NEWS RELEASE FROM ADARO ENERGY

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ADARO ENERGY SEEKS TO IMPROVE EFFICIENCY AND PRESERVE ITS HEALTHY BALANCE SHEET

EBITDA MARGIN OF 34.6% AND LIQUIDITY OF US$1.0 BILLION IN THE FIRST HALF OF 2012

Jakarta, August 30th, 2012 – PT Adaro Energy Tbk (IDX: ADRO) announced today consolidated auditor-reviewed financial statements for the first half ended June 30th, 2012. Our net revenue increased 9.1% to US$1,931 million as average selling price (ASP) improved year over year (y-o-y). Our EBITDA grew 4.4% to US$667.5 million y-o-y and EBITDA margin remained robust at 34.6%. Net income declined slightly, 3.0%, to US$260.1 million, while our gross profit margin stayed relatively flat at approximately 33%. During the current commodity down cycle we continue to focus on cost control and improving operational efficiencies.

Adaro Energy's President Director, Mr. Garibaldi Thohir said, "**We are pleased with our first half results amid the difficult market conditions. We are not immune to cyclical downturns; however, we will not lose focus on our core business and will continue to improve our efficiency, reduce costs, and maintain a strong balance sheet. At times like this we need to get back to the basics. We remain on track to achieve our main goal of creating long-term sustainable value from Indonesian coal by building a better and more efficient Adaro Energy. "**

Our production and sales volumes for 1H12 were virtually flat y-o-y at 23.01 million tonnes (Mt) and 23.69 Mt, respectively. During the first half, Adaro produced 3.73 Mt of E4000 (Wara) coal, an increase of 47% over 1H11. Additionally, we introduced a new product, E4500, which is a blend between E5000 (Tutupan) and E4000 (Wara). We sold 0.69 million tonnes of E4500 during 1H12. We revised down our production guidance for 2012 to 48 to 51 million tonnes from 50 to 53 million tonnes due to challenging market conditions. Please refer to our 2Q12 Quarterly Activities Report for more details of our operations.

http://www.adaro.com/files/2Q12_Quarterly_Activities_Report_English_FINAL.pdf

The average selling price for Adaro Indonesia's coal improved 10.2% y-o-y, benefiting from strong coal prices at the end of 2011 and the beginning of 2012. Adaro Energy's coal cash cost (excluding royalty) increased 10.4% to US$38.03 per tonne, largely due to a higher planned stripping ratio, longer overburden hauling distances and higher fuel costs. Originally, our guidance for the full year 2012 was US$40 to US$45 per tonne; however, we are now guiding US$39 to US$42 due to below-budget fuel prices from our fuel swap and cost reduction initiatives.

In the first half of 2012, our EBITDA grew 4.4% y-o-y to US$667.5 million, while EBITDA margin remained robust at 34.6%. In relation to our other guidance revisions, we are now projecting EBITDA of US$1.0 to US$1.3 billion for 2012. Adaro's 1H12 net income slightly decreased 3.0% y-o-y to US$260.1 million due to increased costs; however, during the current commodity down cycle we continue to focus on reducing expenses and improving operational efficiencies.

Our balance sheet remained strong during 1H12. Our net debt to last twelve months EBITDA increased to 1.30x at the end of 1H12 from 0.97x y-o-y and net debt to equity was 0.64x at the end of 1H12. Our liquidity was excellent with access to cash of US$1.0 billion (including US$435 million of unutilized committed funding from three long-term bank facilities). This allows Adaro to maintain ample liquidity during the current cyclical downturn.

Given the market circumstances, we have reevaluated the timing of our capital expenditures in an effort to preserve cash. Our original capex guidance for 2012 was US$650 to US$700; however, this guidance has been revised to US$400 to US$500 million. The largest reduction in spend will be for heavy equipment as our current fleet provides us adequate capacity for our production targets.

Summary of Revised Guidance for 2012		
	Revised	**Previous**
Production (Mt)	48 to 51	50 to 53
Adaro Energy Coal Cash Cost (US$/tonne)	39 to 42	40 to 45
EBITDA (US$, billions)	1.0 to 1.3	1.2 to 1.5
Capex (US$, millions)	400 to 500	650 to 700

Summary of First Half 2012 Operational Performance			
	1H 2012	1H 2011	% Change
Production Volume (Mt)	23.01	22.81	0.9%
Sales Volume (Mt)	23.69	24.02	-1.4%
Overburden Removal (Mbcm)	156.83	140.68	11.5%

Summary of First Half 2012 Financial Performance (US$ Million, Except Otherwise Noted)			
	1H 2012	1H 2011	% Change
Net Revenue	1,931	1,771	9.1%
Cost of Revenue	(1,298)	(1,172)	10.7%
Gross Profit	634	599	5.8%
Gross Profit Margin (%)	32.8	33.8	-1.0%
Operating Income	551	551	0.0%
Operating Margin (%)	28.6	31.1	-2.6%
Net Income	260	268	-3.0%
EBITDA	668	639	4.4%
EBITDA Margin (%)	34.6	36.1	-1.5%
Total Assets	6,809	4,986	36.6%
Total Liabilities	3,776	2,756	37.0%
Stockholders' Equity	3,033	2,231	36.0%
Interest Bearing Debt	2,525	1,640	53.9%
Cash and Cash Equivalents	574	608	-5.6%
Net Debt	1,951	1,032	89.0%
Net Debt to Equity (x)	0.64	0.46	-
Net Debt to Last 12 Months EBITDA (x)	1.30	0.97	-
Free Cash Flow (EBITDA - Capex)	397	359	10.6%
Cash from Operations to Capex (x)	0.7	1.5	-
Earnings Per Share (EPS) in US$	0.00813	0.00837	-2.9%

Review of First Half 2012 Performance

Income Statement

Net Revenue

Adaro Energy's revenue for the first half 2012 increased 9.1% y-o-y to US$1,931 million because of better pricing for our coal versus last year.

Coal production and sales volume in 1H12 stayed relatively flat y-o-y, reaching 23.01Mt and 23.69Mt, respectively. We revised our production guidance down for 2012 to 48 to 51 million tonnes from 50 to 53 million tonnes due to challenging market conditions. All of our sales volume for this year has been contracted and the bulk of it has already been priced based on fixed price and index-linked contracts. We continued to maintain good relationships with our customers and none of our coal shipments have been deferred. We are on track to achieve our overburden removal target of 321.15 million bank cubic meter (Mbcm) for 2012 due to good operational performance in 1H12 as overburden removal increased 11% y-o-y to 156.83 Mbcm.

Following the regular rainy season of the first quarter, the Adaro Indonesia mine site experienced low volume of rainfall during 2Q12, though with a normal number of rain days. Production of the E4000 (Wara) mine increased 47% y-o-y to 3.73 million tonnes and is on track to reach our production goal of 8 Mt to 10 Mt for the year. Despite the weakness in index coal prices, we continue to have solid demand for E4000 with attractive pricing. Additionally, to provide more options to our customers, we introduced a new product, E4500, which is a blend between E5000 (Tutupan) and E4000 (Wara). In 1H12, we sold 0.69 million tonnes of E4500 to two customers, one in Korea and one in Indonesia. Our average selling price for Adaro Indonesia's coal in 1H12 increased 10.2% y-o-y, benefiting from strong coal prices at the end of 2011 and the beginning of 2012.

Coal Mining and Trading: Adaro Indonesia and Coaltrade

Our coal mining and trading division was 92.1% of revenues in 1H12, with PT Adaro Indonesia (AI) accounting for most of revenues and our trading division, Coaltrade Services International Pte. Ltd. (CTI), contributing a small part to the segment. For 1H12, net revenue from coal mining and trading increased 8.7% to US$1,779 million.

Mining Services: SIS

PT Saptaindra Sejati (SIS), our mining services division, 1H12 net revenues increased 25.7% y-o-y to US$110.1 million because of higher overburden removal and coal getting volumes. New and larger heavy equipment continued to arrive, aiding the growth. In the second half of 2012, we expect less new heavy equipment arrivals as we have the capacity for our current production goals. In 1H12, overburden removal increased 24% to 95.28 Mbcm and coal getting increased 13% to 11.8 Mt.

SIS continued to prioritize AI, and was responsible for 34% of AI's coal extraction and 37% of AI's overburden removal in 1H12. Therefore, AI accounted for 59% of SIS's total overburden removal or 56.68 Mbcm and 65% of total coal getting or 7.69 Mt. SIS is the second largest contributor to our overall revenue, accounting for 6% of net revenue after elimination of sales to Adaro Indonesia.

Others (Adaro Logistics): Coal Terminal, Barging, Ship Loading and Dredging

Our other business segments include AE's subsidiaries PT Alam Tri Abadi (ATA), coal port operator PT Indonesia Bulk Terminal (IBT), the barging and ship loading division PT Maritim Barito Perkasa (MBP) and water toll contractor PT Sarana Daya Mandiri (SDM). Total revenue in 1H12 from these business segments, net eliminations, was US$42.6 million, a decrease of 9.1% over the same period last year due to lower fuel sales to third party barging companies by ATA.

MBP increased total coal barged 22% y-o-y to 8.60 Mt due to higher coal production, additional barges and tugs purchased, and shorter cycle times at the Taboneo Anchorage. Total coal loaded to ships for 1H12 increased 31% y-o-y to 7.23 Mt. Nearly all tonnage that MBP handles is for Adaro.

Our coal port operator, IBT, loaded 36 vessels and 2.43Mt of coal for 1H12, an increase of 20% and 18% y-o-y, respectively. Third party coal loaded increased 28% to 1.33 Mt and accounts for 54.7% of total coal loaded at IBT.

Cost of Revenue and Cash Cost

Cost of revenue in 1H12 grew 10.7% y-o-y to US$1,298 million, in-line with our increase in revenue. Adaro Energy coal cash cost (excluding royalty) per tonne increased 10.4% y-o-y to US$38.03 per tonne. Originally, our guidance for the full year 2012 was US$40 to US$45 per tonne; however, we have revised down that guidance to US$39 to US$42 because of below-budget fuel prices from our fuel swap and cost reduction initiatives. The coal cash cost increase over last year is due to a larger planned stripping ratio, longer overburden hauling distances and higher fuel costs.

Coal Mining and Trading: Adaro Indonesia and Coaltrade

Total cost of revenue for Coal Mining and Trading increased 10.9% y-o-y to US$1,162 million.

Coal mining costs in 1H12 increased 22.7% y-o-y to US$599.2 million due to larger volumes, increased planned strip ratio, longer overburden hauling distances, and higher fuel prices. Our weighted average planned strip ratio, which measures the volume of overburden per tonne of coal, for 2012 is 6.4x compared to 5.9x in 2011. Our overburden removal target of 321.15 Mbcm is on track for 2012 due to good operational performance in 1H12 as overburden removal increased 11% y-o-y to 156.83 Mbcm. Any difference between our planned and actual strip ratio will be accounted for on the balance sheet.

We manage and procure the fuel for all of our mining contractors. To mitigate risks associated with oil price fluctuations, we enter a portion of our fuel needs into hedging agreements. In April 2012, we hedged 85% of our second quarter and approximately 50% of third and fourth quarter fuel needs in the low US$0.90's per liter. Our hedged fuel prices are below budget and we are on track to achieving our fuel price goal. Coal mining accounted for 66.5% of our coal cash cost.

Coal Processing

Coal processing costs in 1H12 increased 6.6% to US$71.3 million over the same period last year. Coal processing costs consist of the cost to crush the coal at the Kelanis River Terminal and other costs not borne by mining contractors, including the cost for repair and maintenance of the hauling road. Coal processing accounted for 7.9% of our coal cash cost.

Royalties to Government

Our royalties to the Government of Indonesia increased 10.5% y-o-y to US$196.8 million, in-line with higher revenue. Royalties accounted for 15.2% of our total cost of revenue.

Freight and Handling

Our freight and handling cost grew 1.3% y-o-y to US$140 million as sales volumes stayed relatively flat. Freight and handling accounted for 15.5% of our coal cash cost for 1H12.

Mining Services: SIS

Our mining services' cost is associated with our mining contractor, SIS. The cost of revenue from this segment increased 27.4% y-o-y to US$99.6 million due to the increase in SIS's third party coal getting and overburden removal activities and the associated higher consumables, employee costs, and repair and maintenance. SIS's consumables increased 22.8% to US$24.1 million and repair and maintenance increased 53.2% to US$28.1 million. Mining services accounted for 7.7% of our total cost of revenue.

Others (Adaro Logistics): Coal Terminal, Barging, Ship Loading and Dredging

The costs associated with our other subsidiaries, which are substantially all attributed to logistics, in 1H12 decreased 22.1% to US$35.8 million, corresponding to the decrease in revenue from this segment. The cost related to our other subsidiaries accounted for 2.8% of our total cost of revenue.

Operating Expenses and Operating Income

Operating expenses during 1H12 increased 25.0% y-o-y to US$76.9 million primarily due to higher employee costs. Selling and marketing expenses stayed flat at US$28.7 million. Employee costs increased 21.3% to US$24.6 million due to more employee benefits and as we enlarged our permanent workforce. Operating income stayed flat at US$551.4 million. Operating margins remained relatively flat q-o-q at 28.6% and contracted slightly y-o-y from 31.1%. In 2Q12, Bapepam revised its regulation on the presentation of financial statements, causing operating income to include "other expenses," which for Adaro consists mainly of foreign exchange gain/loss. Previously, this line item was a non-operating expense.

EBITDA

Our EBITDA increased 4.4% to US$667.5 million from US$639.2 million in 1H11 and we maintained a strong EBITDA margin of 34.6%. We still expect to have an industry leading EBITDA margin, as pricing pressure has been industry wide and we continue to focus on cost discipline.

Net Income

Our 1H12 net income slightly decreased 3.0% to US$260.1 million. The decrease in net income mostly was due to higher costs; however, during the current commodity down cycle we continue to focus on our reducing expenses and improving operational efficiencies. We incurred income tax expense of US$226.1 million in 1H12, a 3.7% increase y-o-y.

Balance Sheet

Total Assets

Adaro Energy's total assets increased 36.6% to US$6.8 billion at the end of 1H12. The increase is largely attributed to additional mining properties from the BEP transaction and mining equipment purchased to support Adaro's growth plan.

Cash and Cash Equivalents

At end of 1H12, cash and cash equivalents accounted for 8.4% of total assets. Adaro Energy recorded cash and cash equivalents 5.6% lower at US$573.7 million compared to US$607.9 million in the corresponding period in 2011, mainly due to cash outflows to fund working capital, acquisitions, capital expenditures and debt repayment.

Trade Receivables

At the end of June 2012, trade receivables increased 10.5% y-o-y to US$511.8 million. Trade receivables are mainly associated with Adaro Indonesia's customers and SIS's domestic third party customers from different industries, including blue chip utilities, cement, as well as pulp and paper companies. Approximately 86% of the trade receivables are due within 30 days. For the remaining amount, no provision has been set aside as management remains comfortable on its collectability. Trade receivables account for 7.5% of total assets.

Fixed Assets

Fixed assets increased 42.4% y-o-y to US$1,647 million at the end of June 2012. During the first half in 2012, the growth in fixed assets included US$109.0 million for heavy equipment, US$34.4 million for crushing and handling facilities, US$104.5 million for construction in progress, which largely consisted of our 2x30 MW power plant and OPCC, and US$37.6 million for leased assets. Fixed assets represent 24.2% of our total assets.

Advances and Prepayments

Advances and prepayments at the end of 1H12 decreased 8.5% y-o-y to US$184.3 million compared to the previous corresponding period in 2011. Nearly US$123 million consisted of advances to suppliers for heavy equipment purchases and a steam turbine generator for our 2x30 MW power plant. Additionally, US$18.9 million is advances for investments for development of coal mining projects, while the remaining balance is for advances for fuel, rent and insurance.

Investments in Associates

Investments in associates increased 8.9% to US$386.5 million at the end of 1H12 versus US$354.9 million in 1H11, with $362.5 million related to our investment in the IndoMet Coal (IMC) project. The additional amount represents our 35% stake in PT Servo Meda Sejahtera (US$20.0 million) as well as the investment in our 34% interest in PT Bhimasena Power Indonesia.

Investments in Equity Securities

Investment in equity securities for 1H12 became a zero balance after entering into a convertible loan and option agreement on May 28, 2012 to acquire a potential control ownership in PT Bhakti Energi Persada (BEP). The previous balance for investments in equity securities reflected a 10.22% or US$65.7 million stake in BEP.

Mining Properties
Mining properties almost doubled in 1H12 to US$1,873 million from US$976.7 million at the end of 1H11. This is primarily due to the consolidation of BEP into Adaro Energy.

Deferred Stripping Costs
Adaro Indonesia's planned stripping ratio increased to 6.4x for 2012, averaged from the Tutupan, Wara and Paringin pits, from 5.9x in 2011. This is part of our overall mine plan as we excavate from deeper areas of the Tutupan pit and widen the mine. The price environment still supports our plan for higher overburden removal as we invest in our mining operation.

In 2011, the actual strip ratio was higher than planned, thus Adaro accumulated deferred stripping costs of US$47.9 million. The actual average stripping ratio in 1H12 was higher than the planned stripping ratio, thus Adaro's deferred stripping costs at the end of 1H12 was US$72.6 million.

Total Liabilities
Adaro Energy's total liabilities increased 37.0% y-o-y to US$3.8 billion at the end of June 2012. The current liabilities decreased 8.0% largely due to lower trade payables as well as lower taxes payable, whereas the non-current liabilities rose 58.3% largely due to higher utilized bank loans and deferred tax liabilities.

Taxes Payable
Adaro Energy's taxes payable declined 59.0% to US$63.6 million at the end of 1H12 compared to 1H11 because of higher installments of tax paid for 2012.

Current Maturities of Long-term Borrowings
Current financial obligations for 1H12 increased 32.8% to US$185.6 million compared to US$139.7 million as of the end of June 2011. We have drawn down on our credit facilities over the last year increasing our current maturities.

In February 2011, SIS refinanced its existing 2008 US$300 million five-year loan with a US$400 million seven-year syndicated bank loan. The loan is guaranteed by Adaro Energy and a portion of this loan will be used for expansion plans. At the end of June 2012, the outstanding principal was US$320 million.

In July 2011, AI obtained a US$750 million ten-year loan from its relationship banks. The loan is guaranteed by Adaro Energy and will be used for capital expenditure, working capital and general corporate purposes. At the end of June 2012, the outstanding principal was US$450 million.

In June 2012, MBP, our barging contractor, obtained a US$160 million seven-year loan from its relationship banks, which included a US$140 million term loan and US$20 million revolving credit facility. Furthermore, in July MBP obtained an additional US$40 million seven-year committed standby revolving credit facility. The loans are guaranteed by Adaro Energy and will be used for capital expenditure and refinancing purposes. At the end of June 2012, the outstanding principal was US$145 million.

Long-term Borrowings
Adaro Energy's total long-term borrowings rose by 55.9% y-o-y to US$2,340 million at the end of 1H12. During 1H12, we drew down US$300 million from AI's unsecured loan, US$20 million from SIS's syndicated bank loan and US$145 million from MBP's bank loan to help fund capital expenditures, working capital, and refinancing.

With an undrawn US$300 million from our ten-year unsecured loan facility, US$55 million from MBP's seven-year bank loan and US$80 million from SIS's seven-year syndicated bank loan, Adaro Energy has access to cash and undrawn credit facilities of approximately US$1.0 billion as of the end of June 2012. This allows us to maintain ample liquidity during the current cyclical downturn.

Cash Flows

Cash Flows from Operating Activities
Our operating cash flow for 1H12 decreased 55.8% to US$184.0 million from US$416.1 million. During the period, receipts from customers increased 19.4% to US$1,891 million compared with US$1,583 million in 1H11 due to higher average selling price, offset with higher payments to suppliers, payments of royalties and payments of income taxes. Payments to suppliers increased 31.7% to US$1,205 million from US$915.0 million in 1H11. Payments of income taxes increased nearly three times to US$260.1 million in 1H12, due to the final payment of tax for 2011, following strong earnings. Payments of royalties increased 67.8% to US$122.5 million compared with US$73.0 million in 1H11.

Cash Flows from Investing Activities
Our cash flows used in investing activities during 1H12 decreased 23.4% to US$294.1 million. During the period, we spent US$270.6 million on fixed assets. Capital expenditures for 1H12 included spending on machinery, operational equipment and vehicles, crushing and handling facilities and construction in progress. Our original capex guidance for 2012 was US$650 to US$700; however, this guidance has been revised to US$400 to US$500 million as we seek to preserve cash. The largest reduction in spend will be for heavy equipment as our current fleet provides us adequate capacity for our production targets.

Cash Flows from Financing Activities
Net cash flow from financing activities for 1H12 increased to US$128.2 million from a negative US$36.6 million in 1H11. We received net proceeds from our bank facilities of US$465.0 million in order to fund working capital and capex needs, compared to US$350 million during 1H11. We made a dividend payment totalling US$226.0 million, based off of our net income from 2011 and 1Q12. We seek to pay a cash dividend each year.