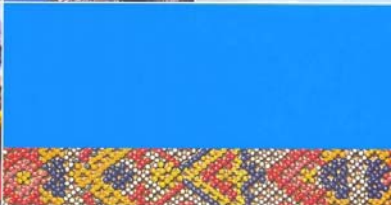
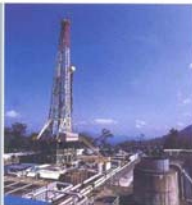


# Providing Energy for Life

MedcoEnergi Company Profile



**MEDCOENERGI**



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## Vision

The Energy Company of Choice

## Mission

To develop energy resource potentials  
into profitable investment portfolios

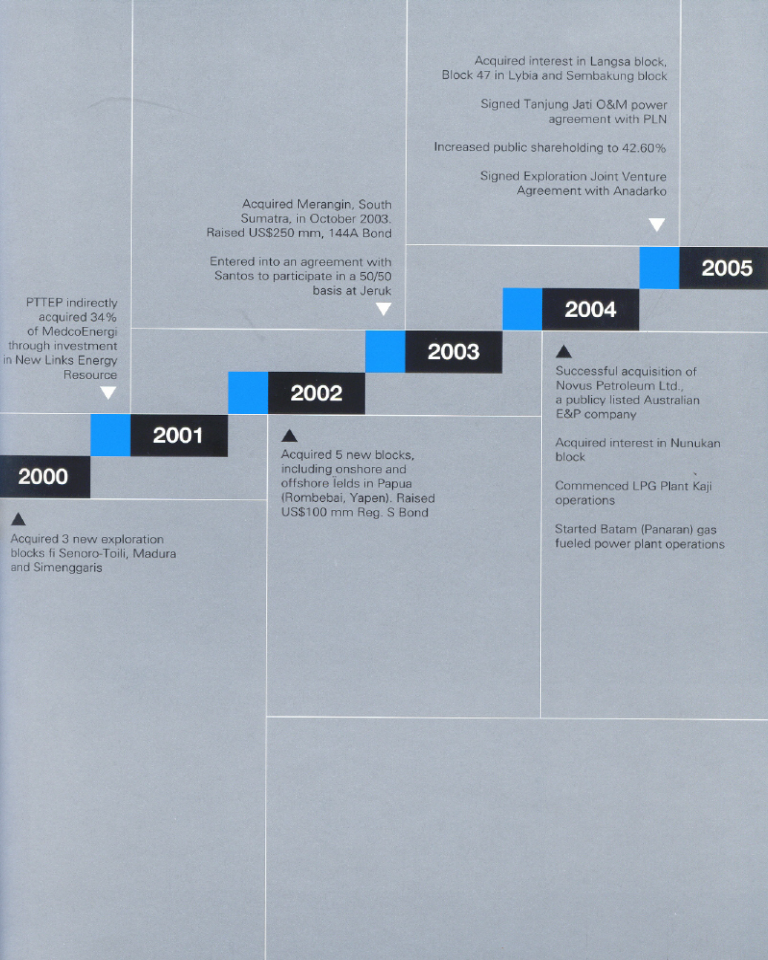
## Company Strategy

### Expand Oil, Gas E&P Activities

- Replace/add reserves through exploration and acquisition
- Strategic alliances with international operators
- Develop market for uncommitted gas
- Implement asset based responsibility and authority
- Improve operational efficiency and productivity
- Maintain financial flexibility and conservative financial structure
- Ensure support from local community
- Improve our good corporate governance standards

## Milestones





**2000**

▲ Acquired 3 new exploration blocks in Senoro-Toili, Madura and Simenggaris

**2001**

PTTEP indirectly acquired 34% of MedcoEnergy through investment in New Links Energy Resource

**2002**

▲ Acquired 5 new blocks, including onshore and offshore fields in Papua (Rombebai, Yapen). Raised US\$100 mm Reg. S Bond

**2003**

Acquired Merangin, South Sumatra, in October 2003. Raised US\$250 mm, 144A Bond

Entered into an agreement with Santos to participate in a 50/50 basis at Jeruk

**2004**

▲ Successful acquisition of Novus Petroleum Ltd., a publicly listed Australian E&P company

Acquired interest in Nunukan block

Commenced LPG Plant Kaji operations

Started Batam (Panaran) gas fueled power plant operations

**2005**

Acquired interest in Langsa block, Block 47 in Lybia and Sembakung block

Signed Tanjung Jati O&M power agreement with PLN

Increased public shareholding to 42.60%

Signed Exploration Joint Venture Agreement with Anadarko

## Working Areas

MedcoEnergy is proud to take an active role in the development of Indonesia's energy sector. In upstream business, MedcoEnergy manages exploration and production fields in Indonesia, as well as overseas. Meanwhile, MedcoEnergy's downstream business remains to focus in serving the Indonesian market.



	Indonesian	International
<b>Exploration and Production</b>		
Exploration	6	1
Production	11	3
<b>Drilling Services</b>		
Onshore	9	1
Offshore (Swamp barge)	-	1
<b>Chemicals (Methanol)</b>	1	-
<b>LPG</b>	1	-
<b>Power</b>	3	-
<b>Renewable Energy</b>	-	-

Legends



Exploration & Production



Methanol Plant



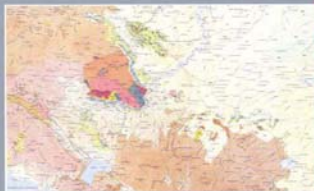
LPG Plant



Power Plant



Oil and Gas





# Building knowledge and competence in energy exploration and production

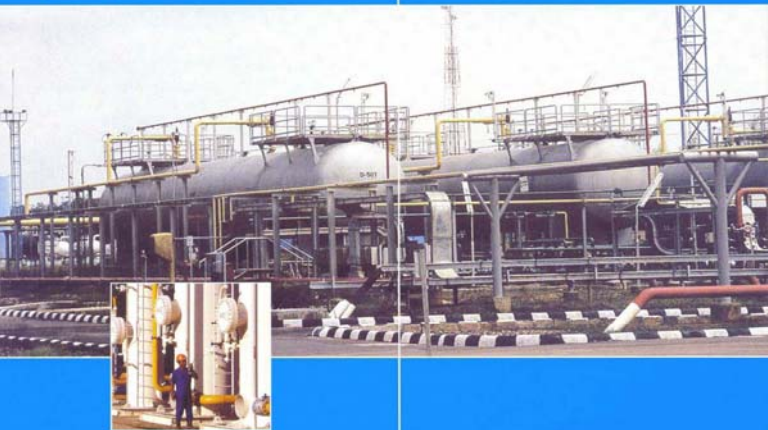
MedcoEnergi is proud to be the first Indonesian company operating in the oil and gas exploration and production business listed in the Jakarta Stock Exchange since 1994. It was back in 1992, when MedcoEnergi entered into the business, through the acquisition of a relatively small oil field in East Kalimantan area, from Tesoro, a US based oil company, producing 5,000 barrels of oil per day, which subsequently yielded significant gas reserves supplied to nearby power and methanol plants. Being the industry's newcomer and surrounded by international competition, MedcoEnergi was determined to quickly build a strong knowledge and competence base, to continuously improve its competitive position.

The learning curve was greatly accelerated when MedcoEnergi in 1995 acquired 100% shares of PT Stanvac Indonesia (Stanvac)

from ExxonMobil. Stanvac held 100% working interests of three blocks, primarily located in Central and South Sumatra, with production of around 11,000 BOPD. The success of such acquisition was followed by the discovery of Kaji Semoga fields in Rimau Block, which has been recognized as Indonesia's most significant oil discovery in the 90's.

Today, MedcoEnergi holds working interests in various exploration and production blocks in Indonesia and overseas, producing more than 20 million barrel of oil and 85 billion cubic feet of gas annually. The Company's Indonesian operations span from Aceh in Indonesia's western border to Papua in the eastern territory. Looking beyond borders, MedcoEnergi continues to expand its operations, from the current working areas in the United States and North Africa.

## Oil and Gas



# Toward maximum utilization of flare gas

MedcoEnergi's strong commitment to responsible and productive energy management is signified by the official inauguration of the Company's first LPG Plant in December 2004 in South Sumatra. Operated by the Company's subsidiary, PT Medco LPG Kaji, the LPG Plant has started its operation since April 2004.

The plant is capable to process 20 MMCFD of flare gas and to produce about 200 metrics tons of LPG per day. Through the commencement of the LPG plant, MedcoEnergi is not only able to generate additional income from the LPG sold to Pertamina, but also to enhance utilization of its previously flared gas from the nearby Kaji Semoga fields.

Besides the plant's operational excellence, MedcoEnergi is also satisfied with the rigorous safety standards implemented throughout the plant facilities, resulting in 1.5 million manhours with no lost time accident since early 2003. Such strict standards in safety, health, and environment (SHE) are critical for sustainable and productive operation of the LPG Plant and other operations area.

Going into the future, the Company continues to explore opportunities for responsible and productive use of its energy reserves, and ultimately to create values to all of its stakeholders.

# Chemicals



## Turning gas reserves into values

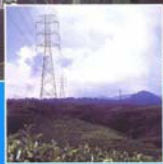
MedcoEnergi embarked on downstream activities with the founding of PT Medco Methanol Bunyu (MMB) in 1997.

Following its establishment, MedcoEnergi signed an agreement with Pertamina to operate Bunyu Methanol Plant for 20 years period starting in April 1997. The plant converts natural gas into methanol, with an installed capacity of 330,000 metric tons per year. Bunyu product, pure Methanol US Grade AA, is well known world wide for its quality.

The plant operation provides MedcoEnergi with not only an expanded downstream horizon, but also an outlet up to 30 MMCFD for its natural gas production from Tarakan PSC area, which is located adjacent to Bunyu Island. Until today, Tarakan PSC area serves as the major gas feedstock supplier.

As part of MedcoEnergi management, MMB ensures that safety is top priority. Until September 30, 2005, the Company has reached more than 24,000,000 working hours without loss time accident (LTA) and received Zero Accident Award from the Indonesian Government since 1986. In addition to this achievement, in complying with Good Environmental Governance, the Company has received "Green Flag" for PROPER program by the Ministry of Environment in March 2005, which supported by competent human resources. Going forward, MMB is looking ahead with confidence to provide fine quality petrochemical supply to domestic and regional markets.

Power



# Exploring opportunities in downstream energy business, in pursuit of optimum gas monetization

MedcoEnergi's latest expansion is the Company's entrance into the power generation business, so that to monetize its gas production.

In October 2003, MedcoEnergi purchased 5% shareholding interest in PT Energi Sengkang, the operator of the 135 MW gas fired Sengkang Electricity Power Plant located in South Sulawesi.

Established in 2004, PT Medco Power Indonesia currently manages a 55 MW Panaran Gas Fueled Power Plant in Batam Island, Riau, in joint partnership with PT PLN Batam and YPK PLN, a subsidiary of State Electricity Company (PLN). To support the increasing demand from local industries, the power plant's capacity will be upgraded to 69.5 MW in 2006, through conversion from simple cycle to combined cycle power generation. The utilization of combined cycle technology will also provide significant increase in the plant's efficiency.

Our involvement in future large power increased considerably when in September 2005, PT PLN entrusted the operation and maintenance of its 2x660 MW, Tanjung Jati B Power Plant to the consortium of MedcoEnergi and Fortum Service (a US Company) for a 23-year contract period.

Going forward, the Company is determined to build a sustainable path of business growth by expanding into the broader spectrum of power industries, encompassing not only the power generation segment, but also the operation and maintenance segment. All such efforts are geared toward providing ample and affordable electricity as one of the key infrastructures to support the economic growth. Hence our aspirations: Electricity for prosperity could be realized.

## Drilling Services





# Delivering superior performance in drilling services

MedcoEnergi manages its drilling services operations through its subsidiary, PT Apexindo Pratama Duta Tbk. Bringing high standards of expertise and quality service in the oil and gas industry, Apexindo has rapidly developed into a leading drilling contractor in Indonesia, and perhaps even in Southeast Asia since its establishment in 1980.

Started out by providing offshore drilling services, in 2001 Apexindo merged with its sister company, PT Medco Antaraja, which was Indonesia's largest onshore drilling contractor in terms of horse power capacity. As the surviving company, the merger strengthened Apexindo's position as a leading offshore and onshore drilling services provider.

In July 2002, Apexindo engaged in a successful initial public offering of shares to firmly set its drilling service expansion program in motion. Apexindo became the first drilling contractor to be listed in the Jakarta Stock Exchange. The offering was significantly oversubscribed that indicated a measure of confidence for Apexindo's business.

Today, Apexindo owns and operates 5 offshore rigs (4 of them are swamp barge rigs) and 9 onshore rigs, serving major oil companies throughout Indonesia and overseas, including Total E&P Indonesia, VICO, Unocal, Pertamina and Statoil.

Supported by professional human resources, advanced technology and rigorous safety standard, Apexindo continues to grow its business with grand reputation. The Company's recent accomplishments includes the Letter of Commendations from Unocal and Statoil for excellent performance of Apexindo's personnel. Apexindo was also one of the six finalists who received Chief Executive SHE Award from Statoil, in addition to an award for "The Most Caring Company in 2004" for the category of mining, oil & gas and service company presented by one of Indonesia's leading business magazines. Lastly, Apexindo has always taken pride in the Certificate of Appreciation from the Minister of Manpower and Transmigration for consistent performance on Zero Lost Time Accident.

Looking ahead, with the support of our modernized fleet of offshore and onshore drilling rigs, Apexindo is confident to provide excellent, integrated drilling services to our domestic and international clients, to maintain a healthy path of business growth and to become a reputable drilling contractor.

## Renewable Energy



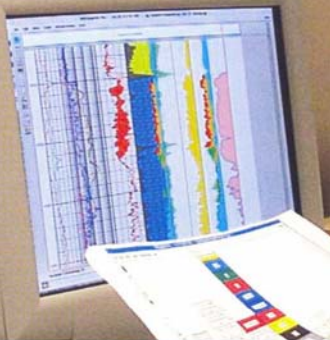
# Pursuing Energy Diversification, Ensuring Sustainability

Exploration for renewable energy has become increasingly vital, amidst the world's soaring energy demand, while the sources of fossil-based energy continues to diminish. In the pursuit to become the Energy Company of Choice, MedcoEnergi has taken up the challenges of exploring renewable energy, in cooperation with the Ministry of Research and Technology and other organizations.

Through joint research and development programs, MedcoEnergi focuses its efforts in two areas: Fuel Cell and Bio-fuels. In Fuel Cell development, initial studies on potential types and applications of fuel cells are currently in progress. While studies on Bio-fuel are geared toward the development of Indonesia's first multi-feedstock bio-ethanol production facility in Lampung.

MedcoEnergi is confident that these efforts will enhance the Company's knowledge and expertise in renewable energy, and ultimately, enable the Company to diversify its energy resources.

## Technology



# Achieving continuous performance improvement through technology

Technology has been instrumental in providing MedcoEnergi with necessary tools and information, in the pursuit of continuous performance improvements.

In the upstream business, a new production system has been installed to enable our engineers to prepare comprehensive and accurate production planning, monitor the realization, and ultimately, providing sustainable supply of energy.

To strengthen its drilling fleet, the Company has recently acquired two new offshore rigs, namely Raissa and Yani, equipped with sophisticated operation and control instruments to ensure efficient, reliable and safe drilling operations. These new rigs are currently working for Total E&P Indonesia to support its offshore drilling program in East Kalimantan.

Besides pursuing operational excellence, MedcoEnergi's investment in technology is also geared toward achieving synergy among business units through integrated planning and performance monitoring.

The Company has recently completed the implementation of an Enterprise Resource Management (ERP) system using SAP, a world-class ERP solution provider. Using SAP, management planning and control are conducted in an integrated manner, from financial management to plant maintenance, HR Management and financial reports consolidation.

## Human Resources



# Fostering conducive working climate and developing capabilities to bring the best of our people

MedcoEnergi believes that, despite large IT investments in tangible assets such as oil producing blocks or IT System, it is the investment on people that will determine the success of the Company.

Through integrated HR management, the Company is committed to attract, develop, motivate and maximize employee performance and productivity. Furthermore, to maintain the highest level of capabilities, MedcoEnergi continuously provides both in-house and outsourced enhancement and certification training.

Besides technical competence, the Company is keenly committed to fostering a working culture that is based on MedcoEnergi values: professional, open, ethical, innovative, and a solemn concern for safety, health and environment (SHE).

Safety, Health & Environment

SAFETY FIRST

JUJUTAKAN

SELAMAT





# Rigorously maintaining the highest standard of Safety, Health and Environment

Ensuring stringent implementation of SHE standards is paramount at MedcoEnergi. The Company believes that implementing such standards is critical not only for our people's sake, but also for winning the competition in the domestic and international market. The SHE Standards encompasses guidelines for safety management, safety certifications, ensuring compliance on safety equipment and instruments and building a safety culture.

Throughout the year, MedcoEnergi earned various recognitions in safety, health and environment management, including the Certificate of Appreciation from the Minister of Manpower and Transmigration for consistent performance of zero loss time accident.

MedcoEnergi has also been taking active roles in ensuring environmental-friendly operations. "Zero discharge" policy has long been adopted by the Company in its drilling operations, while implementing a progressive "clean air" standards for the Company's methanol plant at Bunyu Island, East Kalimantan.

## Corporate Social Responsibility



## Building partnerships for growth

As a responsible corporate citizen, MedcoEnergi firmly believes that programs on Corporate Social Responsibility (CSR) should not be implemented because of compliance rules, but should be implemented out of a sincere dedication to building strong and sustainable partnerships between the Company and the local communities to achieve a common goal of prosperous coexistence. The CSR programs encompass in clean environment, economic empowerment, business ethics, community development and corporate philanthropy. Activities in business ethics area are focused in ensuring that every aspect of its operations are in compliance with the Company's Code of Conduct and the prevailing laws and regulations. Along with growing number of international shareholders, the Company also intensified its commitment to ensure conformity with international rules and standards.

In education sector, MedcoEnergi supports the efforts to ensure free access to elementary education for all children, particularly less-fortunate children. MedcoEnergi has been actively involved in enhancing the facilities of an elementary school in Bojonegara, Banten, by renovating the building and providing several units of personal computer. While in South Sumatra, the Company has also been instrumental in helping local communities to improve their elementary school facilities.

Besides education, MedcoEnergi has also been supporting the empowerment programs, particularly in the areas of grass-root economic development, in cooperation with the local governments. Through these programs, small-scale enterprises are provided with basic management knowledge such as production cost and pricing calculations, budget preparation and monitoring, as well as quality control.

Expanding the Horizon



# Turning Opportunities into Values

Moving forward, MedcoEnergi reaffirms its steadfast commitment to continue exploring opportunities within the increasingly prospective energy industry, and turning them into values for shareholders and stakeholders. This will be achieved through the implementation of growth strategies that include replacements and additions of reserves through explorations and acquisitions, fostering alliance with international operators and prudent entrance into Power, Geothermal, Infrastructure and Renewable Energy sector.

Internally, MedcoEnergi continues to strive for improving operational efficiency and productivity, upholding stringent Good Corporate Governance (GCG) standard and maintaining conservative financial structure.

These efforts has resulted in strengthened investors' confidence, as reflected in recent favorable ratings by domestic and international rating companies and recognitions on excellent GCG practices from Indonesia's capital market community.

Capitalizing on past performance and achievements and supported by competent and professional human resources, MedcoEnergi is confident to achieve the vision of becoming "The Energy Company of Choice" within the foreseeable timeframe.

## Shared Values



### *Professional*

- Competent in the area of expertise
- Having a "champion spirit"
- Always seeking self-improvement
- Knowing your limits

### *Ethical*

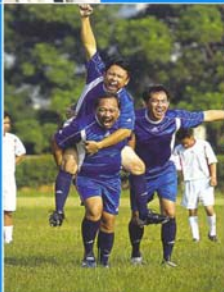
- Conducting business fairly and with integrity
- Applying the highest ethical standards at all time
- Understanding and following Company's ethics and Good Corporate Governance policies

### *Open*

- Encouraging informality and openness in communications at all levels
- Building trust among Medco people

### *Innovative*

- Building a culture of "trail-blazers"
- Continuous search for innovative solutions to achieve better, safer, cost-effective, and faster outcomes



### Crude Oil\*

From:	To:				
	Tonnes (metric)	Kilolitres	Barrels	US Gallons	Tonnes/Year
	Multiply by				
Tonnes (metric)	1	1.185	7.33	307.86	-
Kilolitres	0.8521	1	6.2898	264.17	-
Barrels	0.1364	0.168	1	42	-
US Gallons	0.000325	0.0039	0.0238	1	-
Barrels/day	-	-	-	-	49.8

\* Based on worldwide average gravity

### Products

	To Convert			
	Barrel to Tons	Tons to Barrel	Kilolitres to Tons	Tons to Kilolitres
	Multiply by			
LPG	0.088	11.6	0.942	1.064
Gasoline	0.118	8.5	0.740	1.351
Kerosene	0.128	7.8	0.868	1.240
Gas oil/Diesel	0.133	7.5	0.829	1.192
Fuel oil	0.149	6.7	0.929	1.085

### Natural Gas and LNG

From:	To:					
	Billion Cubic Metres NG	Billion Cubic Feet NG	Million Tonnes Oil Equivalent	Million Tonnes LNG	Trillion British Thermal Units	Million Barrels Oil Equivalent
	Multiply by					
1 billion cubic metres NG	1	35.3	1	0.73	36	0.25
1 billion cubic feet NG	0.028	1	0.028	0.027	1.03	0.16
1 million tonnes oil equivalent	1.111	38.7	1	0.805	40.4	2.63
1 million tonnes LNG	1.38	48.7	1.23	1	52.0	3.68
1 billion British thermal units	0.028	0.96	0.025	0.02	1	0.17
1 million barrels oil equivalent	0.16	5.61	0.14	0.12	5.8	1

### Units

1 Metric tonne	2204.62 lb	1.1023 short tons	
1 Kiloton	6,2898 barrels		
1 Kiloton	1 cubic metre		
1 Kilojoule (kJ)	4.187 kJ	3,968 Btu	
1 Kilowatt (kW)	0.239 kcal	0.948 Btu	
1 British thermal unit (Btu)	0.252 kcal	1,055 kJ	
1 Kilowatt hour (kWh)	860 kcal	3,600 kJ	3,412 Btu

### Calorific Equivalents

One tonne of oil equivalent equals approximately

Heat units	10 million kilocalories 47 gigajoules 40 million Btu	Gaseous fuels	See natural gas and LNG table
Solid fuels	15 tonnes of hard coal 3 tonnes of lignite	Electricity	12 megawatt hours

The metric tonne of oil product above (MOP) approximates 1.48 tonnes of oil (TO) electricity in a metric power station.