily revenues (USD per day)	21,130	14,460	46.1

Mitra Energi Batam

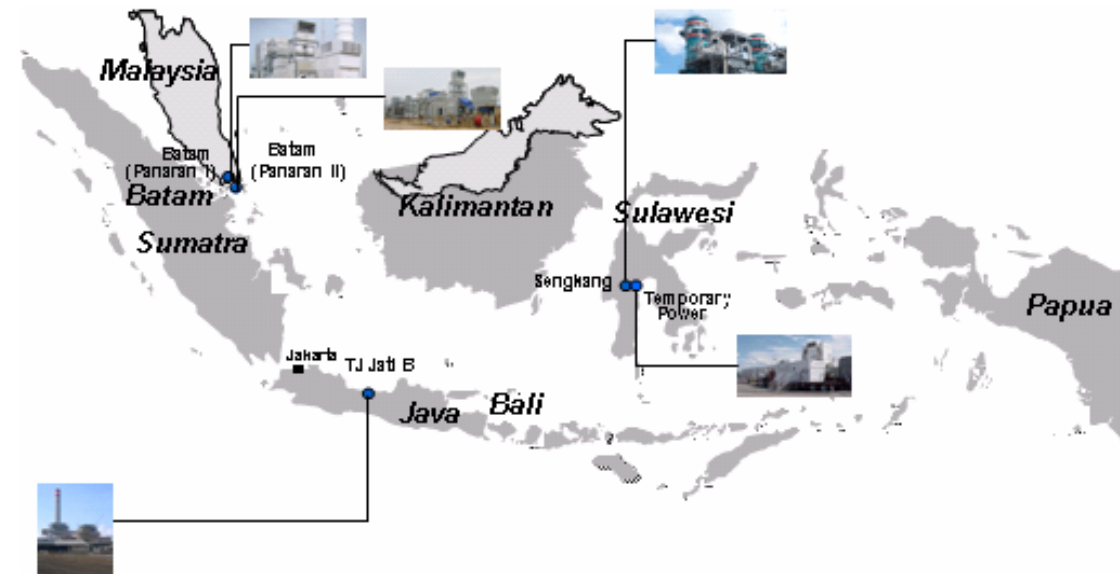
- Panaran I with capacity of 2x31.5 MW.

Dale Energi Batam

- Panaran II with capacity of 2x27.5 MW.

Medco Power Indonesia

- 20 MW Panaran back-up power,
- **Signed** Taking Over Agreement of 65% shares of 2x40 MW Gas Fired Power Plant in South Sumatra.
- **Signed** MoU Agreement with PLN Tarakan for 20 MW Temporary Power Sengkang.
- **Awarded** the 300 MW Sarulla Geothermal Project with consortium members ORMAT and Itochu.



Tanjung Jati B

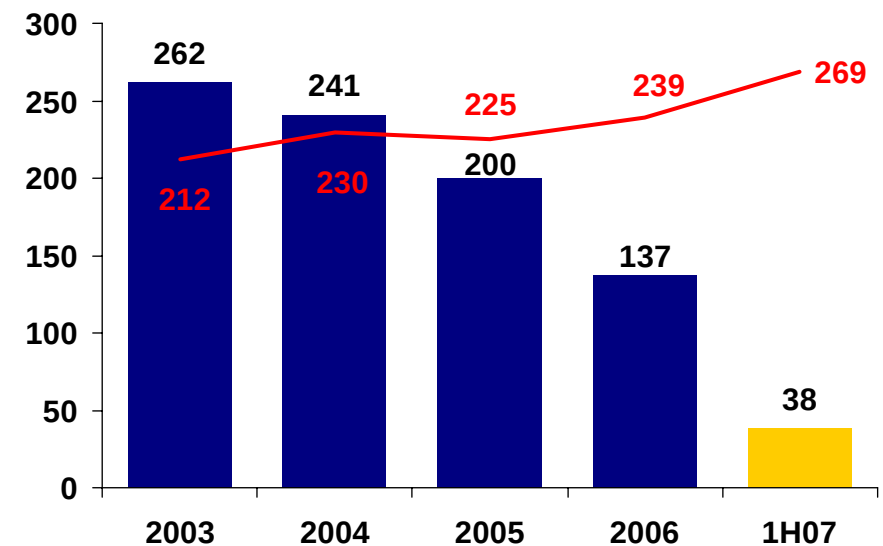
- O&M Agreement has been effective as of 19 September 2005 for 23 years.
- Consortium: Medco and Fortum.

Overview

- Lease and operate a Methanol Plant owned by PERTAMINA.
- Plant location on Bunyu Island - East Kalimantan.
- 330,000 ton / annum (900 Ton/day operating capacity).
- Natural Gas feedstock from Tarakan.
- 60% exports, 40% domestic market sales.



Methanol Production and Price



Location

- **Kotabumi**, North Lampung, Sumatra.

Plant Output

- **180 kiloliters** per day (1,130 boepd) or **60 million liters** per year

General

- **Raw Material** of 396,000 MT of cassava or 236,000 MT of molasses
- **Operation** 330days per year 24 hours per day.
- **13,200 ha** of cassava plantation area, run and owned by independent farmers.
- Commencement of production is expected to be in late 4Q07.
- Progress to date 55% completed.

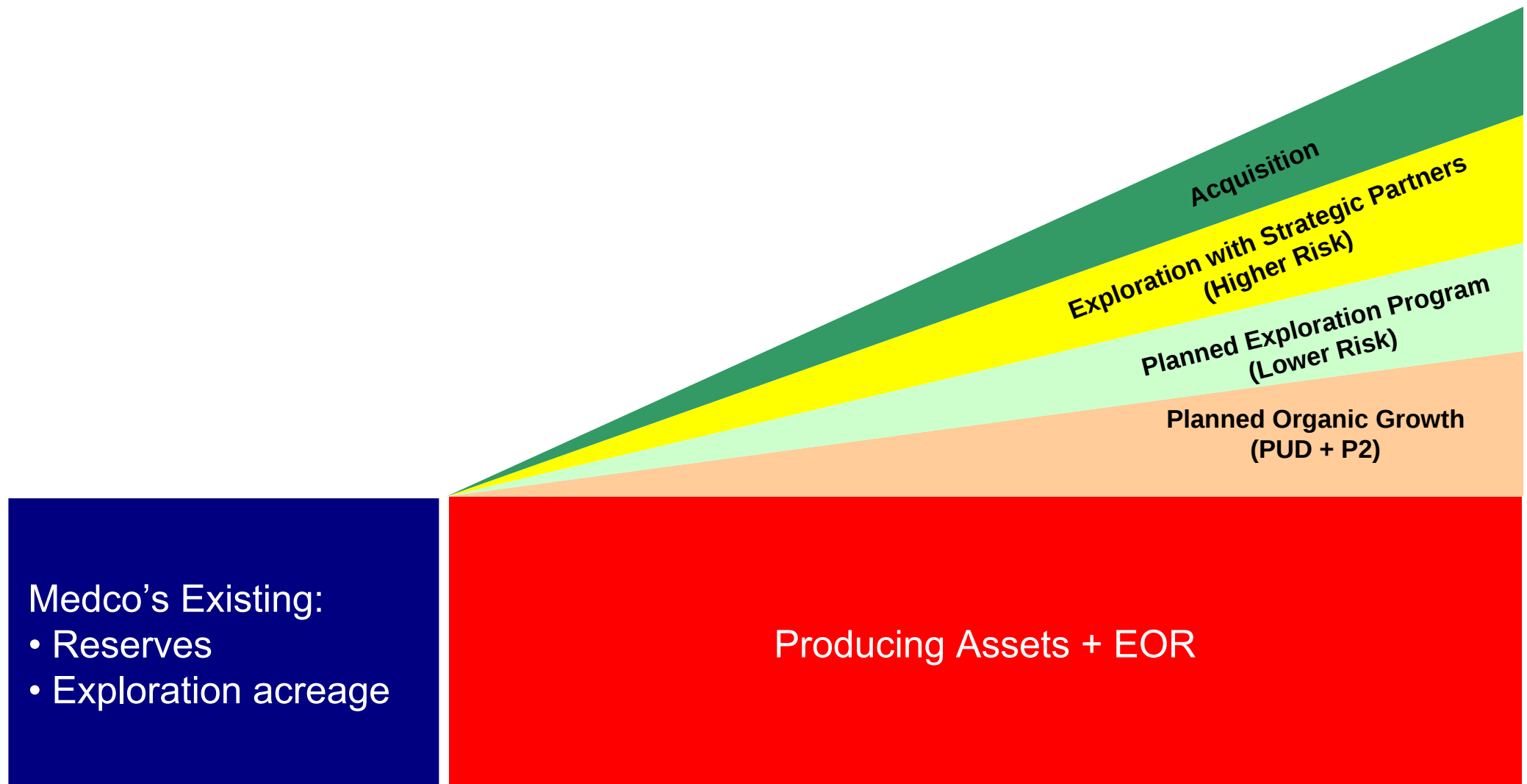


Fuel Farms - Tanjung Priok

- UKMB :
 - Fuel Blending Plant and Storage
 - Located in flammable area of Tanjung Priok Harbour
- Has 5 tanks (3 tanks of 6,000 KL & 2 tanks of 2,350 KL) with total capacity of 22,700 KL
- Equipped with API standard facilities
- Other facilities i.e. Jetty, Filling Shed, Road Access, Fire Extinguishers



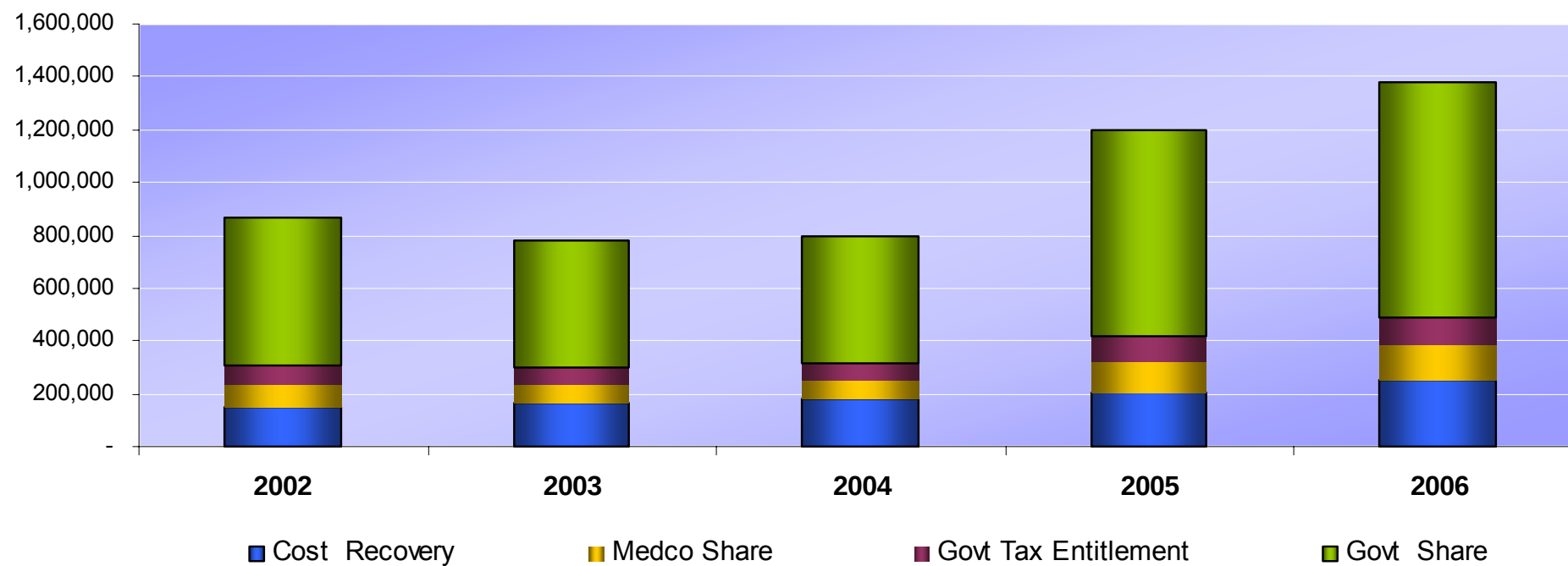
Comprehensive Growth Strategy



Supplements

2006 E&P Revenues Breakdown

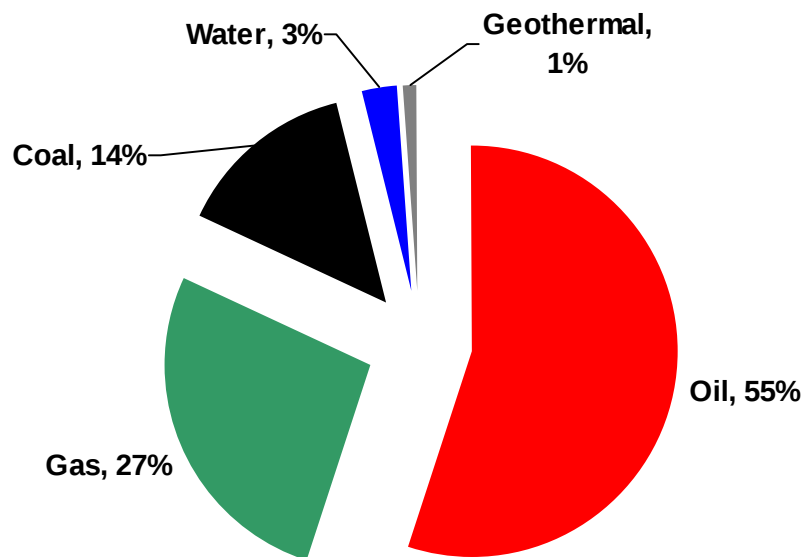
'000USD



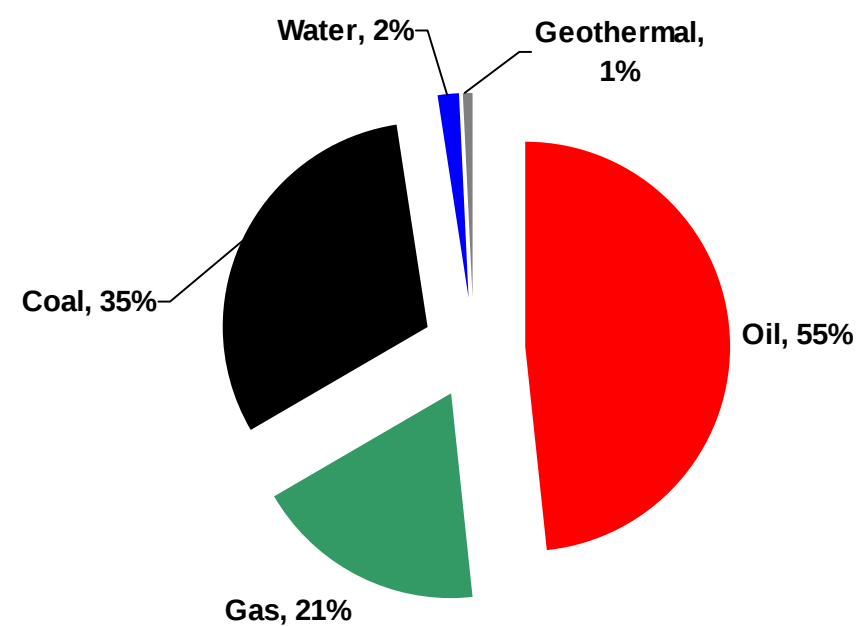
- Indonesia has been in oil and gas business for more than 100 years and is still a significant producer of oil and gas.
- Indonesia is the only Asian member in OPEC.
- Albeit Indonesia is currently a net importer of oil.
- Most oil and gas in Indonesia is produced by foreign contractor under the Production Sharing Contract (“PSC”).
- Tenor on a PSC is typically 30 years.
- Upstream regulator has been taken over by BPMIGAS.
- Typical split for oil is 85% Government 15% Contractor and gas 70% for Government and 30% for Contractor. The split are net of taxes.
- Each block is held by a dedicated company and is “ring-fenced”
- Typical provisions on a PSC are First Tranche Petroleum, Cost Recovery, Domestic Market Obligation.

- Oil :
 - Production 900,000 Bopd (barrels of oil per day).
 - Consumption 1 Million Bopd.
 - Growth in oil consumption - 1% per annum over five years.
 - Reserves 4.7 billion barrels, 11 years life.
- Gas :
 - Production around 7 Bcfd (billion cubic feet per day) of gas.
 - Consumption 3 Bcfd, mostly for electricity and fertilizer production, which the prices are subsidized.
 - Growth in gas consumption - 2% p.a.
 - Reserves 108.3 Tcf, over 40 years life.

Current energy mix at 857 MMboe

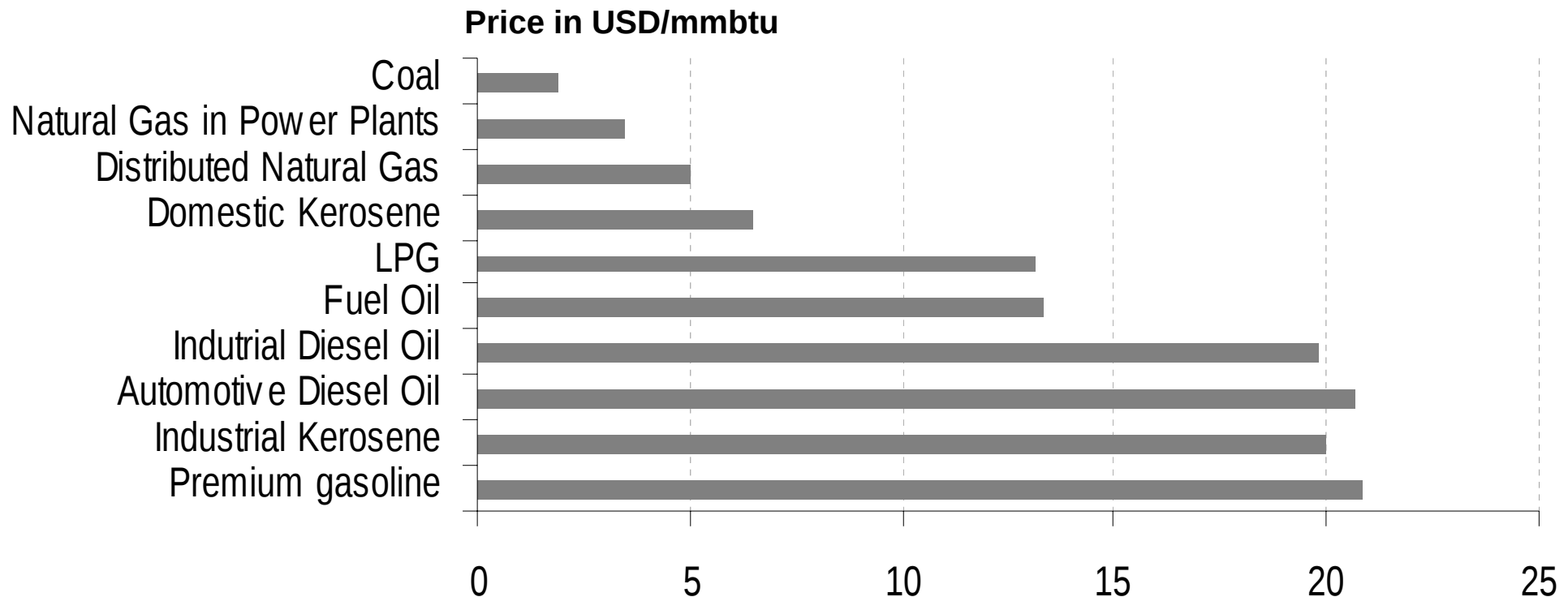


Energy mix in 2025 at 3,754 MMboe



Source: Ministry of Energy and Mining.

Current Indonesian Energy Prices

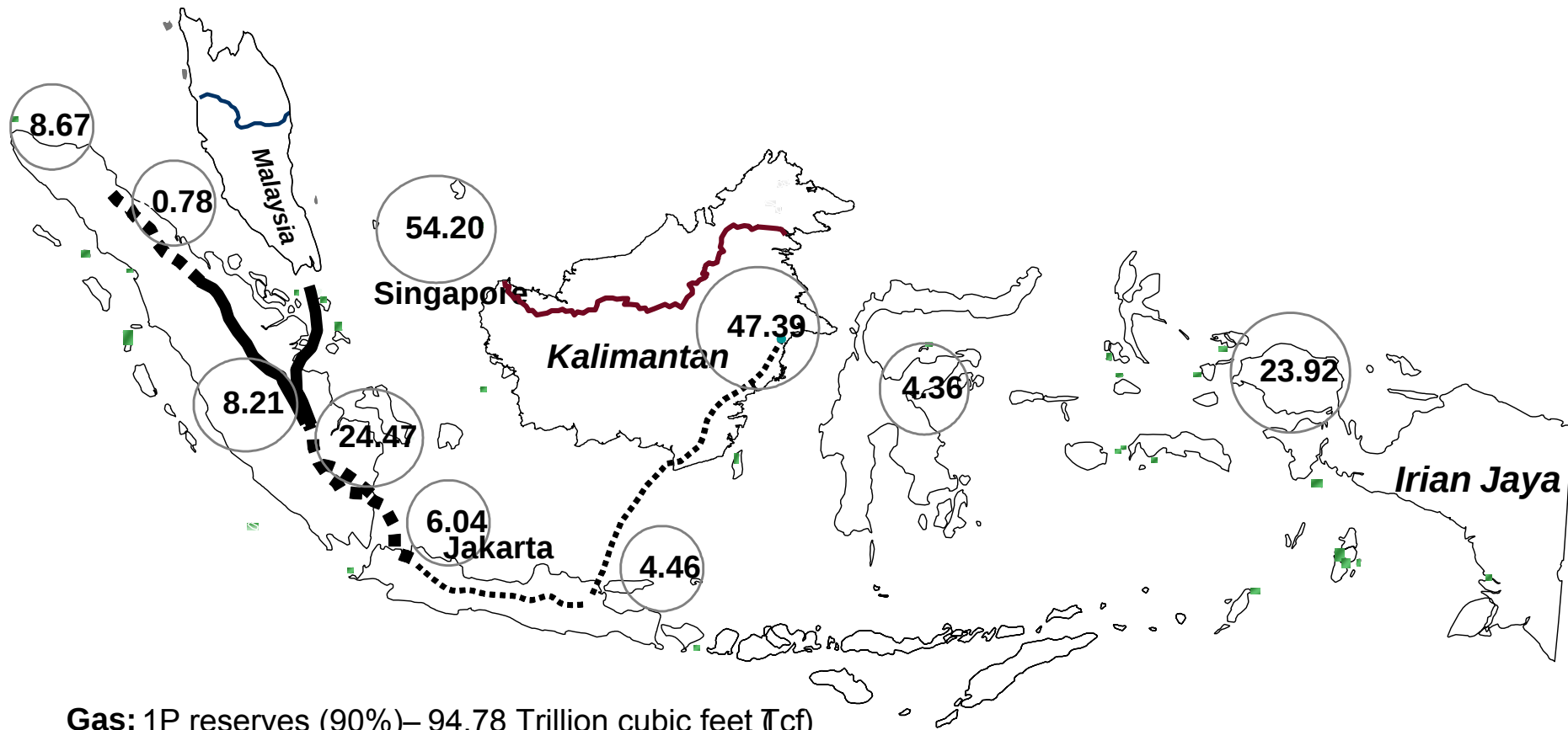


Source: JPMorgan Research

Indonesian Gas Reserves Distribution



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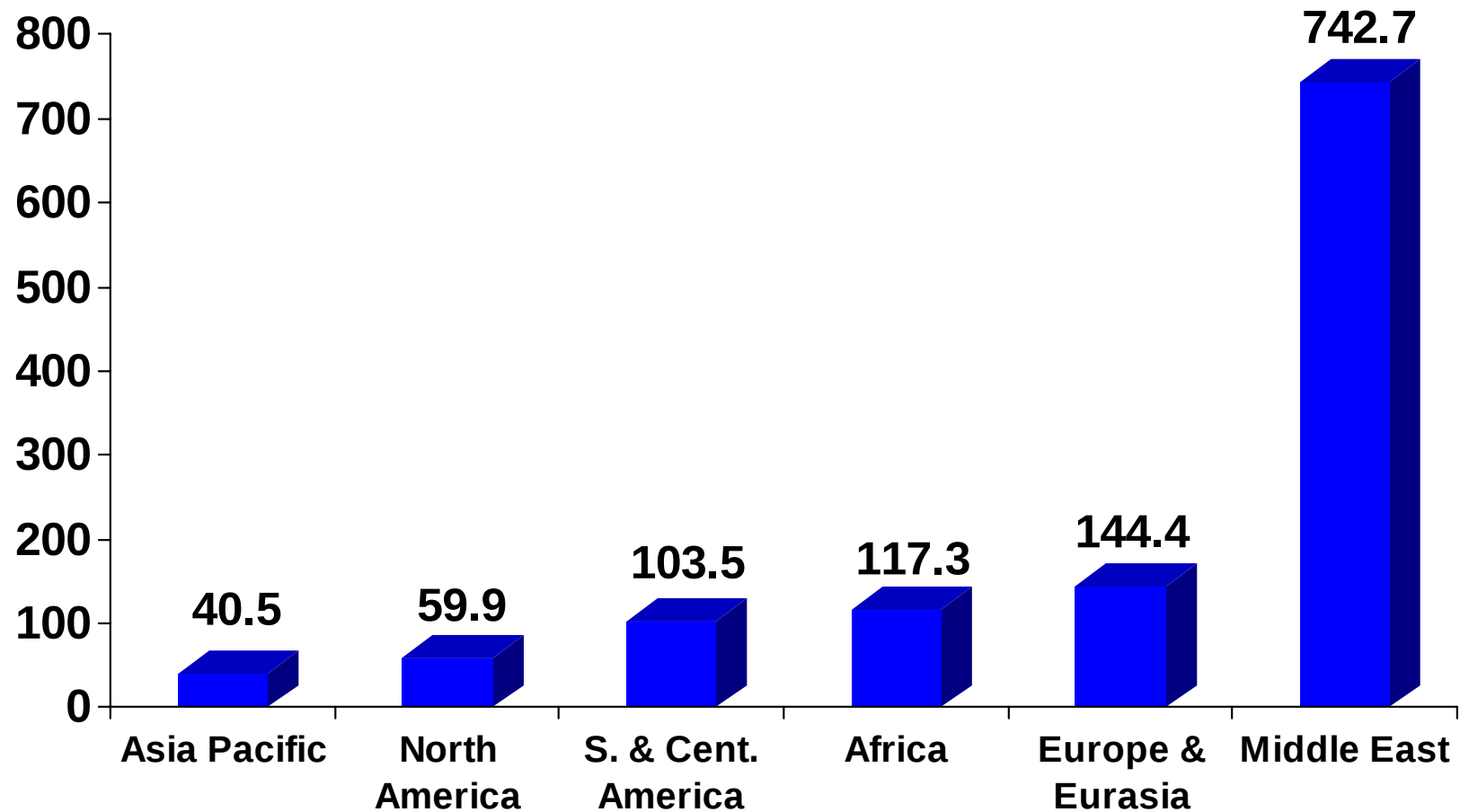
Source: BP Migas, JPMorgan Research

Proved Global Oil Reserves at end 2006



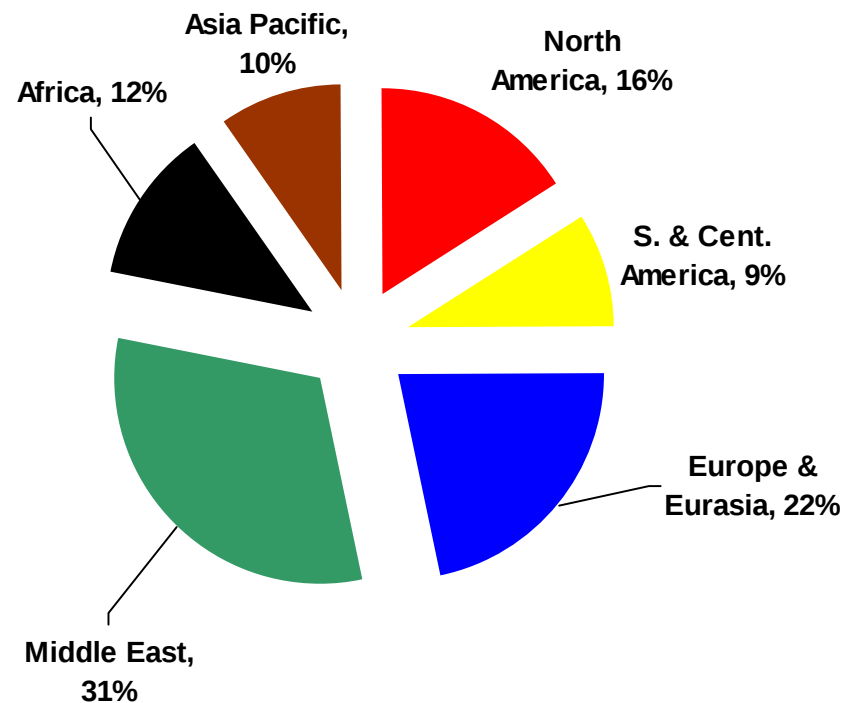
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In billion barrels

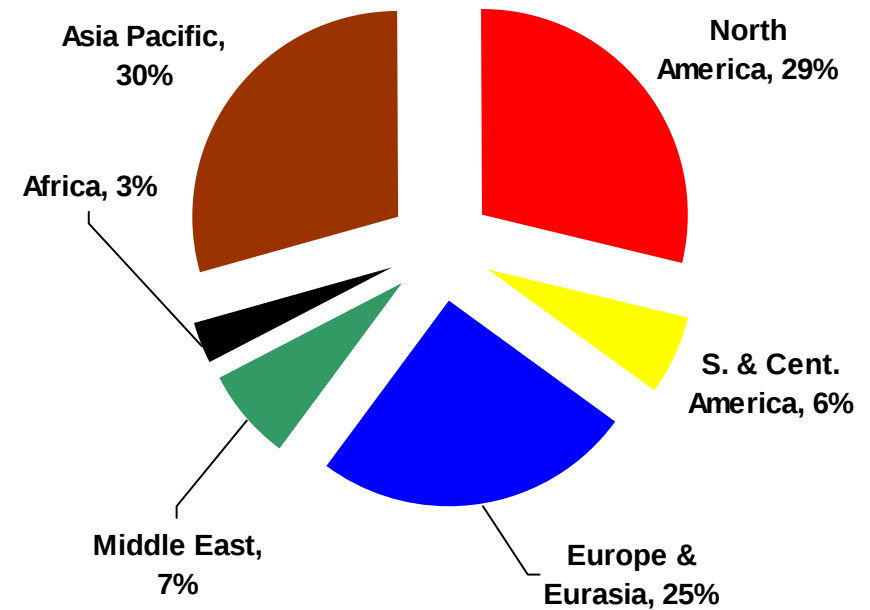


Source: BP Statistical Review 2007

Global Oil Production: 81.7 million barrels/day



Global Oil Consumption: 83.7 million barrels/day

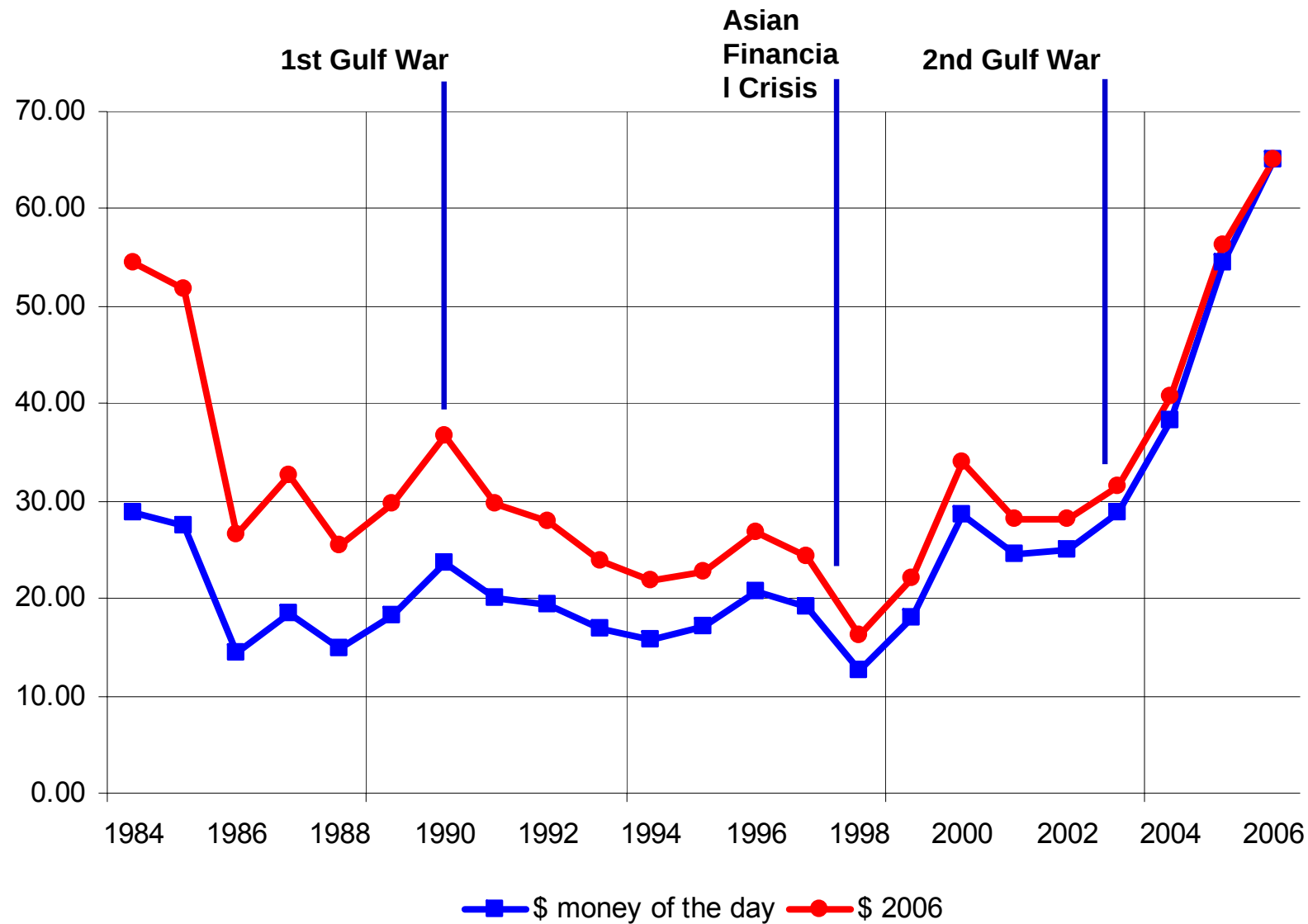


Source: BP Statistical Review 2007

Crude Oil Prices 1984 – 2006 (Brent dated)



MEDCOENERGI



Source: BP Statistical Review 2007

- On March 16, 2007, **Medco signed an SPA** for PT Medco E&P Brantas (“Medco Brantas”), **which holds 32% working interest of Brantas PSC**. Sales price of USD 100 for 100% of Medco Brantas.
- The Buyer (Prakarsa Group) shall assume:
 - a. Any past, current or future potential liabilities to Medco Brantas; and**
 - b. All the future cash calls requested from Medco Brantas.**
- Financial impact: **a loss of USD 61.66 million in the P&L.**
- The Company decided to divest Medco Brantas in order to allocate its resources to a more attractive assets within its portfolio.

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