

MEDCOENERGI

2006 Results

PT Medco Energi Internasional Tbk.

April, 2007

www.medcoenergi.com

Energy Company of Choice

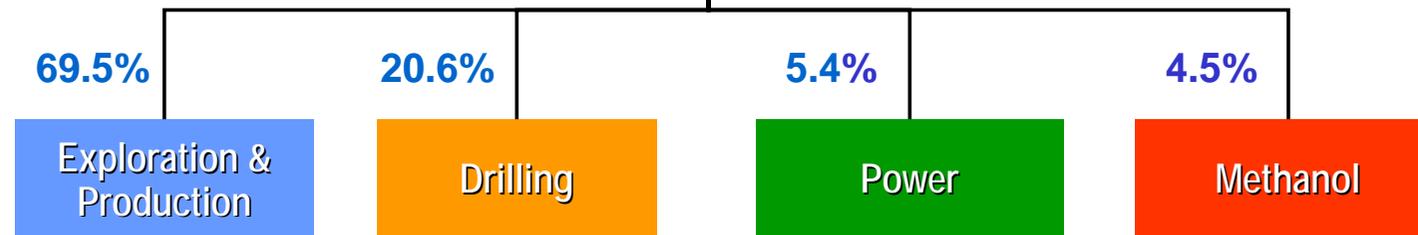
This document contains certain financial conditions and results of operation, and may also contain certain projections, plans, strategies, policies and objectives of the Company, which could be treated as forward looking statements within the meaning of applicable law. Forwards looking statements, by 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

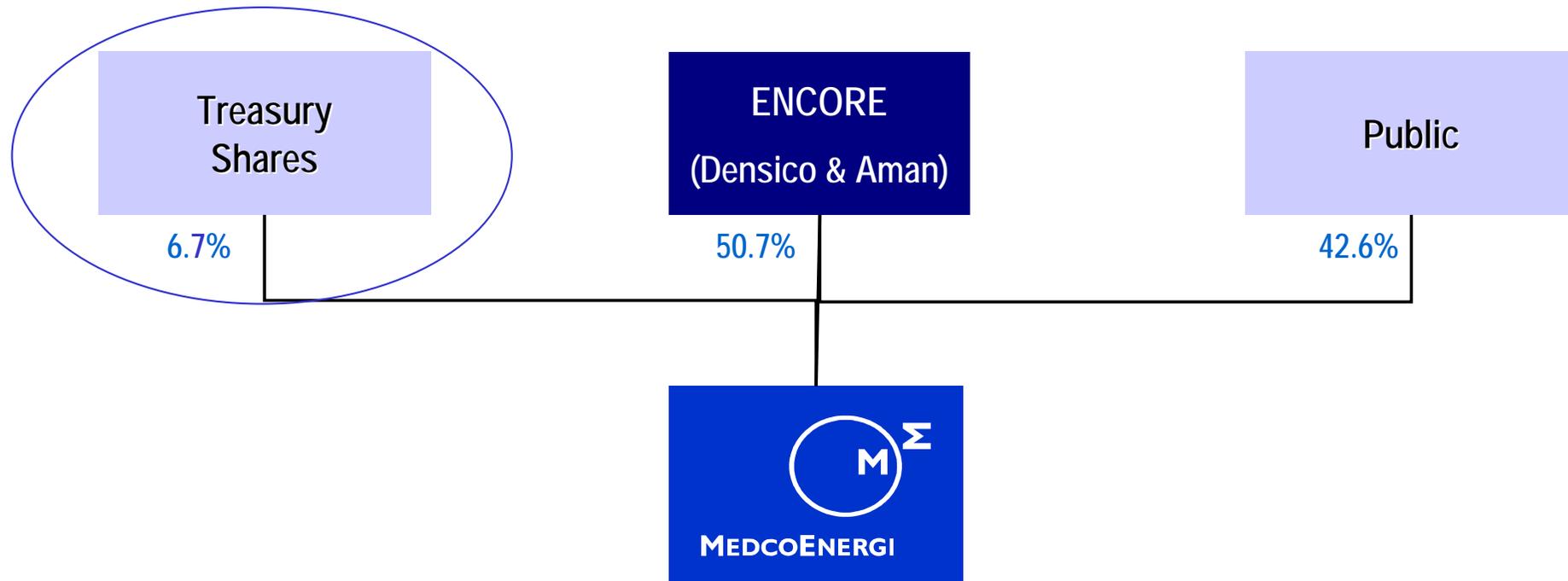


- E&P Oil and Gas focused company, supported by onshore and offshore drilling operations, expanding to power opportunities.
- Strategic assets spread across Indonesia's prolific hydrocarbon bearing basins as well as international assets.
- Reserves Portfolio as of 31 December 2006:
 - Gross 1P reserve – 145 MMBOE (68% oil, 32% gas)
 - Gross 2P reserve – 504 MMBOE (33% oil, 67% gas)

Ownership Structure



MEDCOENERGI



- Medco (MEDC IJ) is listed in Jakarta Stock Exchange and Luxembourg (GDS)
- Market Capitalization ~ USD 1.40 billion (at IDR. 3,550/share and IDR 9,020/1USD)
- Number of shares 3,332,451,450

Note: as of December 28, 2006

Areas of Operations



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Medco Energi's E&P operations:

- 15 producing blocks/operations
- 3 development blocks
- 15 exploration blocks
- 1 service contract

Major assets are:

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

Medco Energi's Drilling Rigs:

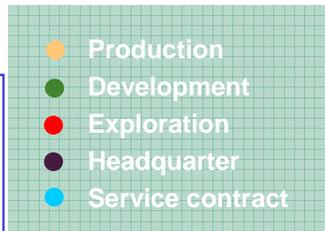
- 8 onshore rigs
- 4 swamp barge rigs
- 2 jack-up rigs

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 2006.
- **Acquired 43.75% working interest in Mustang Island Block 758 on May 30th 2006**, located offshore of Texas. Subsequent gas discovery.
- **Acquired 90% Block E in Cambodia on September 4th 2006**, subsequently farmed-out to Kuwait Energy making Medco's stake **66%**.
- **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.

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**.

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.

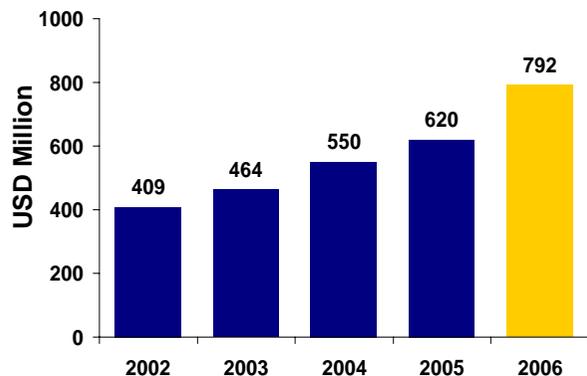
- On March 16, 2007, **Medco signed an SPA** for PT Medco E&P Brantas (“Medco Brantas”), **which holds 32% working interest of Brantas PSC**. Sales price of USD 100 for 100% of Medco Brantas.
- The Buyer (Prakarsa Group) shall assume:
 - a. Any past, current or future potential liabilities to Medco Brantas; 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.

Financial and Operating Highlights

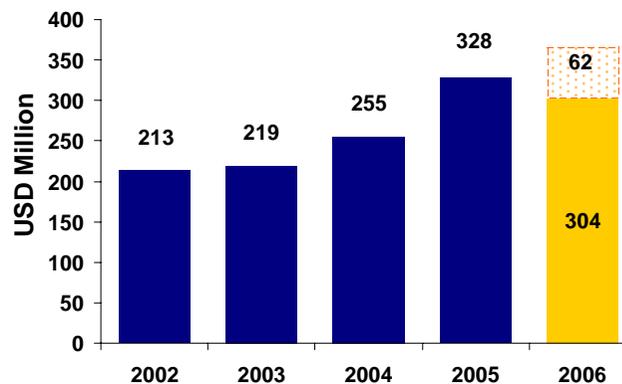


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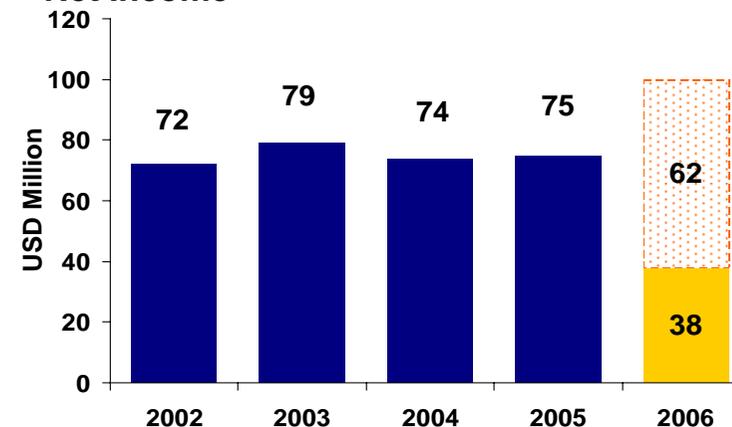
Revenues



EBITDA

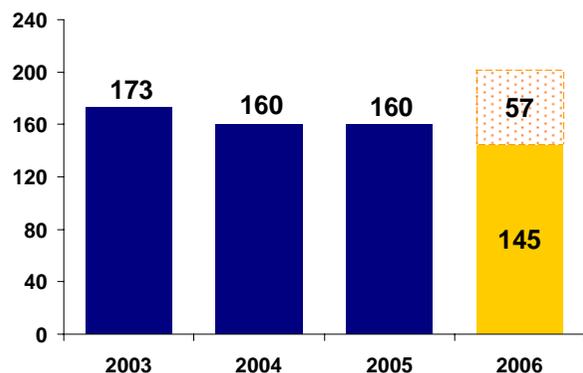


Net Income



Note: If normalized for Brantas sale, EBITDA would be USD366 million and net income would be USD 100 million

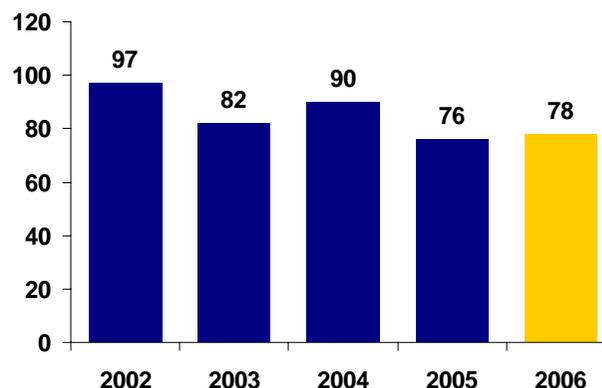
Reserves in MMBOE



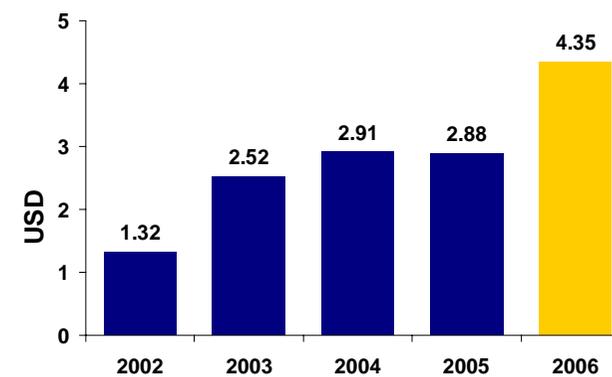
Note:

- a. Reserves quoted above does not include Jeruk, Libya, and Block A.
- b. New gas sales from Lematang and SCS adds 57 mmboe.

Lifting volume (in MBOEPD)



Lifting Cost per BOE



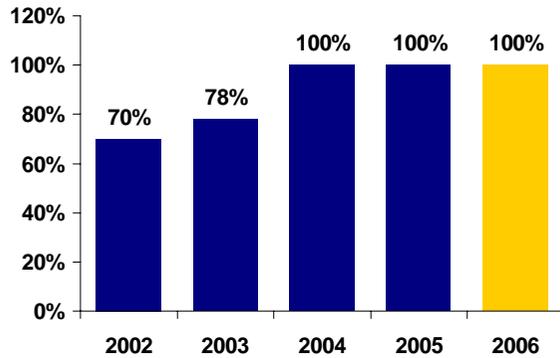
Note: Lifting Cost is based on production volume.

Financial and Operating Highlights

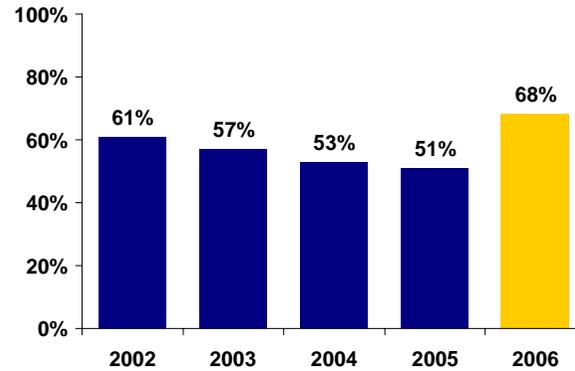


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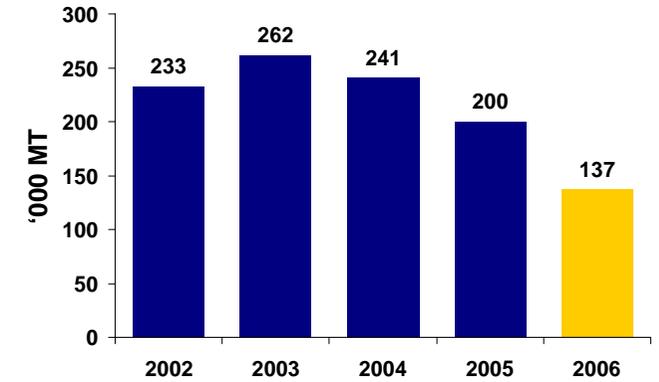
Offshore utilization rate



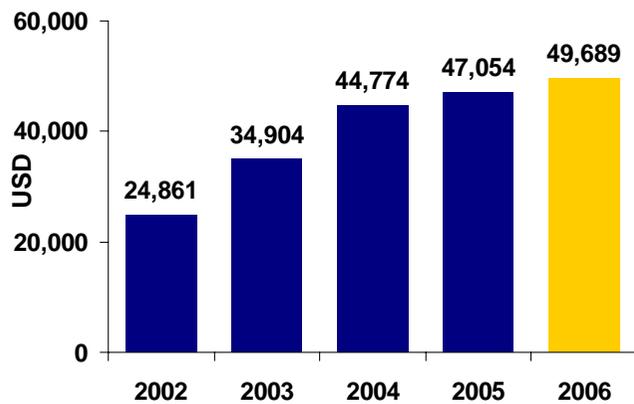
Onshore utilization rate



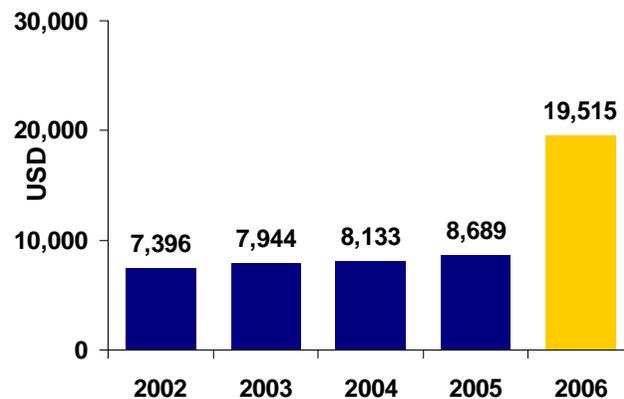
Methanol sales



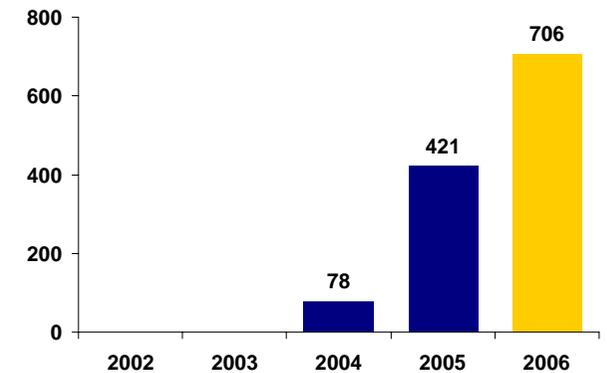
Offshore average daily revenues



Onshore average daily revenues



Power production in MWH



Operational Highlights



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OPERATIONAL HIGHLIGHTS	FY 2006	FY 2005	Δ%
Oil Lifting / BOPD	56.37	53.34	5.7%
Gas Sales / MMCFD	127.15	132.23	-3.8%
TOTAL Oil and Gas (BOEPD)	78.10	75.95	2.8%
Crude Price, USD/barrel	63.98	53.68	19.2%
Gas Price, USD/mmbtu	2.78	2.45	13.8%
Onshore Rig Utilization / %	68%	51%	33.3%
Offshore Rig Utilization (Swamp barges) / %	100%	100%	0.0%
Offshore Rig Utilization (Jack-up) / %	100%	100%	0.0%
Methanol Production / 000' MT	137.09	198.69	-31.0%
Methanol Sales / 000' MT	137.05	199.74	-31.4%
Methanol Price, USD/MT	238.00	225.00	5.8%
LPG / MTD	100.13	96.81	3.4%
LPG price, USD/MT	316.56	329.44	-3.9%

Financial Highlights



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FINANCIAL HIGHLIGHTS (in million USD)	FY 2006	FY 2005	Δ%
Revenue	792.4	620.1	28%
Gross Profit	287.5	329.4	-12%
Income from Operations	180.0	239.3	-24%
EBITDA	306.7	326.8	-6%
Earnings Before Tax	169.5	181.1	-6%
Net Income	38.2	74.7	-48%
EPS (USD/share)	0.0123	0.0240	-49%
Equity	535.8	533.2	1%
Total Assets	1,841.6	1535.2	19%

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

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

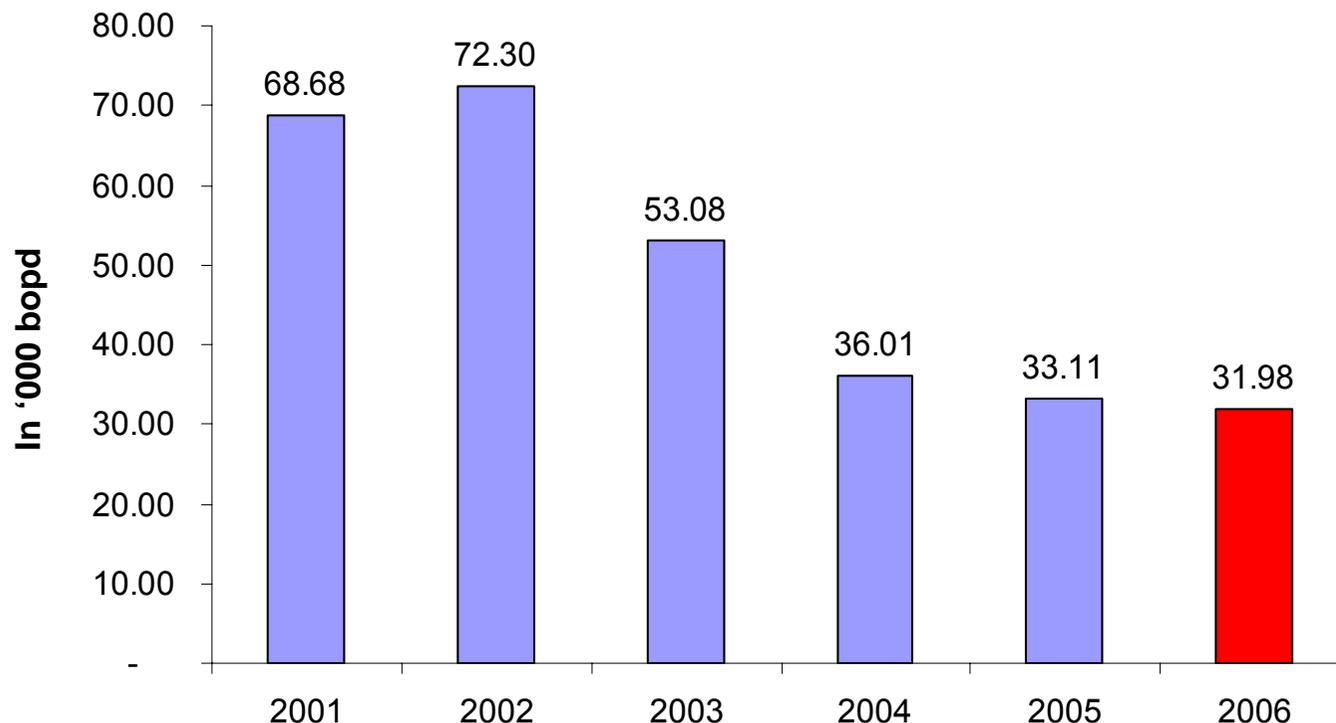
- a) Gas Powered
- b) Geothermal

Indonesia – Rimau - Maintaining Oil Production



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- Reserves:
 - 1P 63.81 MMBO, 10.71 bcf;
 - 2P 82.37 MMBO, 16.17 bcf.
- Optimizing production efforts:
 - Drilled 67 development wells for FY 2006;
 - POD progress on water-flooding;
 - Study for EOR (Schlumberger)



- **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, Winner) to be signed 2Q 2007;
 - HOA – targeted to be signed by 2Q 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** current production **3,900 BOPD**.



- 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



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- 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;
 - Anadarko’s interest up to 40% in initial interest.
- 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



- Location: Cambodia, Offshore.
 - Block E: Size approx. **5,000 km²**
 - Status: **Exploration Block**
 - Signed: September, 2006.
 - Effective: October, 2006.
 - Exploration period 3 years, with possible extension for 2nd and 3rd stages for additional 2 years, respectively.
 - Economic Interest:
 - Medco Energi 66.0%.
-
- Location : Yemen, Onshore.
 - Block Sizes : **1,853 km²** (block 82) & **346 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%.

- 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.
- Significant oil upside: existing discoveries of **2 oil fields**, estimated ranges **120-150 million barrels 2P basis**.
- **New oil discovery** based on own exploration, four oil-bearing intervals had been tested, the first **2 flowed-tested 7,100 bopd**.
- **Second** exploration well **completed**, analysis of well is currently conducted.
- Exploration Activities going forward;
 - Rig being moved to third location, before
 - Starting work-over of existing well,
 - Reserve calculation 3Q07.



- Status: Producing fields : ~16,000 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.



- 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.





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.

FINANCIAL HIGHLIGHTS (in billion IDR, unless otherwise stated)	2006	2005	Δ%
Revenue	1,435.9	1,135.5	26.4
Gross Profit	490.4	354.3	38.4
Income from Operations	413.4	279.5	47.8
EBITDA	593.4	456.3	30.0
Earnings Before Tax	599.4	-58.3	1,128
Net Income	380.8	-43.1	980
Equity	1,937.2	1,556.6	23.6
Total Assets	4,043.7	3,207.3	26.0
Debt to Equity Ratio	0.4	0.5	-20.0
Total Liabilities / Total equity	1.1	1.0	10.0
Offshore average daily revenues Jack ups (USD per day)	71,429	52,994	34.0
Offshore, average daily revenues Swamp barges (USD per day)	49,689	47,054	5.0
Onshore, average daily revenues (USD per day)	19,515	8,689	124.0

Mitra Energi Batam

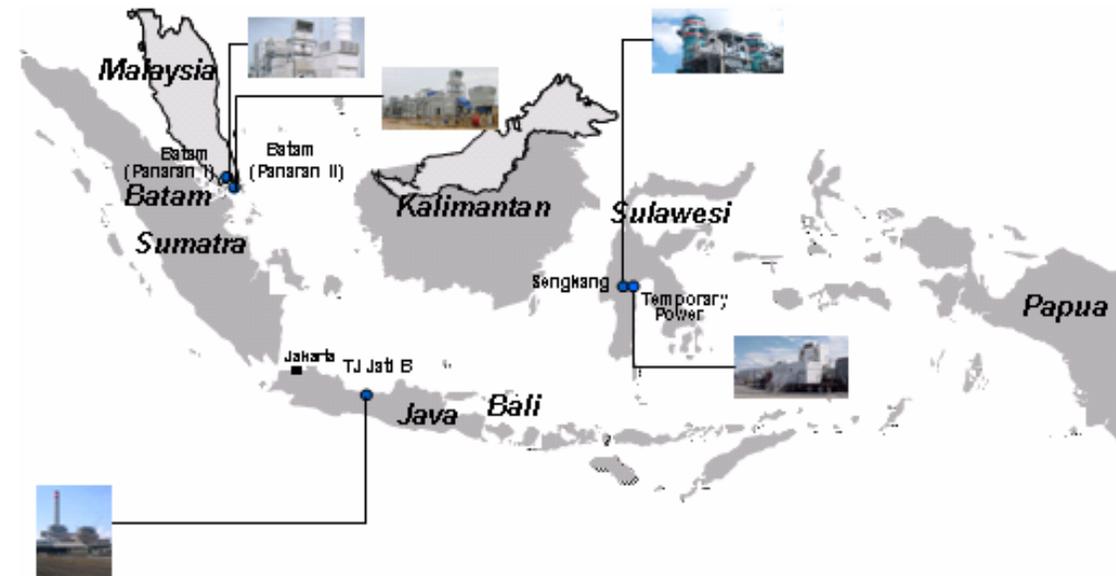
- Panaran I with capacity of 2x31.5 MW.

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.

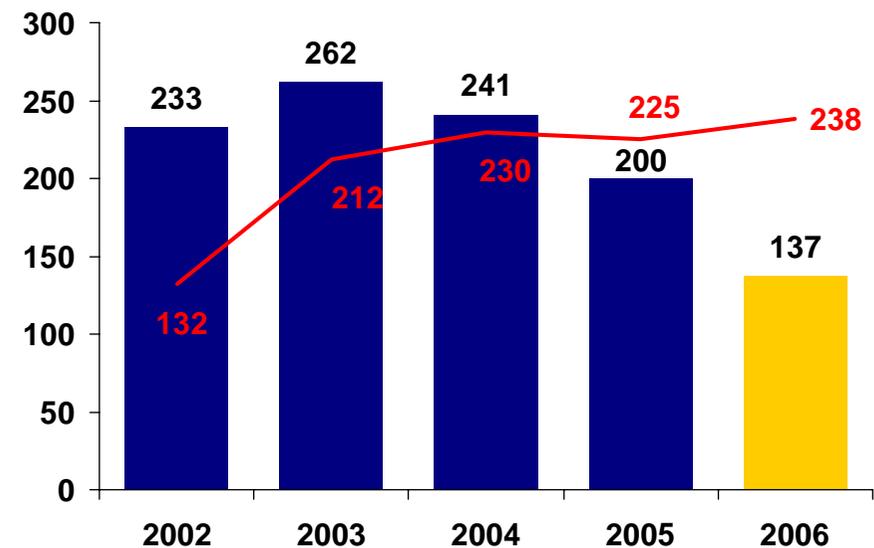


Tanjung Jati B

- 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.



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.
- Expected commencement of production late 4Q07.
- Progress to date 25% completed.



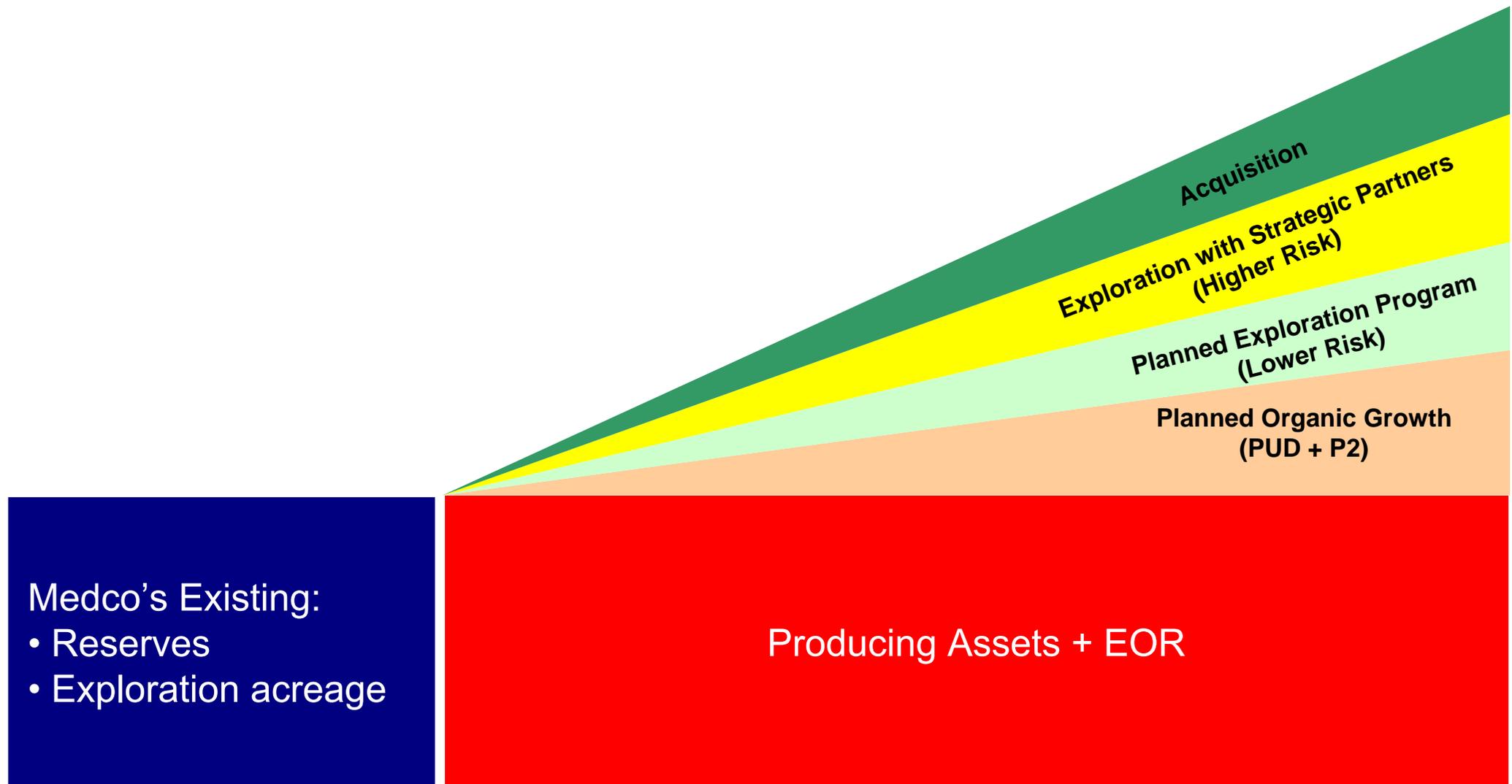
- UKMB :
 - Fuel Blending Plant and Storage
 - Located in flammable area of Tanjung Priok Harbour
- Has 5 tanks (3 tanks of 6,000 KL & 2 tanks of 2,350 KL) with total capacity of 22,700 KL
- Equipped with API standard facilities
- Other facilities i.e. Jetty, Filling Shed, Road Access, Fire Extinguishers



Comprehensive Growth Strategy



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Supplements

RATIOS	31 Dec 06	31 Dec 05	Δ%
Liquidity & Solvability			
Cash Ratio	0.83	0.51	63%
Quick Ratio	2.16	1.09	98%
Current ratio	2.58	1.58	64%
Debt to Equity Ratio	1.37	0.97	42%
Net Debt to Equity Ratio	0.84	0.65	28%
Total Liabilities / Total Equity	2.21	1.75	26%
Profitability			
Gross Margin	36%	53%	-32%
EBITDA Margin	39%	53%	-27%
Operating Margin	23%	29%	-20%
Net Margin	5%	12%	-60%
Interest Coverage Ratio	(7.40)	(6.76)	10%
Market Capitalization (in '000 USD)	1,399,553	1,220,922	15%
Return on Equity	0.07	0.07	0%

RATIOS	31 Dec 2006	31 Dec 2005	Δ%
Coverage Ratios (x)			
Income from Operations/ net interest	4.35	4.93	-12%
Dividend payout ratio	0.47	0.44	6%
Net debt/ EBITDA	1.79	1.11	62%
Efficiency Ratios (x)			
Revenue/ fixed assets	0.76	0.72	4%
Revenue/ net working capital	2.39	1.20	99%
Investment Ratios (x)			
CapEx/ Revenue	0.42	0.31	36%
CapEx/ depreciation	2.70	2.16	25%
Capital Structure (%)			
Net debt/ total equity	1.02	0.68	49%
Net debt/ (net debt + equity)	0.50	0.41	24%

2006 Drilling Activities



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No.	Blocks	Development Drillings	Exploration Drillings
SUMATRA			
1	Kampar/S.S. Extension	12	-
2	Rimau	67	-
EAST JAVA			
3	Tuban	1	2
4	Brantas	5	2
5	Madura	-	1
NATUNA			
6	Kakap	4	1
EAST KALIMANTAN			
7	Sanga-Sanga/ Samboja/Tarakan	4	-
8	Tarakan	2	-
9	Simenggaris	-	2
11	Nunukan	-	1
SULAWESI			
11	Senoro-Tiaka	3	-
UNITED STATES			
13	East Cameron 317/318	3	-
14	Mustang	1	-
LIBYA			
15	Area 47		1
TOTAL		102	10

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