



MEDCOENERGI

1H09 Investors' Update

PT Medco Energi Internasional Tbk.

September, 2009

www.medcoenergi.com

Energy Company of Choice

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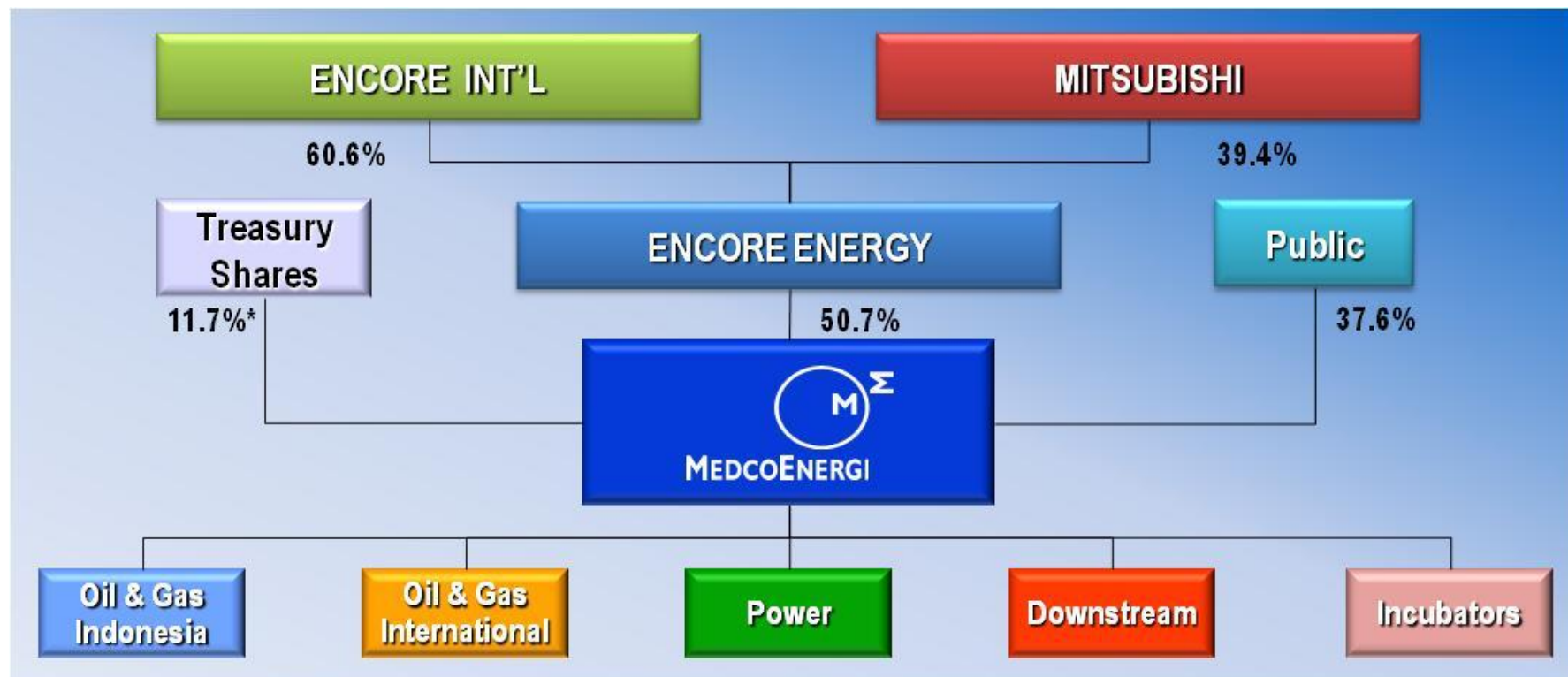
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Overview

MedcoEnergi's Ownership Structure



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*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

- E&P Oil and Gas focused company, expanding to downstream and power sectors.
- Strategic assets spread across Indonesia's prolific hydrocarbon bearing basins as well as international assets.
- Reserves Portfolio as of 30th June 2009:
 - Gross 1P reserve – 98.33 MMBOE (69% oil, 31% gas)
 - Gross 2P reserve – 183.56 MMBOE (66% oil, 34% gas)
 - Contingent resources – 379.75 MMBOE (45% oil, 55% gas)

Note: Contingent Resources consist of Senoro Toili (gas), Block A, Bangkanai, Simenggaris and Libya, but excludes Rimau EOR



Indonesia –

Oil & Gas:

- 7 producing blocks
- 2 development blocks
- 6 exploration blocks
- 1 economic interest

Power:

- Panaran 1 & 2 Power Plant in Batam (118 MW)¹
- Batam Back-up Power Plant (20MW)¹
- Tanjung Jati B (O&M) in Central Java (1,320MW)¹
- Sarulla Geothermal in North Sumatra (330MW)²
- Combined Cycle Power Plant in Batam (20 MW)²

Downstream:

- 1 Methanol plant in East Kalimantan³
- 1 LPG plant in South Sumatra¹
- 1 Fuels storage and distribution facilities in Jakarta¹
- 1 Ethanol plant in Lampung, South Sumatra¹

Incubator Projects:

- Coal Bed Methane project, South Sumatra²
- Coal Mining project, South Sumatra²
- Gas Pipeline project in Singa - Lematang²

USA – Producing :

- East Cameron¹ 317/318 and 316⁴
- Main Pass 64/65¹ and 57
- Brazos Area¹ 437 and 451
- West Delta 52¹
- Mustang Island 758¹

– Exploration

- Brazos Area¹ 435, 492, 514
- West Cameron¹ 557⁴
- Walker Ranch - Cibola⁴

Yemen - Exploration:

- Block 82/83 (38.3% working interest)¹

Libya – Exploration and Discovery:

- Block 47 (50% working interest)
- Significant oil discovery

Oman – Service Contract :

- Karim Small Fields¹

Cambodia - Exploration:

- Block E (41.25% working interest)¹
- Block 12 (52.5% working interest)¹

Tunisia - Exploration:

- Anaguid Block (40% working interest)

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

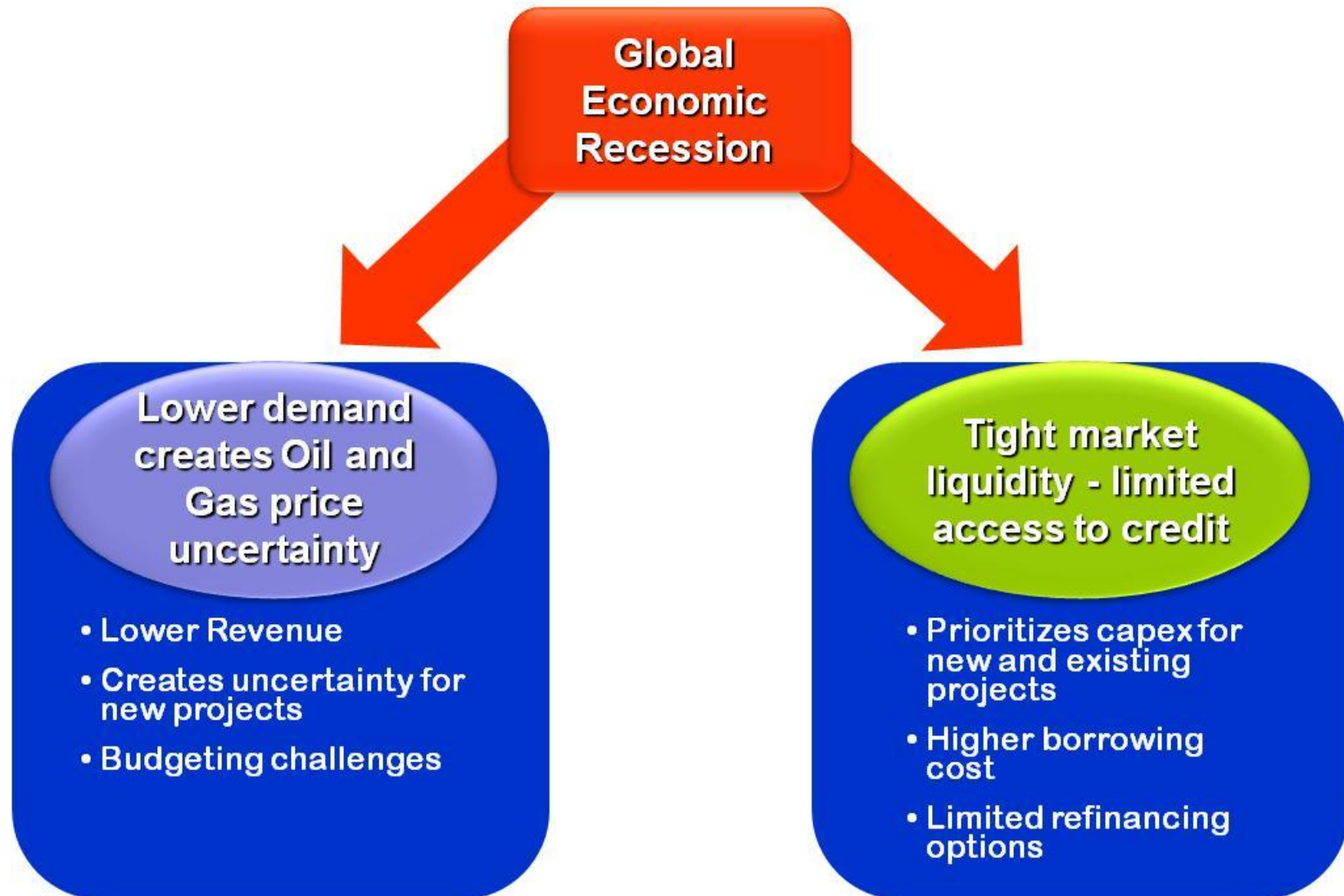
5

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



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Challenges Ahead



ASSETS MANAGEMENT PLANS

Program

- Continue assets optimizations
- Prioritize Capex allocation to major projects and operations
- Maintain limited funding for selected exploration activities and new incubator business unit for future growth
- Cost containment and reduction program
- Explore other projects which immediately generates value (opportunity based)

Implementation

- Strategic minority divestment in Medco Power Indonesia. Also continuing divestments in Bawean, Lematang, Langsa and EPI. Sold Kakap PSC.
- - Investing in and optimizing cash flow from the Rimau and South Central Sumatra Blocks
 - Continuing to development stage for Senoro, Lematang, Block A and Block 47, Libya
 - Capex allocation, 84% for E&P units, 9% for Power unit and 7% for Downstream and other emerging business
- Develop Coal Bed Methane (CBM) with Arrow Energy. Develop Coal Mining and Gas Pipeline activities.
- Currently in discussions with EPC contractors involved in the Senoro and Sarulla projects to reduce costs.
- Acquired 100% participating interest in Block 316, East Cameron Area, South Addition OCS-G 23803, Gulf of Mexico, USA.

LIABILITY/FINANCING PLANS

Program

- Continue discussions with ECA (i.e. JBIC) and multilateral (i.e. ADB) for financing in certain key projects
- Continue project financing at the assets level
- Utilize reserves based lending for selective E&P assets
- Discipline over project execution and capital stewardship
- Explore Rupiah and other forms of financing at reasonable prices

Implementation

- Ongoing negotiations with JBIC and ADB for Sarulla project, and with JBIC in Senoro project
- Continue searching for project financing opportunities, i.e. Block A, Aceh
- Obtained a reserve based lending facility of up to USD 50 million subject to certain conditions for US operations. Issued a Request For Proposal to banks for reserve based lending related to Block 47, Libya.
- Prioritized projects and executing those projects that meet certain economics, and closely monitoring progress of each project. No major capex on Senoro and Sarulla until Final Investment Decision.
- Renew USD 125 million banking facilities with Bank Mandiri. Drawn on remaining BNI facility of USD 77 million in IDR. Completed IDR 1,5 Trillion bonds issuance.

In 1H09 Medco has managed to reduce Capex requirements

Program

- Discipline over project execution and capital stewardship
- Cost containment and reduction program

Implementation

- No major capex on Senoro, Block A and Sarulla until Final Investment Decision.
- Currently reduced EPC cost and plan to reduce more for Senoro and Sarulla.
- Divestment of assets reduces capex requirements



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1H09 Financial Highlights

Financial Highlights

FINANCIAL HIGHLIGHTS (in million USD)	1H09	1H08	Δ%
Revenue	311.0	762.3	(59.2)
Gross Profit	93.8	277.6	(66.2)
Income from Operations	31.4	195.0	(83.9)
EBITDA	82.9	271.3	(69.4)
Earnings Before Tax	16.2	168.5	(90.4)
Net Income	9.6	63.4	(84.9)
EPS (USD/share)	0.00311	0.0204	(84.9)
Equity	698.8	569.7	22.7
Total Assets	2,073.7	1,965.8	5.5

Financial Highlights - continued

1H09 Net Income Breakdown by Business Segments

Business Segment (in million USD)	Net Income
Medco Energi Internasional, Tbk. (stand-alone)	(9.0)
Exploration & Production – Domestic	32.3
Exploration & Production – Foreign	(3.3)
Downstream	(9.5)
Power	(0.9)
Consolidated Net Income after Eliminations	9.6

OPERATIONAL HIGHLIGHTS	1H09	1H08	Δ%
Oil Lifting / MBOPD	36.7	46.4	(20.9)
Gas Sales / MMCFD	99.0	106.3	(6.9)
TOTAL Oil and Gas (MBOEPD)	53.6	64.5	(17.0)
Crude Price, USD/barrel	54.9	110.1	(50.1)
Gas Price, USD/mmbtu	3.1	4.6	(32.6)
Power Production / GWH	437.4	442.6	(1.2)
Fuel Distribution / '000 KL	31.1	73.0	(57.4)
Methanol Sales / '000 MT	10.4	66.7	(84.4)
Methanol Price, USD / MT	108	346	(68.8)
LPG Sales / MT per day	47.3	44.8	5.6
LPG Price, USD / MT	364.8	784.8	(53.5)

Current Financial Status



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CONSOLIDATED DEBTS (in million USD)	1H09	1H08	Δ%
A. Total Bank Loans	456.9	360.5	26.8
Current Portion	71.8	62.8	14.2
Non Current Portion	385.1	297.6	29.4
B. Other Obligations	347.5	419.8	-17.2
Rupiah Bonds	258.7	127.9	102.2
USD Convertible Bonds (Put Back 2009)	0.0	203.4	n.m.
USD Notes (Maturity 2010)	88.9	88.5	0.4
Total	804.5	780.3	3.1
STOCKHOLDER COMPOSITION	1H09*	1H08	Δ%
Encore Energy Pte. Ltd.	1,689,393,006	1,689,393,006	50.70
Public	1,252,603,944	1,419,461,444	37.59
Treasury Shares	390,454,500	223,597,000	11.72
2000 & 2001 Program	223,597,000	223,597,000	6.71
2008 (XI.B.2 Buy Back)*	85,561,000	-	2.57
2008 (XI.B.3 Buy Back during Market Crisis)*	81,296,500	-	2.44
Total	3,332,451,450	3,332,451,450	100.00

*The Company launched XI.B.2. Buy Back Program after EGMS 15 May '08 approval and XI.B.3. Buy Back Program during Market Crisis Condition in 14 Oct '08



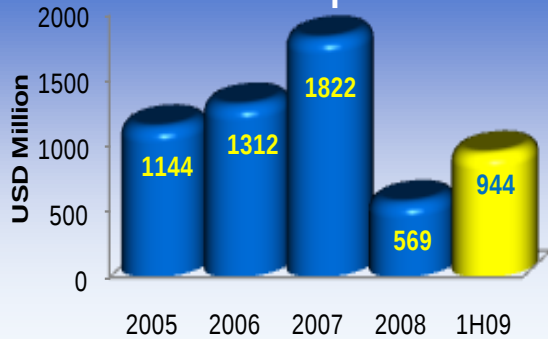
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Charts and Ratios

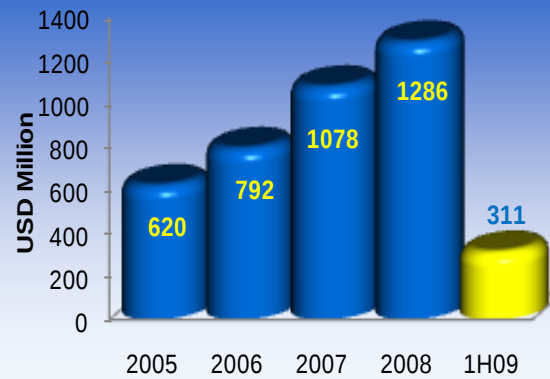
Financial Charts

Consolidated

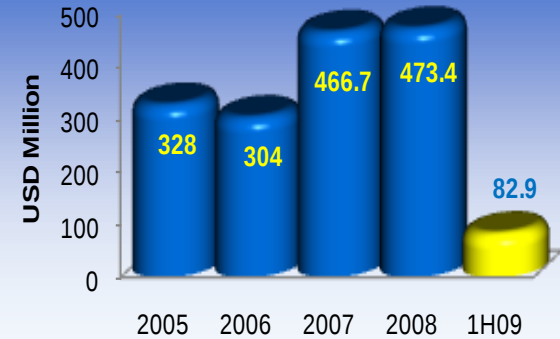
Market Capitalization At end of period



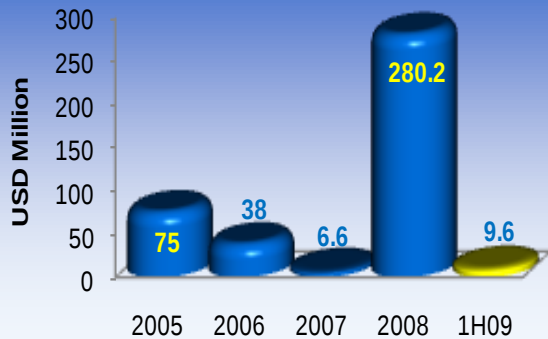
Revenues



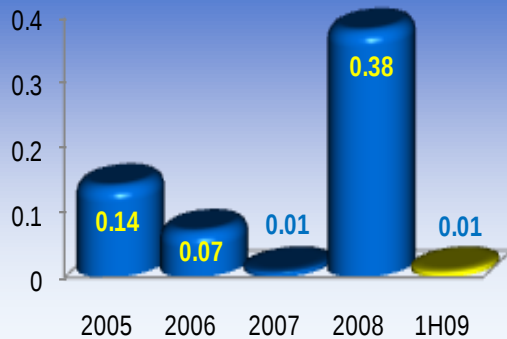
EBITDA



Net Income



Return on Equity



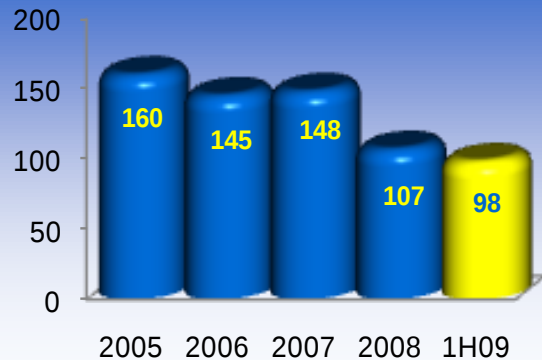
Debt to Equity Ratio



Financial Charts

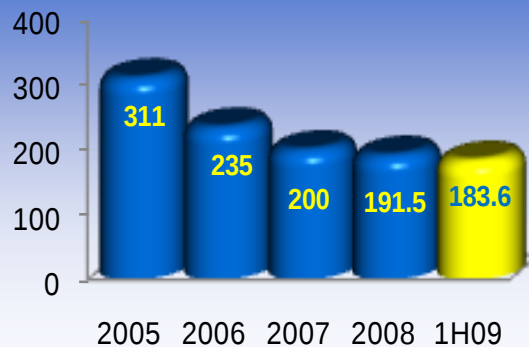
Consolidated

1P Reserves in MMBOE

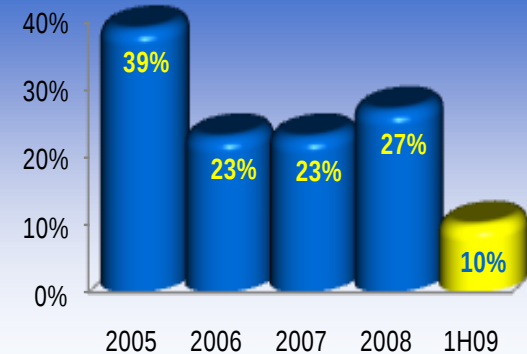


Note : Reserves quoted exclude Rimau (EOR) and Libya

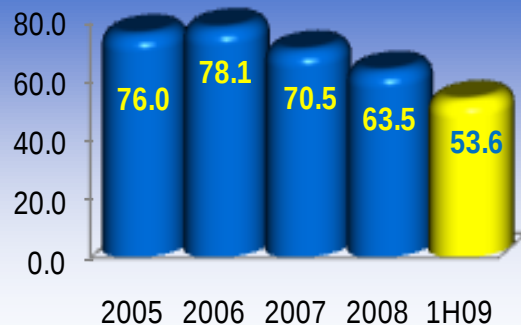
2P Reserves in MMBOE



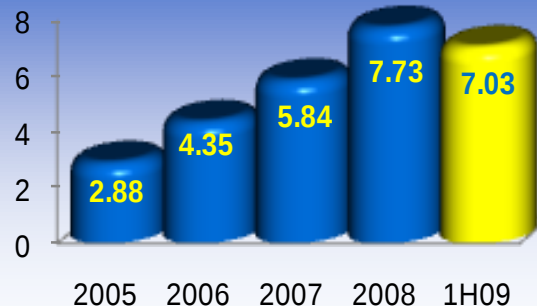
Operating Margin



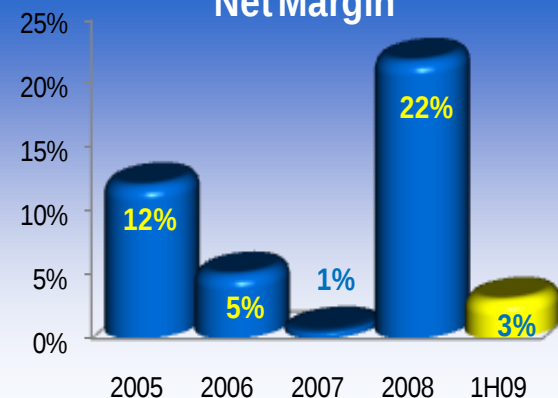
Production in MBOEPD



Lifting Cost per BOE



Net Margin





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Corporate Updates 2009

1. On January 22nd, 2009 **Senoro-Toili Gas Sales Agreement (GSA)** has been signed by PT Medco E&P Tomori Sulawesi as holder of 50% working interest as well as the operator of Senoro-Toili PSC block (JOB Tomori) and PT Donggi Senoro-LNG as the buyer. Pursuant to the GSA, JOB Tomori will supply approximately 1,417 TBTU of natural gas to the LNG plant for a 15 years period.
2. MedcoEnergi terminated its **Methanol Plant operation in Bunyu, East Kalimantan** which was operated by a wholly owned subsidiary PT Medco Methanol Bunyu (MMB) since February 1st 2009, due to the lack of gas supply from Tarakan PSC block. Bunyu Methanol Plant which was established in 1983, is owned by PT Pertamina and operated by MMB based on Methanol Plant Joint Operation Management since 1997.
3. Signed a Head of Agreement with Arrow Energy Holdings Pte Ltd. Australia on 17 February 2009 for a cooperation to explore and develop **Coal Bed Methane (CBM) in South Sumatra**.
4. MedcoEnergi **acquired 100% participating interest in Block 316, East Cameron Area**, South Addition OCS-G 23803, Gulf of Mexico, USA on 25 February 2009. The acquisition will increase MedcoEnergi Proved and Probable (2P) reserves and production by approximately 13.9 billion cubic feet (BCF) and 10 million cubic feet per day (MMCFD).
5. On 12 March 2009 MedcoEnergi **renew USD 125 million banking facilities with Bank Mandiri** consisting of a USD 50 million Working Capital Credit Facility, a USD 50 million Non Cash-Loan Facility and a USD 25 million FOREX Line Facility.

6. MedcoEnergi has **paid the remaining balance of the USD 177.9 million Convertible Bonds** which were put to the Company on May 12th, 2009. The Company has made a USD 76.3 million or around 43.13% buyback of the principal amount in 2008 and 2009, leaving the total outstanding balance at USD 100.6 million.
7. Finalized **IDR bond issuance of 1.5 trillion rupiah** in two tranches, Series A which will have a 3-year tenor with an interest rate of 13.375% and Series B which will have a 5-year tenor with an interest rate of 14.250%. Proceeds from this offering after cost of issuance will be used for working capital (30%), and capex (70%). IDX listing on June 18th, 2009.
8. MedcoEnergi **acquired PT Duta Tambang Sumber Alam and PT Duta Tambang Rekayasa** on June 26th, 2009 through PT Medco Energi Mining Indonesia a wholly-owned subsidiary operating in the coal and other mineral mining activities.
9. On July 13th, 2009 MedcoEnergi **made full repayment of the principal and the 20th interest payment of The Medco Energi Internasional 2004 IDR Bond** with an interest rate of 13.125%. Total amount paid was 1.35 trillion rupiah.
10. MedcoEnergi entered into two conditional Share Sales Purchase Agreements with Star Energy Holdings Pte Ltd to **sell 25% participating interest in the Kakap PSC** in North Sumatra. As a result, effective on July 15th, 2009 the Company's proved reserves decreased by 4,635 MBOE. Initially the Company only held a 16% participating interest in the Kakap PSC, but after exercising its pre-emptive right to purchase a 9% participating interest held by Santos International Holding Pty Ltd the total participating interest increased to 25%.



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Major Projects Update

Major Projects Portfolio



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- Gas Development
- Power Plant
- Oil Development
- Renewables

PROJECTS	TARGET Start-Up	Project Descriptions	% ownership	Partners
Bioethanol	2009	Bio-ethanol plant of 60,000 KL per year from cassava	100%	-
Singa	2009	Gas field development of 50 MMscfd	74.12%	Lundin Lematang
Block A	2011 - 2013	Gas field development up to 110 MMscfd	41.67%	Premier, Japex
Libya 47	2013	Oil field development of 50,000 - 100,000 bopd	50%	Verenex
Rimau	2013	Oil field - Enhanced Oil Recovery – 64 MMBO	95%	PD-PDE
Senoro	2013	Gas field development up to 250 MMscfd	50%	Pertamina
DS- LNG	2013	LNG plant , single train of 2.1 mtpa capacity	20%	Pertamina, Mitsubishi
Sarulla	2012 - 2014	Geothermal power plant, 3x110 MW	37.25%	Kyushu, Ormat, Itochu

Singa - Lematang

- Gas Production Facilities Status; Engineering 100% complete, Procurement 93 % complete, and construction 68% complete;
- Construction of 12" 42-km Gas Shipping Line from Singa to Pagar Dewa completed;
- Production start-up of 50 mmscfd from Singa-3 and Singa-4 wells will begin in 4Q09;
- Propose GSA amendment with PLN for new gas price & and new GSA proposal with PGN for the first 3 years of gas sales allocation in progress. Tie-in agreement with PGN has been signed and proceed with execution.

Block A

- PSC Extension waiting for Government approval;
- No major capex before Final Investment Decision;
- 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.



Rimau (EOR)

- Review the economic of the program due to the declining of oil price;
- Capex will be internally funded from operation;
- Continue contract for 2 years pilot project monitoring;
- This pilot project is a step to full expansion, contains 6 pattern drilling, additional incremental of this pilot is 1.2 MMBO.



Libya – Block 47

- Successful exploration results with aggregate flow of 109,936 bopd based on 12 exploration and 2 appraisal wells;
- Gross Contingent Resources of 351.7 mmboe as of September 2008;
- Verenex announced CNPC as their shareholder's preferred bidder, but NOC haven't given their approval yet causing a standoff on Block 47 commerciality;
- Contacted NOC for clarification;
- Continue exploring financing in the form of reserve based lending.



Senoro Gas Development

Upstream:

- GSA signed on January 22, 2009
- Awaiting for Sales Appointed Agreement from BPMIGAS, Gas Price approval from Minister of Energy & Mineral Resources and Plan Of Development Revision from BPMIGAS
- No major capex before Final Investment Decision
- Complete drilling on Senoro-6;
- Prepare drilling of Cendanapura-1 well;
- Financing – negotiations with commercial banks

Downstream:

- Land acquisition progress is 97.2%
- Financing – continuing negotiations with JBIC and commercial banks

Sarulla Geothermal

- Electricity Tariff – renegotiate underway with PLN
- Engineering, Procurement & Construction (EPC) contract – preparing for negotiations with EPC supplier
- Financing – positive response from JBIC/ADB and other commercial banks to provide funding





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Attachments

RATIOS	1H09	1H08	Δ%
Liquidity & Solvability			
Cash Ratio	0.75	0.70	6.91
Quick Ratio	1.83	1.79	1.75
Current Ratio	2.00	2.26	(11.25)
Debt to Equity Ratio	1.15	1.37	(15.95)
Net Debt to Equity Ratio	0.68	0.91	(25.08)
Total Liabilities / Total Equity	1.95	2.42	(19.58)
Profitability			
Gross Margin	30%	36%	(17.2)
EBITDA Margin	27%	36%	(25.1)
Operating Margin	10%	26%	(60.6)
Net Margin	3%	8%	(63.0)
Interest Coverage Ratio (x)	3.56	7.89	(54.9)
Return on Equity	1%	11%	(87.7)

RATIOS	1H09	1H08	Δ%
Coverage Ratios (x)			
Income from Operations/ net interest	1.35	5.67	(76.3)
Net debt/ EBITDA	5.73	1.91	200.6
Efficiency Ratios (x)			
Revenue/ fixed assets	0.31	0.83	(63.1)
Revenue/ net working capital	0.71	1.62	(56.3)
Investment Ratios (x)			
CapEx/ Revenue	0.30	0.07	313.6
CapEx/ depreciation	2.08	1.34	55.6
Capital Structure (%)			
Net debt/ total equity	0.68	0.91	(25.1)
Net debt/ (net debt + equity)	0.40	0.48	(14.9)



This document contains certain 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.

Company address:

PT Medco Energi Internasional Tbk.
The Energy Building 52nd Floor
SCBD Lot 11A
Jl. Jend. Sudirman, Jakarta 12190
Indonesia
P. +62-21 2995 3000
F. +62-21 2995 3001

Investor Relations:

Nusky Suyono

M. +62-816 895 928
Email: nusky.suyono@medcoenergi.com

Nugraha Adi

M. +62-819 815 815
Email: nugraha.adi@medcoenergi.com

Website: www.medcoenergi.com