



PT PERUSAHAAN GAS NEGARA TBK

ACQUIRES PERTAMINA GAS, AND
BECOMES A MEMBER OF PERTAMINA.
THE RESULTING UNITY OF NATURAL GAS
INFRASTRUCTURE OPENS NEW DOORS OF

OPPORT- UNITY

THE OPPORTUNITIES IN UNIFICATION
INCLUDE GROWTH, AN INTEGRATED
NATIONAL ENERGY POLICY, AND
SERVICE TO INDONESIA'S ECONOMY.

Perusahaan Gas Negara Tbk (PGN)

is an integrated natural gas distribution company with 10,000 km of pipeline, 325,914 customers. PGN has been public since 2003, and its corporate was established since 1965.

PGN employees 3,109 and has one of the outstanding safety records in the natural gas industry: more than 94,382,709 days without a life-threatening accident.

Financial Highlights page 5

2018 at a glance:

Sales: \$US 3,870 billion

Operating profit: \$645 million

EBITDA: \$ 1,201 million

Net Profit: \$305 million

Earnings per Share: \$ 0.13

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DOORS OF

OPPORTUNITY

ORGANIZATIONAL DIAGRAM OF GAS SUB-HOLDING

STRUCTURAL

FUNCTIONAL



1

NEW CORPORATE STRUCTURE UNIFIES INDONESIA'S NATIONAL ENERGY POLICY

PGN'S STREAMLINED DECISION-MAKING THROUGH DIRECTORATES AT PERTAMINA AND THE MINISTRY OF STATE OWNED ENTERPRISES BENEFITS SHAREOWNERS.

This facilitates dialogue between national energy policymakers and market driven investment decisions.

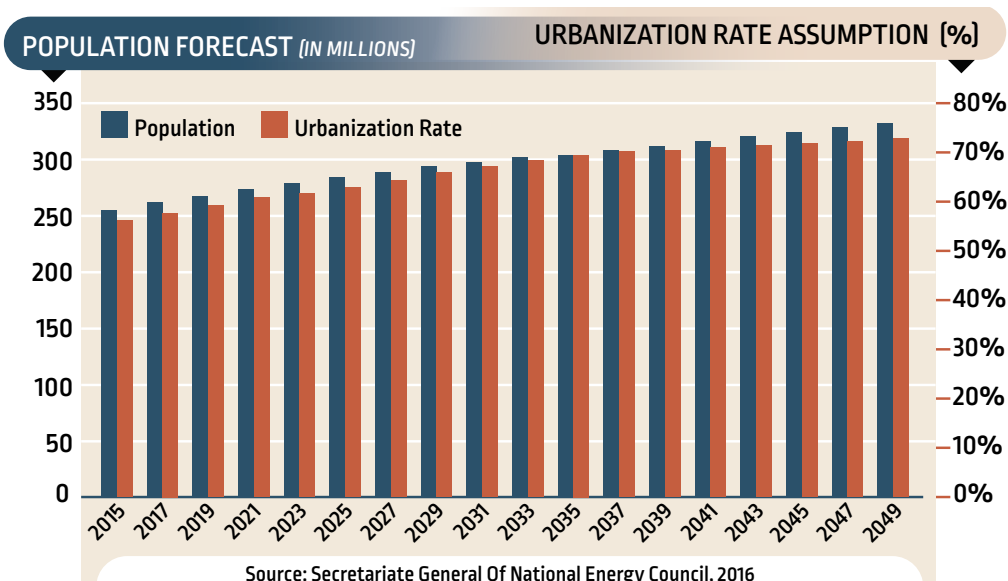
PGN has direct access to management expertise throughout government and the energy industry. This structure solidifies PGN's official leadership role in Indonesia's natural gas infrastructure and distribution.

This structure also signals that natural gas has a crucial long term role in the nation's sustainable energy strategy.

2 NEW GAS HOLDING STRUCTURE ALLOWS PGN TO FOSTER INDONESIA'S ECONOMIC DEVELOPMENT

INDONESIA'S GDP IS FORECAST TO GROW FROM THE 8TH LARGEST IN 2016 TO THE 4TH LARGEST BY MID-CENTURY.

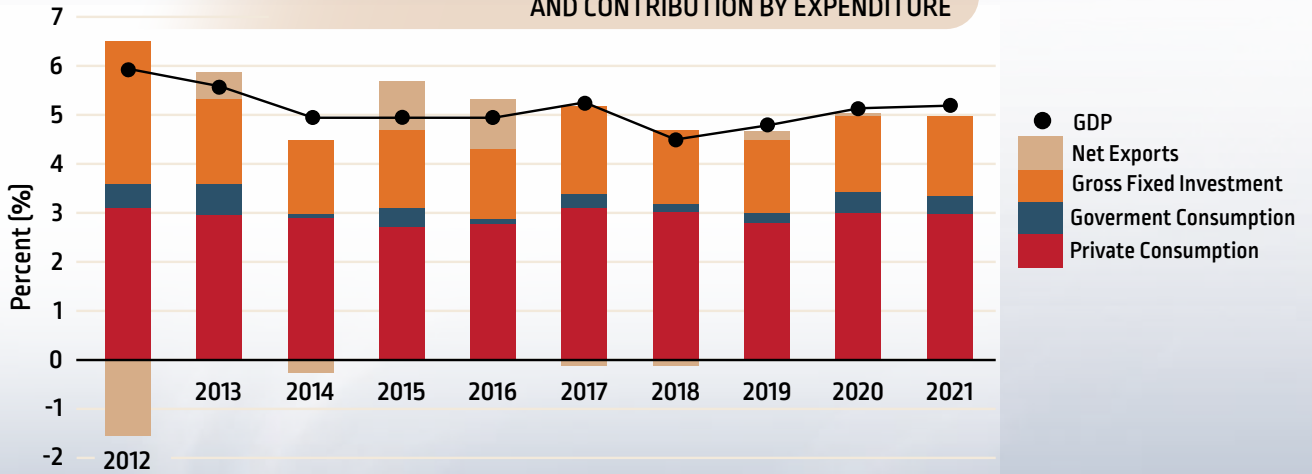
Indonesia's GDP growth rate is forecast to maintain its robust average growth rate. In addition, falling poverty rates and a growing urbanization will provide demand for natural gas throughout the economy. The combination of a youthful population, growing urbanization and rising household expenditures all suggest rising demand for energy.



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HISTORICAL AND FORECASTED GDP GROWTH ITEM

AND CONTRIBUTION BY EXPENDITURE



Data Sources: Bank Indonesia, Price Waterhouse Coppers Power in Indonesia 6th edition, 2018

FORECASTING THE WORLD'S TOP TEN ECONOMIES

AT PURCHASING POWER PARITY
Data Source: PWC The World in 2050



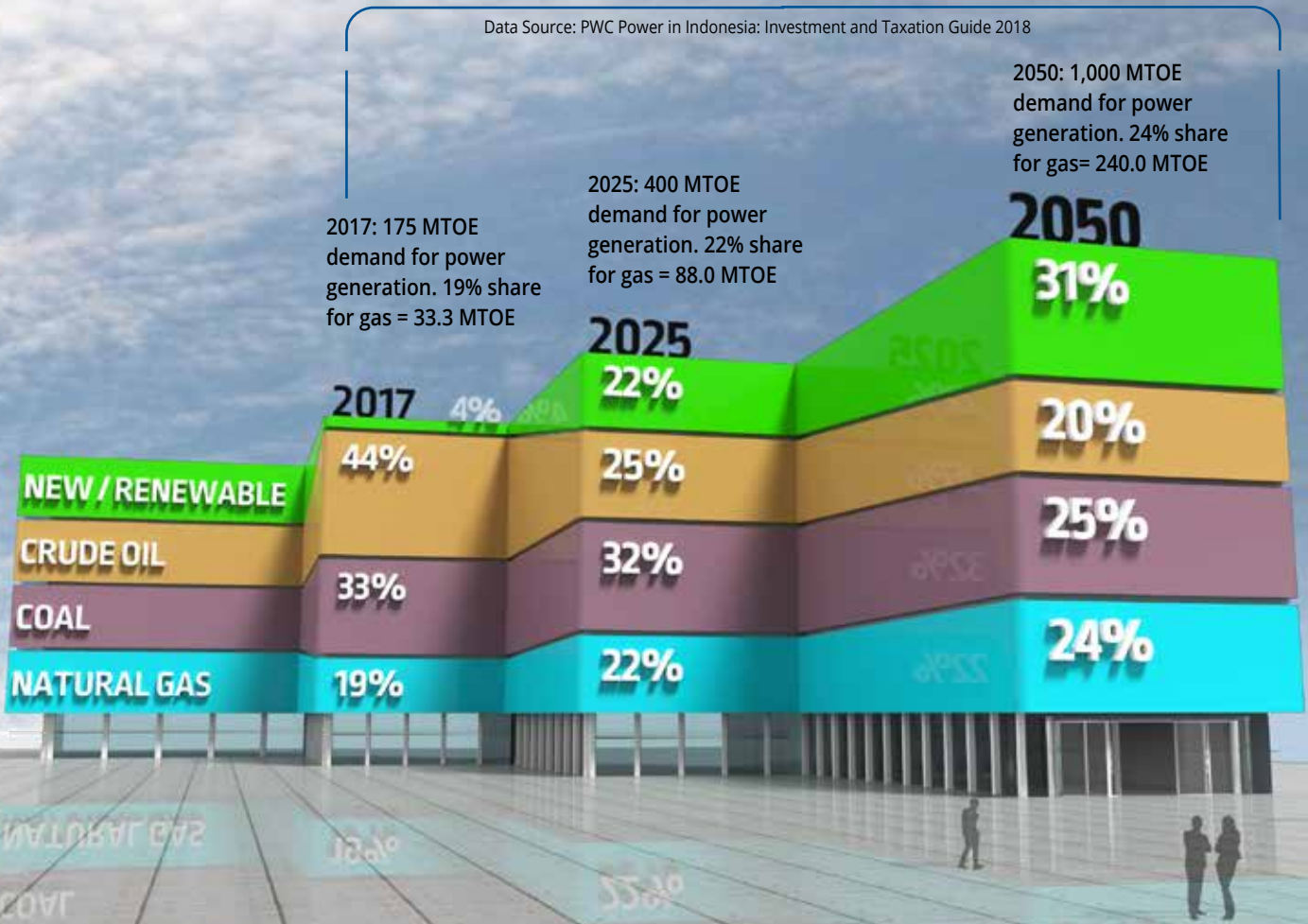
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Fully 2/3 of PGN's gas transmission volume is used to generate electricity. As Indonesia executes a careful re-balancing toward lower carbon fuels over the coming decades, natural gas will grow from 19% of the nation's total to 22% in 2025 and 24% in 2050.

National fuel demand for electricity in 2017 was 175.3 Million Tones of Oil Equivalent (MTOE). It is projected to grow to 400 MTOE by 2030 and 1,000 MTOE by 2050. Since fuel use is tied to infrastructure, which shifts only as equipment is changed, changes in fuel mix are gradual.

RISING SHARE FOR GAS IN INDONESIA'S FUEL MIX FOR ELECTRIC POWER GENERATION

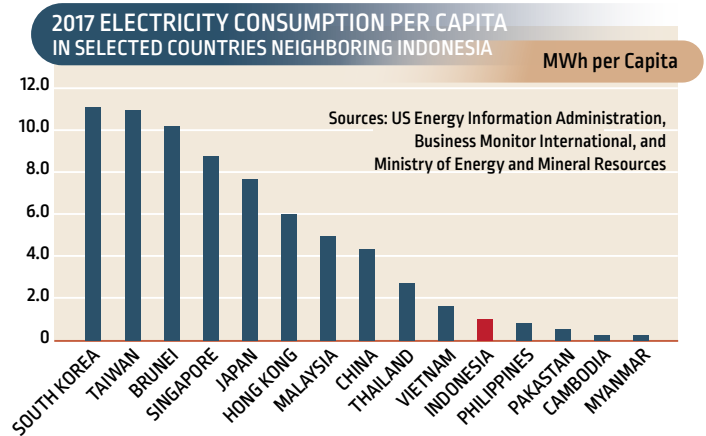
Data Source: PWC Power in Indonesia: Investment and Taxation Guide 2018



3 MULTIPLE FACTORS POINT TO STEADY GROWTH IN PGN'S CORE MARKET

These combined factors translate into a steady annual increase in natural gas as volume for electric power generation of 3%. This built-in growth in demand forms an ideal foundation for PGN's expansion in other market areas. Electricity is now available to 93.35% of the population. That population is not only growing more numerous, it is

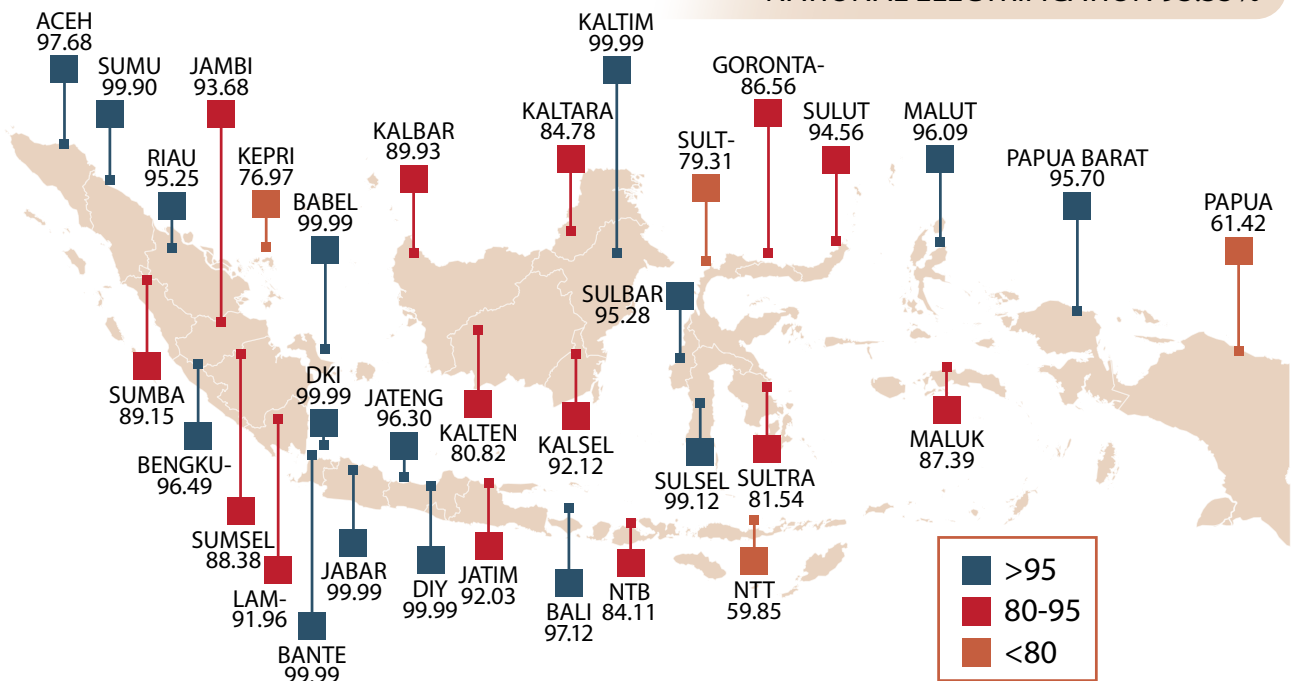
growing more affluent. The nation's power consumption, compared to its neighbors, is still relatively low, indicating potential for sustained growth in demand as well.



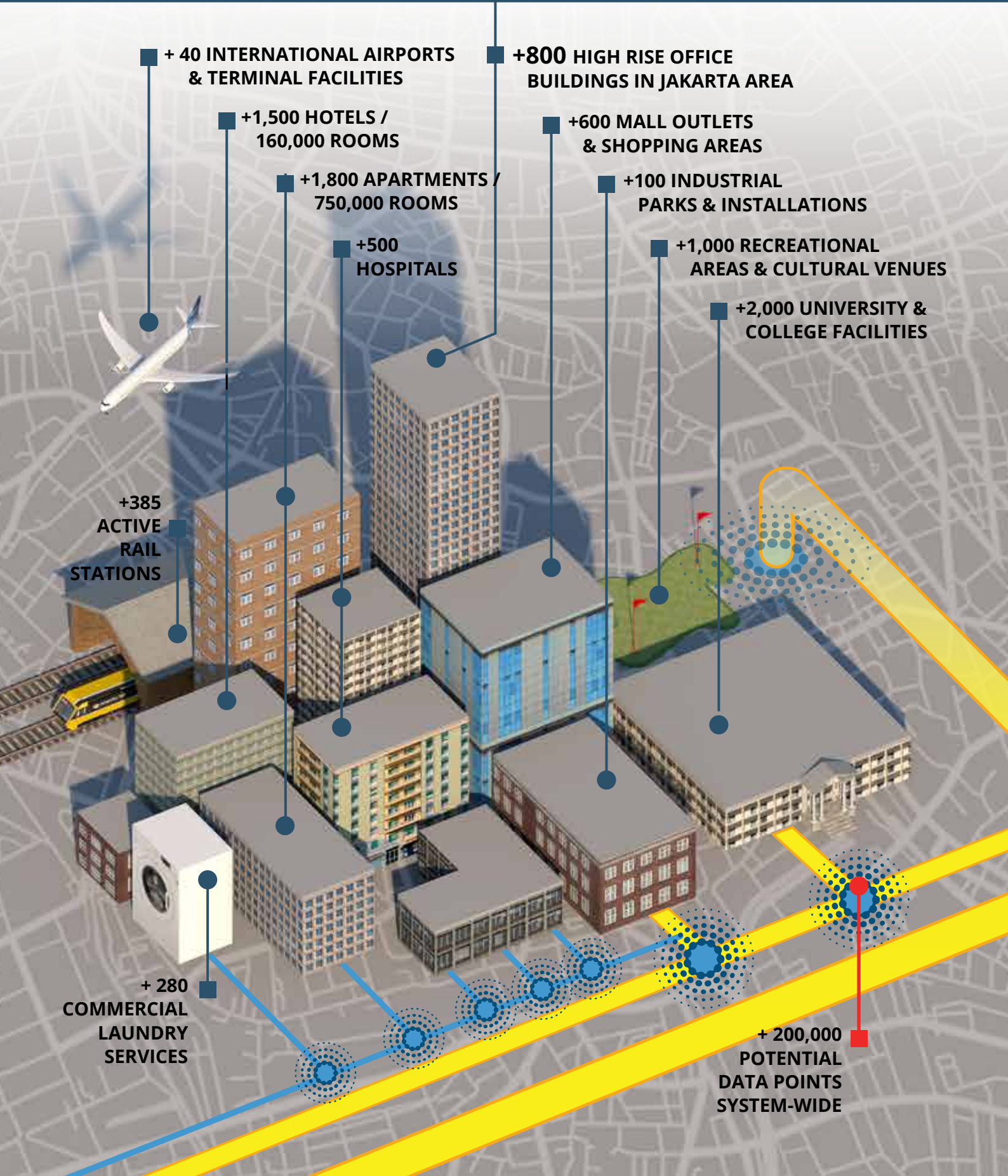
2017 ELECTRIFICATION RATES IN PROVINCES (% of total population)

Source: 2017 PERFORMANCE REPORT OF DIRECTORATE GENERAL OF ELECTRICITY ("DGE")

NATIONAL ELECTRIFICATION 93.35%



4 PREDICTIVE DATA FOR GROWTH AND FOR SMART CITY INFRASTRUCTURE



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Smart Cities is a worldwide initiative that uses advanced data analysis to increase infrastructure efficiency and provide citizens with lower costs and better quality of life.

Energy infrastructure is a key component in Smart Cities.

Some of PGN's opportunities include:

- Deploying a best-in-class HR analytics program to improve recruitment, employee training, worker safety, and retention.
- Collecting volume, flow, and utilization data from many points in our infrastructure.
- Analyzing data to identify opportunities, such as leak detection, system upgrades—even changes in marketing messages.

- Using predictive data from throughout the economy to identify and prioritize infrastructure investments.

- Analyzing cost-benefit of deploying Internet of Things (IoT) based robots for leak detection.

- Introduction of Smart Meters, to automate customer connect/disconnect requests, consumption metering, and residential billing.

5 PREPARING FOR CHANGING SUPPLY AND DEMAND IN THE ENERGY MARKET

DEMAND WILL LIKELY OUTSTRIP DOMESTIC PRODUCTION, POSSIBLY WITHIN A DECADE.

PGN will grow with Indonesia; providing a flexible infrastructure to balance domestic production, import and exports. PGN will consolidate PGN and Pertagas pipelines, hardware and systems for maximum efficiency; savings from that move alone are estimated at US\$130 million.

SHIFTING FROM EXPORT TO IMPORT

in Billions of Standard Cubic Feet (BSCF)
Data Source: BPPT Indonesia Energy Outlook 2018

As more gas is imported, infrastructure must remain agile. PGN has plans in place to keep pace with growing demand and changing sources.



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New government regulations have been implemented to encourage energy investment, avert energy crises and strengthen the energy industry. The Gas Sub-Holding is a crucial component of the nation's integrated energy infrastructure, connecting producers with customers.

Industry thrives in rural areas and hard to reach islands thanks to PGN's many portable energy solutions.



Reliable supply is PGN's primary responsibility, but by no means the only one. There is a new focus on village industries, part of President Joko Widodo's vision of building Indonesia from its outer regions and one of his Government's nine "key agendas". PGN has developed ways to reach beyond the pipeline to supply industrial and commercial are through CNG and LNG distribution.

Indonesia is not a "One Size Fits All" marketplace. Throughout the archipelago, PGN is constantly innovating to match product offerings to the scale of demand. For middle-market cities not served by a pipeline, PGN's regular delivery of CNG provides cooking fuel for hundreds of restaurants, light industries, and commercial enterprises.



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Indonesia's expenditure per household has grown significantly over the past decade. Its per capita income is still quite low in comparison to other neighboring populations. PGN management views this as an indicator that there will be continued growth in economic activity that requires energy.

INDONESIA'S HOUSEHOLD EXPENDITURE PER CAPITA FROM 2006 TO 2017 (\$)
Source: International Monetary Fund 2019



PER CAPITA INCOME LEVEL
AT THE PEAK OF WORKING-AGE POPULATION

(Purchasing Power Parity as a percentage of US per capita income at each country's peak.)
Source: International Monetary Fund 2019

6 ECONOMIC INDICATORS FOR GROWTH IN POPULATION, AFFLUENCE, AND ENERGY DEMAND

SELECTED INDONESIAN DEMOGRAPHIC & POPULATION DATA

	2013	2014	2015	2016	2017	2018
Total population (millions)	252,032	255,131	258,162	261,115	263,991	266,795
Median age (years)	27.5	27.8	28.0	28.3	28.5	28.8
No. of households (millions)	63,665	64,499	65,318	66,117	66,896	67,657
Consumer expenditure (\$ millions)	507,792	498,770	486,710	529,674	574,164	582,290
Internet users (millions)	34,017	39,530	51,329	60,207	77,364	88,059
Inflation	6.4%	6.4%	6.4%	3.5%	3.8%	3.2%
Unemployment	6.1%	5.8%	6.0%	5.5%	5.4%	5.3%
Annual Household Consumption	+5.43%	+5.16%	+4.96%	+5.01%	+4.95%	(N/A)
Exchange rate (IDR/USD)	10,460	11,869	13,391	13,304	13,380	14,238
% of Population between 25 & 54						42.4%
% of Population under age 14						25%
Literacy Rates					95.4% (males)	91.5% (females)

Sources: Euromonitor 2019;
Population data: World Population Review, 2019
Household consumption data: Badan Pusat Statistik

OPPORT- UNITY

To help make PGN more tangible and likable, we introduced called “The Gas Brand Association.” Or “The Gas” for short. The Gas is represented by three imaginative creatures named Pepe, Gege, and Een. Their back story is a fun journey into the formation of gas, and reminds the public about the benefits of “energy from nature”. Each character represents an aspect of PGN’s corporate values.



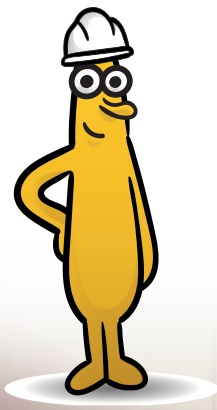
BIG BLUE GEGE is a personification of the company in its newly merged form: large, friendly, helpful. His flame-like shape symbolizes the far reaching strategic vision and mission of the company.

ORANGE COLORED EEN represents safety—reflecting the bright orange jumpsuits worn by many PGN engineers. This reinforces PGN’s excellent record of worker safety.



7 COMMUNICATING PGN AS A TANGIBLE AND POSITIVE BRAND IS A CRUCIAL PART OF PGN'S GROWTH PLAN

Further, it builds upon PGN's reputation safe operation. Safety also implies that PGN takes a well planned, long term approach to infrastructure planning.



BRIGHT YELLOW PEPE represents PGN's gas pipeline infrastructure itself, and the PGN workers who are so visible to the public. Pepe smiles as he delivers all the benefits that natural gas offers the nation.





PERFORMANCE OVERVIEW



01

PERFORMANCE OVERVIEW



Subholding Gas is the turning point of the Company's performance towards better and sustainable growth. The Company's Revenue, EBITDA and Net Profit increased compared to the previous year.

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2018 USD (Audited)	2017* USD (Audited)	2016 USD (Audited)	2015** USD (Audited)	2014* USD (Audited)
Net Revenues	3,870,266,738.00	3,570,597,761.00	2,934,778,710.00	3,068,790,845.00	3,253,388,634.00
Cost Of Revenues	(2,560,766,539.00)	(2,389,088,310.00)	(2,047,838,771.00)	(2,105,680,228.00)	(1,967,906,099.00)
Gross Profit	1,309,500,199.00	1,181,509,451.00	886,939,939.00	963,110,617.00	1,285,482,535.00
Other Income	88,167,421.00	52,441,992.00	62,126,336.00	94,536,121.00	48,492,738.00
Distribution And Transmission Expenses	(437,777,037.00)	(456,005,252.00)	(220,401,617.00)	(201,231,465.00)	(224,976,796.00)
General And Administrative Expenses	(251,687,465.00)	(245,614,539.00)	(234,003,179.00)	(190,418,733.00)	(208,194,851.00)
Other Expenses	(62,894,170.00)	(17,431,512.00)	(50,419,256.00)	(108,753,637.00)	(43,483,142.00)
Operating Income	645,308,948.00	514,900,140.00	444,242,223.00	557,242,903.00	857,320,484.00
Other Income (Expenses)	(60,404,663.00)	(96,959,242.00)	(59,257,077.00)	(119,878,320.00)	70,845,685.00
Profit Before Income Tax	584,904,285.00	417,940,898.00	384,985,146.00	437,364,583.00	928,166,169.00
Income Tax Expenses	(220,265,625.00)	(164,652,154.00)	(76,401,230.00)	(34,605,679.00)	(217,142,701.00)
Profit For The Year	364,638,660.00	253,288,744.00	308,583,916.00	402,758,904.00	711,023,468.00
Other Comprehensive Income					
Changes in Fair Value of Short-Term Investments	(3,177,507.00)	1,833,180.00	3,921,377.00	(2,297,573.00)	7,258,618.00
Remeasurement of post-employment obligation - net	(12,543,435.00)	(4,372,510.00)	1,858,302.00	21,281,308.00	(4,219,314.00)
Difference in Foreign Currency Translation of Subsidiaries'	(12,081,734.00)	2,221,101.00	885,148.00	(3,131,231.00)	(1,118,323.00)
Total Other Comprehensive Expense	(27,802,676.00)	(318,229.00)	6,664,827.00	15,852,504.00	1,920,981.00
Total Comprehensive Income for The Year	336,835,984.00	252,970,515.00	315,248,743.00	418,611,408.00	712,944,449.00
Profit For The Year Attributable To:					
Owners of the parent entity	304,991,574.00	196,904,843.00	304,324,421.00	401,199,880.00	711,179,798.00
Non-controlling Interests	59,647,086.00	56,383,901.00	4,259,495.00	1,559,024.00	(156,330.00)
Total	364,638,660.00	253,288,744.00	308,583,916.00	402,758,904.00	711,023,468.00
Total Comprehensive Income For The Year Attributable To:					
Owners of the parent entity	276,566,961.00	196,070,225.00	310,669,477.00	416,193,057.00	712,932,890.00
Non-controlling Interests	60,269,023.00	56,900,290.00	4,579,266.00	2,418,351.00	11,559.00
Total	336,835,984.00	252,970,515.00	315,248,743.00	418,611,408.00	712,944,449.00
EBITDA	1,201,253,870.00	1,084,538,445.00	807,374,808.93	951,221,280.00	1,114,474,001.00

*restated ** reclassified

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2018 USD (Audited)	2017* USD (Audited)	2016 USD (Audited)	2015** USD (Audited)	2014* USD (Audited)
Total Assets	7,939,273,167	8,183,180,242	6,834,152,968.00	6,495,022,261.00	5,689,567,974.00
Total Liabilities	4,737,382,456	3,872,766,621	3,663,959,634.00	3,472,218,207.00	2,814,097,930.00
Total Equity	3,201,890,711	4,310,413,621	3,170,193,334.00	3,022,804,054.00	2,875,470,044.00
Capital Expenditure	355,594,542	382,288,445	433,245,372.00	789,756,429.00	1,891,326,349.00
Net Working Capital	869,084,380	1,393,561,263	1,309,302,342.00	1,055,210,656.00	1,065,840,731.00
Total Investments in Associated	381,413,453	474,034,008	427,438,815.00	387,948,711.00	403,517,140.00

*restated ** reclassified

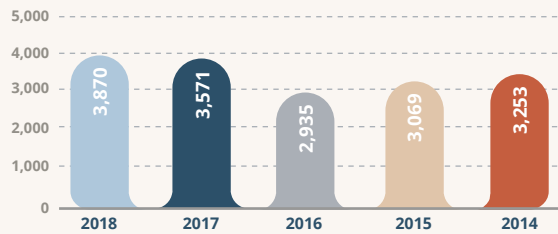
FINANCIAL RATIOS

	2018	2017*	2016	2015**	2014*
Gross Profit Ratio (%)	33.83	33.09	30.22	31.38	39.51
Profit (loss) to revenues ratio (%)	7.88	5.51	10.37	13.07	21.86
EBITDA Margin (%)	31.04	30.37	27.51	30.67	34.26
Net Debt/EBITDA (X)	1.82	1.54	1.89	1.60	0.56
EBITDA/Interest Expense (X)	7.83	6.40	6.10	8.81	16.03
EBITDA/Interest Expense + Principal Loan (X)	5.75	0.81	3.18	5.03	8.51
Current Ratio (%)	154.16	265.52	260.58	258.12	259.28
Debt to Equity Ratio (%)	109.43	65.13	91.56	89.61	64.44
Debt to Asset Ratio (%)	44.13	34.31	42.47	41.71	32.57
Profit (Loss) to Asset Ratio (%)	15.13	13.25	11.81	14.49	19.59
Profit (Loss) to Equity Ratio (%)	9.53	4.57	10.62	15.30	32.86
ROCE (%)	9.62	7.23	7.32	11.57	18.90
Price to Net Earning per Share Ratio (X)	11.26	16.15	15.89	12.18	16.65
Price to Book Value Ratio (X)	1.11	0.73	1.56	1.62	4.12

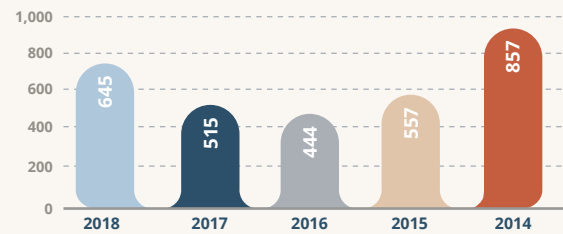
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FINANCIAL PERFORMANCE

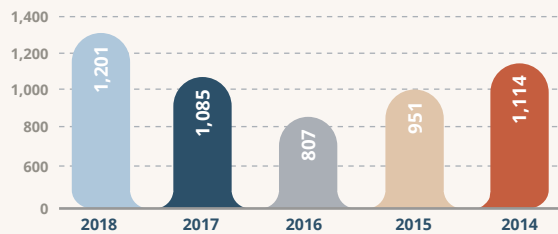
NET REVENUES (MILLION USD)



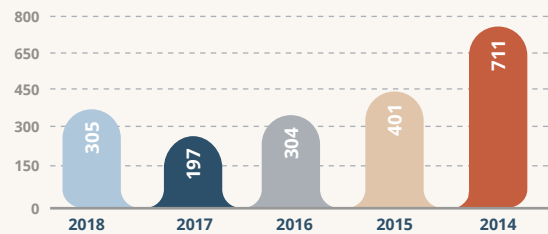
OPERATING PROFIT (MILLION USD)



EBITDA (MILLION USD)

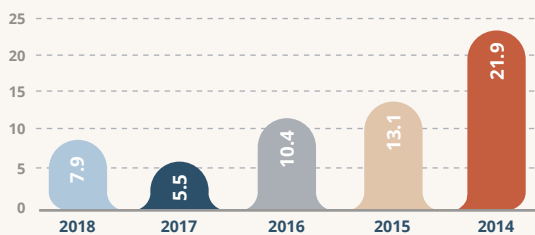


NET PROFIT (MILLION USD)

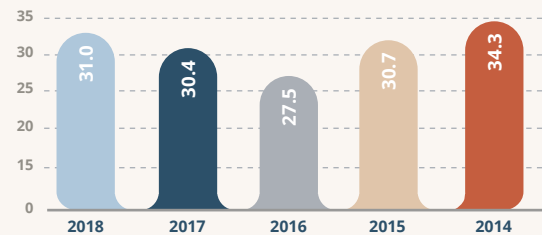


FINANCIAL RATIOS

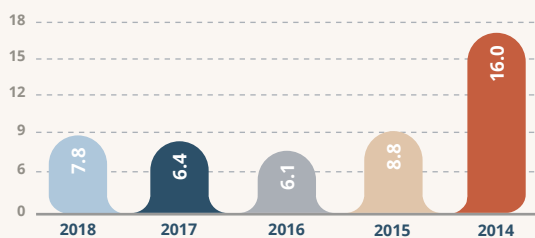
NET PROFIT MARGIN (%)



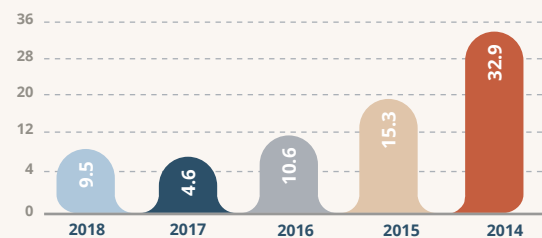
EBITDA MARGIN (%)



EBITDA/INTEREST EXPENSE (X)



PROFIT (LOSS) TO EQUITY RATIO (%)



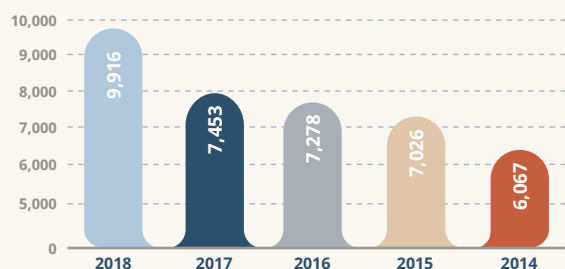
OPERATIONAL PERFORMANCE

OPERATION HIGHLIGHTS

No	Description	Unit	2018	2017	2016	2015	2014
1	Volume						
	Distribution Volume	Bbtud	962	894*	803	802	865
	Transmission (incl TGI&KJG)	Mmscfd	2,101	2,078*	795	789	852
	Oil & Gas Production (Upstream)	BOEPD	49,613	49,433	37,186	27,714	18,414
2	Number of Customers (Exclude Pertagas)		325,914	299,766	168,973	111,076	96,049
3	Pipeline	Km	9,916*	7,453	7,278	7,026	6,067

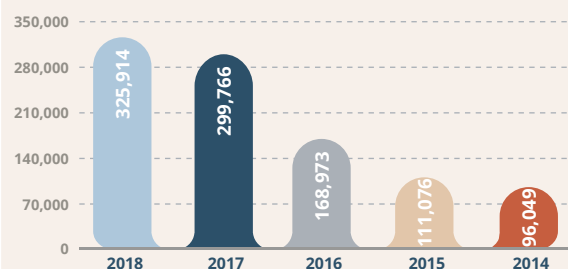
* Include Pertagas

LENGTH OF PIPELINE (KM)



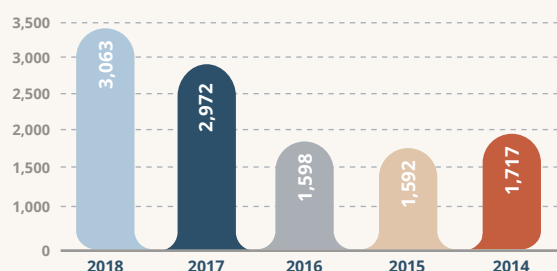
(Include Pertagas)

NUMBER OF CUSTOMERS

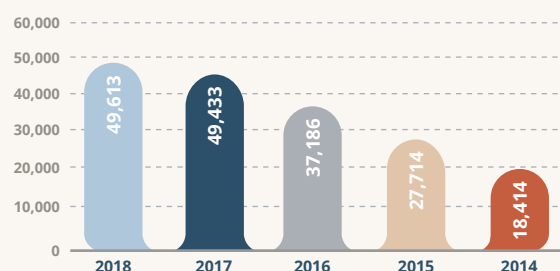


(Exclude Pertagas)

GAS DISTRIBUTION AND TRANSMISSION VOLUME (MMscfd)



PRODUCTION UPSTREAM VOLUME (BOEPD)



STOCK PERFORMANCE

2018 PGAS SHARE PRICE INFORMATION

	Q4	Q3	Q2	Q1
Number of Outstanding Shares (shares)	24,241,508,196	24,241,508,196	24,241,508,196	24,241,508,196
Market Capitalization (Rp)	51,391,997,375,520	54,543,393,441,000	48,361,808,851,020	55,755,468,850,800
Highest Price (Rp)	2,420	2,280	2,450	2,860
Lowest Price (Rp)	1,905	1,505	1,790	1,725
Closing Price (Rp)	2,120	2,250	1,995	2,300
Average Trading Volume (Lot)	945,327	915,409	772,960	1,331,824

2017 PGAS SHARE PRICE INFORMATION

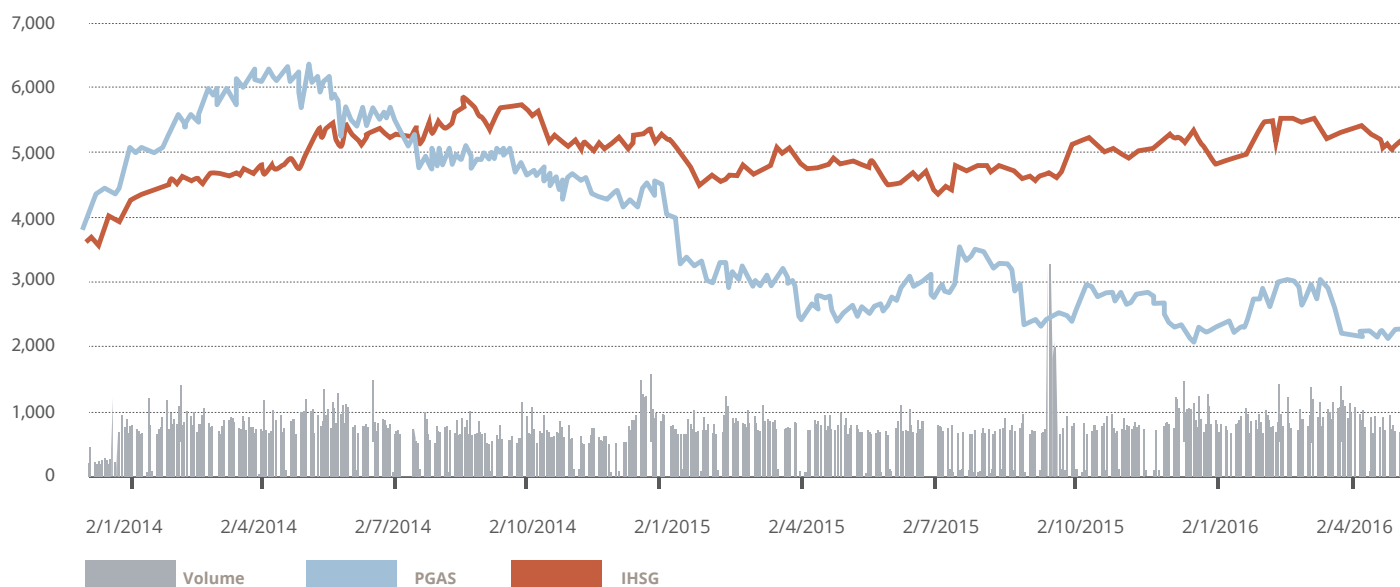
	Q4	Q3	Q2	Q1
Number of Outstanding Shares (shares)	24,241,508,196	24,241,508,196	24,241,508,196	24,241,508,196
Market Capitalization (Rp)	42,422,639,343,000	38,180,375,408,700	54,543,393,441,000	61,331,015,735,880
Highest Price (Rp)	1,900	2,390	2,570	3,050
Lowest Price (Rp)	1,365	1,455	2,240	2,410
Closing Price (Rp)	1,750	1,575	2,250	2,530
Average Trading Volume (Lot)	690,235	415,702	315,187	285,249

PGAS shares movement In 2018 was opened at Rp1,750 level and closed at Rp2,120 or higher by 21% during 2018. PGAS was at its highest point at Rp2,860 level on January 18, 2018 and reached the highest closing price at Rp2,300 level on March 29, 2018, PGAS was categorized as LQ-45 shares, its stock liquidity is very high with average trading volume of 2018 reached 998,661 lots, Per December 28, 2018, PGAS was the 23th largest capitalization share on the Indonesia Stock Exchange and the 6th largest capitalization among the SOE in Indonesia with the market capitalization value amounted to Rp51.39 trillion.

**During 2018
PGAS shares scored a 21% increase.**

PGAS and Composite Index Price Movement 2014 - 2018

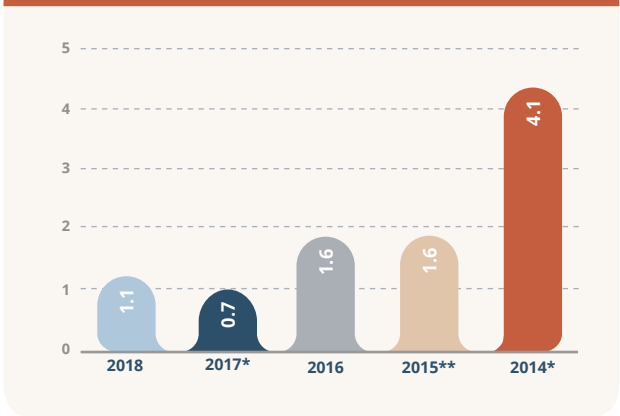
Share Price (Rp)



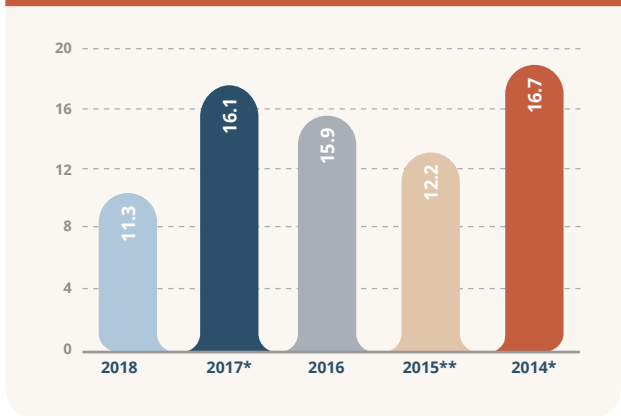
SHARES DATA

Description	2018 USD (Audited)	2017* USD (Audited)	2016 USD (Audited)	2015** USD (Audited)	2014* USD (Audited)
The Weighted Average Number	24,241,508,196	24,241,508,196	24,241,168,169	24,239,658,196	24,239,658,196
The Outstanding Common Shares (Shares)	24,241,508,196	24,241,508,196	24,241,508,196	24,241,508,196	24,241,508,196
Net profit (loss) per share	0.013	0.008	0.01	0.02	0.03

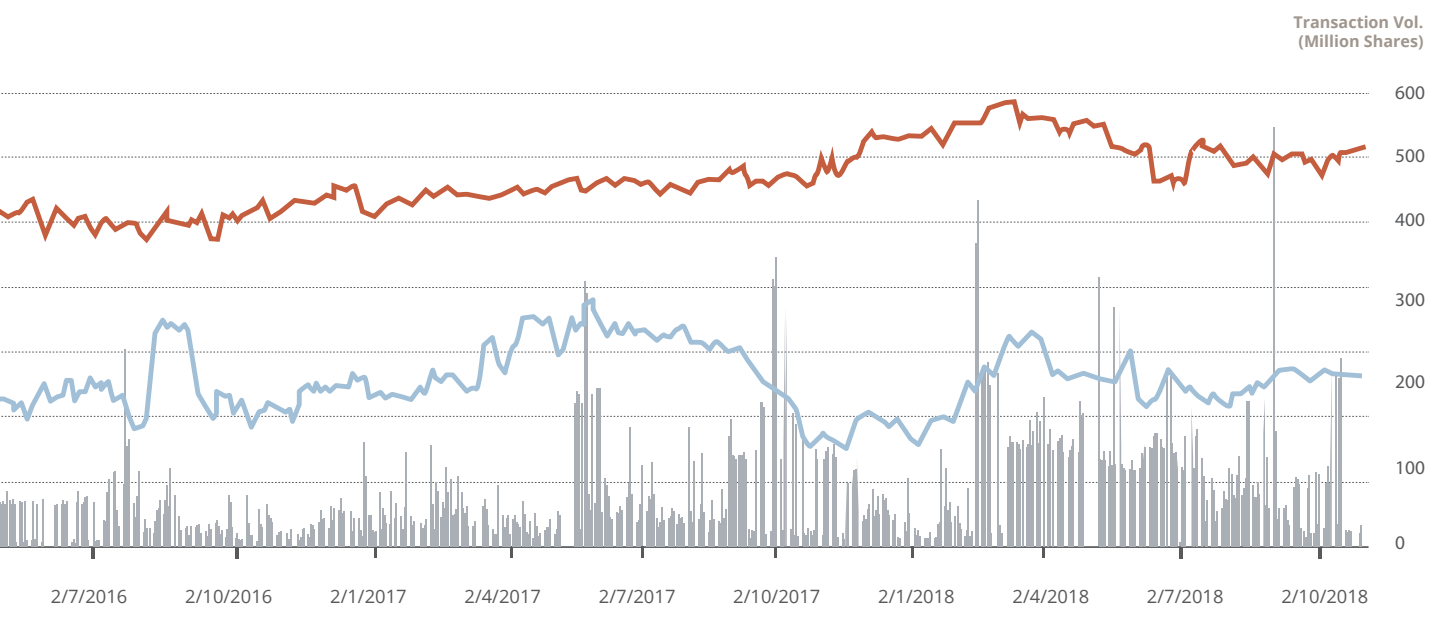
PRICE TO BOOK VALUE (X)



PRICE TO EARNING (X)



* Restated
** Reclassified

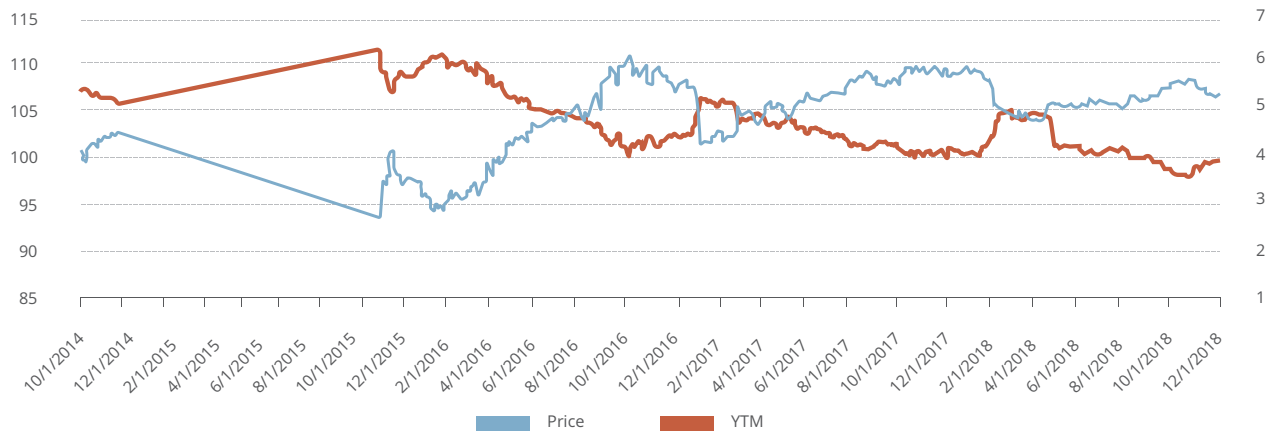


BOND PERFORMANCE

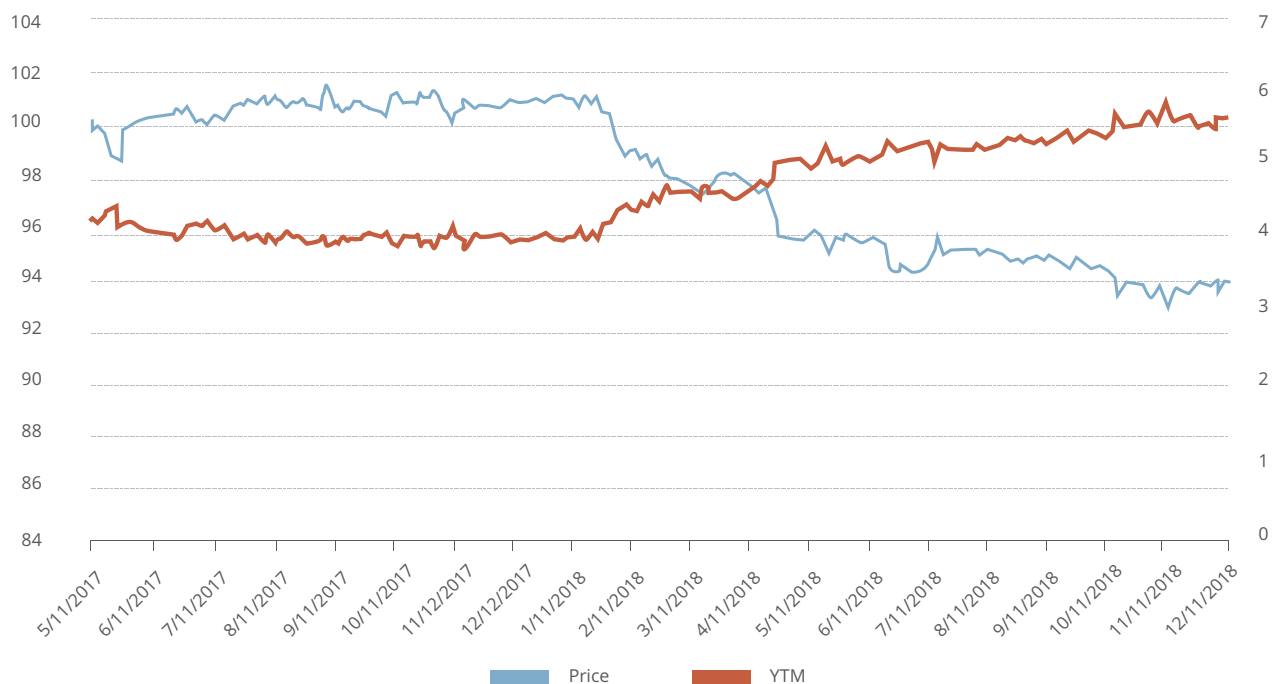
BOND HIGHLIGHTS

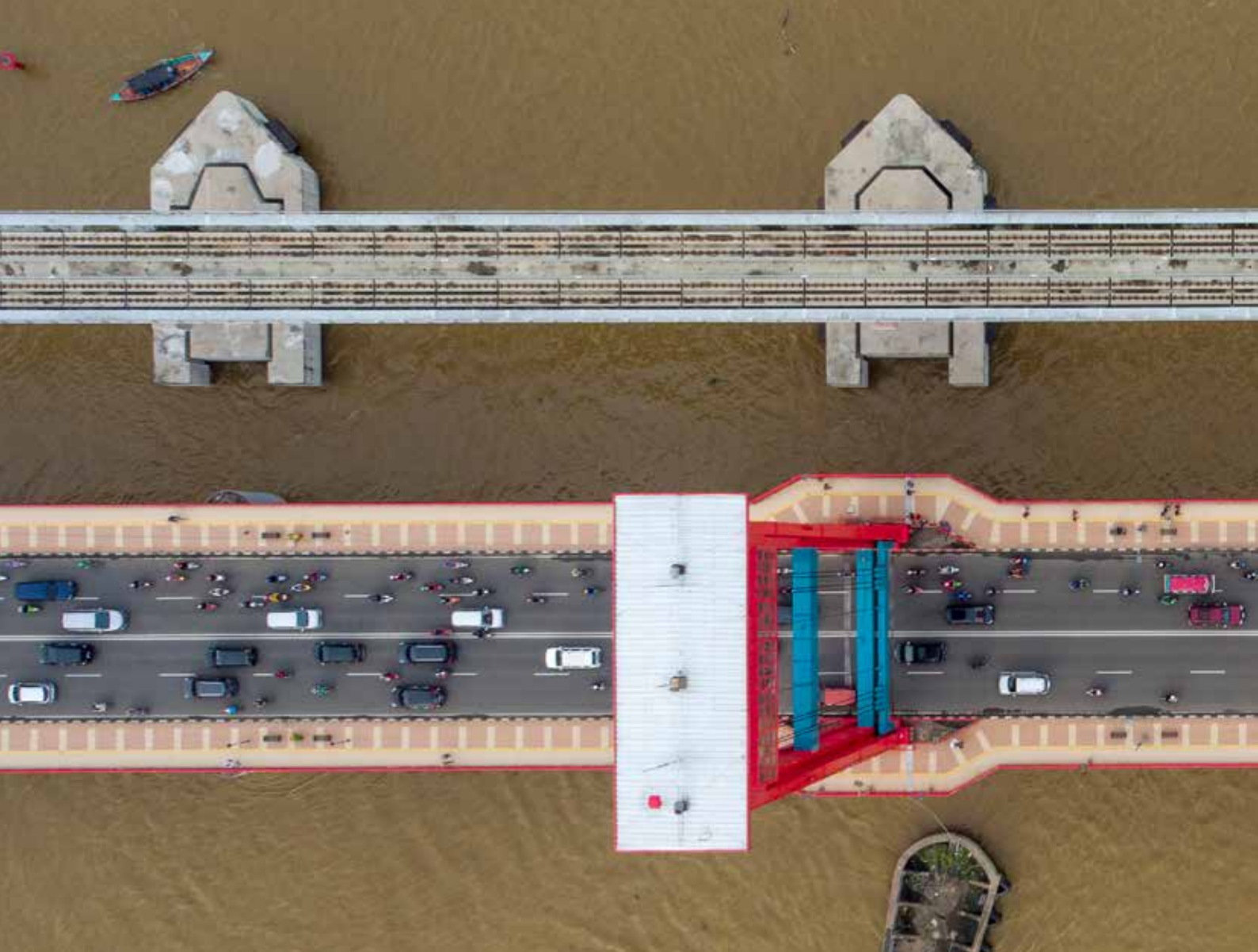
Type of Shares	Value	Interest Rate	Due Date	Rating 2018	
Senior Unsecured Fixed Rate Notes PGN	USD1,350,000,000	5.125%	16 Mei 2024	Standard & Poor	BBB-
				Moody's	Baa3
				Fitch	BBB-
Senior Unsecured Fixed Rate Senior Notes SEI	USD625,000,000	4.45%	5 Mei 2024	Standard & Poor	BB+
				Moody's	Ba2
				Fitch	BB+

**BOND PRICE AND YTM MOVEMENT (YIELD TO MATURITY)
BONDS OF PGN FROM ISSUANCE UNTIL 2018**



**BOND PRICE AND YTM MOVEMENT (YIELD TO MATURITY)
BONDS OF SEI FROM ISSUANCE UNTIL 2018**





REPORT TO THE SHAREHOLDERS



02

REPORT FROM THE BOARD OF COMMISSIONERS



Dear Honorable Shareholders,

The doors of opportunity opened wide for PGN in 2018. Not only did PGN record strong performance, but PGN was presented with the opportunity to consolidate and strengthen its position in the gas business in Indonesia, taking on the mandate of the Government of Indonesia (GoI) to become the nation's Gas Subholding company.



IGN WIRATMAJA PUJA
PRESIDENT COMMISSIONER



MOHAMAD IKHSAN
COMMISSIONER



PAIMAN RAHARJO
INDEPENDENT COMMISSIONER



KISWODARMAWAN
INDEPENDENT COMMISSIONER



HAMBRA
COMMISSIONER

CONSOLIDATION OF THE NATIONAL GAS INDUSTRY

The government had long expressed a desire to consolidate state-owned enterprises in the oil and gas sector for greater efficiency. In early 2018, with the approval of PGN's shareholders, the government transferred its series B shares in PGN to Pertamina, giving the latter majority of control PGN at 57% as stipulated in Government Regulation Number 6 Year 2018. PGN then acquired the majority shares of Pertamina's gas subsidiary, PT Pertamina Gas (Pertagas) as well as five Pertagas subsidiaries, namely, PT Pertagas Niaga, PT Perta Arun Gas, PT Perta Daya Gas, PT Perta-Samtan Gas, and PT Perta Kalimantan Gas. The acquisition of Pertagas and its subsidiaries, which

was settled by 50% by cash and 50% by promissory note, was completed on December 28, 2018, for a total of US\$1.35 billion.

These developments position PGN as a gas subholding company within the Indonesian government's oil and gas holding, managing integrated gas businesses from midstream and downstream. This integration is expected to produce a number of benefits, such as an efficient natural gas supply chain which in turn can deliver more competitive gas prices for consumers, alignment in the development of gas infrastructure as well as increasing the capacity and volume of gas transacted,

and further improving the financial performance of the consolidated corporation. The integration of infrastructure should enhance efficiency and synergies that will enable PGN to expand the usage of natural gas, in line with the desire of GOI to push natural gas as a clean fuel as projected in the national energy mix. This consolidation will also improve PGN's regional and global competitiveness, as part of becoming a world-class company and supporting national energy self-sufficiency.

ASSESSMENT OF MANAGEMENT EXECUTION

The Company's achievements benefited from higher demand for power in general as well as crude oil prices overall in 2018, which made natural gas more competitive as an energy source. In the opinion of the Board of Commissioners, the Board of Directors successfully took advantage of these favourable conditions and led PGN to record a significant improvement in its performance in 2018. Natural gas volume lifted, transmitted and sold all improved during the year, leading to both top- and bottom- lines growth. It was the first time since 2013 that net profits had showed improvement. Stripping out the positive effects of the consolidation, EBITDA margin and net profit ratio to revenue rose from 14.4% and 7.1% in 2017 to 16.0% and 7.9% in 2018, respectively. Taking into account the effects of the consolidation on the balance sheet, the numbers were even better.

Operationally, the management was able to successfully leverage these conducive conditions to drive major improvements in the numbers by continued implementation of the PGN 360 Degree Integrated Solution strategy. This strategy, aims to provide solutions comprising integrated upstream-to-downstream services for industrial needs, produced good results in its first full year through customer-centric solutions that included gas utilization solutions, gas supply solutions for all user segments, engineering solutions, and other support system solutions. Altogether these initiatives helped drive sales by identifying and meeting user needs in a more targeted fashion, and by improving customer service.

In parallel, PGN continued to invest in developing its pipeline infrastructure, improving its cost structure, and accelerating non-core businesses. Internally, a shared human resources and ICT (Information and Communications Technologies) platform and policies was also created to more closely link all PGN companies, establishing a common foundation which will support synergies and facilitate faster integration going forward.

A number of infrastructure projects successfully were completed in 2018 such as the Muara Karang power plant gas distribution, development of a distribution pipeline network to the Karawang region, and installation of customer attachment gas infrastructure in all its working areas, as well as completing the construction of the Dumai distribution pipeline network. This was continued by development of Duri-Dumai transmission pipeline network, development of a distribution pipeline to the Banten region, as well as the installation of gas infrastructure under the JARGAS program based on Government assignment to households in the Jakarta, Bogor, Bekasi, Palembang, Tangerang and Pasuruan areas, in line with PGN's commitment to building out natural gas infrastructure.

PGN's subsidiaries also delivered positive contributions in their respective fields. In particular, PGAS Solution and PGAS Communication were able to attract external customers outside of PGN, showing that they have been able to create high quality services that are competitive in the market and generate additional revenue streams as contribution to the parent.

Notably, at both holding and subsidiaries, the management has successfully created awareness of the need to relate actions to business impact and goals, as measured in terms of shareholder returns as well as service to the people. This mindset will drive PGN forward efficiently and innovatively as a whole, with measurable yardsticks and increased transparency and accountability, towards sustainable value creation.

IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

Throughout these transformative changes, good corporate government is critical to ensure that PGN's growth forward takes place in a healthy, sustainable, fair and accountable manner. Not only are such corporate government practices instrumental in safeguarding the continuity of the business as well as the interests of all stakeholders, they also play a key role maintaining investor and customer trust.

As such, the Board of Commissioners, with the help of its supporting organs, conscientiously carried out its primary responsibility to supervise the management actions of the Board of Directors and to provide regular feedback and guidance. In a reflection of the close working relationship between the two Boards, communication takes place through both regular scheduled meetings and ad hoc discussions. By keeping communication channels continuously open, the two Boards are able to strategize, coordinate and swiftly come to decisions. In carrying out its oversight duties, the Board of Commissioners monitors the company's performance for both holding and subsidiaries with reference to external conditions, the long-term plan and the annual workplan and budget, and corporate achievements including corporate governance implementation. The Board of Commissioners also takes into account recommendations of the external auditor, the Audit Board of the Republic of Indonesia (BPK), and input from its supporting organs namely the Audit Committee, Nomination and Remuneration Committee and Risk Management and Business Development Supervisory Committee.

All three of these committees carried out their duties and responsibilities adequately during the year. At least two Commissioners sit on each Committee, ensuring that the Board of Commissioners has deep insights into various areas that are highly important to the continuity of the business.

The Board of Commissioners also oversee the whistleblowing system, which is managed under the Internal Audit Division by the Ethics Committee. All employees and management have been socialized and informed regarding the use of the whistleblowing system as a safe, confidential channel for reporting breaches of the Company's code of conduct. All whistleblowers will be shielded from reprisals. During 2018, we adjusted the whistleblowing system slightly to ensure that any misconduct by the senior management level, up to and including the Board of Commissioners—can be safely reported, as part of our commitment to good corporate governance.

Our strict standards of corporate governance were reflected by our GCG score in 2018 of 94.68 (very good predicate). While these are solid achievements, we nonetheless believe that there is always room to improve, especially as PGN steps through the doors of opportunities.

CHANGES TO THE BOARD OF COMMISSIONERS

At the April 26, 2018 Annual General Meeting of shareholders, Mr Fajar Harry Sampurno and Ms. Hendrika Nora Oslo Sinaga were honorably discharged from their respective positions as President Commissioner and Commissioner of the Company. Subsequently, Mr Hambra was appointed to the Board of Commissioners and I was appointed as the President Commissioner of the Company.

On behalf of the Board of Commissioners, I would like to thank Mr Fajar Harry Sampurno and Ms. Hendrika Nora Oslo Sinaga for their service and contributions to the Company.

BUSINESS PROSPECTS

In 2019, Indonesian economy is forecasted to grow around the same level as 2018 at approximately 5.1%. We agree with the Board of Directors' assessment of PGN's prospects for 2018, given the potential for macro-economic volatility both nationally and globally which could significantly impact natural gas demand as well as other aspects of our business.

We remind the Board of Directors that PGN's consolidation offers many opportunities and challenges, which the management needs to carefully consider in optimizing its existence as a gas holding company. This requires balancing returns to shareholders with its government mandate to develop gas infrastructure to cater to the needs of the Indonesian people, including low-income segments, and to meet demand from the industrial segment and the power sector.

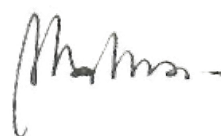
PGN must also contend with the impact of Ministry of Energy and Mineral Resources (MEMR) Regulation Number 58 of 2017, which regulates the selling costs of gas traders at a maximum of 7% of gas base price, and sets a cap maximum of 11% rate of return for gas infrastructure projects, although investors are permitted to propose a higher IRR a maximum of 12% if the gas infrastructure is built in underdeveloped areas. This regulation is part of President Joko Widodo ambition to create transparency and rationalize gas prices to strengthen the downstream sector competitiveness and thus resulting in significant multiplier effect on the economy.

That said, demand for natural gas is projected to rise, among others related to the government's plans to increase the use of gas in the energy mix for power plants to at least 22% by 2025, in line with the government's commitment to lowering carbon emissions. Among others, PGN has been tasked by the government to connect more households to gas under its Jargas program. By substituting pipeline gas for LPG use in the household sector, given that LPG supply is more dependent on imports, this will positively impacts the current account deficit.

Long term, given the synergies created by the PGN-Pertagas consolidation, especially with Pertamina as the new parent company, it is evident that PGN has the potential to go beyond gas and become an integrated energy services company delivering products and services related to gas, CNG and LNG regionally. We have already started a pilot project trading in Hong Kong as a first step towards this long term vision, which entails our exporting our competencies abroad within the region. Ultimately the goal is to support industrial and household growth usage for national growth through infrastructure expansion, increasing the number of households connected to gas, create value for shareholders and better serving the Indonesian people as PGN advances towards becoming a regional gas company.

CLOSING REMARKS

On behalf of the Board of Commissioners, I would like to thank the Board of Directors and all PGN Group employees for their hard work and the commitment they demonstrated in turning performance around during 2018. To PGN's shareholders, partners, customers, and the regulators, we also wish to express our gratitude for supporting PGN. It has been an eventful year together and as we enter 2019, we hope to see the Company step through the doors of opportunity to explore new avenues of value creation ahead.



IGN Wiratmaja Puja
President Commissioner

REPORT FROM THE BOARD OF DIRECTORS



Dear Honorable Shareholders,

2018 was a truly historic year for PGN. The Company measurably improved its operational performance through digitization, internal synergies and a market-centric approach, while negotiating the acquisition of Pertagas and preparing to become part of the Pertamina family.

This acquisition, which was successfully concluded at the end of the year, marks a new chapter in PGN's history. Together, PGN and Pertagas represent 95% of national downstream gas infrastructure controlling almost 10,000 km of pipelines. This deal paves the way for national integration and expansion of gas infrastructure and the business, which PGN is in good shape to embark upon thanks to the progress achieved during 2018.



GIGIH PRAKOSO
PRESIDENT DIRECTOR



DILO SENO WIDAGDO
DIRECTOR OF INFRASTRUCTURE
AND TECHNOLOGY



DESIMA E. SIAHAAN
DIRECTOR OF HR AND GENERAL AFFAIR



SAID REZA PAHLEVY
DIRECTOR OF FINANCE



DANNY PRADITYA
DIRECTOR OF COMMERCE

CHALLENGES AND MITIGATION

As in previous years, PGN continued to face many challenges related among others to the security of its upstream supply and competition from alternative energy sources such as coals, fuels, and renewables, as well as the need to effectively expand and manage its vast transmission and distribution network to serve existing customers and build out service to new unserved areas. In 2018, these challenges were further compounded by the need for the transition to join Pertamina and absorb Pertagas.

In addition, we realized that the PGN is likely to face increase pressures going forward due to implementation new regulatory regarding selling costs in its gas trading businesses at a maximum of 7% of gas base price, and sets a cap maximum of 11% rate of return for gas infrastructure projects, although investors are permitted to propose a higher IRR a maximum of 12% if the gas infrastructure is built in underdeveloped areas as per Ministry of Energy and Mineral Resources (MEMR) Regulation Number 58

of 2017. This regulation demands that PGN take proactive measures in anticipation of these changes, including increases its capital expenditure and operation cost efficiencies.

PGN effectively responded to these challenges through a number of strategic actions and policy. In terms of upstream supply, we continued to encourage our upstream subsidiary, Saka Energi, to increase production while also looking to secure other sources. To more efficiently monitor and manage our transmission and distribution infrastructure, we harnessed digital technology advances such as the Internet of Thingking (IoT), which has helped to automate remote monitoring of pipeline and volume flow condition. We also carried out the Duri-Dumai transmission project and the Dumai distribution project, which further expanded our infrastructure. Meanwhile, to encourage customers to choose PGN gas over alternate forms of energy, we worked on creating customized products and services that better met the needs of each customer segments. Through all of this, we pushed to increase synergies and efficiencies through our strategic 360 Degree Integrated Solution program discussed below, in order to increase PGN's competitiveness going forward.

In parallel, discussions were held with Pertamina and approval was successfully obtained from PGN's shareholders with the result that PGN joined Pertamina Group and in turn, acquired the majority shares of Pertamina's gas subsidiary, PT Pertamina Gas (Pertagas) as well as five Pertagas subsidiaries,

namely, PT Pertagas Niaga, PT Perta Arun Gas, PT Perta Daya Gas, PT Perta-Samtan Gas, and PT Perta Kalimantan Gas, and PGN become the national gas sub-holding company.

PERFORMANCE AND TARGETS

PGN's performance in 2018 was supported by stable domestic growth, with the Indonesian economy recording GDP growth of 5.15% , slightly higher than 5.07% in 2017. Notwithstanding volatility in the rupiah exchange rate vs. the dollar during the year, private spending remained robust. Combined with accelerated infrastructure development by the government and higher export commodity prices, strong consumer spending helped drive growth, which in turn translated into increased into higher demand for gas.

Against this backdrop, the initiatives detailed above successfully drove major improvement in PGN's financial and operational results for 2018 that met and exceeded internal targets. Gas volume transmitted rose from 2.078 MMSCFD to 2.101 MMScfd, and gas sales increased from 894 BBTUD to 962 BBTUD. Meanwhile, costs were successfully controlled and maintained below budget, resulting in solid revenue and net income growth.

As a result, total revenue rose by 8.4% to USD 3.87 billion, while EBITDA increased by 10% to USD 1,20 billion and net profit improved by 20% to USD 305 million during the year. It was the first time since 2013 that net profit has improved, thanks to higher performance in both core and non-core business including the effects of the consolidation with Pertagas.

All subsidiaries contributed positively to PGN performance, with PT Saka Energi, PT PGN LNG Indonesia and PT Gagas Energy delivering the majority of the contributions. Our subsidiaries in non-energy related business such as PT PGAS Solution, which provides supporting services in Operational & Maintenance, Engineering, EPC and Commerce, and PT PGAS Telekomunikasi Nusantara, which provides telecommunication network services, both recorded good growth, serving a growing number of external clients as well as PGN Group's internal needs.

STRATEGIC POLICY AND ACHIEVEMENTS

Throughout 2018, we continued to implement the PGN 360 Degree Integrated Solution strategy, which is a strategic policy program to more fully integrate and synergize the Company. This strategy focused on coordinating and increasing synergies across all Directorates during 2018, with good results. Key goals in 2018, apart from working towards the Pertagas consolidation were to maintain and increase gas supply, to expand the transmission and distribution infrastructure, and increase gas sales in a more efficient and targeted manner. Ultimately, the target is to strengthen PGN's core business while also expanding its other businesses.

Where possible, we harnessed digital technology to increase productivity and efficiency. For example, on the commercial side, we aggregated and analysed customer data digitally, thus enabling us to segment customers by behaviour and create solutions that met each segment's needs along with appropriate pricing. This initiative successfully increased revenue in different market segments. We also saw increased adoption of the PGN Mobile mobile application, which was launched in 2017, which many commercial customers as well as some household consumers use to monitor their daily gas usage.

Internally, we also leveraged digital technology in the form of a new budget control system, which helps us to more fully control expenditures with regard to set targets, resulting in better control, oversight and transparency. We further used digitized and homogenized our internal infrastructure to form a common Information Communications Technology (ICT) platform and uniform Human Resources policies to be applied to all PGN Group companies. The existence of a shared ICT foundation and policies will strengthen coordination going forward, as well as increase efficiency by decreasing duplication.

Overall, as shown by the improvement in results, progress was made in all major areas, supported by digitization and integration where appropriate. From remote digital monitoring and mapping of infrastructure and volume transported to aggregating customer data for analysis to support more targeted selling, PGN advanced numerous initiatives to bring its services to the next level. Under the 360 Degree Integrated Solution strategy approach, we moved beyond purely offering products to try and offer total solutions for customers, increasing our value to them and also generating non-gas revenue.

These strategic developments have established a powerful platform that will help facilitate PGN companies to grow as a unified group. Showing how silos between various companies are being taken down, we inked agreements between PGN with Pertamina and Pertagas to enable employee secondment between these companies, including PGN subsidiaries, resulting in a more interesting career path and encouraging employees to learn and think about PGN Group's ecosystem as a whole.

Along these lines, the management made efforts to instil a market-centric mindset in all lines of activity, including traditional cost centers. Proposed initiatives

and ongoing programs started to be more rigorously evaluated according to their potential business impact, ensuring that all activities and investments add value to PGN. Several area had been targeted for new business development for PGN growth, such as capturing business synergy with Pertagas and Pertamina’s business and developing gas retail for residential customers, which still has enormous opportunity for PGN.

GOOD CORPORATE GOVERNANCE & ETHICAL CITIZENSHIP

Our commitment to upholding global best practices and standards of corporate governance is an integral element in achieving our vision of becoming a world-class energy company and maintaining stakeholder trust. In addition, we also strive to ensure that we always behave ethically, carrying out our corporate social responsibilities and meeting our legal, ethical and economic responsibilities as established by

shareholders. We therefore review PGN’s corporate governance framework on a yearly basis using independent assessors, as well as other initiatives and programs related to Corporate Social Responsibility (CSR) and other social and environmental impact.

While our corporate governance systems were assessed as excellent, we continued to look for ways to improve, as well as identifying any adjustment necessary to take into account changes in business processes or requirements. Transparent and accurate information flow, clear business processes, assessment and measurements, robust risk management and compliance with all relevant regulations were among the various aspects that PGN continued to emphasize. Among others, we improved our risk monitoring processes through digitized mapping and monitoring of our infrastructure and gas supply, to proactively identifying potential problems before they occur.



Subholding Gas makes PGN’s responsibility more greater to be able to distribute natural gas and energy to the needs of the Indonesian industry and society.

On a related note, monitoring of Occupational Health and Safety systems and procedures in projects, including by subsidiaries, were improved in 2018. We also made efforts to synergize the CSR and Partnership and Environmental Development Program (Program Kemitraan dan Bina Lingkungan) activities across all PGN companies. We successfully disbursed 96.6% of the CSR budget, compared with 80% in 2017.

In recognition of our strong GCG culture and excellent CSR performance, we received many awards in 2018 including an award from the Corruption Eradication Commission (KPK) related to transparent reporting on PGN's reports on Assets of State officials (LHKPN). This award was achieved thanks to the participation of all employees starting from the Board of Commissioners all the way down to Head of Work Units and the team members, showing that the commitment to uphold GCG has truly taken root in PGN's culture.

CHANGES TO THE BOARD OF DIRECTORS

In April 2018, Mr. Nusantara Suyono was honourably discharged from his joint positions as Director of Finance and Director of Strategy and Business Development. In his place, Mr Said Reza Pahlavy was appointed as the Director of Finance. Subsequently in August, Mr Jobi Triananda Hasjim was honourably discharged as President Director and I was appointed in his place. We thank Mr Jobi Trianando Hasjim and Mr Nusantara Suyono for their contributions and wish them all the best.

Previously in 2017 I served as Director of Strategy and Business at PGN before I was assigned to the Board of Directors at Pertamina. With my ties to both companies, I hope to bring my experience and familiarity with both companies to facilitate the consolidation process and future synergies together with my colleagues.

BUSINESS PROSPECTS

We are cautiously optimistic as to prospects for 2019. Although the Indonesian economy is projected to grow around 5.2%, there are various national and global economic and political factors that may affect the economy, and by extension the national demand for power. These factors include the possibility of an international trade war and changes in the US government's monetary policy. The competitiveness of natural gas as an energy source is also determined by the price of oil.

In addition, Regulation of the Minister of Energy and Mineral Resources (MEMR) No. 58 of 2017 goes into effect in mid-2019. This regulation, which establishes a maximum of 11% allowable rate of return for the infrastructure business and 7% for commodity selling cost, may impact PGN's profitability. It will be a challenging year, in which PGN must set up strategic actions to overcome the impact, among others by expanding its business model and looking for opportunities to create value outside of its core business. Meanwhile, PGN also planned to set ambitious targets under its new strategy, which had been formalized in early 2019, as the 3-2-1 goals; those are tripling volume, doubling revenue and making one billion of net profit in the five years ahead.

In our view, there are major opportunities for immediate growth given the preponderance of oil derivatives for industrial usage and transportation, as well as unmet demand for electricity outside Java, and oil-fueled transportation all of which could be switched to gas. These opportunities are largely outside of pipe coverage areas, however, thus necessitating more expensive modes of gas transport. Regulations are also needed to encourage conversion to gas especially in the transportation sector.

At the present, we are moving fast but carefully to consolidate the PGN and Pertagas business portfolio and infrastructure network. Our priority is to focus on volume growth, while developing a roadmap for the optimally development of our integrated infrastructure in the future. We believe that our cash position is adequate to support the capex required for such plans as we generate strong cashflow from our consolidated business. Beyond that, we are exploring options to settle our promissory note to Pertamina for the Pertagas acquisition last year in the amount of Rp10.09 trillion.

In expanding our infrastructure, we will also reach out to other stakeholders such as PLN and Pertamina who own or need to build infrastructure, so as to align our plans for the greatest efficiency given the still large amount of territory in Indonesia that needs to be connected, and taking into account the need to secure gas supply availability. In doing so, we expect to benefit from our strengthened position as part of Pertamina, which should give us greater stability in terms of supply.

As part of the roadmap ahead, the 3-2-1 goals of reaching three times our present volume, two times our present revenue and one billion of net profit in 5 years will be challenging. We are confident that with the support of the regulator and Pertamina, we will be able to leverage the operational improvements achieved in 2018 to deliver more for our stakeholders in the years ahead.

CLOSING REMARKS

PGN's achievements and progress in 2018 were made possible by the efforts of all employees, supported by the shareholders, the regulator and of course our valuable customers and partners. We are deeply appreciative of the opportunity given to PGN to become the government's gas holding company, and will do our best to optimize the business and accelerate the equitable distribution of public access to gas energy across the nation.

Gigih Prakoso
President Director

STATEMENT LETTER MEMBERS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS REGARDING RESPONSIBILITY FOR THE CONTENT OF THE ANNUAL REPORT 2018 PT PERUSAHAAN GAS NEGARA TBK

We the undersigned declare that all the information included in the Annual Report 2018 of PT Perusahaan Gas Negara Tbk has been fully disclosed and we are responsible for the truthfulness of the content of the Company's Annual Report.

This is our declaration, which has been made truthfully.

Jakarta, March 29th 2019

President Director



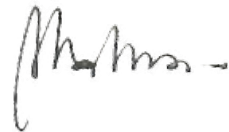
GIGIH PRAKOSO

Director of Finance



SAID REZA PAHLEVY

President Commissioner



IGN WIRATMAJA PUJA

Commissioner



MOHAMAD IKHSAN

Director of Infrastructure
and Technology



DILO SENO WIDAGDO

Director of HR and
General Services



**DESIMA EQUALITA
SIAHAAN**

Commissioner



HAMBRA

Independent Commissioner



PAIMAN RAHARJO

Director of Commerce



DANNY PRADITYA

Independent Commissioner



KISWODARMAWAN



COMPANY PROFILE



03



NAME

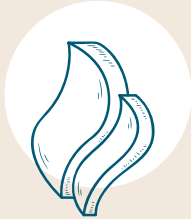
PT Perusahaan Gas Negara Tbk

The change of PGN's name from PT Perusahaan Gas Negara (Persero) Tbk into PT Perusahaan Gas Negara Tbk formally occurred on April 26th, 2018. This happened because of the transfer of all B Series shares owned by the Republic of Indonesia in PGN to Pertamina



AUTHORIZED CAPITAL

Rp 7,000,000,000,000



BUSINESS FIELD

- Natural Gas Transmission and Distribution
- Upstream Business
- Others Business
- Pertagas and Subsidiaries



ISSUED AND FULLY PAID UP CAPITAL

Rp 2,424,150,819,600



OWNERSHIP

- The Republic of Indonesia = 1 Series A Dwiwarna Shares
- PT Pertamina (Persero) = 56.96%
- Public = 43.04%



LISTING IN STOCK EXCHANGE

The shares of the Company have been listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange on December 15, 2003 with stock code: PGAS



DATE OF ESTABLISHMENT

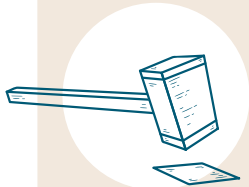
May 13, 1965



CONTACT CENTER

Address : Jl. KH. Zainul Arifin No. 20, Krukut, Tamansari, Jakarta Barat, DKI Jakarta

Correspondence Address: The Manhattan Square, Mid Tower, 26th Floor. Jl. TB Simatupang Kav. 1S South Jakarta 12560, DKI Jakarta



LEGAL BASIS OF ESTABLISHMENT

Government regulation No.19/1965

www.pgn.co.id

@gas_negara

@Gas_Negara

PGNenergibaik

Perusahaan Gas Negara

1500 645

contact.center@pgn.co.id

THE COMPANY'S LOGO



1859-1965

The Logo that was used when the Company was still named the L.J.N. Eindhoven & CO Gravenhage Firm.



1965-1994

Represent the nature of gas utility service, with earth as its source and the Company's mission in production, instalation, transmission and distribution.



1994-2003

A fire flame that represents a dynamic, spirit, and innovation which were the determination of the Company in providing its services. The black circle represents earth and also pipe as the facility to deliver natural gas.



2003-2011

Reflected the globally oriented vision of the Company, namely to become the leading public Company in the field of the natural gas provider. The writing of "Gas Negara" is an integral part of the logo as it implies the nature of the Company that is dynamic and continues to grow.



2011-2018

PGN's logo symbolizes fire consisted of five elements that represented five main stakeholders, namely consumers, investors, employees, the state and PGN itself.



THE MEANING

PGN's logo symbolizes fire consisted of five elements that represented five main stakeholders, namely consumers, investors, employees, the state and PGN itself. The fire has three dimension nuance that implies a Company that is fully integrated which goes beyond natural gas transportation and trading bussiness to provide comprehensive energy solutions for consumers. The blue color represents the clean gas, self-confidence, clarity and stability, as well as its intensity. The degraded blue color represented the movement, growth, and ability to adapt.

PGN Corporate brand is a symbol that represents PGN to the world. Therefore, it is very important to maintain and establish the value of that corporate brand. The corporate brand also serves as an affirmation so that the use of PGN's name always consistent, that is called as PGN and not with other names such as PGAS or Perusahaan Gas Negara.

TAGLINE

“ENERGY”

Identify the important role of PGN which is not only engaged in the area of gas distribution but also participates in the crucial energy supply.

“FOR LIFE”

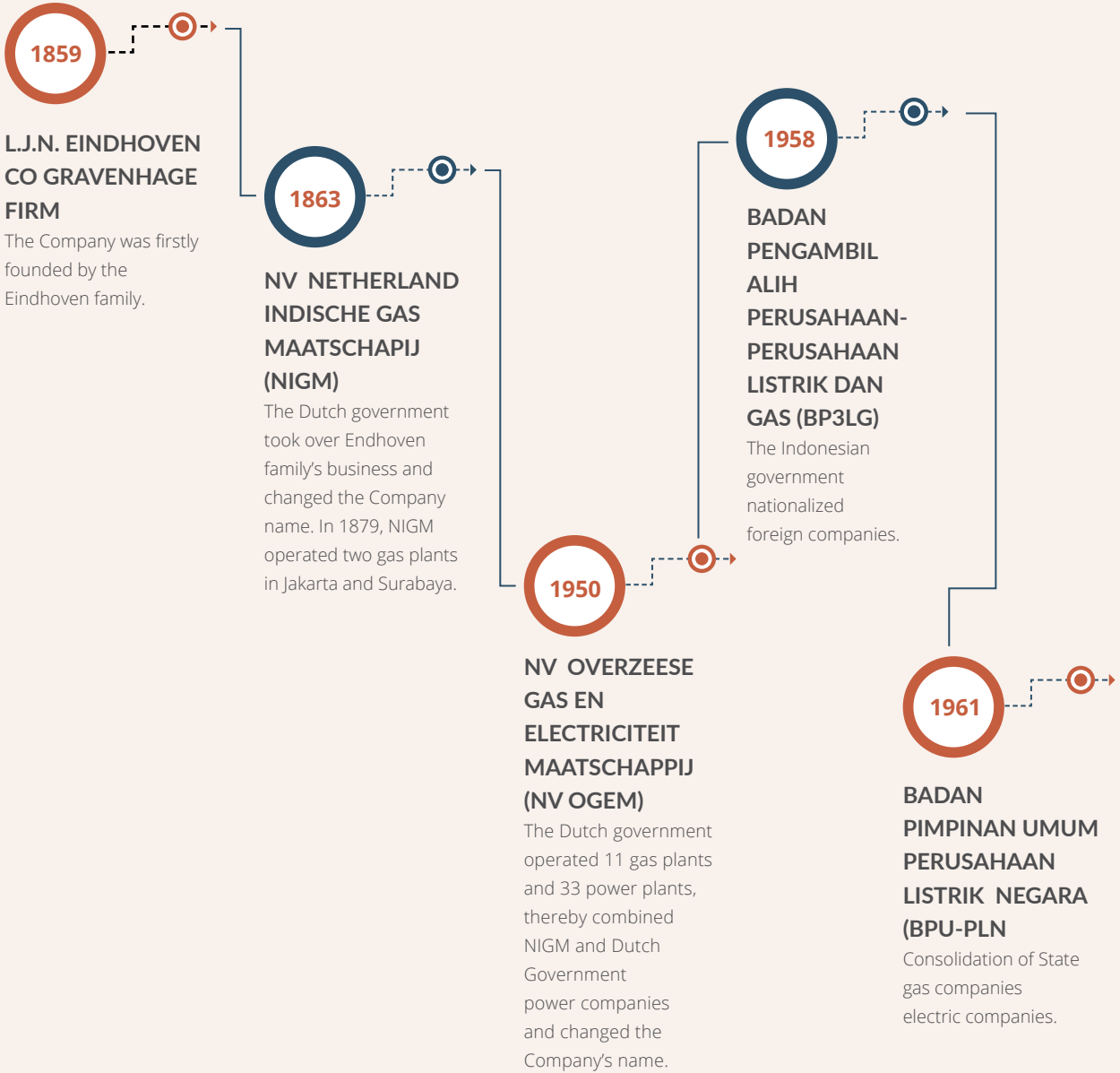
Signifying the important role run by PGN through the natural gas and improving the quality of life in Indonesia ranging from cooking for daily meals to powering the power plant.

Oriented to the future, confirming the commitment of PGN to the long-term sustainable energy security for consumers, providing the reliable innovative energy solution for long-term planning.

“A MEMBER OF PERTAMINA”

Signifying PGN's position as part of Pertamina is in line with the government's initiative to form an Oil and Gas Holding.

THE COMPANY'S BRIEF HISTORY





PERUSAHAAN GAS NEGARA

On May 13, 1965, pursuant to Government Regulation No. 19 of 1965, PGN was designated as a State Enterprise.



PERUSAHAAN UMUM GAS NEGARA

The form of business is Changed into Public Company (Perum).



PT PERUSAHAAN GAS NEGARA (PERSERO)

The change in the status of the Company was accompanied by the addition of a broader scope of business that was in addition to the distribution of natural gas PGN also took part in the transmission field, where PGN served as a transporter.



PT PERUSAHAAN GAS NEGARA (PERSERO) TBK

The shares of PGN have been listed in the Jakarta Stock Exchanges and the Surabaya Stock Exchange on December 15, 2003 with the trading transaction code "PGAS".



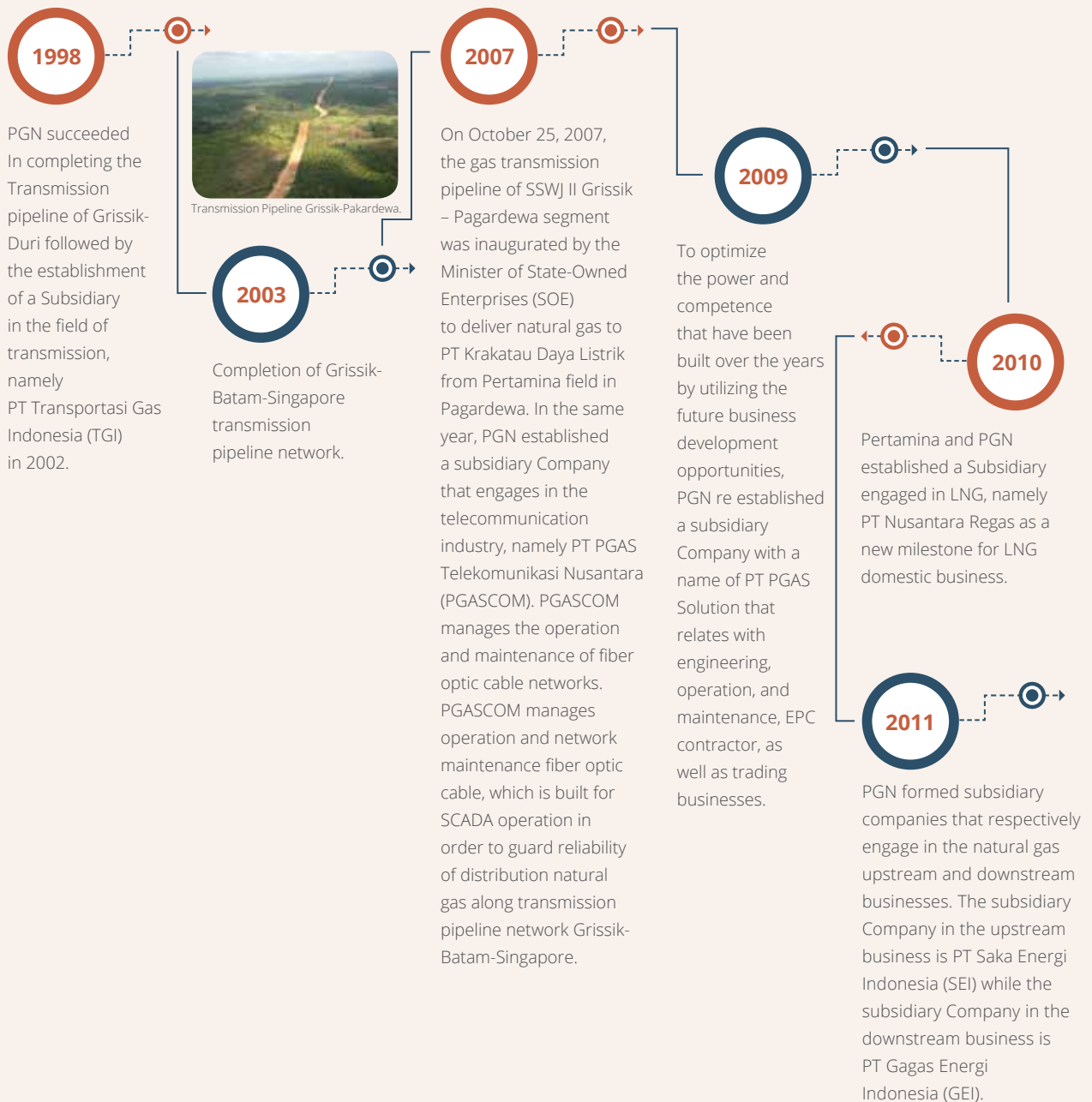
PT PERUSAHAAN GAS NEGARA TBK

On April 11, 2018, based on Government Regulation Number 6 of 2018, Government diverts 56.96% of series B shares to Pertamina. In line with the initiative establishment of Oil and Gas Holding and PGN as Gas Subholding.

THE COMPANY'S MILESTONE



Gas infrastructure maintenance and operation operations by PGAS Solution.





LNG regasification process in FSRU Lampung by PGN LNG.



Gas network for households are available in 16 provinces in Indonesia.



LINE OF BUSINESSES

BUSINESS ACTIVITIES

Pursuant to the PGN's Articles of Association as lastly amended by the Deed Number 102 dated May 24, 2017, made before Notary Fathiah Helmi, SH., Notary in Jakarta, the business activities of PGN are as follows:

1. Planning, construction, and development of the natural gas downstream business that covers the activities of processing, transportation, storage, and commerce;
2. Planning, construction, development of the artificial gas (hydrocarbons gas) production, supply, and distribution;
3. Other than the main business activities, PGN may conduct other supporting business activities that directly related and or support the main business activities in accordance with the prevailing laws and regulations.

GENERATED PRODUCTS OR SERVICES

Natural gas downstream business, PGN conducts its business activities in the areas of natural gas transportation and trading. In the business of natural gas transportation, PGN and its subsidiaries/affiliates has pipeline networks in NAD, North Sumatera, Riau, Jambi, South Sumatera, Riau Islands, West Java, Central Java, East Java, and East Kalimantan Province to connect the natural gas sources location with the natural gas end user location through the transmission pipelines mode.

In the business of natural gas trading, PGN bought the natural gas from various natural gas Producers and then sold it to various natural gas end user segments, for instance Household Customers, Commercial Segment Customers, Industrial-Manufacture Customers, Power Plants and Transportation Sectors, either distributed through pipelines, CNG or LNG.

PGN provide an integrated natural gas infrastructures to support natural gas trading and ensure the quality of the natural gas (natural gas composition, pressure, temperature) and the service (call center, disruption handling) in accordance with international standard. In order to support the management to operate its business, PGN and its subsidiaries and affiliates divided their business activities into 4 (four) principal business segments, which are:

1. Natural gas distribution and transmission

The gas distribution and transmission segment conducts the distribution and transmission of gas to industrial, commercial and household customers and LNG regasification.

2. Exploration and production of oil and gas

The oil and gas exploration and production segment conducts business activities in exploration, exploitation and business development in oil and gas sector.

3. Other operation

Other operating segments are related to fiber optic rental services for the provision of network and construction services and repairs to customers as well as management and rental of buildings and equipment.

4. Pertagas and subsidiaries

Pertagas and its subsidiaries are presented as separated operating segment information because the Company effectively controls Pertagas since December 28, 2018; therefore on December 31, 2018 the Company's management was still analyzing Pertagas and its subsidiaries as separate operating segments and still in the process of integrating Pertagas operating segments and subsidiaries into Group operations.

GAS SUBHOLDING

To strengthen the capital structure and Pertamina's business capacity, the Government through the Ministry of SOE added the State Capital Participation of the Republic of Indonesia to the PT Pertamina Company Share Capital originating from the transfer of all B Series shares of the Republic of Indonesia to the Company as stipulated in Government Regulation Number 6 of 2018.

B series shares submitted by the Government (Ministry of SOE) to Pertamina amounted to 56.96%, thus PGN's shares owned by the Government are 1 share of Dwi Warna A series shares C followed up with the signing of the Decree of the Minister of Finance No. 286/KMK.06/2018 concerning the Determination of the Value of PMN in the Share Capital of PT Pertamina (Persero) where the government stipulates the value of adding state capital to the share capital of PT Pertamina (Persero) amounted to Rp 38,136,346,046,696 originating from the transfer of all Republic of Indonesia's B series shares to the Company amounted to 13,809,038,755 shares. This process is complemented by the signing of the Inbreng Shares Deed between the Ministry of SOE and Pertamina which was effective on April 11, 2018.

PGN signed a Conditional Share Sale and Purchase Agreement (CSPA) to acquire Pertagas and its Subsidiaries on June 29, 2018. On December 28, 2018, a total transaction was made to buy 51% of Pertagas shares by PGN including five Pertagas subsidiaries, namely:

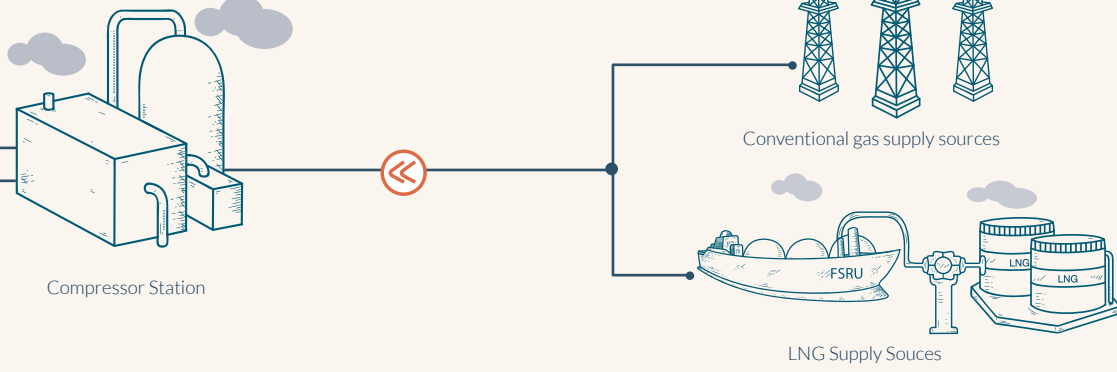
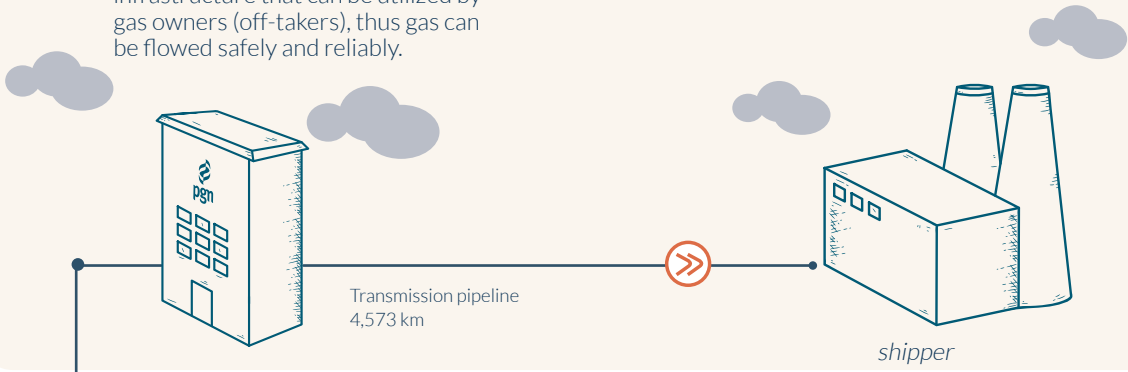
- PT Pertagas Niaga,
- PT Perta Arun Gas,
- PT Perta Daya Gas,
- PT Perta-Samtan Gas, and
- PT Perta Kalimantan Gas.

Thus the role of Pertamina officially becomes the Oil and Gas Holding and officially changes the role of PGN as Gas Subholding; taking on the role of integrated gas management.

BUSINESS UNIT

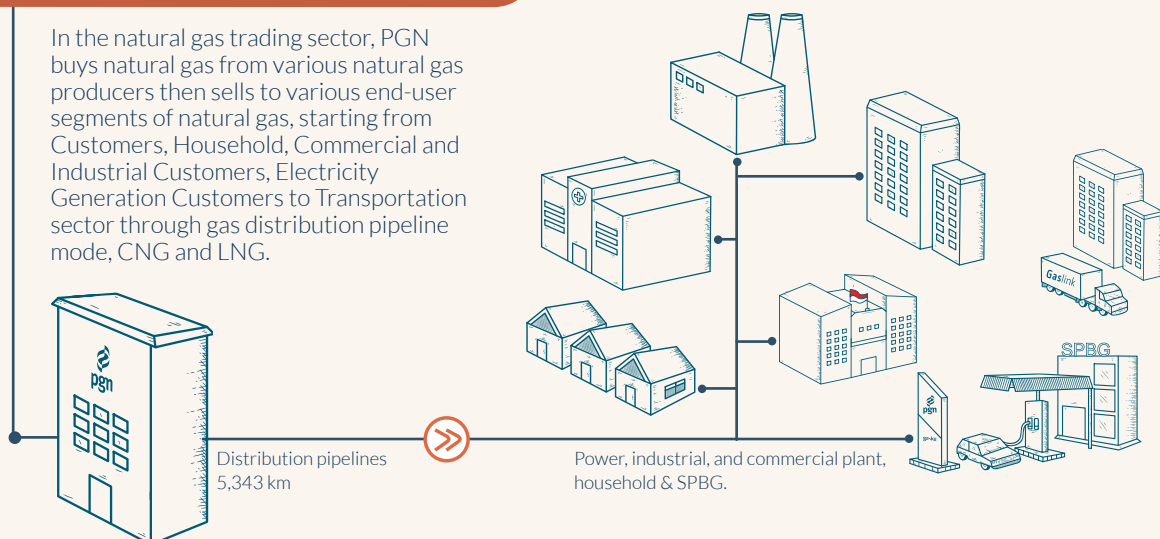
GTA (GAS TRANSPORTATION AGREEMENT)

In natural gas transportation business, PGN provides facilities/ infrastructure that can be utilized by gas owners (off-takers), thus gas can be flowed safely and reliably.



GSA (GAS SALES AGREEMENT)

In the natural gas trading sector, PGN buys natural gas from various natural gas producers then sells to various end-user segments of natural gas, starting from Customers, Household, Commercial and Industrial Customers, Electricity Generation Customers to Transportation sector through gas distribution pipeline mode, CNG and LNG.

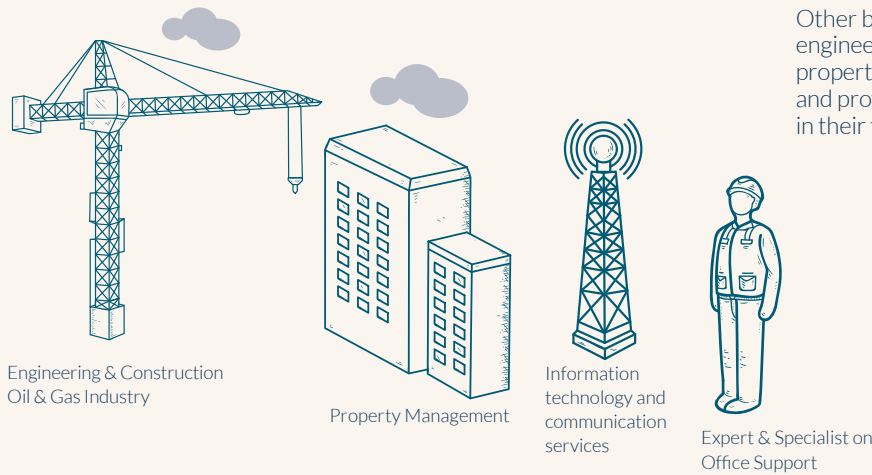


OIL AND GAS PRODUCTION

In the business sector of upstream natural oil and gas, PGN through SAKA Energi manages 10 (ten) domestic work areas and 1 (one) international work area.



OTHER BUSINESS



Other business sector includes engineering, procurement, construction, property management, telecommunication, and provision of workers who are experts in their fields managed by a Subsidiary.

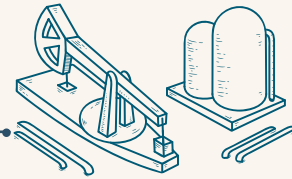
PGN has 4 business segments. 72% of PGN's revenue comes from the natural gas business, 15% from the oil and gas business, and the rest contributed by other businesses and Pertagas.

SUBHOLDING GAS SYNERGY

UPSTREAM

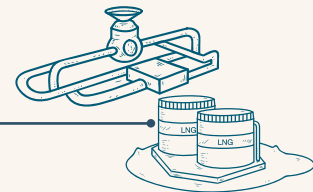
NATURAL OIL AND GAS PRODUCTION

Natural gas reserves in Indonesia are larger than oil. Saka Energi Indonesia is a subsidiary of PGN that has business activities in the upstream business.

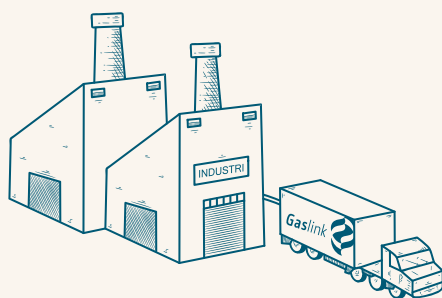
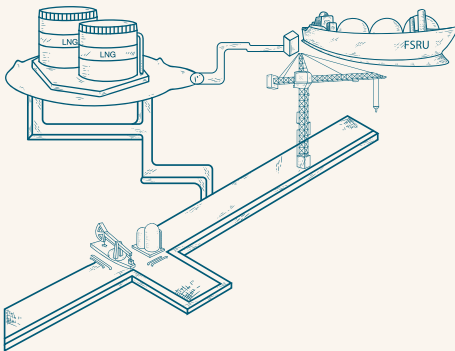


MIDSTREAM

Through TGI, KJG & Pertagas, PGN maintains a very high reliability and operational infrastructure security. FSRU converts LNG into high-quality natural gas. PGN has 2 (two) FSRUs namely FSRU Lampung and FSRU West Java and also land base regasification facility in Arun through Pertagas.



DOWNSTREAM



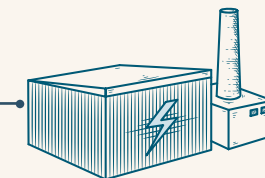
GAS TRANSPORT MODULE (GAS LINK)

Gas Link is a solution for channeling natural gas to locations that are not connected to a gas pipeline.



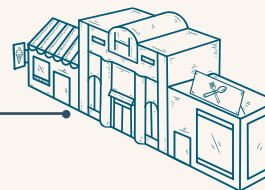
COMMERCIAL CUSTOMERS

MRU is the solution for natural gas filling stations for transportation using CNG technology.



POWER PLANTS

Power Plant made from gas fuel is more environmentally friendly compared to oil fuel or coal.



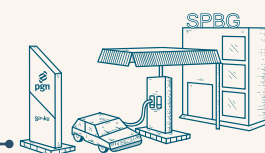
COMMERCIAL CUSTOMER

Efficiency and reliability are important factors in distributing energy to commercial customer. PGN, in this case, can fulfill these needs.



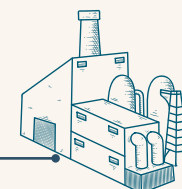
HOUSEHOLD CUSTOMER

PGN is the biggest Company of natural gas distribution through pipes in Indonesia, and has distributed gas to more than 190,000 household customers in 39 Cities/Regencies all over Indonesia.



GAS FILLING STATION (SPBG) AND MOBILE REFUELING UNIT (MRU)

Subsidiary, Gagas Energi Indonesia, operates 16 BBG Filling Stations at 11 cities in the Java and Sumatra.



INDUSTRIAL SECTOR

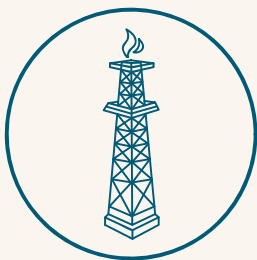
Indonesia's growth is driven by the growth of its industrial sector. PGN continues trying to encourage fuel usage efficiency by distributing natural gas to various industrial area in Indonesia.



MOVE TOGETHER AS ONE PGN TO BECOME AN INTEGRATED ENERGY SOLUTION.

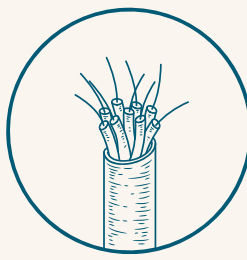
PGN's subsidiaries are moving together to increase the value that we provide to our Customer and Indonesia. Through providing high quality natural gas and reliable supply, the support of our subsidiaries on operations, expertise on engineering, archive and asset management, transmission pipeline management, provide a high quality and flexible CNG supply, and the support of our information technology, has made PGN one of it's kind in Indonesia.

SUPPORTING



pgn SAKA *power to discover*

SEI manages ten PSCs in Indonesia and one gas shale block in US, five of which are operated entirely by SEI with 100% participating interest ownership. The five PSCs are Pangkah PSC, South Sesulu PSC, Wokam II PSC, Pekawai PSC and West Yamdena.



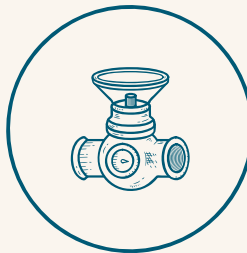
pgn COM *always reliable*

PGASCOM does a business in telecommunications sector which has lots of opportunities and high growing potential, because it completes his expertise with the creation of integrated technology information solutions and international commercial.

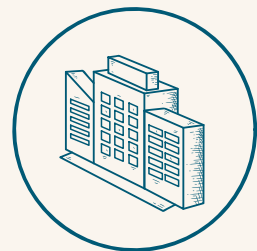


pgn GAGAS *brings energy to you*

GEI operates a filling station gas fuel for transportation sector. In addition, GEI also developed CNG business for industrial and commercial sector, especially for markets that are not passed by PGN's gas pipeline.

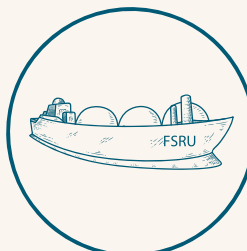


TGI is the first Indonesian Company focusing on natural gas transportation for domestic market in Sumatra and Batam as well as international markets in Singapore.



pgn MAS *commitment to service*

Growing from managing assets owned by PGN in the form of buildings and warehouses, PERMATA has developed his expertise being a property developer. Nowadays, its property products, BerandaMAS are one of the iconic properties in Vida Bekasi area.



pgn LNG *born to make it happen*

PGN LNG transformed into important infrastructure that supports reliability of gas distribution. In 2018 PGN LNG has distributed gas products of regasification as many as 256 Bbtud.

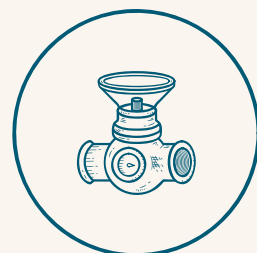


pgn SOLUTION *action for excellence*

PGAS Solution has business activities focusing on 4 main fields, namely: Operation, Maintenance, Engineering, EPC and Trading. With the support of an experienced workforce and technology, PGAS Solution is capable to carry out operational activities and infrastructure maintenance of PGN with the level of network reliability of 99.86%.



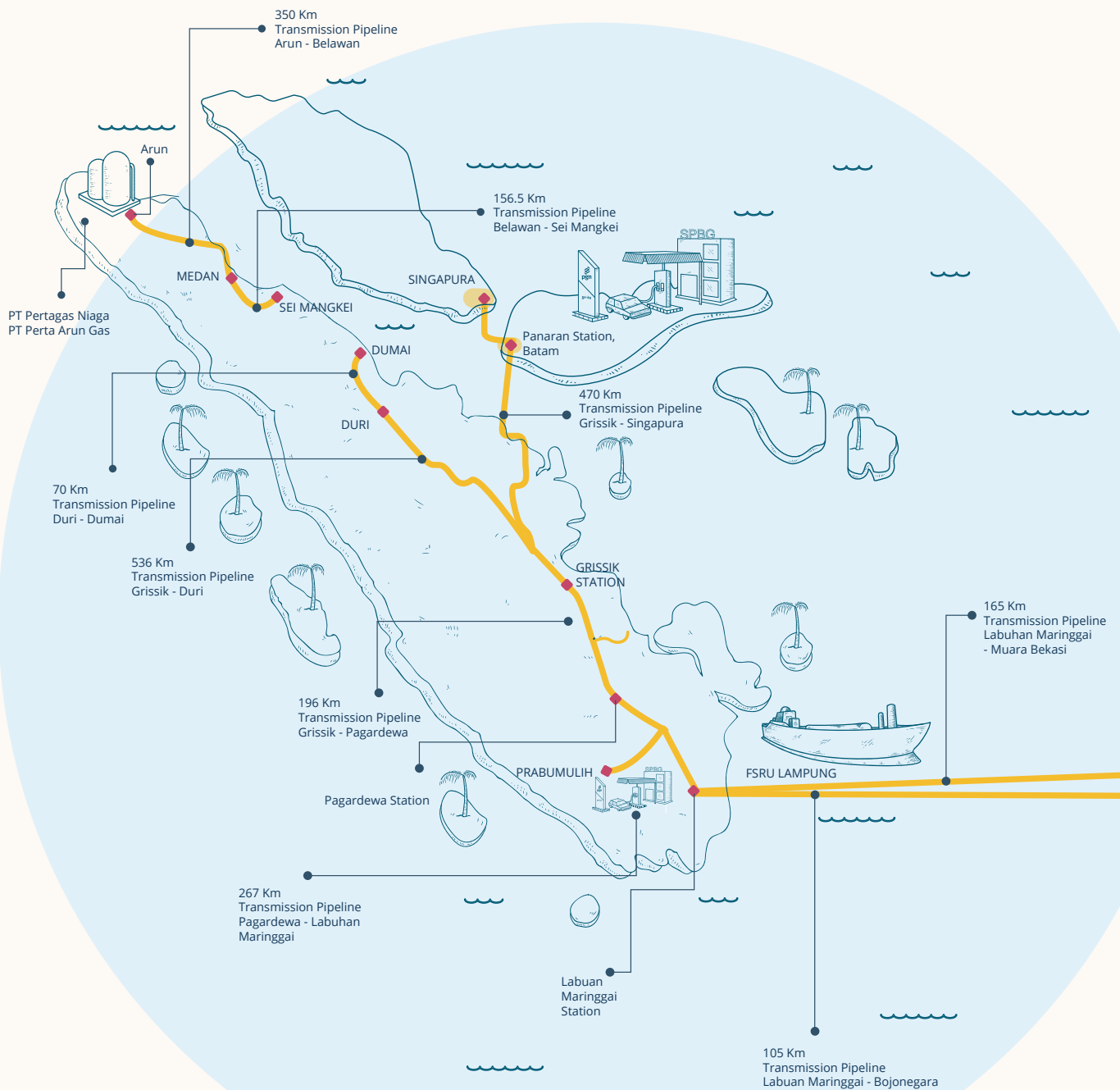
Nusantara Regas is developing and growing along with natural gas demand to support the national electricity sector.

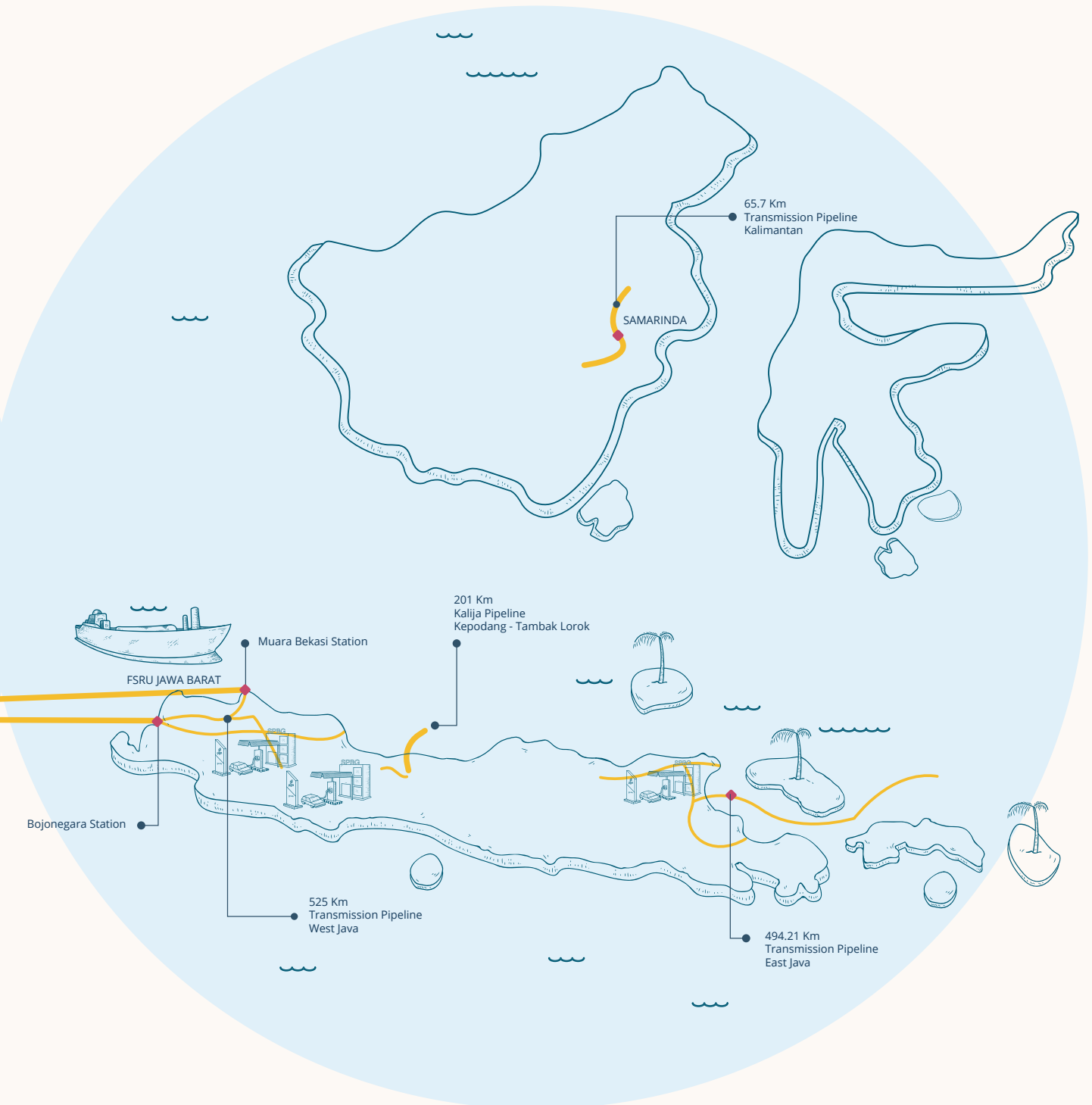
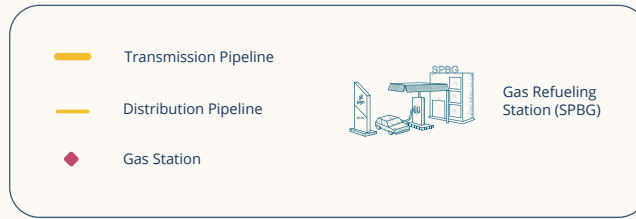


Integration of Pertagas into PGN will strengthen PGN's position in managing the downstream natural gas business in Indonesia.

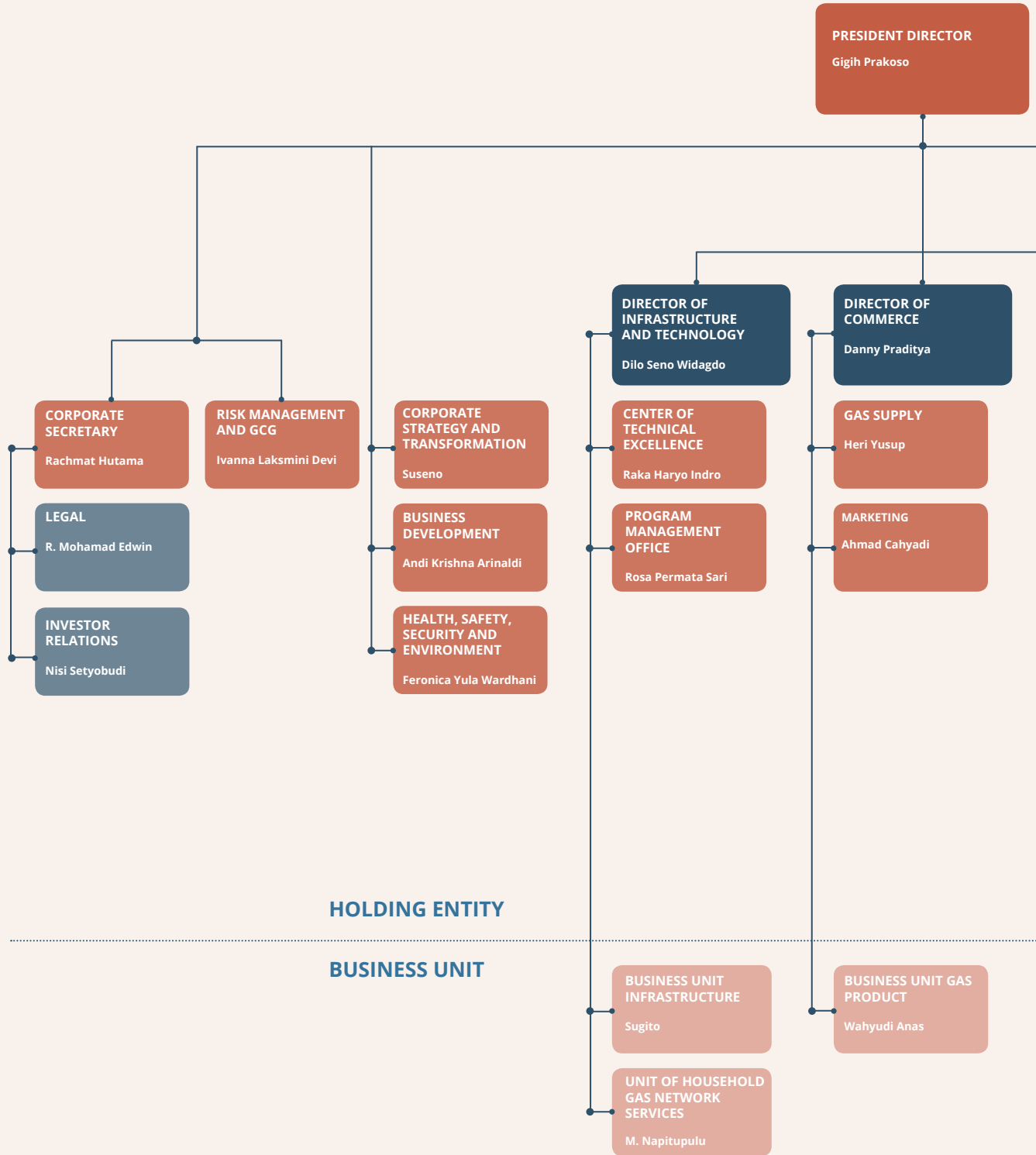
GAS SOURCES AND GAS INFRASTRUCTURE

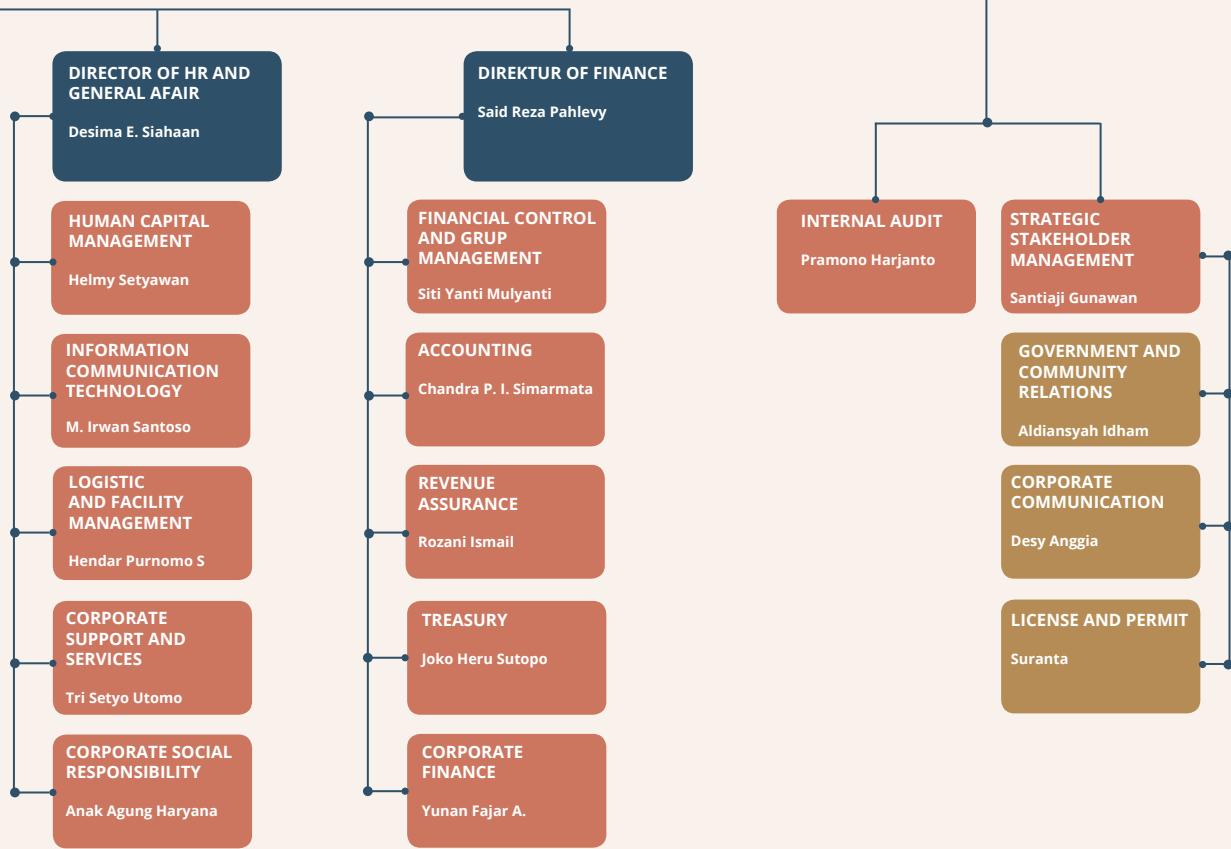
PGN integrated the natural gas infrastructure in Indonesia and sought the utilization of domestic natural gas by promoting natural gas access to the whole society and users. Currently, PGN has operated in 54 cities and 16 provinces in Indonesia by serving power plant customers, industrial customers, commercial sector, household customers, and transportation segment.





ORGANIZATIONAL STRUCTURE

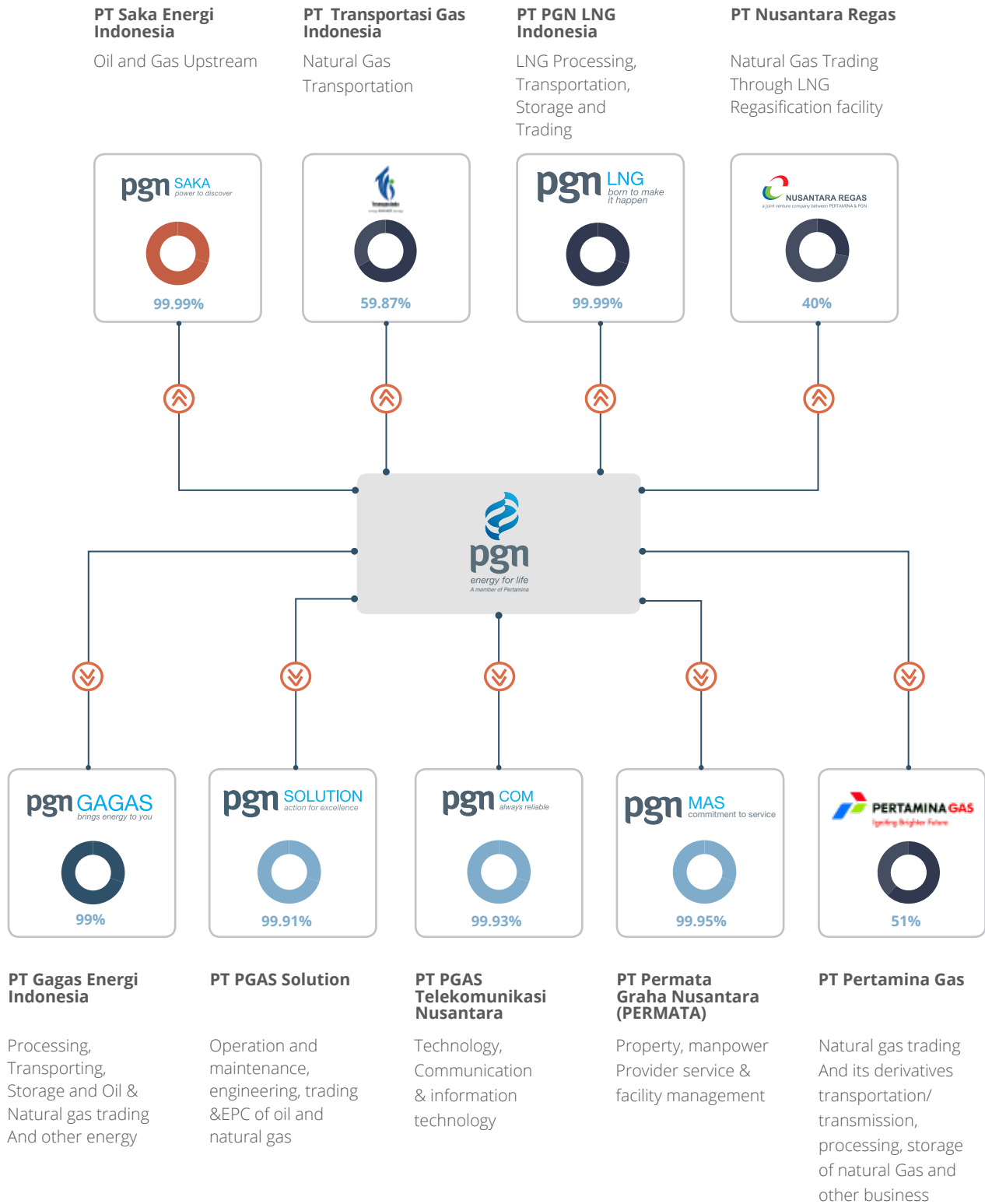






PGN Solution operates gas infrastructure such as SCADA systems, off take stations and handling customer complaints related to gas distribution.

PGN BUSINESS STRUCTURE



○ Upstream
 ○ Midstream
 ○ Downstream
 ○ Others

VISSION

**To Become The World-Class
Energy Company In Gas Business
In 2020**

MISSION

To increase the Company's added values for stakeholders through:

- Customers: Energy needs fulfillment solution that is safe, value-added, economic, and increase the competitiveness;
- Society: The improvement of welfare and sustainable economic growth through energy independence and environmental conservation efforts;
- Shareholders /Investors: The creation of the optimal and sustainable Company's values through internal and external synergies.

VISSION AND MISSION



PGN's Vision and Mission has been updated as determined by the Decree of the PGN's Directors Number: 000303/KHM.03/UT/2015 dated January 8, 2015.

THE COMPANY'S CULTURE



In the process of transformation and preparation to become Gas Subholding with the role as the main manager of gas business in Indonesia, PGN implements the corporate culture "ProCISE" (Professionalism, Continuous Improvement, Integrity, Safety & Excellent Service) as an important factor to support the preparation process towards Gas Subholding.

ProCISE is made to grow corporate identity as the National Gas Company. ProCISE is also encouraged as an organizational adhesive tool in the transformation process to foster a spirit of togetherness that is needed to create synergy in providing better services to customers.

Professionalism, Continuous Improvement, Integrity, Safety, Excellent Service (ProCISE) has become a culture of every PGN's members.

PGN's Corporate Culture Guidelines are determined based on Directors' Decree Number: 010705.K/SM.02.02/UT/2009 on May 12nd, 2009 concerning the Guidelines for Corporate Culture.

5 CULTURAL VALUES AND 10 CODES OF CONDUCTS OF PGN GROUP MEMBER

PGN Main Code of Conduct

Based on the cultural values of the Company and the principles of good corporate governance, PGN has compiled the Guidelines for Business Ethics and Work Ethics (Code of Conduct) of PGN's Members.

The Guidelines for Business Ethics and Work Ethics outline contain the PGN's code of conduct in daily work activities and procedures for dealing with stakeholders. This guideline is also intended to provide practical guidance that stipulates the conflict of interests, corruption, bribes, gratifications, information management, and others. The Guidelines for Business Ethics and Work Ethics has been published and must be obeyed by all PGN members.



PROFESSIONALISM

I

CONTINUES
IMPROVEMENT

II

INTEGRITY

III

SAFETY

IV

EXCELLENT
SERVICE

V

1 Competent at Its Field

2 Responsible



3 Creative, Inovative And Implementative

4 Adaptive Through Changes



5 Honest, Open Minded And Positive thinking

6 Discipline and Consistent



7 Prioritize the occupational Safety and Health

8 Care for The Social and Natural Environment



9 Prioritize The Satisfaction of Internal and External Customers

10 Proactive, Quick, and Accurate Response



WORK CULTURE



1. The PGN Innovation Award, an annual agenda that gives an effect of increased efficiency and productivity through the latest innovations in the technical and commercial fields.
2. Kobagas, is an initiative of PGN to empower Bajaj gas driver through soft skills training and also invite them to PGN activities.
3. PGN Runner, its a community of PGN employee that regularly run for an event like Torch Relay Asian Games.
4. Health Talk, regularly held to improve understanding of health and improve work productivity.

In accordance with the Company's culture implementation roadmap, the focus in 2018 is to harmonize the Company's culture with performance management as well as the integration of ProCISE values with the values that develop in various business entities in the PGN Group environment.

Various subsidiaries/affiliation in the PGN Group environment has developed a Company's culture in accordance with the vision and business challenges of each subsidiary. However, PGN always maintains that the cultural values developed by its subsidiaries/affiliation remain in line with the values of ProCISE. One method used to harmonize these cultural values is by forming a joint work program and making a competition of its implementation.

In 2018 we implemented the ProCISE value in work activities through the implementation of various activities that have been established as indicators of Company's culture implementation. We call it Lagging & Leading Indicator of Company's Culture. There are 12 indicators monitored every month. At the beginning, the level of implementation only reached 80%. But at the end of the year, the enthusiasm and hard work of culture champions was paid off with its achievement reached 96.82%.

PGN'S CULTURAL PROGRAM

Company's Cultural Program

In addition to the implementation of the Lagging & Leading Indicator of Company's Culture, other programs implemented are:

1. Safety First

Safety First is a World Class Action program to increase employee's awareness and concern of safety aspects that are very important for PGN as a natural gas management Company and for for the employees themselves. The intended behavior change is to cultivate safety induction, safety sharing/contact and 5R (office safety) culture.

2. Effective Meeting

Effective Meeting is a World Class Action program to make better decisions and be implemented with efficient resources.

3. English for Business Communication

Communication skills supported by good language mastery are one of the Company's culture programs in 2018 in accordance with the Company's vision to become World Class Company.

4. Active Participation in Professional Community

As a leading national Company in natural gas management, PGN employees should share their knowledge for the progress of the nation. Being active in the professional community will also help PGN Personnel in increasing their knowledge and expertise as well as expanding social networks. Therefore, PGN chooses activity in the professional community as one of the "World Class Action" programs.

5. Professional at Work

Being professional in mind, expertise, interaction and appearance is one of the most important thing to be built in an effort to gain the trust of stakeholders that we are the "National Gas Company".

Lagging & Leading Indicator of Company's culture is carried out throughout the PGN Group environment, including in subsidiaries/affiliation with support from management. Routine monitoring and evaluation in various forms and stages have been carried out since the program launched.

At the end of the year three work units are selected to get best predicate in the implementation of ProCISE. As a form of appreciation, PGN also chooses the best "Culture Champion" in encouraging the implementation of Company's culture.

PGN also builds a culture that encourages the realization of healthy corporate management based on the principles of good corporate governance. PGN has arranged and cultivated the PGN Guidelines for Business Ethics and Work Ethics (Code of Conduct). The Code of Business Ethics and Work Ethics outlines the guidelines for PGN Employees in their daily work activities and procedures for dealing with stakeholders. The guideline also provides practical guidance governing conflicts of interest, corruption, bribery, gratification, information management and others. The Code of Business Ethics and Work Ethics has been published and must be adhered to by all PGN Members.

PROFILE OF THE MEMBERS OF THE BOARD OF COMMISSIONERS



**IGN WIRATMAJA PUJA
PRESIDENT COMMISSIONER**

He is an Indonesian citizen, born in Bali on December 21st, 1963 (55 years). He has a Bachelor of Mechanical Engineering Degree from Bandung Institute of Technology (ITB), Master and Ph.D. of Mechanical Engineering from the University of Kentucky, USA. His previous work experience is as Director General of Oil and Gas at the Ministry of Energy and Mineral Resources until August 2017 and served as Head of the Human Resources Development Agency of the Ministry of Energy and Mineral Resources up to now.

He was appointed the first time as PGN Commissioner at the Annual General Meeting of Shareholders on April 6th, 2015. Then he was appointed as PGN's President Commissioner at the annual GMS on April 26th, 2018.

He has an affiliation with the Republic of Indonesia as the controlling shareholder, in his position as Head of the Human Resources Development Agency, Ministry of Energy and Mineral Resources.

Indonesian citizen, born in Sigli, November 7th, 1964 (54 years). Bachelor of Economics from the University of Indonesia, Master of Economics from Vanderbilt University and Ph.D. of Economics from Illinois University. His latest work experience is a Member of the Expert Team of the Vice President of the Republic of Indonesia up to now.

Appointed the first time as PGN Commissioner at the Annual GMS on April 6th, 2015.

Having an affiliation with the Republic of Indonesia which is as controlling shareholder, in his position as a Member of the Expert Team of the Vice President of the Republic of Indonesia.



**MOHAMAD IKHSAN
COMMISSIONER**



**PAIMAN RAHARJO
INDEPENDENT COMMISSIONER**

Indonesian citizen, born in Klaten, June 15th, 1967 (51 years). A Bachelor of Economics from the University of Indonesia, Master of Economic Administration from the University of Prof. Dr. Moestopo and Doctor of Administrative Sciences from Padjajaran University. His last work experience is as Director of the Postgraduate Program at University Prof. Dr. Moestopo until now.

Appointed the first time as PGN Commissioner at the Annual GMS on April 6th, 2015.

Having no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.



KISWODARMAWAN
INDEPENDENT COMMISSIONER

Indonesian citizen, born in Surabaya, December 28th, 1957 (61 years). A Bachelor of Civil Engineering from the Surabaya Institute of Technology. His last work experience is as Managing Director of Adhi Karya (Persero) Tbk until April 8th, 2016.

Appointed the first time as PGN's Independent Commissioner at the PGN Annual GMS on April 8th, 2016.

Having no affiliation with other members of the Board of Directors and the Board of Commissioners, as well as majority and/or controlling shareholders.

Indonesian citizen, Born in Ketapang, Maluku on October 10th, 1968 (50 years). Obtained a bachelor's degree in Law from Pattimura University Ambon and a Master of Business Law from Gadjah Mada University. His last work experience is as a Deputy for Business Infrastructure, Ministry of SOE until now.

Appointed the first time as PGN Commissioner at the PGN Annual GMS on April 26th, 2018.

Having an affiliation with the Republic of Indonesia which is the controlling shareholder, in his position as Deputy for Business Infrastructure, Ministry of SOE.



HAMBRA
COMMISSIONER

PROFILE OF THE SECRETARY OF THE BOARD OF COMMISSIONERS



THOHIR NUR ILHAMI

An Indonesian citizen, born in Semarang on September 26th, 1959, 59 years and appointed as the Secretary of the Board of Commissioners since January 1, 2016. Graduated from University of Diponegoro with a Bachelor degree in Economics Management in 1986.

Once previously served as the Head of Treasury Division, Head of Finance Division of PT PGN (Persero) Tbk, and Director of Finance of PT PGAS Telekomunikasi

Nusantara, as well as the Director of Finance of PT PGN LNG Indonesia before retiring as a PGN employee by 2015.

Having no affiliation with members of the Board of Directors and Board of Commissioners, as well as majority and/or controlling shareholders.

PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS



GIGIH PRAKOSO
PRESIDENT DIRECTOR

Indonesian citizen, born in Kalianget (Sumenep), July 30th, 1964 (54 years). He completed his undergraduate in Agroindustry Engineering and Management of Bogor Agricultural Institute (1987), Master in Business Administration from St. Louis University, USA (1992), Doctor of Strategic Management from Gadjah Mada University (2006) and PhD from the University of Kentucky, Lexington, USA.

Served as President Director since September 10th, 2018. Previously served as Director of Investment Planning and Risk Management of PT Pertamina (Persero) since August 15th, 2017.

Director of PGN's Strategy and Business Development since May 4th, 2017. The legal basis for the first appointment as President Director is the EGMS Decision on September 10th, 2018. He was assigned as commissioner of PT Pertamina Gas from August 2018 until now.

Having no affiliation with members of the Board of Directors and Board of Commissioners, as well as majority and/or controlling shareholders

Indonesian citizen, born in Banda Aceh, September 6th, 1969 (49 years). He completed his education in DIII, ITB Polytechnic, and Bachelor of Accounting Economics from University of Indonesia. He has served as Director of Finance since April 26th, 2018. Previously served as Director of Administration & Finance of PT Pertamina Patra Niaga (2015 - 2018), VP Shared Processing Center of PT Pertamina (Persero), VP Shared Process Center of PT Pertamina (Persero) (2013).

The legal basis for his first appointment as Director of Finance is the Decision of the Annual GMS on April 26, 2018. Assigned as Commissioner of PT Saka Energi Indonesia from November 1, 2018 until now.

Having no affiliation with other members of the Board of Directors and Board of Commissioners, but having an affiliation with the major shareholders.



SAID REZA PAHLEVY
DIRECTOR OF FINANCE



DILO SENO WIDAGDO
DIRECTOR OF INFRASTRUCTURE
AND TECHNOLOGY

An Indonesian citizen, born in Jakarta on April 3, 1969, (49 years). Graduated from University of Trisakti with a Bachelor degree in Mechanical Engineering in 1991 and from University of Prasetiya Mulya with a Master degree in International Management in 2001.

Serves as a Director since April 8, 2016. Previously served as the President Director at the Subsidiary of PGN PT PGAS Solution since 2013, the Chief Operating Officer of PT Sarana Global Indonesia in 2011-2013, the Project Director of PT Ketroden Triasmitra in 2008-2011, the Chief Executive Officer of PT Guna Arti in 2004-2008 and in 2001 -

2004 served as the Marketing Director of PT Anyar Katon.

The legal basis for the first appointment as Director of Infrastructure and Technology is the Decision of the 2016 Annual GMS on April 8, 2016. Assigned as President Commissioner of PT PGAS Solution from 1 October 2017 to the present and as President Commissioner of PT Kalimantan Jawa Gas from May 10, 2016 to the present.

Having no affiliation with members of the Board of Directors and the Board of Commissioners, as well as majority and/or controlling shareholders.



DANNY PRADITYA
DIRECTOR OF COMMERCE

Indonesian citizen, born in Jakarta on September 13, 1978 (40 years). He completed his undergraduate at the University of Indonesia in 2001 and a master degree at Karlsruhe University of Applied Science, Germany, in 2004. Served as Commercial Director since April 8, 2016. Previously served as President Director of PGN's Subsidiaries namely PT Gagas Energi Indonesia since 2013 and as Managing Director of PT Citra Nusantara Gemilang in 2006-2013.

The legal basis for his first appointment as Commercial Director is the Decision of the 2016 Annual General Meeting of Shareholders on April 8, 2016. He was assigned as President Commissioner of PT PGN LNG Indonesia from May 1, 2016 to the present and President Commissioner of PT Gagas Energi Indonesia from August 15 2017 to the present.

Having no affiliation with members of the Board of Directors and the Board of Commissioners, as well as majority and/or controlling shareholders.

Indonesian citizen, born in Jakarta on December 6th, 1967 (51 years) Completed her Bachelor of Management in University of Padjajaran Bandung in 1991 and Master of Marketing at Oklahoma City University, USA. Served as HR and General Director since May 4, 2017.

Her career with PGN since 2004 includes: the Corporate Secretary in 2017, the 2015 Corporate Support & Service Division Head, the Corporate Secretariat Head, and the 2011- 2014 PGN Head of Service.

The legal basis for her first appointment as HR and General Director is the Decision of the 2017 Annual General Meeting of Shareholders on May 4, 2017. Assigned as President Commissioner of PT Permata Graha Nusantara from June 1st, 2017 to the present.

Having no affiliation with members of the Board of Directors and the Board of Commissioners, as well as majority and/or controlling shareholders.



DESIMA E. SIAHAAN
DIRECTOR OF HR AND
GENERAL AFFAIR

CHANGE OF THE PGN BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONER DURING THE BOOK YEAR 2018

During the book year 2018, there were several changes of members of the Board of Director and the Board of Commissioner of PGN as follow:

CHANGES OF PGN BOARD OF DIRECTION AND BOARD OF COMMISSIONER IN 2018

No.	Name	Last Possition	Appointed Date	Date of Termination
1.	Jobi Triananda Hasjim	President Director	May 4 th , 2017	September 10 th , 2018
2.	Nusantara Suyono	Director of Finance	April 8 th , 2016	April 26 th , 2018
3.	Fajar Harry Sampurno	President Commissioner	April 8 th , 2016	April 26 th , 2018
4.	Hendrika Nora O. Sinaga	Commissioner	May 4 th , 2017	April 26 th , 2018



Extraordinary General Meeting of Shareholders 2018.

PROFILE OF CORPORATE SECRETARY



RACHMAT HUTAMA

Indonesian citizen, born in Jakarta on July 13, 1973, (45 years).

Graduated with a Bachelor of Law degree from Diponegoro University in 1996. Served as Corporate Secretary since July 3, 2017. He began his career in the Company as a Staff, Legal and Public Relations Division and Division Head, Legally from 2014 to being appointed as Corporate Secretary.

Having no affiliation with members of the Board of Directors and Board of Commissioner, as well as a majority and/or controlling shareholders.

PROFILE OF HEAD OF INTERNAL AUDIT GROUP

Indonesian citizen, born in Yogyakarta on August 14, 1970 (48 years).

Graduated with a Bachelor of Accounting Economics from Gadjah Mada University, Yogyakarta in 1996, and received a State Accounting Registration D-17464. Started his career in Supervision as an External Auditor at Hans Tuanakota & Mustofa (HTM) Public Accountant/Deloitte Touche Tohmatsu International as Senior Auditor from 1997 to 2001, continuing his career as an Internal Audit Supervisor at Petrochina International Companies from 2001 to 2005 and as Senior Manager of Internal Audit at

PT Transportasi Gas Indonesia since 2005 to 2013. Served as Head of Internal Audit since February 7, 2013.

In addition to structural positions, the concerned also active in the Communication Forum of Internal Control Unit (FKSPI) as Head IV of Organizations Division at FKSPI Center since 2013.

Having no affiliation with members of the Board of Directors and the Board of Commissioners, as well as majority and/or controlling shareholders.



PRAMONO HARJANTO

HUMAN CAPITAL

The Oil and Gas Holding Initiative carried out by the Government in an effort to strengthen SOE in oil and gas fields by integrating midstream and downstream Indonesian gas businesses into PGN's business and organization has an impact on human capital management strategies.

Human Capital Management has a role to ensure the readiness, willingness and ability of the organization to accommodate needed changes and anticipate internal readiness in facing the dynamics in undergoing the process of the Oil and Gas Holding stage.

With prepared policies and work programs, PGN complements the design and management of human resources by increasing the capacity and competence of workers and IT-based worker services that accelerate and facilitate the fulfillment of the needs of the Oil and Gas Holding organization.

In accordance with PGN's strategic position and its vision to be the leading international standard solution for gas utilization and sovereignty fulfillment of energy, PGN prepares workers with various development programs through relevant education and training.

PROFILE AND THE NUMBER OF EMPLOYEES

PGN's business development through the establishment of Subsidiaries has an impact on the profile of PGN employees in groups. The number of workers in 2018 was 3,109, of which 799 were from Pertamina Group. Compared to 2017, the number of permanent workers (PWTT) decreased by 1% and the number of non-permanent workers (PWT) decreased by 22%. The decrease in the number of PWTT in 2018 was partly due to retirement workers, died and resigned at their own request.

Planned, focused and systematic worker development through the executive development program and management development program for corporate talent workers from supervisor to manager level and followed by scholarships or educational assistance for the best participants has increased the educational profile of PGN workers in 2017 and 2018.

Development with the executive development program and management development program is also the Company's efforts to prepare prospective PGN leaders with managerial, business and leadership capabilities. In 2018, basic management level workers who have taken part in the development program and master education scholarships as well as fulfilling career requirements have occupied senior management and top management positions in PGN and in Subsidiaries/Affiliation. An increase of 5% or 13 workers in middle management positions and 13% or 15 workers in top management positions proved the improvement in the quality of human resources of PGN employees and helped the Company to realize PGN's long-term business development and goals.

THE NUMBER OF EMPLOYEES BASED ON THEIR EMPLOYMENT STATUS

Employment status	2018	2017
Permanent Workers (PWTT)	2,937	2,995
Non-Permanent Workers (PWT)	172	221
Total	3,109	3,176

THE NUMBER OF EMPLOYEES BASED ON ORGANIZATIONAL LEVEL

Position	2018	2017
Top Management	132	117
Midle Management	267	254
Basic Management	934	892
Executor	1,776	1,913
Total	3,109	3,176

THE NUMBER OF EMPLOYEES BASED ON EDUCATIONAL BACKGROUND

Educational Background	2018	2017
Strata 3 (S3)	3	3
Strata 2 (S2)	380	394
Strata 1(S1)	1,661	1,663
Diploma	776	825
High School (SLTA)	289	291
Total	3,109	3,176

THE COMPETENCY DEVELOPMENT

In accordance with the stages of the Company Long Term Plan (RJPP) and the initiative of SOE Oil and Gas Holding, PGN continues to improve its employee development programs comprehensively and consistently through inhouse and public training programs, certification, knowledge sharing and courses.

These programs are systematically designed to fit the development of the Company's business thus every PGN employee has competence and able to work professionally according to their field and position. PGN allocates an average of six days (6 mandays) of training for each employee in order to support employee development or fulfill employee competency gaps.

PGN also provides an online learning management system facility to improve services in the implementation of education and training programs and knowledge sharing.

No.	Category	Number of Programs	Number of Participants
1.	EDUCATIONAL BACKGROUND		
	S2 In Indonesia (self-management)	24 sks	3
	S2 In Indonesia (Scholarship)	24 sks	48
	S2 In Indonesia (Self-management)	2	3
	S1 in Indonesia (Self-management)	1	3
2.	INHOUSE AND PUBLIC TRAINING		
	Managerial Competency (Public)	27	526
	Managerial Competency (EDP Talent)	1	3
	Technical Competency	351	4,932
3.	CERTIFICATION		
	Technical Sertification	60	334
	Non-technical Sertification	13	53
4.	STAR PROGRAM (DEVELOPMENT PROGRAM)		
	Executive Development Program (EDP)	3 modules and 4 work-shops	21

No.	Category	Number of Programs	Number of Participants
	Management Development Program (MDP)	4 modules	82
5.	KNOWLEDGE MANAGEMENT		
	iKnow	4	5,700
	Gas Talk	4	405
	Knowledge Harvesting	6	6
6.	SELF-MANAGEMENT ENGLISH COURSE		
	English Conversation	4	15
	Business English	4	47
7.	MINISTRY INTERNSHIP PROGRAM		
	Internship from Ministry of Energy and Mineral Resources	-	8
	Internship from Ministry of SOE	-	20

A. Domestic Scholarship and Self-managed Bachelor and Master Program

As a series of systemized PGN Group development programs, during 2018 PGN has provided full tuition scholarships to 48 workers who are the top 35 participants of the 2017 MDP program and the top 13 participants of the 2015 EDP program to take part in the Master Education Program of Management in business educational institutions and the leading university in Indonesia.

In addition to the full tuition scholarship, PGN also provides opportunities for all PGN employees to have initiative to improve their competence in accordance with the needs of the field or position by continuing their education to bachelor and master levels in the form of self-managed education programs. In 2018, PGN helped three workers to continue their master education in the country and three workers continued their undergraduate education by self-managed.

The Master education scholarship program aims to improve the competence and quality of workers and add more global insight and expand networking to support the achievement of the Company's vision.

B. Program STAR (Talent Development Program)

With good integrated and comprehensive planning, PGN designed the STAR program to prepare future corporate cadres. The STAR program is designed with a combination of talent management programs and succession of prospective PGN leaders. The talent management program consists of three programs, namely Executive Development Program (EDP), Management Development Program (MDP) and First Line Development Program (FLDP).

1. Executive Development Program (EDP)

The Executive Development Program (EDP) is a leadership program for Middle Management level workers who are focused on preparing PGN leaders in the future and increasing competencies in the form of interpersonal skills, leadership and business abilities. The method of development is done through structured integrated learning process with three modules namely Navigating Uncertainty, Managing Stakeholders and Creating the Future. At the end of the program, participants get a project assignment that is useful for improvement or for the development of the Company's business. In 2018, 21 workers who met the requirements had followed and completed the EDP program.

This program involves PGN Top Management as a mentor in projects undertaken by EDP participants. The best EDP participants in 2018 will attend the Masters in Management (MM) postgraduate program at one of the leading business educational institutions in 2019.

2. Management Development Program (MDP)

In preparing a sustainable leadership succession, PGN developed a Management Development Program (MDP) in an integrated manner with blended in-class programs, online English training, leader camps, project assignments, coaching and mentoring from related Subject Matter Experts (SME) and leadership sharing sessions from both national and international CEO. The program is organized into four modules, namely: Managing Self and Others, Managing Business, Managing with Strategy and Managing Human Resources. In 2018, 82 workers who fulfilled the requirements joined the MDP program and the top 35 participants from the program are currently received scholarships to join the Masters in Management (MM) postgraduate program and three participants received self-managed education assistance in one of the leading business educational institutions.

3. First Line Development Program (FLDP)

PGN also designed a development program for workers to improve leadership skills and as a managerial competency briefing to the next career level for executor level with the First Line Development Program (FLDP). Participants of this program are workers who fulfill the criteria of the STAR (talent) program.

C. Knowledge Management

Management of human resources at PGN is also carried out through knowledge management. With a series of activities designed and developed to identify, create, explain and distribute the knowledge owned by PGN employees as individuals in order to be used in

the Company, PGN has developed an i-know gas talk program, knowledge harvesting, KMOnline, Knowledge Credit Point and e-Library.

The i-Know program is a learning program in the form of knowledge quizzes in order to increase workers knowledge and understanding of the functions of operating procedures and work processes in the PGN environment. Hopefully with this program, PGN employees have complete knowledge of PGN's business in all lines of business thus they can provide excellent service for customers. This program is carried out every quarter year by using an online application with quiz format that can be accessed by workers anywhere and anytime for a certain period of time.

The Gastalk program is knowledge sharing carried out by involving PGN employees as speaker. With this program, PGN employees can add insight into various things related to the Company's business thus the employees has a more comprehensive knowledge of the Company's position in its business development. This program is held every quarter in a talkshow form that provides space for knowledge, information, and experience sharing.

Knowledge Harvesting Program Besides i-know and gastalk, PGN also began to develop knowledge harvesting as part of knowledge management. Knowledge Harvesting is an activity of documenting knowledge that is still attached to each individual in the form of documents, with the aim of capturing, maintaining and developing knowledge of PGN into PGN's Knowledge Guide Book.

The Knowledge Credit Point program is giving points to employees, who participate in knowledge sharing by writing articles, The Knowledge Credit Point program is giving points to employees, who participate in knowledge sharing by writing articles,

D. Inhouse and Public Training

PGN has a technical and managerial competency development program through inhouse and public training and certification. With an average allocation of six mandays, training for each employee, PGN has held 27 managerial competency trainings which were participated by 526 participants, 1 leadership management training in one of the Business Schools in Australia which was attended by 3 participants and 200 technical competency training attended by 3,804 participants.

With the need to improve the expertise and professionalism of employees in the core and supporting fields, PGN is increasingly improving certification programs to be able to take on business opportunities that can improve the quality of services and performance of the Company.

In 2018, PGN employees had attended 60 technical certification programs participated by 334 employees and 13 non-technical certifications participated by 53 employees. Thus, there are more PGN employees who are certified and professionals in their respective fields.

E. Learning Management System

In order to speed up the process of administration and training implementation, PGN developed an online webbased application, Learning Management System. With this system, employees can access training information such as annual corporate education and training program plans, syllabus and training modules as well as employees learning schedules thus the employees can arrange or adjust training plans faster.

F. English Program

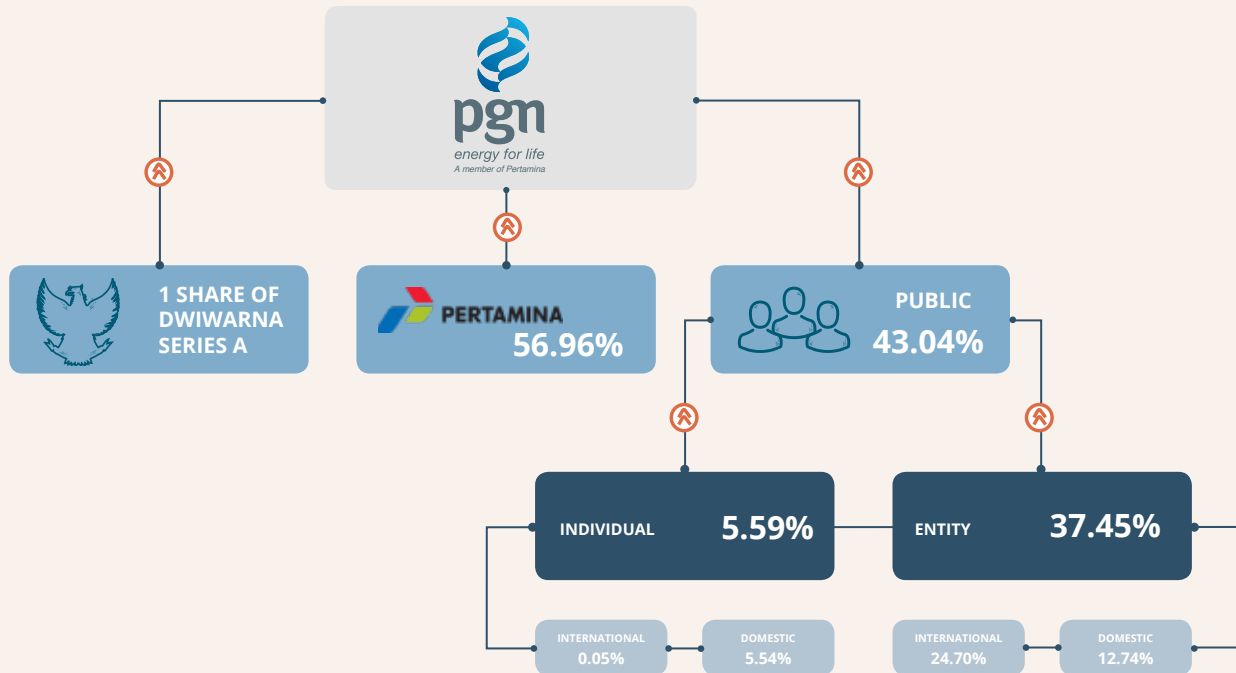
In order to improve employees' ability in communicating using English, the Company provides self-managed English language training facilities for workers in which employees can choose several providers with a flexible training schedule adjusted to their working time. This program is a part of development program to prepare employees of middle management level (Assistant Vice President and Vice President) with English proficiency which is a requirement in participating talent programs at the Company.

EXPENSES

In 2018, PGN had organized various development and management programs for employees and apprenticeship programs including bachelor and master scholarship programs, talent programs (STAR), knowledge management, education and training, e-learning management system, English language training and supported the Ministry's internship program at the Company with a total cost of Rp 45 Billion.

SHAREHOLDERS INFORMATION

THE SHAREHOLDERS COMPOSITION



LIST OF TOP 20 SHAREHOLDERS

Major Domestic Shareholders					Major International Shareholders				
No	Investor	City	Shares	%	No	Investor	City	Shares	%
1	PT Pertamina (Persero)	Jakarta	13,809,038,755	56.96%	1	Numeric Investors	Boston	439,966,300	1.81%
2	BPJS Ketenagakerjaan	Jakarta	829,827,200	3.42%	2	BlackRock Investment Mgt - Index	San Francisco	413,632,811	1.71%
3	Eastspring Investments	Jakarta	442,306,100	1.82%	3	Vanguard Grup	Philadelphia	369,052,655	1.52%
4	Mandiri Investasi	Jakarta	177,927,900	0.73%	4	Edgbaston Investment Partners	London	310,915,200	1.28%
5	AIA Indonesia	Jakarta	167,888,900	0.69%	5	Norges Bank Investment Mgt	Oslo	172,377,300	0.71%
6	Schroder Investment Mgt	Jakarta	124,417,600	0.51%	6	Westwood International Advisors	Toronto	155,707,013	0.64%
7	Manulife Asset Mgt Indonesia	Jakarta	111,972,000	0.46%	7	GIC	Singapore	112,924,290	0.47%
8	Ashmore Asset Mgt	Jakarta	102,492,600	0.42%	8	Deutsche Bank	London	106,598,770	0.44%
					9	Saudi Arabian Monetary Authority	Riyadh	102,163,600	0.42%
					10	BlackRock Investment Mgt - Index	London	99,573,291	0.41%
					11	Abu Dhabi Investment Authority (ADIA)	Abu Dhabi	97,490,448	0.40%
					12	Dimensional Fund Advisors	Sydney	96,610,800	0.40%

The percentage of the total number of issued and fully paid shares is 24,241,508,196 (twenty four billion two hundred forty one million five hundred eight thousand one hundred and ninety six) shares. PT Pertamina (Persero) is the majority shareholder with 56.96% (fifty six point nine six percent) shares of PGAS and the Republic of Indonesia has one Dwiwarna series A share which has special voting rights.

THE 5% OR MORE SHARES OWNERSHIP PER DECEMBER 31, 2018

Nama	Owner Status	Number of Shares	Percentage
PT Pertamina (Persero)	Indonesia	13,809,038,756	56.96%

There is no shareholder which has share ownership above 5% other than Pertamina.

On December 31, 2018, Pertamina has 13,809,038,755 (thirteen billion eight hundred nine million thirty eight thousand seven hundred fifty five) shares of Common Stock and the Republic of Indonesia has one Series A Dwiwarna Share which has special voting rights. Series A Dwiwarna share is non-transferable, having special rights in terms of capital changes, appointment and termination of members of the Board of Directors and Board of Commissioners, Articles of Association, merger, consolidation and acquisition, as well as dissolution and liquidation of the Company.

SHARES OWNERSHIP BY THE MEMBERS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS PER 31 DECEMBER 2018

Name	Position	Shares	%
IGN Wiratmaja Puja	President Commissioner	-	0%
Kiswodarmawan	Independent Commissioner	-	0%
Mohamad Ikhsan	Commissioner	-	0%
Hambra	Commissioner	-	0%
Paiman Rahardjo	Independent Commissioner	-	0%
Gigih Prakoso	President Director	-	0%
Said Reza Pahlevy	Director of Finance	-	0%
Dilo Seno Widagdo	Director of Infrastructure and Technology	-	0%
Danny Praditya	Director of Commercial	-	0%
Desima Equalita Siahaan	Director of HR and General Affairs	-	0%

INFORMATION OF SUBSIDIARIES AND AFFILIATED COMPANY

INFORMATION OF SUBSIDIARIES AND AFFILIATED COMPANIES

Company Name	Subsidiary/ Affiliation	Share Ownership	Line of Bussines	Status
PT Pertamina Gas	Subsidiary	<ul style="list-style-type: none"> PT Pertamina - 49% PGN - 51% 	Natural gas and Its derivatives trade, - 51% transportation/ Transmission, Natural Gas Processing and storage and Other business	Operated
PT Perta Samtan Gas	Affiliation	<ul style="list-style-type: none"> PT Pertamina Gas - 66% Samtan Co Ltd. - 34% 	Gas processing	Operated
PT Pertagas Niaga	Affiliation	<ul style="list-style-type: none"> PT Pertamina Gas - 99% PT Pertamina Hulu Energi - 1% 	Gas trading	Operated
PT Perta Kalimantan Gas	Affiliation	<ul style="list-style-type: none"> PT Pertamina Gas - 70% PT Medco Gas Indonesia - 30% 	Facilitated gas trading	Suspension
PT Perta Daya Gas	Affiliation	<ul style="list-style-type: none"> PT Pertamina Gas - 65% PT Indonesia Power - 35% 	Gas/LNG transportation, regasification, distributioni, and Processing	Operated
PT Perta Arun Gas	Affiliation	<ul style="list-style-type: none"> PT Pertamina Gas 90% PT Pertagas Niaga 10% 	Gas processing (Regasification)	Operated
PT Saka Energi Indonesia (SEI)	Subsidiary	<ul style="list-style-type: none"> PGN - 99.997% PT PGAS Solution - 0.003% 	Upstream Business	Operated
PT Transportasi Gas Indonesia (TGI)	Affiliation	<ul style="list-style-type: none"> PGN - 59.87% Transasia Pipeline Company Pvt. Ltd. - 40% Yayasan Kesejahteraan Pegawai Perusahaan Umum Gas Negara - 0.13% 	Gas Transportation	Operated
PT PGN LNG Indonesia (PLI)	Subsidiary	<ul style="list-style-type: none"> PGN - 99.999% PT Gagas Energi Indonesia - 0.001% 	Liquified Natural Gas Business	Operated
PT Gagas Energi Indonesia (GEI)	Subsidiary	<ul style="list-style-type: none"> PGN - 99.88% PT PGAS Solution - 0.12% 	Downstream Business	Operated
PT PGAS Solution (PGAS Solution)	Subsidiary	<ul style="list-style-type: none"> PGN - 99.91% Yayasan Kesejahteraan Pegawai Perusahaan Umum Gas Negara - 0.09% 	Engineering	Operated
PT PGAS Telekomunikasi Nusantara (PGASCOM)	Subsidiary	<ul style="list-style-type: none"> PGN - 99.93% Yayasan Kesejahteraan Pegawai Perusahaan Umum Gas Negara - 0.07% 	Telecommunication	Operated
PT Permata Graha Nusantara (PERMATA)	Subsidiary	<ul style="list-style-type: none"> PGN - 99.989% PGAS Solution - 0.011% 	Property management, Provision of manpower services & Facility Management, Profitization of Resources and Company's assets	Operated
PT Nusantara Regas (NR)	Affiliation	<ul style="list-style-type: none"> PT Pertamina (Persero) - 60% PGN - 40% 	Facility of Floating Storage and Regasification Terminal (FSRT)	Operated

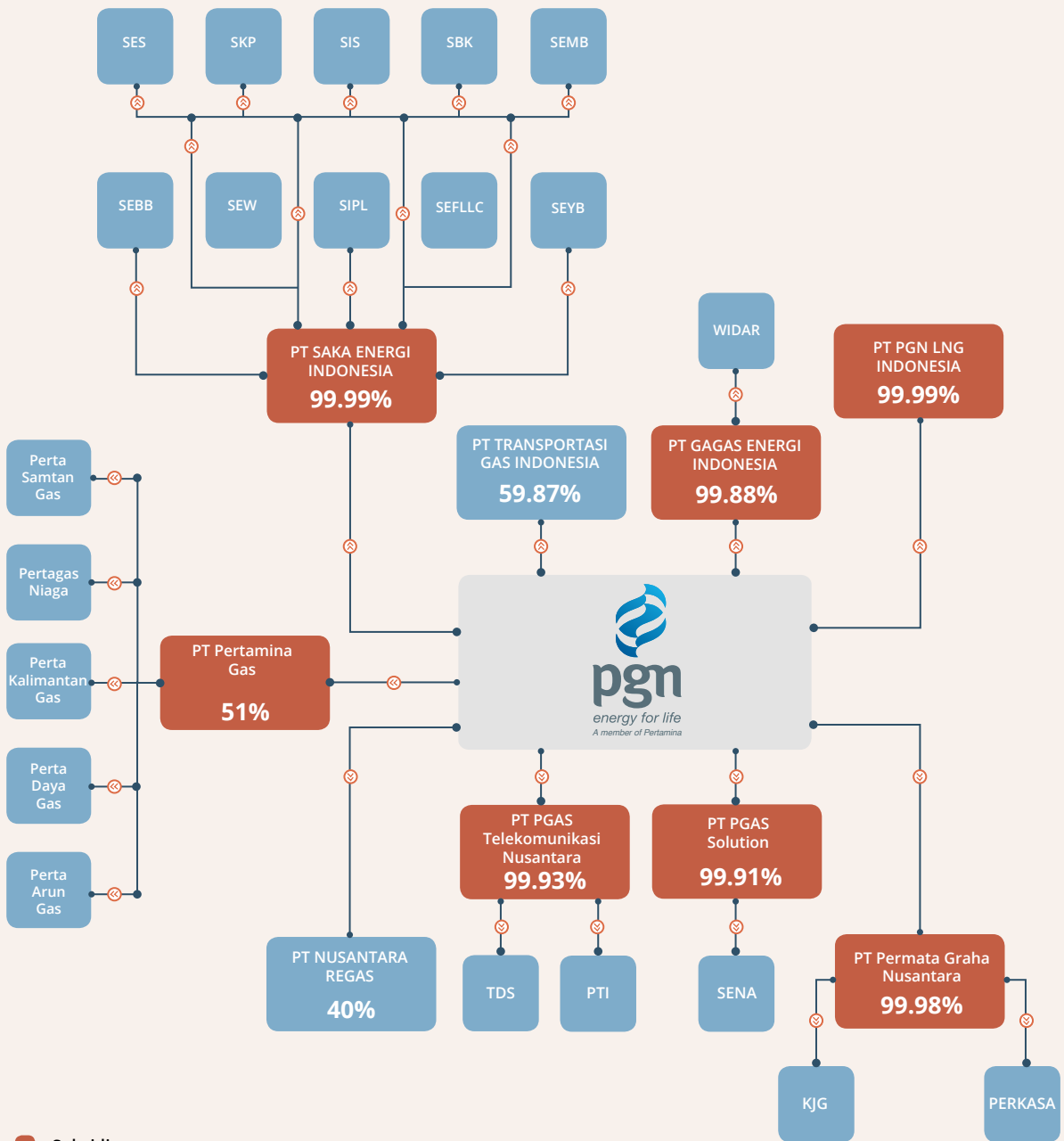
INFORMATION OF SUBSIDIARIES AND AFFILIATED COMPANIES

Company Name	Subsidiary/ Affiliation	Share Ownership	Line of Bussines	Status
PT Kalimantan Jawa Gas (KJG)	Affiliation	<ul style="list-style-type: none"> • Permata – 80% • PT Bakrie & Brothers Tbk – 20% 	Gas Transportation	Operated
PT Permata Karya Jasa (Perkasa)	Affiliation	<ul style="list-style-type: none"> • Permata – 75% • Yayasan Kesejahteraan Pegawai Perusahaan Umum Gas Negara – 25% 	Oil & Gas sector Supporting services	Operated
PT Solusi Energi Nusantara (SENA)	Affiliation	<ul style="list-style-type: none"> • PGAS Solution – 99.9% • Permata 0.1% 	Engineering	Operated
PT Widar Mandripa Nusantara (WIDAR)	Affiliation	<ul style="list-style-type: none"> • GEI – 99.996% • Permata Karya Jasa – 0.004% 	Power plant and Trade	Operated
PT Gas Energi Jambi (GEJ)	Affiliation	<ul style="list-style-type: none"> • PGN – 40% • PT Wahana Catur Mas – 40% • PT Jambi Indoguna Internasional – 10% • PT Bukaka Corporindo – 10% 	Trade, Development and Services	Not yet Opening
PT Banten Gas Synergi (BaGS)	Affiliation	<ul style="list-style-type: none"> • PT Andiracitra Grahawira (68.43%) • PT Banten Global Synergi (14.14%) • PT Banten Global Development (8.57%) • Izma Agyano Bursman (8.71%) • PGN (0.14%) 	Services, Transportation, Trade and Mining	Operated
PT Telemedia Dinamika Sarana (Gas Net)	Affiliation	<ul style="list-style-type: none"> • Pgascom (90%) • Koperasi Jasa Pgascom (10%) 	Telecommunication	Operated



Briefing activities are carried out to ensure that every job is carried out safely and effectively.

PGN GROUP STRUCTURE



- Subsidiary
- Affiliation



PT PERTAMINA GAS



Type	Subsidiary Entity
Establishment	February 23, 2017
Head Office	Gedung Oil Centre 1 st -4 th Floor Jl. M.H. Thamrin Kav. 55 Jakarta Pusat 10350, Indonesia
Contacts	Telp. +62 21 3190 6825 Fax. +62 21 3190 6825 Web: www.pertagas.pertamina.com
Industry	Natural oil and gas transportation
Number of Subsidiaries	5 (five) Subsidiary Entity
Total Assets	USD 2.05 Milyar
Number of Employees	799 people

PT Pertamina Gas (Pertagas) is a PGN Subsidiary engaged in the business of natural gas and its derivatives trading, transportation/transmission, processing, storage and other businesses.

Established in 2007, Pertagas has Subsidiaries namely PT Pertamina Gas Niaga, PT Perta- Samtan Gas, PT Perta Gas, PT Perta Arun Gas and PT Perta Kalimantan Gas. Since January 2012, natural gas trading has been handled by its subsidiary: PT Pertagas Niaga. This is an implementation of the enactment of the Ministry of Energy and Mineral Resources Regulation No. 19/2009.

Pertagas also conducts natural gas processing business through two LPG Plant namely Pondok Tengah LPG Plant in collaboration with PT Yudistira Energy and South Sumatra LPG Plant managed by a subsidiary: PT PertaSamtan Gas. Whereas the LNG regasification business is run by a subsidiary: PT Perta Arun Gas through the operation of the LNG Receiving and Regasification Terminal in Arun Lhokseumawe Aceh since the beginning of 2015.

Pertagas direct shareholders are PGN, Pertamina and PT Pertamina Pedeve Indonesia with 51%, 48.99% and 0.01% of ownership respectively.

Business Development

Pertagas has a working area in Indonesia, covering Sumatra, Java and Kalimantan. The Company's working area is divided into six operational areas, with five operating areas handling gas pipelines, and one operating area handling oil pipelines.

In the gas transportation business segment, Pertamina Gas has distributed gas in 2018 amounting to 512,271 MMSCF, this realization rose 2.04% from 2017 which was 502,043 MMSCF.

The realization of gas commercial volume in 2018 reached 45,266 or 96.97% from the realization in 2017 of 46,680 BBTU. This decrease was caused by: Realization of gas trading in East Java 74.4% of the realization in 2017, this was due to reduced gas allocation from KEIL.

Generally, the realization of gas processing throughout 2018 reached 214,466 tons or 3.9% increased of the 2017 processing volume, which was 206,409 tons. The realization of oil transportation volume by Pertamina Gas in 2018 reached 3,713,115 barrels. In general, the realization of LNG regasification throughout 2018 amounted to 45,836 BBTU or only reached 30.86% of the total regasification capacity.

The realization of gas compression at Tambak Lorok CNG Plant throughout 2018 reached 50.81% of the total refinery capacity. The realization of the compression volume of gas distributed to Indonesia Power in 2018 reached 2531 BBTU or 41.35% increased from the realization in 2017, which was 1,791 BBTU.

On December 31, 2018, the composition of Pertagas Board of Commissioners and Board of Directors is as follows:

COMMISSIONERS	
Name	Position
Gigih Prakoso	President Commissioner
Surat Indrijarso	Commissioner
Rini Widyastuti	Commissioner
Hadi M. Djuraid	Commissioner
Ernie D. Ginting	Commissioner

DIRECTORS	
Name	Position
Wiko Migantoro	President Director
Achmad Herry Syarifudin	Director of Operational
Indra Setyawati	Director of Commercial & Business Development
Tenny R.A Rusdy	Director of Finance and Business Support



One of the LPG Tank facilities owned by Pertagas to support the availability of national LPG need.

PT SAKA ENERGI INDONESIA



Type	Subsidiary Entity
Establishment	June 27 th , 2011
Head Office	The Energy Building 11 th - 12 th Floor Jl. Jend.Sudirman Kav.52-53, SCBD, Jakarta 12190
Contacts	Telp. +62 21 2995 1000 Fax. +62 21 2995 1001 Email: contact.us@sakaenergi.com Web: www.sakaenergi.com
Industry	Oil and Gas (Upstream)
Number of Subsidiaries	25
Total Assets	USD 2.61 Billion
Number of Employees	312 people

PT Saka Energi Indonesia (SEI) is a wholly owned subsidiary of PGN. Direct shareholders of SEI are PGN and PT PGAS Solution with ownership of 99.997% and 0.003% respectively.

In accordance with the SEI's Articles of Association, the purpose and objective of the Company is to undertake business and investment in upstream

oil and gas, which includes exploration, exploitation, business development in oil and gas, coal bed methane (CBM) and other energy sources. At the end of 2018, SEI manages ten PSCs in Indonesia and one US shale gas block, five of them are fully operated by SEI with 100% share ownership. The five PSCs are Pangkah PSC, South Sesulu PSC, Wokam II PSC, Pekawai PSC and West Yamdena PSC.



In the spirit of Power to Discover, SEI continues to explore to find oil and gas reserves for Indonesia's energy sovereignty.

Presentation of ownership of SEI on its assets:

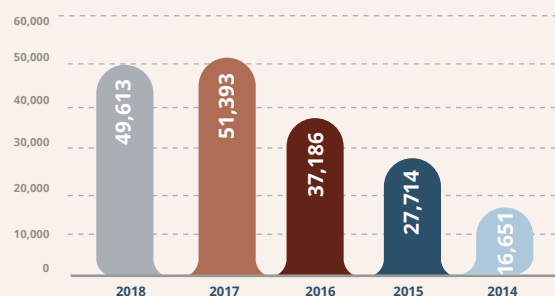
WORK AREA INFORMATION

Block Name	Participating Interest	Operator	Status
Ketapang PSC	20%	Petronas Carigali Ketapang II Ltd.	Production
South Sesulu PSC	100%	PT Saka Indonesia Sesulu	Exploration
Bangkanai PSC	30%	Ophir Energy (Bangkanai) Ltd	Production
West Bangkanai PSC	30%	Salamander Energy	Exploration
Pangkah PSC	100%	Saka Indonesia Pangkah Ltd.	Production
Muriah PSC	20%	Petronas Carigali Muriah Ltd.	Production
Fasken	36%	Swift Energy Operating LLC.	Production
SES PSC (exp. Sep 2018)	8.91%	CNOOC SES Ltd.	Production
Muara Bakau PSC	11.6%	ENI Muara Bakau BV	Production
Wokam II PSC	100%	PT Saka Energi Wokam	Exploration
Sanga Sanga (exp. August 2018)	37.8%	Virginia Indonesia Co. LLC	Production
Pekawai PSC	100%	Saka Energi Sepinggan	Exploration
West Yamdena PSC	100%	Saka Energi Yamdena Barat	Exploration

Business Development

Throughout 2018, SEI Subsidiaries produced total lifting of 14.31 MMBOE. The detail volume of each commodity is 7,840 bpd of lifting oil, 115 Bbtud of gas, 95 mtpd of LPG and 60 Bbtud of LNG. There are 2 blocks that ended their PSC period in 2018, namely the Sanga-Sanga Block on August 2018 and the South East Sumatra Block on September 2018. However, the Muara Bakau Block has been fully operated this year, thus the production from Muara Bakau can replace the decline from the ended PSC. In 2018, SEI has signed contracts with Government to operate 2 Oil and Gas Blocks, namely in Pekawai and West Yamdena.

PRODUCTION VOLUME



On December 31, 2018, the composition of the SEI Board of Commissioners and The Board of Directors is as follows:

COMMISSIONERS

Name	Position
Susilo Siswoutomo	President commissioner
Said Reza Pahlevy	Commissioner
Dilo Seno Widagdo	Commissioner

DIRECTORS

Name	Position
Tumbur Parlindungan	President Director
Devi Pradnya Paramitha	Director of Finance & Administration

PT GAGAS ENERGI INDONESIA



Type	Subsidiary Entity
Establishment	June 27 th , 2011
Head Office	Kompleks PGN Gedung B, 9 th -10 th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
Contacts	Telp. +62 21 2907 1415 Fax. +62 21 2907 1138 Email: contact.information@gagas.co.id Web: www.gagas.co.id
Industry	Gas Downstream
Number of Subsidiaries	1 (PT Widar Mandripa Nusantara)
Total Assets	USD 80 Million
Number of Employees	85 people



Natural gas products sold for the transportation sector with trademarks 'gasku'. PGN sells 'gasku' through SPBG and MRU operated by GEI in 16 locations across Indonesia.

PT Gagah Energi Indonesia (GEI) is a subsidiary of PGN engaged in processing, transportation, storage and trading of oil and gas and other energy.

GEI provides natural gas for the transportation sector, industrial and commercial business activities through gas pipeline, CNG and mini LNG, SPBG and Mobile Refueling Unit (MRU).

GEI direct shareholders are PGN and PT PGAS Solution with ownership of 99.88% and 0.12% respectively.

GEI has 4 segments of natural gas and energy derivative products, namely:

- Gasku: supply of CNG-based natural gas through SPBG for the transportation sector.
- Gaslink: CNG-based natural gas supply for industrial and commercial sectors.
- Pipeline Gas: the provision of natural gas through pipelines for power, industrial and commercial sectors.
- Electricity: supply of electrical products for industrial and commercial sectors.

To support the electricity business, GEI established the Subsidiary, PT Widar Mandripa Nusantara (WIDAR). WIDAR's shareholding is GEI of 99.996% and PT Permata Karya Jasa is of 0.004%.

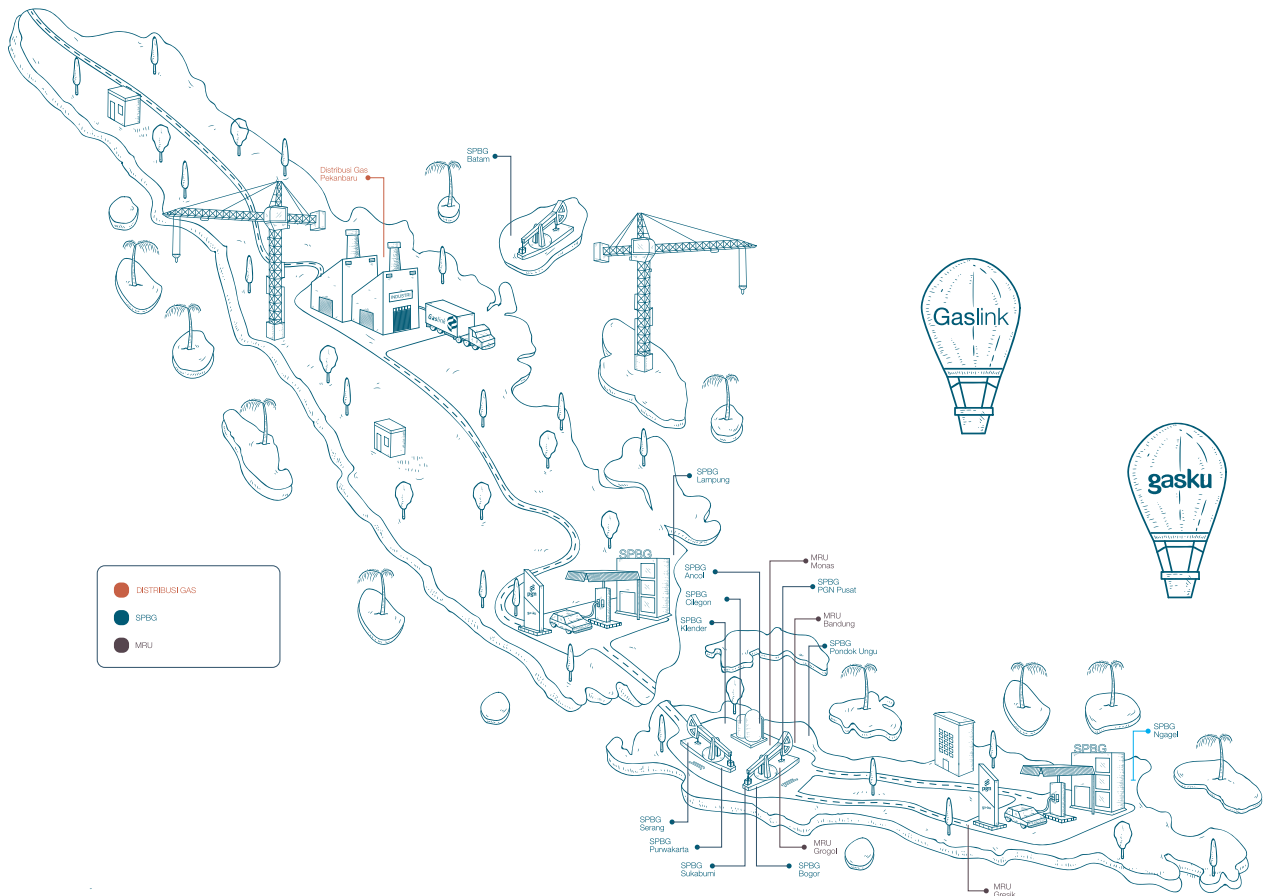
Business Development

In order to support the Government program and expand the distribution and utilization of gas for the transportation sector, GEI has built and managed 12 SPBGs and 4 MRU spread across DKI Jakarta, West Java, Banten, Lampung, East Java and Riau Islands, Serang and Cilegon. In 2018, Gagas expanded the CNG industry market (Gaslink) in Central Java and participated in the distribution of gas for cauldron fire at the Asian Games and Asia Paragames 2018. Gagas continues to carry out innovation through the development of Gasbox through a partnership scheme and set up 32 gaslink trucks that can provides 50% efficiency compared to diesel fuel.

On December 31, 2018, the composition of the SEI Board of Commissioners and the Board of Directors is as follows:

COMMISSIONERS	
Name	Position
Wahyudi Anas	President Commissioner
Makhdum Priyanto	Commissioner
Hufron	Commissioner
Jobi Triananda Hasjim	Commissioner

DIRECTORS	
Name	Position
Sabarudin	President Director
Ariadi	Director of Finance
Dian Kuncoro	Director of Commercial



PT TRANSPORTASI GAS INDONESIA



Type	Affiliation
Establishment	February 1, 2002
Head Office	Jl. Kebon Sirih Raya No.1 Jakarta 10340
Contacts	Telp. +62 21 315 8939 Fax. +62 21 310 3757 Email: public.relations@tgi.co.id Web: www.tgi.co.id
Industry	Natural gas transportation
Number of Subsidiaries	-
Total Assets	USD 424.06 Million (unaudited)
Number of Employees	276 people

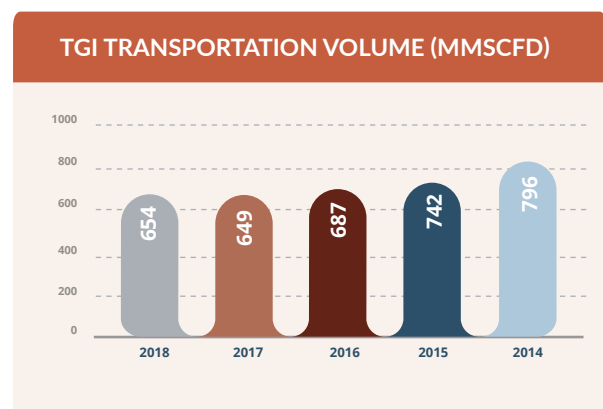
PT Transportasi Gas Indonesia (TGI) is the owner and operator of the leading natural gas pipeline in Indonesia. Shareholders of TGI are PGN, Transasia Pipeline Company Pvt. Ltd. and ayasan Kesejahteraan Pegawai Perusahaan Umum Gas Negara (YKPP PGN) with share ownership of 59.87%, 40% and 0.13%, respectively.

TGI is the first Indonesian Company to focus its business in the field of natural gas transportation, both for domestic market in Sumatera and Batam as well as international market in Singapore. With more than 10 years of experience in the natural gas transportation business and zero-down time commitments and environmentally sound operations, TGI is one of the most trusted transporters with pipelines of more than 1,000 km on land and sea.

TGI operates the 470 km Grissik - Singapore pipeline and Grissik - Duri, Riau for 536 km. TGI also operates several compressor stations in Sakernan, Belilas and Jabung (Sumatra), as well as meter stations in Duri - Riau, Panaran, Batam and Pemping, Riau Islands.

Business Development

Throughout 2018, TGI had distributed gas to its customers of 654 MMscfd (1% higher than 2017). TGI also optimizes operational performance, efficiency initiatives such as parts and inventory systems and optimizes internal resources. The reliability level of the infrastructure network including the network system, piping system, metering system, compressor and Scada system is at the level of 99.96%.



On December 31, 2018, the composition of TGI Board of Commissioners and the Board of Directors is as follows:

COMMISSIONERS	
Name	Position
Jobi Triananda Hasjim	President Commissioner
Abdul Razak bin Saim	Deputy Chief Commissioner
Heri Yusup	Commissioner
Craig Alexander Lambert	Commissioner
Tumbur Parlindungan	Commissioner

DIRECTORS	
Name	Position
Zuryati Simbolon	President Director
Doddy Adianto	Director of Technical
Shirley Shinta	Director of Finance & Administration
Abdul Rashid bin Mukri	Director of Operation
Gadang P Marpaung	Director of Business Development



The sophisticated technology and supported by professional workforce is the key to transmission network reliability.

PT PGN LNG INDONESIA



Type	Subsidiary Entity
Establishment	June 26, 2012
Head Office	Kompleks PGN Graha PGAS, 2 th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
Contacts	Telp. +62 21 2907 3266 Fax. +62 21 2907 1133 Web: www.pgnlng.co.id Email : contact.center@pgnlng.co.id
Industry	Liquified Natural Gas
Number of Subsidiaries	-
Total Assets	USD 326 Million
Number of Employees	43 people

PT PGN LNG Indonesia (PGN LNG) is a Subsidiary of PGN engaged in the processing, transportation, storage and trading of Liquified Natural Gas (LNG) that was established in 2012. Since 2014, PGN LNG has operated FSRU Lampung located in Labuhan Maringgai, with a capacity of 1.5 - 2 MTPA and delivery limit of 240 MMscfd. FSRU Lampung is integrated with SSWJ facilities connecting gas sources in Sumatra with the largest potential customers in West Java. PLI direct shareholders are PGN and PT Gagah Energi Indonesia with ownership of 99.99% and 0.0001% respectively.

Business Development

Throughout 2018, PGN LNG had distributed 18.27 Bbtud of regasified gas. FSRU operations and maintenance of offshore pipelines, Tower Yoke, and Onshore Receiving Facility (ORF) located in Labuhan Maringgai, Lampung, run safely and smoothly.

Business development efforts that have been carried out throughout 2018 are the auction of the PLN FSRU Gorontalo Project "Procurement of 15,000 m³ LNG FSRU Infrastructure for 100 MW PLTG Gorontalo", signing of the JV Establishment Deed between PT PGN LNG Indonesia and PT Papua Doberai Mandiri under the name PT Padoma Global Neo Energi, the prequalification stage of LNG Infrastructures for Gas Power Plants in Sorong, Manokwari, Nabire, Jayapura, and Biak, the pre-qualification stage for the procurement of 200 MW PLTDG Pesanggaran. Sistem Manajemen,

To maintain its quality and improve its services, PGN LNG has received several Management System Certifications, including certification of the Occupational Safety and Health Management System that applies internationally namely Management System, OHSAS 18001 and ISO 14001 for the Environmental Management system. OHSAS 18001 (Occupational Health and Safety Management System: 18001) was issued by BSI (British Standard Institution) in 1999 While ISO 14001 (Environmental Management System: 14001) was issued by the International Standardization Organization in 1996. Occupational Health & Safety Management System is a nationally applicable Management System Certification issued by the Government based on Government Regulation No. 50 of 2012.

On December 31, 2018, the composition of PGN LNG Board of Commissioners and Board of Directors is as follows:

COMMISSIONERS

Name	Position
Danny Praditya	President Commissioner
Hendrik Dikson Sirait	Commissioner
M. Fanshurullah Asa	Commissioner

DIRECTORS

Name	Position
Mugiono	President Director
Melati Sarnita	Director of Commercial
Sahat P. Simarmata	Director of Finance & Administration



The FSRU Lampung, which is operated by PGN LNG, is a portfolio of beyond pipeline that guarantees the availability of gas supply.

PT PGAS TELEKOMUNIKASI NUSANTARA



Type	Subsidiary Entity
Establishment	January 10, 2007
Head Office	Kompleks PGN Gedung B, 4 th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
Contacts	Telp. +62 21 633 1345 Fax. +62 21 633 1381 Web: www.pgascom.co.id E-mail: sales@pgascom.co.id and cs@pgascom.co.id
Industry	Information & Communication Technology
Number of Subsidiaries	2 (PT Telemedia Dinamika Sarana and PT PGAS Telecommunication International)
Total Assets	USD 40 Million
Number of Employees	103 people

PT PGAS Telekomunikasi Nusantara (PGASCOM) is a Subsidiary of PGN engaged in the telecommunication network business and established in 2007.

PGASCOM's main business activities are Connectivity Services including Network Services and Internet Based Services. PGASCOM has the exclusive right of PGN to manage and operate PGN's fiber-optic network over 1,300 km from Jakarta to the Singapore border, with capacities up to 160GBps and using optical cable of 24 to 96 cores.

As a reliable backbone provider, PGASCOM which is 99.93% owned by PGN and 0.07% owned by Yayasan Kesejahteraan Pegawai and Pensiunan Gas Negara (YKKP PGN), has subsidiaries namely PT Telemedia Dinamika Sarana (TDS) and PGAS Telecommunication International Pte Ltd (PTI) which are based in Singapore.

PGASCOM has license to support its business: Closed Permanent Network Permit, License Hold Provision of Local Packet Switched Network (JARTAPLOK), Landing Right license, Internet Access Provider license and through its subsidiary TDS which has internet access service license (Internet Service Provider) and PTI licensed Service Based Operator (SBO) issued by Infocomm Development Authority Singapore. PGASCOM currently operates in 13 cities in various regions of Sumatra and Java.

Bussines Development

Throughout 2018, PGASCOM recorded sales capacity of 127Gbps and provided telecommunications service reliability of 99.94%. PGASCOM continues to provide the best service to its customers and to increase market confidence in PGASCOM services. The PGASCOM backbone network uses Dense Wavelength Division Multiplexing (“DWDM”) technology with available capacity of 380 Gbps, while the Metro Ethernet PGASCOM Service uses devices that meet MEF CE 2.0 international standards (Metro Ethernet Forum).

All operational activities are supported by experienced human resources and work equipment with maintenance standards. In addition, to improve network reliability, PGASCOM also has a back-up network through collaboration with several operators with capacity swap patterns. Thus PGASCOM can improve the reliability of services to customers by maintaining a minimum SLA of 99.50% to customers in accorandce with the commitment to the Government through the Ministry of Communication and Information.

On December 31, 2018, the composition of PGASCOM Board of Commissioners and Board of Directors is as follows:

COMMISSIONERS

Name	Position
Said Reza Pahlevy	President Commissioner
Desima E. Siahaan	Commissioner
AA. GN Ari Dwipayana	Commissioner
Emron Pangkapi	Commissioner

DIRECTORS

Name	Position
Dwika Agustianto	President Director
Larassetyo Wibowo	Director of Technic and Commercial
Wibisono	Director of Finance and Administration



PGASCom provides Connectivity Services based services that include Network Services and Internet Based Services.

PT PGAS SOLUTION



Type	Subsidiary Entity
Establishment	August 6, 2009
Head Office	Kompleks PGN Gedung C, 4 th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
Contacts	Telp. +62 21 6385 4572 / 4506 Fax. +62 21 6385 4572 /4506 Email: info@pgn-solution.co.id Web: www.pgn-solution.co.id
Industry	Operation, Maintenance, Engineering, EPC and Trading
Number of Subsidiaries	1 (PT Solusi Energi Nusantara/SENA)
Total Assets	USD 98 Million
Number of Employees	294 people

PT PGAS Solution (PGAS Solution) is a Subsidiary of PGN established on August 6th, 2009 with 4 main focus areas: Operation & Maintenance, Engineering, EPC, and Trading. PGAS Solution Shareholders are PGN and Yayasan Kesejahteraan Pegawai and Pensiunan Gas Negara (YKPP PGN) with 99.91% and 0.09% of ownership respectively.

In order to be more competent in the field of engineering, PGAS Solution established a subsidiary in the field of technic and engineering namely PT Solusi Energi Nusantara (SENA). SENA was established on April 20, 2015 with the main business of providing engineering services in the oil and gas industry covering pipeline, mechanical, electrical, geodetic, civil, process and telemetry fields. SENA Shareholders are PGAS Solution and PERMATA with 99.9% and 0.1% of ownership respectively.

Business Development

PGAS Solution plays an important role in PGN business. Operations & Maintenance Activities of PGN's pipelines and infrastructure in Indonesia are entrusted to PGAS Solution. Network reliability is a fixed price that cannot be negotiated thus natural gas distribution of PGN from upstream to the last customers is safe. With the support of an experienced workforce and the latest technology PGAS Solution is able to carry out the operation and maintenance activities of PGN infrastructure, and in 2018 the network reliability level that was successfully provided by the PGAS Solution reached 99.86%. With its potential, PGAS Solution has a commercial division to encourage penetration of business outside the PGN Group.

In 2018 there were several projects outside the PGN group including the development of EPC telecommunications infrastructure, EPC business development of toll road infrastructure, EPC development of water infrastructure, operation and maintenance of electricity and supporting geothermal and mechanical electrical plumbing (MEP) drilling projects. In addition, PGAS Solution also has a Training Center that has functions as a place for competency testing of workers in the Natural Gas field.

On December 31, 2018, the composition of PGAS Solution Board of Commissioners and Board of Directors is as follows:

COMMISSIONERS	
Name	Position
Dilo Seno Widagdo	President Commissioner
Susyanto	Commissioner
Alimuddin Baso	Commissioner
Fahmi Harsandono	Commissioner
Tumbur Parlindungan	Commissioner

DIRECTORS	
Name	Position
Chaedar	President Director
Tatit Sri Jayendra	Director
Taryaka	Director
Yoga Trihono	Director



PGN Solution supports the 2018 Asian Games activities, through foodtruck in the main stadium.



To ensure the safety and reliability of gas distribution, PGASSol staff routinely carry out operations and maintenance of natural gas infrastructure facilities.

PT PERMATA GRAHA NUSANTARA



Type	Subsidiary Entity
Establishment	April 24 th , 2014
Head Office	Kompleks PGN Gedung B, 8 th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
Contacts	Telp. +62 21 633 1180 Fax. +62 21 634 0031 Web: www.pgnmas.co.id
Industry	Facility Management Services, including manpower provision, Asset Management, Entrepreneurial Real Estate, Archival Management, real estate/developer, and other business
Number of Subsidiaries	2 (PT Kalimantan Jawa Gas (KJG) and PT Permata Karya Jasa (PERKASA))
Total Assets	IDR 291 Million
Number of Employees	74 people

PT Permata Graha Nusantara (PERMATA) is a Subsidiary of PGN having business activities in the field of Facility Management Services, including the provision of manpower, Asset Management, Entrepreneurial Real Estate, Archives Management, Real Estate/developer, and other business fields. The shareholders of PERMATA are PGN and PGAS Solution with 99.989% and 0.011% of ownership respectively. To support the employment services activities, PERMATA established PT Permata Karya Jasa ("PERKASA"). PERKASA shareholders are PERMATA with 75% of ownership and Yayasan Kesejahteraan Pegawai and Pensiunan Gas Negara with 25% of ownership.

Business Development

In 2018, PERMATA carried out the construction of the Beranda MAS Housing. Beranda MAS is a superior product with a new concept of integrated housing with the provision of environmentally friendly and cheaper natural gas. In addition to the gas network available, the housing offered is also equipped with fiber optic facilities, solar panels and under ground utilities, as well as the concept of a smart home. The housing, which is located at Jalan Narogong, Bekasi, was collaborating with the Top 100 Architect in the world, Andra Matin in its design.

To guarantee the standard of service provided in accordance with internationally and nationally recognized standards, PERMATA has obtained ISO 9001: 2015, ISO 14001: 2015 and SMK3 certification.

At the end of 2018, the composition of PERMATA Board of Commissioners and Board of Directors is as follows:

COMMISSIONERS	
Name	Position
Desima E. Siahaan	President Commissioner
Hendar Purnomo Susanto	Commissioner
Khabib Shaleh	Commissioner

DIRECTORS	
Name	Position
Baskara Agung Wibawa	President Director
Arif Yunizar	Director of Finance and Administration



PGN Mas provides Facility Management Services, including the provision of labor, Asset Management, Entrepreneurial Real estate, Archival Management, Real Estate / Developer.

PT NUSANTARA REGAS



Type	Affiliation
Establishment	April 14, 2010
Head Office	Wisma Nusantara, 19 th Floor Jl. M.H. Thamrin No. 59 Jakarta 10350 Telp. +62 21 315 9543 Fax. +62 21 315 9525
Contacts	Telp. +62 21 3159543 Fax. +62 21 3159525 Web: www.nusantararegas.com
Industry	Fasilitas Floating Storage and Regasification Terminal ("FSRT")
Number of Subsidiaries	-
Total Assets	USD 240 Million (Unaudited)
Number of Employees	56 people

PT Nusantara Regas (NR) is a joint venture between PT Pertamina and PGN which was established on April 14th, 2010 with shares ownership of 60% and 40% respectively. NR has a business scope covering the natural gas trading sector, among others the provision of Floating Storage Regasification Unit (FSRU) facilities, the provision of floating storage and regasification facilities, including but not limited to gas transportation facilities and related facilities/infrastructure.

Not only expected to be able to overcome the problem of gas supply needs for PLN's power plant and some industrial players in West Java, NR establishment is also aimed at supporting the diversification of gas supply in Indonesia and ultimately contributes to national energy

development which is reflected primarily in optimizing the utilization of infrastructure capacity of FSRU and regasification terminal services.

Business Development

In 2018, Nusantara Regas had distributed 211MMscfd of LNG to its customers. For 2018, there are 2 projects implemented, namely the capacity optimization project and the LNG Offloading project. The capacity optimization project consists of 3 (three) sub-projects, namely the Muara Karang Peaker Ultra Sonic Metering (USM) Installation Project, new Control Building Construction and Procurement of 2 (two) Bouy units.

At the end of 2018, the composition of NR Board of Commissioners and Board of Directors is as follows:

COMMISSIONERS	
Name	Position
Edwin Irwanto Widjaja	President Commissioner
Danny Praditya	Commissioner
Ferry Andrianto	Commissioner

DIRECTORS	
Name	Position
Moch. Taufik Afianto	President Director
Bara Frontasia	Director of Operational and Commercial
Rigo Supratman	Director of Finance and General Affair



Nusantara Regas is a joint venture Company between Pertamina and PGN that supplies LNG to PLN's generating facilities.

PT KALIMANTAN JAWA GAS



Type	Affiliation
Establishment	July 29 th , 2015
Head Office	Kompleks PGN Gedung B, 2 th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
Contacts	Telp. +62 21 6385 4534 Fax. +62 21 633 1632 Web: www.kalijagas.co.id
Industry	Gas Transportation
Number of Subsidiaries	-
Total Assets	USD 270 Million
Number of Employees	15 people

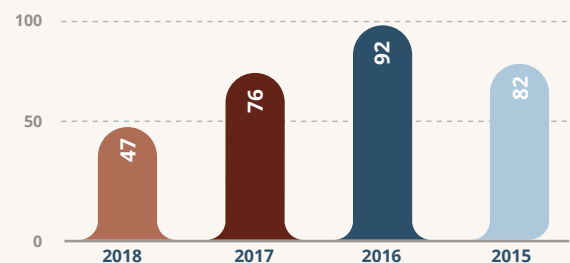
PT Kalimantan Jawa Gas (KJG) is a limited liability Company established on July 23, 2013. KJG is engaged in the transportation of natural gas, with the ownership composition of KJG as many as 80% and PT Bakrie & Brothers, Tbk as many as 20%. The pipeline owned by KJG to transport natural gas is ± 201 km Kalija I natural gas transmission pipeline that extends from Kempoandg Field owned by Petronas Carigali Muriah Limited (PCML) to the power plant unit of PT Indonesia Power (PT Perusahaan Listrik Negara (Persero) in Tambak Lorok, the gas transportation has been started since August 22nd, 2015.

Business Development

KJG strives to provide excellence service to its customers. As a gas transportation Company, the reliability of infrastructure is the key to make gas distribution to customer runs smoothly and safe.

In 2018, KJG distributed gas of 46.8 MMScfd, all of which is distributed to meet the energy needs of PLN Tambak Lorok, which is then used for national electricity needs. Also in 2018, KJG received a Compliant Taxpayer award from Taman Sari KPP. KJG has filed an arbitration suit against PC Muriah Ltd. because the obligation for Ship or Pay payments has not been made since 2016.

DISTRIBUTION VOLUME OF KJG (MMSCFD)



On December 31st, 2018, the composition of KJG Board of Commissioners and Board of Directors is as follows:

COMMISSIONERS	
Name	Position
Hendi Kusnadi	President Commissioner
Ade Erlangga Djarwo	Deputy President Commissioner
Montty Girrianna	Commissioner
Surat Indrijarso	Commissioner

DIRECTORS	
Name	Position
Ismet S. A. Pane	President Director
Bambang Banyudoyo	Deputy President Director
Dadang Gandara	Director of Finance and Administration
Agus Iskandar	Director of Technical and Operation



The KJG station facility is operated to supply gas to PLN Tambak Lorok in Semarang - Central Java.

PT WIDAR MANDRIPA NUSANTARA



Type	Affiliation
Establishment	July 29 th , 2015
Head Office	Kompleks PGN Gedung A, 4 th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
Contacts	Telp. +62 21 2984 5050 Email: contact.information@wmnusantara.co.id Web: www.wmnusantara.co.id
Industry	Electrical support services, power generation, trade and other supporting business activities that support the electricity business.
Number of Subsidiaries	-
Total Assets	IDR 3 Million
Number of Employees	6 people

PT Widar Mandripa Nusantara (WIDAR) is a limited liability Company founded on July 29, 2015. WIDAR runs a business in the field of services related to power generation and trade. WIDAR handles the planning, construction, testing and operation and maintenance of plants and their infrastructure, starting from gas supply pipes and all equipment needed to support power plants until the energy supplied to customers.

Business Development

WIDAR's business has now expanded into several fields:

1. Energy Service melalui Power Rental, Operation and Maintenance & Independent Power Producer.
2. Energy Efficiency Service through the use of exhaust gas for energy with a more efficient power generation process using Co-Generation or Tri-Generation technology applications.
3. Energy Trade through the commercialization of generating machines and their equipment to support electricity.

In 2018, the WIDAR business has been running and contributing to revenue generation through leasing Gensets in the form of Diesel Engine Generators (DEG) and Gas Engine Generators (GEG) for SPBG in Bogor, Sukabumi, Purwakarta, Lampung, Batam, Muara Bekasi Station and Bojonegara Station and also maintenance of generator sets and electricity facilities in PGN offices.

In addition to the external business, Widar has run the Energy Management Services business in Teluk Lamong Terminal, Surabaya. In East Java, WIDAR is working with PT Lamong Energi Indonesia in an effort to distribute electricity at Teluk Lamong terminal. WIDAR is also working on PLTMG project in the Cikampek Kujang Industrial Area with a capacity of 6 MW. This is a turning point of WIDAR to start supplying electricity outside PGN Group, which is the fulfillment of the expectations of shareholders, namely contributing to PGN's core business in the distribution of natural gas and as a revenue generator.

WIDAR has the ISO 9001: 2015 Quality Management System certificate. With this success, WIDAR is an international standard Company in quality management systems, and assures customers that the Company has analyzed customer requirements, established processes that contribute to the achievement of products/services received by customers and keeps these processes under control.

On December 31, 2018, the composition of WMN Board of Commissioners and Board of Directors is as follows:

COMMISSIONER	
Name	Position
Achmad Cahyadi	President Commissioner

DIRECTORS	
Name	Position
Rizal Wibisono	President Director
Hedi Hediarto	Director of Technical Division



The reliability of the operation of the SPBG facility is inseparable from WIDAR's support in providing the Gas Engine Generator as an energy source for the SPBG.

PT PERMAYA KARYA JASA



Type	Affiliation
Establishment	April 29, 2015
Head Office	Kompleks PGN Gedung C, 3 th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
Contacts	Telp. +62 21 6385 4557 Fax. +62 21 6386 8805 Web: www.pgn-perkasa.co.id Email : cs@pgn-perkasa.co.id
Industry	Oil and Gas Sector Support Services
Number of Subsidiaries	-
Total Assets	IDR 90.4 Billion
Number of Employees	37 people

PT Permaya Karya Jasa (PERKASA) is a limited liability Company established on April 29, 2015.

PERKASA's business activities include:

- Oil and Gas Supporting Operational Services which include: Oil and Gas Support Services and Engineering Contracting Services.
- Office Support Services which include: Office Services and Travel Management Services;
- Other Services which include: Training & Event Organizer, Management Consultant Services and Chiller Specialist.

Business Development

In 2018, PERKASA has carried out business activities to support PGN's business, including oil and gas supporting operational services and office support services. While for external business PERKASA runs a business as a Chiller Specialist and has successfully sold Chiller to several customers during 2018, including maintenance and sales of spare parts.

On December 31, 2018, the composition of PERKASA Board of Commissioners and Board of Directors is as follows:

COMMISSIONER

Name	Position
Rachmat Utama	Commissioner

DIRECTORS

Name	Position
Enandg Nadina IWCD	President Director
Dominica Dini fiat	Director of Finance and Administration

PT SOLUSI ENERGI NUSANTARA



Type	Affiliation
Establishment	April 20, 2015
Head Office	Kompleks PGN Gedung C, 3 rd Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
Contacts	Telp. +62 21 22630 004 / 8 Fax. +62 21 75310099 Web: www.pt-sena.co.id Email : info@pt-sena.co.id
Industry	Engineering
Number of Subsidiaries	-
Total Assets	USD 5 Million
Number of Employees	4 people

PT Solusi Energi Nusantara (SENA) is a limited liability Company that was established on April 20, 2015. SENA provides engineering services in oil and gas industry which includes pipeline, mechanical, electrical, geodetic, civil, process and telemetry. The services provided by SENA include surveys, technical research, the work of Front End Engineering Design (FEED) and Detail Engineering Design (DED), Project Management consultancy, technical inspection and approval, commissioning, and other operations

Business Development

As a Company that provides engineering services in oil and gas industry, SENA continues to be committed to improve the quality of its services. In 2018, SENA managed to gain the trust of clients outside the PGN group to execute 29 jobs by optimizing four core competencies, namely survey, inspection, consulting

and engineering. SENA also added fixed assets in 2018 in the form of operational equipment (Echosounder Single Frequency, UT Thickness, Laser Mini Methane, PCM and Digital Ultrasonic Thickness Gauge) and the addition of 3 softwares namely ASPENTECH HYSYS, PHAWorks RA Edition and Architecture Engineering & Construction Collection. The addition of these assets aims to support the competency and availability of the Company in executing requests for engineering services by clients. Improving management quality and HR of SENA is one of the concrete steps in improving the competency and availability of SENA in providing engineering services to clients. In 2018, SENA has also conducted surveillance audits of the ISO 9001: 2015, quality management systems and OHSAS 18001:2007 In addition, SENA has completed several compliance as a service provider in oil and gas supporting business sector by having Oil and Gas Business Support (SKUP) Letter Number

2751/19.07/DMB/2017 dated November 15, 2017 and Registered Oil and Gas Supporting Business in Engineering Design Number 7818.Ket/19.11/DMT/2017 dated December 12, 2017 for 02.P.11 - Technical Engineering Services. The Company also obtains a Survey Services Business License from the Ministry of Trade on December 15, 2018. The Company has a goal to continuously growing and following the development of technology and information in order to be able to compete globally.

On December 31, 2018, the composition of SENA Board of Commissioners and Board of Directors is as follows:

COMMISSIONER

Name	Position
Rosa Permatasari	Commissioner

DIRECTORS

Name	Position
Jefry Hotman Simanjuntak	President Director
Yaqub	Director of Technical Division
Sri Nanda Parwati	Director of Engineering & Commercial



Four SENA core competencies are survey, inspection, consulting and engineering. To maintain the quality of work, in 2018 SENA has conducted surveillance audits of the quality management system ISO 9001: 2015 and OHSAS 18001: 2007.

STOCK LISTING CHRONOLOGY

INITIAL PUBLIC OFFERING

On December 5, 2003, the Company obtained an effective statement from the Capital Market Supervisory Agency to conduct an Initial Public Offering to the public amounted to of 1,296,296,000 (one billion two hundred ninety six million two hundred ninety six thousand) shares, which consisted of 475,309,000 (four hundred seventy five million three hundred and nine thousand) shares from shares divestment of the Government of the Republic of Indonesia, the Company's shareholders, and 820,987,000 (eight hundred twenty million nine hundred eighty seven thousand) new shares, with total shares amounted to 4,320,987,000 (four billion three hundred twenty million nine hundred eighty seven) shares. The Company's shares were listed on the Indonesia Stock Exchange on December 15, 2003 with the trading transaction code "PGAS".

MANAGEMENT AND EMPLOYEE STOCK OPTION PLAN (MSOP/ESOP)

By the end of 2007, the amount of Company's shares was increased from 218,898,805 (two hundred eighteen million eight hundred ninety eight thousand eight hundred and five) shares to 4,539,885,805 (four billion five hundred thirty nine million eight hundred eighty thousand eight hundred and five) shares as a result of Government's loan conversion to Company and the Management Stock Option Plan (MSOP).

On January 15 to February 14, 2008, exercise window of the Employee Stock Option Plan (ESOP) recorded 54,012,338 (fifty four million twelve thousand three hundred thirty eight) stock option rights which were distributed. From those amount, it was recorded 53,551,388 (fifty three million five hundred fifty one thousand three hundred eighty eight) stock options executed and generated new Series B shares amounting to 53,551,388 (fifty three million five hundred fifty one thousand three hundred eighty eight) shares. Therefore, the total number of the Company's shares increased to 4,593,437,193 (four billion five hundred ninety three million four hundred thirty seven thousand one hundred and ninety three)

shares. In addition, after the expiry of ESOP, in 2008 a stock split was also undertaken; this changed the number of the Company's shares.

STOCK SPLIT

Based on the Extraordinary General Meeting of Shareholders of PT Perusahaan Gas Negara (Persero) Tbk which was held in Jakarta on June 13, 2008, the PGAS stock split with a ratio of 1 (one) share with nominal of Rp500 (five hundred rupiah) per share exchanged with 5 (five) shares with nominal of Rp100 (one hundred rupiah) per share, thus the number of shares which originally was 4,593,437,193 (four billion five hundred ninety three million four hundred thirty seven thousand one hundred and ninety three) shares increased to 22,967,185,965 (twenty two billion nine hundred sixty seven million one hundred eighty five thousand nine hundred sixty five) shares. The fractions of new shares were effective on the Indonesia Stock Exchange on August 4, 2008.

SHARE BUYBACK

Based on the Extraordinary General Shareholders Meeting of PT Perusahaan Gas Negara (Persero) Tbk, held in Jakarta on December 22, 2008, the Company repurchased the outstanding shares of 1,850,000 (one million eight hundred fifty thousand) shares on October 24, 2008. With share buyback, at the end of 2008 the Company has 1,850,000 (one million eight hundred fifty thousand) shares as Treasury Shares and the total number of outstanding shares of 22,967,185,965 (twenty two billion nine hundred sixty seven million one hundred eighty five thousand nine hundred sixty five) shares. As of the end of 2009, the Company's total shares increased by 1,274,322,231 (one billion two hundred seventy four million three hundred twenty two thousand two hundred thirty one) shares, as a result of the Government's debt conversion to the Company on April and October 2009, -bringing the total number of the Company's shares to 24,241,508,196 (twenty four billion two hundred forty one million five hundred eight thousand one hundred and ninety six) shares.

The total number of shares at the end of the fiscal year 2010 up to the end of 2015 is 24,241,508,196 (twenty four billion two hundred forty one million five hundred eight thousand one hundred and ninety six) shares with the Government ownership of the Republic of Indonesia amounting to 13,809,038,756 (thirteen billion eight hundred nine million thirty eight thousand seven hundred and six) shares (56.96%), -public ownership of 10,432,469,440 (ten billion four hundred thirty two million four hundred sixty nine thousand four hundred and forty) shares (43.04%) consisting of 10,430,619,440 (ten billion four hundred and thirty million six hundred nineteen thousand four hundred forty) free float shares and 1,850,000 treasury stocks. The treasury stocks of 1,850,000 (one million eight hundred and fifty thousand) Series B shares were resold entirely on March 2016.

STOCK LISTING CHRONOLOGY

No	Description	Republic of Indonesia (shares)	Pertamina	Public (shares)	Treasury (shares)	Total (shares)	Ownership Percentage of the Republic of Indonesia	Percentage of Pertamina's Ownership
1	Prior to IPO	3,500,000,000				3,500,000,000	100%	
2	IPO (December 15, 2003), listed on BEJ* and BES* Divestment Issuance of new shares without HMETD	(864,198,000)		864,198,000				
				820,987,000				
		2,635,802,000		1,685,185,000		4,320,987,000	61.00%	
3	Conversion of DPP 1 (2004) MSOP 1 (2005-2006) MSOP 2 (2006- 2007)	56,943,305		108,024,675				
				53,930,825				
		2,692,745,305		1,847,140,500		4,539,885,805	59.31%	
4	Divestment (December 2006)	(185,802,000)		185,802,000				
		2,506,943,305		2,032,942,500		4,539,885,805	55.22%	
5	MSOP 3 (2007-2008)			53,551,388				
				2,086,493,888		4,593,437,193	54.58%	
6	Stock Split 5:1 (August 2008)	12,534,716,525		10,432,469,440		22,967,185,965	54.58%	
7	Buy Back (October 2008)			(1,850,000)	1,850,000			
				10,432,469,440	1,850,000	22,967,185,965	54.58%	
8	Conversion of DPP 2 stage 1 (April 2009)	992,724,172						
		13,527,440,697		10,430,619,440	1,850,000	23,959,910,137	56.46%	
9	Conversion of DPP 2 stage 2 (October 2009)	281,598,059						
		13,809,038,756		10,430,619,440	1,850,000	24,241,508,196	56.96%	
10	Resold of Treasury Stock - March 2016							
		13,809,038,756		10,432,469,440		24,241,508,196	56.96%	
11	Transfer of The Republic of Indonesia Serie B Shares to Pertamina (Holding Oil & Gas) April 2018	1		10,432,469,440			0.000000004%	
	PT Pertamina (Persero)		13,809,038,755			24,241,508,196		56.96%
12	Number of shares in the end of fiscal year	1	13,809,038,755			24,241,508,196	0.000000004%	56.96%

CHRONOLOGY OF BONDS REGISTRATION

1. PGN BOND

On April 23, 2014, the Company had obtained the Approval in-principal from Singapore Exchange Securities Trading Limited (SGX-ST) to listing its Senior Notes with a principal aggregate value up to USD1,400,000,000 (one billion four hundred million United States Dollars) and tenor of 10 years with the Singapore Exchange (SGX). That Senior Notes was offered and sold to the qualified institution buyers, based on Rule 144A from US Securities Act in the United States of America territory and Regulation S of US Securities Act for transactions outside the United States of America territory.

The Company issued a Senior Notes prospectus on May 12, 2014, with the aggregate offering principal value amounted to USD1,350,000,000 (one billion three hundred fifty million United States Dollars), 10 years tenor, a coupon rate of 5.125% (five point one two five percent) per annum with offering price 99.037% (ninety nine point zero three seven percent) of the nominal value (Senior Notes due 2024). The interest of Senior Notes due 2024 is paid on November 16 and May 16 each year, with the first interest payment on November 16, 2014. Senior Notes due 2024 will expire on May 16, 2024. Senior Notes due 2024 received a "Baa3" rating from Moody's Investors Service, Inc., "BB+" rating from Standard & Poor's Rating Group and "BBB-" rating from Fitch Ratings Ltd. Senior Notes due 2024 was officially listed and traded in SGX on May 19, 2014.

The Company is required to provide buyback entire outstanding Senior Notes due 2024 at a price of 101% (one hundred and one percent) from principal aggregate value in the case that can be categorized as the Change of Control Triggering Event. Currently, was no changes occurred in the number of outstanding Senior Notes due 2024 since the beginning of listing until the end of 2018.

PGN Credit Rating

In 2018 PGN credit rating is as follows:

COMPARISON OF 2017-2018 CREDIT RATINGS

Rating Agencies	2018		2017	
	Rating	Outlook	Rating	Outlook
Moody's	Baa3	Positive	Baa3	Positive
Fitch Ratings	BBB-	Positive	BBB-	Positive
S&P	BBB-	Negative	BBB-	Stable
Pefindo	idAAA	Stable	idAAA	Stable

2. SEI BONDS

On April 26, 2017, the Company issued USD625,000,000 (six hundred twenty FIVE million United States Dollars) of Senior Unsecured Fixed Rate Notes, which will due date on May 5, 2024, at the issuance price of 100.47% (one hundred point four seven percent). The trustee of this bond is Citicorp International Limited. The bonds bear interest at 4.45% (four point four five percent) per year which is payable half-yearly on May 5 and November 5, starting on November 5, 2017. These bonds are listed on the Singapore Stock Exchange. Net funds amounted to USD622,937,500 (six hundred twenty two million nine hundred thirty seven thousand five hundred United States Dollars) received on May 5, 2017 and used for syndicated loan refinancing, financing of investment activities, -acquisition activities, additional working capital and other general

purposes. Based on Moody's Investors Services, Standard & Poor's (S & P) and Fitch Rating the ratings of the bonds are Ba1, BB + and BB respectively.

SEI Credit Ratings

In 2018, SEI credit ratings are as follow.:

COMPARISON OF 2017-2018 CREDIT RATINGS

Rating Agencies	2018		2017	
	Rating	Outlook	Rating	Outlook
Moody's	Ba2	Negative	Ba1	Stable
Fitch Ratings	BB+	Stable	BB+	Stable
S&P	BB+	Negative	BB+	Stable



MRS Maintenance Activities are carried out to ensure the safety and reliability of gas distribution.

NAMES AND ADDRESS OF INSTITUTE AND OR PROFESSION OF CAPITAL MARKET SUPPLY

BIRO ADMINISTRASI EFEK

PT Datindo Entrycom
Puri Datindo-Wisma Sudirman
Jl. Jend. Sudirman Kav. 34-35
Jakarta Pusat 10220
T. (62-21) 5709009
F. (62-21) 5709020

PT KUSTODIAN SENTRAL EFEK INDONESIA (KSEI)

Gedung Bursa Efek Indonesia Tower 1, 5th Floor
Jl. Jend. Sudirman kav. 52-53,
Jakarta 12190 Indonesia
T. (62-21) 515 2855
F. (62-21) 5299 1199

KANTOR AKUNTAN PUBLIK TANUDIREDJA, WIBISANA, RINTIS & REKAN

PT Prima Wahana Caraka
PT PricewaterhouseCoopers Indonesia Advisory
PT PricewaterhouseCoopers Consulting Indonesia
WTC 3
Jl. Jend Sudirman Kav.29-31
Jakarta 12920 Indonesia
T: (62-21) 5212901
F: (62-21) 52905555 / 52905050
www.pwc.com/id

STANDARD & POOR'S RATING SERVICES

12 Marina Boulevard
#23-01 MBFC Tower 3
Singapore 018982
T. (65) 6530 6521
F. (65) 6438 2320

PT PEMERINGKAT EFEK INDONESIA (PEFINDO)

Panin Tower
Senayan City, 17th Floor
Jl. Asia Afrika Kav. 19
Jakarta 10270 Indonesia
T. (62-21) 7278 2380
F. (62-21) 7278 7370

MOODY'S INVESTORS SERVICES SINGAPORE PTE. LTD.SDF

50 Raffles Place #23-06 Singapore
Land Tower Singapore 048623
T. (65) 6398 8300

FITCH RATINGS SINGAPORE PTE LTD

6 Temasek Boulevard
#35-05 Suntec Tower Four
Singapore 038986
T.(65) 6796 7200
F.(65) 6336 6802

SECURITIES ADMINISTRATION BUREAU

Firstly appointed as a Securities Administration Bureau under the Share Administration Management Agreement in the framework of PGN Initial Public Offering (IPO) with contract no. 030.KK/92/UT/2003 which was created and signed on October 10, 2003, PT Datindo Entrycom provides secondary market administration services whereby PT Datindo Entrycom is responsible for maintaining a list of shareholders and carrying out the recording of changes to the list of shareholders on behalf of the issuer. The Company incurs an annual fee of secondary administrative services for 2018 of Rp44,000,000,- (forty four million) (including VAT).

PUBLIC ACCOUNTANT FIRM

Based on the recommendation of the Board of Commissioners, the Company has appointed an external auditor pursuant to the Annual General Meeting of Shareholders of PGN on May 4, 2017, in which one of its agendas is approving the Public Accounting Firm Tanudiredja, Wibisana, Rewishouse Partners (PricewaterhouseCoopers Indonesia), which is a Public Accountant Firm registered with Bapepam to perform General Audit Services of the Consolidated Financial Statements of PGN for Fiscal Year 2018, General Audit of the Company's Financial Statements of Partnership and Community Development Program of the Fiscal Year 2018, Audit of compliance of acts and internal control in 2018, and Evaluation of the Company's performance in fiscal year 2018 which ends on December 31, 2018 and Key Performance Indicator (KPI) as stipulated by the Board of Commissioners. Total cost for the implementation of services in 2018 amounted to Rp4,773,000,000 (six billion seven hundred seventy three million rupiah) (including OPE and VAT).

KAP Tanudiredja, Wibisana, Rewishouse & Coupers (PricewaterhouseCoopers Indonesia) became the Company's auditor since the fiscal year 2016. The KAP has completed its duties independently according to the professional standards of public accountant, work agreement and scope of the audit. KAP Tanudiredja, Wibisana, Rintis & Rekan did not provide any other consulting services to PGN. The accountant who signed the Independent Auditor Report for the Fiscal Year 2018 is Yusron, S.E., Ak., CPA.

INDONESIA STOCK EXCHANGE

The Indonesia Stock Exchange is an institution that organizes and provides a system and or a means to bring together a selling offer/demand for securities purchased by other parties for the purpose of trading securities. Therefore, PGN as a Public Company must submit reports, events, information or material facts relating to the Company to the Indonesia Stock Exchange. PGN was listed on the Indonesia Stock Exchange on December 15, 2003. The annual fee in 2018 amounted to Rp178,750,000 (one hundred seventy eight million seven hundred fifty thousand rupiahs) - (including VAT).

INDONESIA CENTRAL EFFECT CUSTODIAN DEPOSITORY

Companies whose securities are registered in KSEI use the KSEI services to administer the securities that have been issued, among others, to obtain data of the parties who are the holders of the securities and as part of the corporate action distribution process. The Company shall issue annual fee for membership for 2018 of Rp11,000,000 (eleven million rupiahs) (including VAT).

NAMES AND ADDRESS OF SALES AREA, BUSINESS UNIT, SUBSIDIARIES AND AFFILIATION

SALES AREA OFFICES

Sales Area Jakarta

Jl. Anyer No. 11 Menteng Jakarta 10310, Indonesia
T. (62-21) 392 4910
F. (62-21) 315 0361

Sales Area Bogor

Jl. MA Salmun No 41 Bogor 16114, Indonesia
T. (62-251) 8314 506
(62-251) 8316 600
F. (62-251) 8320 168

Sales Area Tangerang

Jl. Pahlawan Seribu
Kavling Komersil Blok AH No. 2 Sektor IIB BSD
Tangerang, Indonesia
T. (62-21) 538 4414
F. (62-21) 538 0035
(61-21) 537 9271

Sales Area Cilegon

Jl. Raya Merak Km. 115
Kel. Rawa Arum Kec. Grogol, Cilegon Banten 42436,
Indonesia
T. (62-254) 574 964
(62-254) 574 968
F. (62-254) 574 988

Sales Area Karawang

Jl. Ahmad Yani No.54 Karang Pawitan
Karawang 41315, Indonesia
T. (62-267) 8454 081
(62-267) 8454 084
F. (62-267) 8454 085

Sales Area Bekasi

Jl. Pekayon Raya No. 52
Pekayon Jaya-Bekasi 17148, Indonesia
T. (62-21) 8273 8555/56
F. (62-21) 8273 8557

Sales Area Lampung

Gedung Sucofindo 3th Floor Jl. Gatot Subroto No. 161
Pecoh Raya Tahoman Bandar Lampung, Indonesia
T. (62-721) 8018 356
F. (62-721) 8018 042

Sales Area Cirebon

Jl. Veteran No.2 Cirebon 45124, Indonesia
T. (62-231) 203 323
(62-231) 204 486
F. (62-231) 205 046

Sales Area Palembang

Jl. Rimba Kemuning Lorong Ogan No. 26 – 28 RT 09 RW
05 Kel. Ario Kemuning, Kec. Kemuning Palembang 30128,
Indonesia, Palembang 30135, Indonesia
T. (62-711) 5611 645
F. (62-711) 5611 162

Sales Area Surabaya

Jl. Raya Ngagel 129-131 Surabaya 60271, Indonesia
T. (62-31) 5028 565
F. (62-31) 5018 127

Sales Area Sidoarjo

Jl. Jaksa Agung Suprpto No. 17 Sidoarjo 61218,
Indonesia
T. (62-343) 8050 999
F. (62-343) 8956 782

Sales Area Pasuruan

Jl. Raya Rembang Industri Raya No. 3
Kompleks PIER Rembang
Pasuruan 67152, Indonesia
T. (62-343) 744 440
F. (62-343) 728 293

Sales Area Tarakan

Jl. Mulawarman No. 14B
Tarakan, Kalimantan Utara Indonesia
T. (62-551) 380 3730

Sales Area Semarang

Jl. Diponegoro No. 35
Semarang 50133, Indonesia
T. (62-24) 8644 9100
F. (62-24) 8644 9099

Sales Area Medan

Jl. Imam Bonjol No. 15 D
Medan 20112, Indonesia
T. (62-61) 453 8655
F. (62-61) 415 2396

Sales Area Batam

Gedung Batam Centre
Jl. Engku Putri Batam Centre
Batam 29641, Indonesia
T. (62-778) 467 299
F. (62-778) 467 399

Sales Area Pekanbaru

Komplek Sudirman City Square Blok C No. 12
Jl. Jend Sudirman Pekanbaru 28282, Indonesia
T. (62-761) 839 822
(62-761) 789 1533
(62-761) 789 1812
F. (62-761) 839 811

Sales Area Sorong

Jl. Klamono KM 19 Kelurahan Aimas Distrik Aimas
Sorong - Indonesia
T. (62-811) 486 0055

BUSINESS UNIT**Business Unit Infrastructure**

Gedung Graha PGAS, 4th, 6th & 8th Floor
Jl. K.H. Zainul Arifin No. 20 Jakarta 11140, Indonesia
T. (62-21) 6386 6667
(62-21) 6386 6669
F. (62-21) 6386 6770
(62-21) 6386 6760

Business Unit Gas Product

Gedung Graha PGAS 9th Floor
Jl. K.H. Zainul Arifin No. 20
Jakarta 11140, Indonesia
T. (62-21) 6386 6667
(62-21) 6386 6669
F. (62-21) 6386 6770
(62-21) 6386 6760

Program Management Office

Gedung Graha PGAS, 8th Floor
Jl. K.H. Zainul Arifin No. 20
Jakarta 11140, Indonesia
T. (62-21) 6386 6667
(62-21) 6386 6669
F. (62-21) 6386 6770
(62-21) 6386 6760

Household Gas Network Services Unit

Gedung Graha PGAS, 5th Floor
Jl. K.H. Zainul Arifin No. 20
Jakarta 11140, Indonesia
T. (62-21) 6386 6667
(62-21) 6386 6669
F. (62-21) 6386 6770
(62-21) 6386 6760

SUBSIDIARIES

PT. PGAS Telekomunikasi Nusantara (PGASCOM)

Kompleks Gedung PGN Gedung B, 4th Floor
 Jl. KH. Zainul Arifin No. 20 Jakarta 11140, Indonesia
 T. (62-21) 633 1345
 (62-21) 3000 7645
 (62-21) 3000 7427
 F. (62-21) 633 1381

PT. PGAS Solution (PGAS Solution)

Kompleks Gedung PGN, Gedung C, 4th Floor
 Jl. K.H. Zainul Arifin No. 20 Jakarta 11140, Indonesia
 T. (62-21) 6385 4557
 (62-21) 6385 4572
 (62-21) 6385 4506
 F. (62-21) 6385 4534

PT. Saka Energi Indonesia (SEI)

The Energy Building 11th-12th Floor, SCBD, Lot 11a
 Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190, Indonesia
 T. (62 21) 2995 1000
 F. (62 21) 2995 1001

PT. Gagas Energi Indonesia (GEI)

Kompleks Gedung PGN Gedung B, 9th-10th Floor
 Jl. KH. Zainul Arifin No. 20 Jakarta 11140, Indonesia
 T. (62-21) 29071415
 F. (62-21) 29071138 / 1140

PT. PGN LNG Indonesia (PLI)

Kompleks Gedung PGN Graha PGAS, 2th Floor
 Jl. KH. Zainul Arifin No. 20 Jakarta 11140, Indonesia
 T. (62-21) 2907 3266 / 2907 3267
 F. (62-21) 2907 1133 / 2907 1132

PT. Permata Graha Nusantara (PERMATA)

Kompleks Gedung PGN Gedung B, 8th Floor
 Jl. KH. Zainul Arifin No. 20 Jakarta 11140, Indonesia
 T. (62-21) 633 1180
 F. (62-21) 634 0031

PT. Pertamina Gas

Gedung Oil Centre Floor, 1st- 4th Floor
 Jl. MH. Thamrin Kav. 55
 Jakarta Pusat 10350, Indonesia
 T : (021) 3190 6825
 F : (021) 3190 6831

AFFILIATION

PT. Transportasi Gas Indonesia (TGI)

Jl. Kebon Sirih Raya No. 1
 Jakarta 10340, Indonesia
 T. (62-21) 315 8929
 (62-21) 315 8939
 F. (62-21) 310 3757
 (62-21) 310 3545

PT. Kalimantan Jawa Gas (KJG)

Kompleks Gedung PGN Gedung B, 2nd Floor
 Jl. KH. Zainul Arifin No. 20
 Jakarta 11140, Indonesia
 T. (62-21) 6385 4534
 F. (62-21) 633 1632

PT. Nusantara Regas (NR)

Wisma Nusantara 19th Floor
 Jl. M.H. Thamrin No. 59
 Jakarta 10350, Indonesia
 T. (62-21) 315 9543
 (62-21) 315 9544
 F. (62-21) 315 9525

PT. Gas Energi Jambi (GEJ)

Jl. Jend. A. Yani No. 17 Telanaipura, Jambi
T. (62-741) 670 207
F. (62-741) 670 207

PT. Banten Gas Synergi (BaGs)

Kantor Taman E3.3 Unit D6 Kawasan Mega Kuningan
Lot 8.6-8.7 Setiabudi, Jakarta 12950
T. (62-21) 5794 8870
(62-21) 5794 8871
F. (62-21) 5794 8870
(62-21) 5794 8871

PT. Perta Samtan Gas

Jl. No 8 Komplek Pertamina RU III
Desa Sungai Gerong,
Kec. Banyuasin I, Kab. Banyuasin,
Sumatera Selatan 30962
T. : (0711) 574 0701
F. : (0711) 574 0706

PT. Pertagas Niaga

Gedung Patra Jasa, 16th Floor
Jl. Jend. Gatot Subroto Kav 32-34 Jakarta Selatan
T. +62-21 5203088
F. +62-21 5201622 / 5201682

PT. Perta Kalimantan Gas

Oil Centre Building, 2nd – 3rd Floor
Jl. MH. Thamrin Kav. 55 Jakarta 10350
T. +62-21 31906825
F. +62-21 31906831

PT. Perta Daya Gas

Gedung Patra Jasa, 2nd Floor
Jalan Jend. Gatot Subroto Kav 32-34 Jakarta Selatan
T. +62-21 52900881
F. +62-21 52900882

PT. Perta Arun Gas

Gedung Patra Jasa, 1st Floor
Jl. Jend. Gatot Subroto Kav 32-34 Jakarta Selatan
T. +62-21 5251005
F. +62-21 52900007

AWARDS AND CERTIFICATIONS

Performance Overview

Report to The Shareholders

Company Profile

Management Discussion and Analysis

Good Corporate Governance

Corporate Social and Environmental Responsibility

Consolidated Financial Statements

Regulatory Cross Reference

NCSR SUSTAINABILITY REPORT AWARD

PT Perusahaan Gas Negara Tbk won an award for its commitment in carrying out the principles of sustainable development. PGN won the general champion or Best Overall Winner, for the 2017 Indonesian Sustainability Reporting Award (ISRA) from the National Center for Sustainability Reporting (NCSR).

The award was received by PGN General Director Desima E. Siahaan at Lorin Solo Hotel, Saturday, February 24th, 2018



INDONESIA GREEN AWARD



IGA is an award given by The La Tofi School of CSR to companies that have a high concern for the environment through a variety of creativity that held on April 25th, 2018.

PGN was awarded as the Best Indonesia Green Awards 2018. In addition, PGN also received 6 awards in various categories.

BPPT INNOVATION AWARD

The BPPT Innovation Award is the highest sustainably award for people and institutions/universities/companies that are able to make achievement through the efforts of Innovation in the Real Work of Technology that held on August 2nd, 2018.

PGN won 3rd place from 3 SOEs chosen by panelists as a category of companies that have innovations in the Real Work of Technology.



TOP CSR AWARD



TOP CSR is the highest valuation and awarding activity for companies operating in Indonesia which are considered to carry out the best CSR programs that held on October 4th, 2018. CSR assessment is based on the relevance of CSR to 3 things, namely ISO 26000, business strategy and GCG practices.

PGN won the award for the Top CSR gas distribution category.

ARC AWARD

PT Perusahaan Gas Negara Tbk (PGN) received an award Best of Asia Pacific-Grand Winners on October 11th, 2018 in Annual Report Competition Award that held by MERCOMM.



STEVIE AWARDS



The Stevie Awards are a series of hundreds of business awards given annually by the American Business Awards organization that held on October 20th 2018. Created in 2002, it aims at recognizing and contributing to global companies, especially in the Asia Pacific region.

This year, PGN awarded two categories from the Human Resource (HR) or Human Capital Management (HCM) and Annual Report fields. Report.

LHKPN AWARD

PT Perusahaan Gas Negara Tbk (PGN) received an award from the State Operator Assets Report (LHKPN) from the Corruption Eradication Commission (KPK). The award was given in conjunction with the commemoration of the World Anti-Corruption Day (Hakordia) 2018 at Bidakara Hotel, Jakarta, Wednesday, December 12th, 2018.

In this moment, PGN received the LHKPN award for Institution with the Best LHKPN Application in 2018 category. Previously, PGN also received the same award in 2017.



HR EXCELLENCE AWARD



PGN received several categories awards from HR Excellence Award that held by Lembaga Management Fakultas Ekonomi Universitas Indonesia, SWA magazine and Bank Mandiri as the best Company on managing creative human capital. On April 10th 2019.

CERTIFICATE OF SMK3



This certification is based on the Minister of Manpower Decree No.201 of 2017 on the Implementation of the Occupational Safety and Health Management System.

CERTIFICATE OF ISO 14001:2015

Achievement of ISO 14001: 2015 Certification in the application of the Environmental Management System (SML) applied in the Management of Natural Gas Transmission and Distribution to Industrial, Commercial and Household Customers.



CERTIFICATE OF OHSAS 18001:2007



Achievement of OHSAS 18001: 2007 Certification in the application of the Environmental Management System (SML) applied in the Management of Natural Gas Transmission and Distribution to Industrial, Commercial and Household Customers

CERTIFICATE OF SECURITY MANAGEMENT SYSTEM AUDIT (SCR 00235) – GDMR I

Application of the Swakarsa Security Management System based on the Regulation of the Head of the Indonesian National Police No. 24/2007 with the Gold Reward classification.



CERTIFICATE OF SECURITY MANAGEMENT SYSTEM AUDIT (SCR 00247) – GDMR II



Application of the Swakarsa Security Management System based on the Regulation of the Head of the Indonesian National Police No. 24/2007 with the Gold Reward classification.

CERTIFICATE OF SECURITY MANAGEMENT SYSTEM AUDIT (SCR 00254) – GDMR III



Application of the Swakarsa Security Management System based on the Regulation of the Head of the Indonesian National Police No. 24/2007 with the Gold Reward classification.

CERTIFICATE OF SECURITY MANAGEMENT SYSTEM AUDIT (SCR 00255) – GTM



Application of the Swakarsa Security Management System based on the Regulation of the Head of the Indonesian National Police No. 24/2007 with the Gold Reward classification.

CERTIFICATE OF ISO 9001:2015

Achievement of System Management Certification based on ISO 14001: 2015 in the application of Natural Gas Transmission and Distribution Management to Industrial, Commercial and Household Customers.



CERTIFICATE OF ISO/IEC 27001:2013



Achievement of ISO/IEC 27001:2013 Information Security Management System Certification in the field of Information Security Management in the provision of Data Centers and Disaster Recovery Center Operations, Desktop Management managed by the Data Center Department, Jakarta Communication and ICT Data Representation Department.

IMPORTANT EVENTS IN 2018

25 January 2018

Extraordinary General Meeting of Shareholders



PGN held an Extraordinary GMS held at the Four Seasons Hotel, Jakarta Capital Place Hotel. In this activity the shareholders agreed to amend the PGN articles of association, but the amendments did not take effect with the passing of the time required by the Extraordinary GMS decision.

15 February 2018

Expanding Natural Gas Infrastructure, PGN Collaborates with Papua Regional Owned Enterprises



PT Perusahaan Gas Negara (PGN) (Persero) Tbk committed to developing infrastructure and utilization of natural gas in various regions. This time, PGN collaborated with PT Papua Doberai Mandiri (Padoma) to develop a natural gas infrastructure network in Papua.

Padoma is a Papua Regional Owned Enterprise (BUMD) appointed by the Government of West Papua Province to implement the use of liquefied natural gas (LNG). (02/15/2018)

26 April 2018

Annual General Meeting of Shareholders



PGN held an Annual GMS which took place at the Four Season Hotel Capital Place Hotel, Jakarta. In this activity the shareholders agreed to appoint Said Riza Pahlevi as Director of Finance and several substitutes for PGN's Commissioners.

9 February 2018

Inaguration of Jargas Mojokerto



Minister of Energy and Mineral Resources (EMR) Ignasius Jonan, inaugurated 10,101 Home Connections (Sambungan Rumah/SR) Distribution Network of Domestic Gas (Jaringan Distribusi Gas Bumi/Jargas) in the area of Mojokerto City and Mojokerto Regency from the funding of the 2017 State Budget (APBN). Development of public infrastructure in the city of Mojokerto assigned temporarily to Perusahaan gas Negara/PGN (Persero), PT Pertamina (Persero) has a mandate to build jargas in Mojokerto Regency.

11 April 2018

Signing of Inbreng Shares Deed between Ministry of SOE and PT Pertamina (Persero)



The Government through the Ministry of SOEs added the State Capital Participation of the Republic of Indonesia to the share capital of the Company of PT Pertamina which originated from the transfer of all Series B shares owned by the Republic of Indonesia to the PT Perusahaan Gas Negara Tbk.

7 May 2018

Signing of Asian Games Sponsor Cooperation



PT Perusahaan Gas Negara Tbk (PGN) make an agreement with the Indonesian Asian Games Organizing Committee (INASGOC) to become one of the sponsors of the 2018 Asian Games, which is held on August 18 - September 2, 2018 in Jakarta and Palembang. On Monday night (07/05/2018), President Director of PGN Jobi Triananda Hasjim and INASGOC President Erick Thohir officially signed the Cooperation Agreement (PKS) of the 2018 Asian Games Sponsorship at PGN Head Office.

29 June 2018

Signing of Conditional Sales Purchase Agreement (CSPA) between PGN and PT Pertamina (Persero)



The signing of the CSPA activity between Pertamina and PGN is a continuation of the PGN integration process to acquire Pertagas as an advanced stage after Oil & Gas Holding SOE officially established on April 11, 2018 that carried out by implementing Good Corporate Governance and Applicable Legislation. (06/29/2018)

10 September 2018

Extraordinary General Meeting of Shareholders



PGN held an Extraordinary GMS which took place at the Four Season Hotel Capital Place Hotel, Jakarta. In this activity the shareholders agreed to appoint Gigih Prakoso as the President Director.

28 December 2018

Signing of a Sales Purchase Agreement (SPA) of Pertagas shares between Pertamina and PGN



PGN officially became Gas Subholding by signing The Pertagas Share Sale and Purchase Agreement between Pertamina and PGN which was carried out at the Ministry of SOE. The agreement covers 51% of all shares in Pertagas including ownership in all of its subsidiaries.

14 August 2018

Charter of IAI Corporate Partner



PGN obtained a Charter as IAI CORPORATE PARTNER from the Indonesian Accountants Association. As IAI CORPORATE PARTNER, PGN will be directly involved in improving the quality of financial accounting HR, as well as the first party who will benefit from the ongoing development process.

16 November 2018

Launching 32 Truck GasLink



PT Perusahaan Gas Negara Tbk continuously makes a breakthrough and ensures the use of natural gas as an environmentally friendly energy source with the effort that increasingly massive. In mid-November, PGN through its subsidiary PT Gagah Energi Indonesia will launch 32 units of Gaslink Truck that fully use natural gas as fuel.



MANAGEMENT DISCUSSION AND ANALYSIS



04

MANAGEMENT DISCUSSION AND ANALYSIS



As an integral part of the process of establishing a holding company for oil and gas SOE, the Government has integrated natural gas management by integrating PT Pertamina Gas into part of PGN as a Gas Subholding.

This Annual Report contains statements that are and in nature of “prospective statements” related to future events in the meaning contained in the capital market Law. Information on future events generally contains statements with sentences that begin or contain the meaning of “anticipation”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, or similar words that indicate future results or statements regarding a view. Each statement, in addition to the historical facts contained in this Annual Report, includes but is not limited to matters concerning future financial position and results of operations, strategies, plans, goals, objectives and targets, including related matters with development or expansion, dividend distribution, as well as sentences that begin, follow, or contain the meaning of “believe”, “expect”, “purpose”, “intend”, “will”, “may”, “project”, “estimate”, “Target”, “anticipation”, “predict”, “seek”, “should” or similar to those are statements related to future events.

Future events that form as prospective statements include both known and unknown risks, uncertainties and other factors, which are beyond the Company's control, which may have an impact on actual results, performance, achievements or results of operations, where those matters are materially different from the future plans, performance, achievements of the Company expressed in the prospective statement in this Annual Report.

Prospective statements in this Annual Report are based on various assumptions regarding the latest business strategies or future business strategies and the environment in which the Company operates in the future. Readers of the Annual Report are reminded to be careful and note that prospective statements are not a guarantee of the Company's future performance since the actual results of the Company's performance and conditions in the future may differ materially from those stated, projected or assumed in the prospective statement.

Important factors that may cause actual conditions, performance or achievements of the Company may differ materially in a prospective statement, including but not limited to:

- Changes in legislation in Indonesia, which will directly or indirectly affect the Company's operations;
- Changes in Government policies in oil and gas sector;
- National, regional or global economic conditions that affect economic activity or disruption to the market due to global factors;
- Changes due to inflation, changes due to differences in interest rates, or changes due to differences in currency exchange rates;
- Other matters (if there are other matters relating to PGN's business that can affect prospective statements in this Annual Report).

The following Management Discussion and Analysis is intended to explain the Company's performance and refer to the PGN Consolidated Financial Statements dated December 31, 2018 audited by the Tanudiredja, Wibisana, Rintis & Partners (PricewaterhouseCoopers Indonesia) Public Accounting Firm (PAF).

OPERATIONAL REVIEW PER BUSINESS SEGMENT

Law Number 22 of 2001 concerning Oil and Gas requires the separation of entities engaged in upstream and downstream sectors. In addition, Energy and Mineral Resources (EMR) Ministerial Regulation Number 4 Year 2018 concerning Natural Gas Operations in Downstream Oil and Gas Business Activities regulates the separation of accounting records (accounting unbundling) between natural gas transportation business activities through pipelines and natural gas commercial business activities through pipelines and for the interests of management.

In carrying out its operations, PGN divides 4 (four) main business segments, namely (1) Distribution & Transmission Business Segments, (2) Oil and Gas Exploration and Production Business Segments, (3) Pertamina Business Segments, and (4) Other Business Segments including telecommunications, building and equipment management and financial lease.

The year 2018 is phase II (2016-2020) of PGN's transformation implementation, where we optimized our full potential to become a world-class leading energy company in Indonesia. Transformation phase II was initiated by the organization restructuring of the management of transmission/transportation and distribution/commerce activities, in hopes to be more effective and strategic as an active advisor.

As a holding company, PGN's active operational activities were increasingly reduced and the focus was diverted to strengthening operational activities to Subsidiaries. At this stage, organizational restructuring was carried out by forming two business units to manage operational activities to achieve the Company's operational targets more effectively and efficiently. PGN formed three business units, i.e. Business Unit Infrastructure (BUI) as infrastructure manager, Business Gas Product Unit

(BUGP) as manager of natural gas commodities and customer service, and as manager of infrastructure and natural gas commodities and household customer services on Government assignments.

The assignments are derived in the Ministerial Decrees, among others:

1. Decree of Minister of EMR RI Number 3337 K/12/MEM/2015 dated July 10, 2015 concerning Assignment of PT Perusahaan Gas Negara (Persero) Tbk in the Operation of Natural Gas Distribution Network for Households Built by the Government in conjunction with Decree of Minister of EMR RI Number 2461 K/12/MEM/2017 dated July 13, 2017 concerning Amendments to Decree of the Minister of EMR RI Number 3337 K/12/MEM/2015 concerning Assignment to PT Perusahaan Gas Negara (Persero) Tbk in the Operation of Natural Gas Distribution Network for Households Built by the Government.
2. Decree of Minister of EMR RI Number 4823 K/12/MEM/2015 dated December 28, 2015 concerning Assignment of PT Perusahaan Gas Negara (Persero) Tbk in the Construction and Operation of Natural Gas Distribution Network for Households Built by the Government in 2016 Fiscal Year.
3. Decree of the Minister of EMR RI Number 8086 K/12/MEM/2016 dated December 29, 2016 concerning Assignment of PT State Enterprises (Persero) Tbk for the Implementation of Supply and Distribution of Natural Gas through Natural Gas Distribution Network for Households for the 2017 Fiscal Year.
4. Decree of the Minister of EMR RI Number 268 K/10/MEM/2018 dated January 25, 2018 concerning the Assignment of PT Perusahaan Gas Negara (Persero) Tbk in the Supply and Distribution of Natural Gas through Natural Gas Distribution Network for Households for 2018 Fiscal Year.

SERVICES SUMMARY OF GAS NETWORK SERVICE UNITS

State Budget's Gas Network (Jargas) Assignment up to 2018 Fiscal Year:

AMOUNT OF HOUSEHOLD CONNECTIONS				
No	Area	Assignment Year	Total of Transmission Assignment (Household Transmission)	Pipe Length (meter)
1	Kab. Sorong	2015	3,898 SR	24,307
2	Kota Semarang	2015	4,000 SR	15,602
3	Kab. Blora	2015	4,000 SR	77,361
4	Kota Jakarta	2015	4,852 SR	15,236
5	Tangerang	2015	382 SR	2,188
6	Rusun Tomayoran Jakarta	2017	7,426 SR	34,826
7	Kab. Bogor	2015	4,000 SR	55,693
		2018	5,120 SR	58,194
8	Kota Cirebon	2015	4,000 SR	44,101
		2018	3,503 SR	36,154
9	Kota Surabaya	2015	2,900 SR	46,091
		2016	24,000 SR	206,596
10	Kota Tarakan	2015	3,366 SR	64,028
		2016	21,000 SR	170,208
		2018	4,695 SR	58,157
11	Kota Batam	2016	4,000 SR	55,697
12	Kota MojoTorto	2017	5,000 SR	63,282
13	Kota Bandar Lampung	2017	10,321 SR	206,626
14	Kab. Musi Banyuasin	2017	6,031 SR	126,207
15	Kota Medan	2018	5,000 SR	72,385
16	Kab. Deli Serdang	2018	5,000 SR	120,738
17	Kab. Serang	2018	5,043 SR	73,541
18	Kota Pasuruan	2018	6,314 SR	55,731
19	Kota Probolinggo	2018	5,025 SR	65,849
Total			148,876	1,748,798

In addition, UL Jargas assists the Government - Oil and Gas in terms of human resources to supervise the development of gas networks from 2017 Fiscal Year to date to ensure the quality of good and reliable infrastructure development. The impact of the supervision will help PGAS Solution (a subsidiary of PGN) as the implementing operator and maintainer of the designated infrastructure in terms of maintaining the reliability of the gas network.

PGN also provides added value from the gas network infrastructure by entering it into the Web-based DIGIO (Digital Information for Gas Infrastructure Operation) application which is used to monitor and display the spatial location of gas pipelines and supporting assets. Other online applications such as GIORE (Gas Infrastructure Information by Online Reporting) are used to collect data or information periodically to support the implementation of natural gas distribution services to customers, such as the implementation of online meter records to minimize manual meter errors.

In 2018, the Government restructured the State-Owned Enterprises (SOE) engaging in the oil and gas sector through the establishment of an Oil and Gas SOE holding company by appointing PT Pertamina (Persero) as the holding company. Through Government Regulation Number 6 of 2018 concerning the Addition of State Equity Participation of the Republic of Indonesia to the Share Capital of PT Pertamina, the Republic of Indonesia has added capital participation to the share capital of PT Pertamina (Persero) originating from the transfer of all Series B shares owned by the Republic of Indonesia at PGN.

As an integral part of the process of establishing a holding company for oil and gas BUMN, the Government has integrated natural gas management by integrating PT Pertamina Gas into part of PGN as a gas subholding through the acquisition of shares owned by PT Pertamina (Persero) by PT Pertamina Gas by PGN making PGN a shareholder of PT Pertamina Gas as stated in the Stock Trading Agreement dated December 28, 2018.

OPERATING SEGMENT PROFITABILITY

Business Segment (in Million USD)	Distribution & Transmission		Exploration and Production of Oil and Gas		Other Operations		Pertagas and Subsidiaries		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net Revenues	2,770.99	2,603.72	585.52	472.86	207.95	276.21	625.15	624.59	3,870.27	3,570.60
Cost of Segments	2,064.87	1,930.98	443.15	454.54	171.55	199.02	491.99	536.97	2,845.97	2,690.48
Profit of Segments	706.12	672.74	142.37	18.32	36.40	77.19	133.16	87.62	1,024.30	880.12

DISTRIBUTION AND TRANSMISSION SEGMENT

DISTRIBUTION/COMMERCIAL SEGMENT

The distribution/commercial segment is the distribution and selling of natural gas to end users for commercial customers and manufacturing industries, power plants, Micro, Small, and Medium Enterprises (SME), and households using various modes, both pipelines and non-pipes. This business segment is managed by PGN, GEI and Pertagas.

The areas of PGN's distribution and business operations are spread across several cities/districts in Indonesia. The operational activities of the distribution and commerce business are managed by Sales Areas in each city/district. Currently PGN has 19 Sales Areas that run the distribution and commerce business with the following summary:

For the discussion purposes in this annual report, those 19 Sales Areas are classified into three Regional Distributions (RD), namely:

- a. RD I : covering Sales Areas of Jakarta, Bogor, Bekasi, Karawang, Tangerang, Cilegon, Lampung, Palembang, and Cirebon;
- b. RD II : covering Sales Areas of Surabaya, Sidoarjo, Pasuruan, Semarang, Tarakan, and Sorong;
- c. RD III : covering Sales Areas of Medan, Batam, Pekanbaru, and Dumai.

Along with the acquisition of Pertagas, PGN's distribution and commercial business activities are increasing in accordance with the existing distribution and commercial areas that have been carried out by Pertagas subsidiaries outside of the existing PGN area. Furthermore, in the discussion

in this Annual Report, the addition of distribution and commercial areas follows the RD classification with the following details:

- a. RD I : covering Sales Areas of Muara Enim, Ogan Ilir, Prabumulih;
- b. RD II : covering Sales Areas of Balikpapan, Bontang, Bulungan, Samarinda, Sengkang, Kutai Kartanegara, Ambon;
- c. RD III : covering Sales Areas of Aceh, operating in Northern Aceh area - Lhoksukon, Lhokseumawe, Jambi.

Segmentation of PGN's Natural Gas Customers

In order to increase customer loyalty, PGN segmented the market which focused on customer groupings based on identifying specific needs, flexibility of commercial and operating clauses and the simplicity and accuracy of services by presenting products and services that are expected to provide added value to customers. PGN's natural gas customers are divided into four segments, namely:

1. Household Customers

Includes housing, flats that are managed by the Government or private, government housing (including the National Army/TNI and The Police), condominiums and apartments.

2. Small Business Customers

Includes hospitals, health centers, orphanages, places of worship, government and private educational institutions, religious institutions, social institutions, government and private offices, hotels, restaurants, shops/malls/supermarkets. This Small Business Customer Segmentation refers to Downstream Oil and Gas Regulatory Agency (BPH Migas) Regulation

Number 22 of 2011. Thus, in the presentation of this Annual Report, discussion of the number of customers and the commercial volume of natural gas is still displayed. As for the presentation in the consolidated financial statements, this Small Business Customer segment revenue is included in the Commercial & Industrial segment.

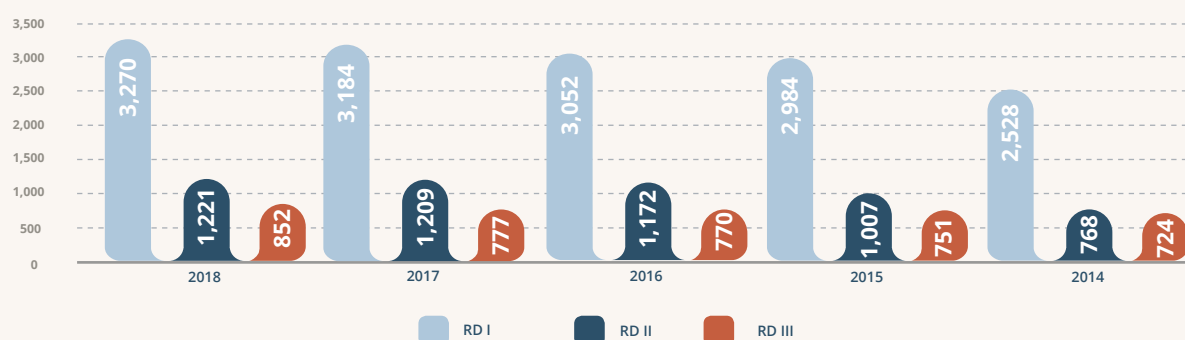
3. Transportation Gas

Customers who use natural gas for gas refueling activities for motorized vehicles. For the purposes of discussion in this Annual Report, customers categorized as Transportation Gas customers are SPBGs and Mobile Refueling Units (MRU) owned by GEI.

4. Commercial and Industry Customers

Includes customers in manufacturing and power plants that use natural gas as fuel and/or raw materials in business activities in the services, commercial, manufacturing sectors of the chemical industry, ceramics, basic metals, fabricated metals, paper, glass, wood, cement, food, textiles, lifting oil, power plants and other manufacturing industries. The contract period with commercial & industrial customers is valid for a minimum of five years (with a multiple of five years) and an automatic extension is valid for the next period.

LENGTH OF DISTRIBUTION PIPELINES (IN KILOMETER)



LENGTH OF DISTRIBUTION PIPELINES (IN KILOMETER)

Regional Distribution (RD)	2018	2017	2016	2015	2014
RD I	3,270	3,184	3,052	2,984	2,528
RD II	1,221	1,209	1,172	1,007	768
RD III	852	777	770	751	724
Total	5,343	5,169	4,994	4,742	4,020

Operating Performance of Distribution/Commerce Segment

In 2018, the distribution/commercial activities distributed natural gas amounting to 962 MMSCFD compared to only 894 MMSCFD in 2017 (or increased by 7.68%).

OPERATING PERFORMANCE OF DISTRIBUTION/COMMERCE SEGMENT

Distribution	2018		2017		Δ%
	MMSCFD	%	MMSCFD	%	
RD I	613.66	63%	541.92	60%	13%
RD II	130.36	13%	133.00	15%	-2%
RD III	91.29	9%	90.09	10%	1%
Total Gagas	7.74	1%	7.14	1%	-4%
Total Pertagas	118.70	13%	121.76	14%	-1%
Total	961.76	100%	893.91	100%	8%

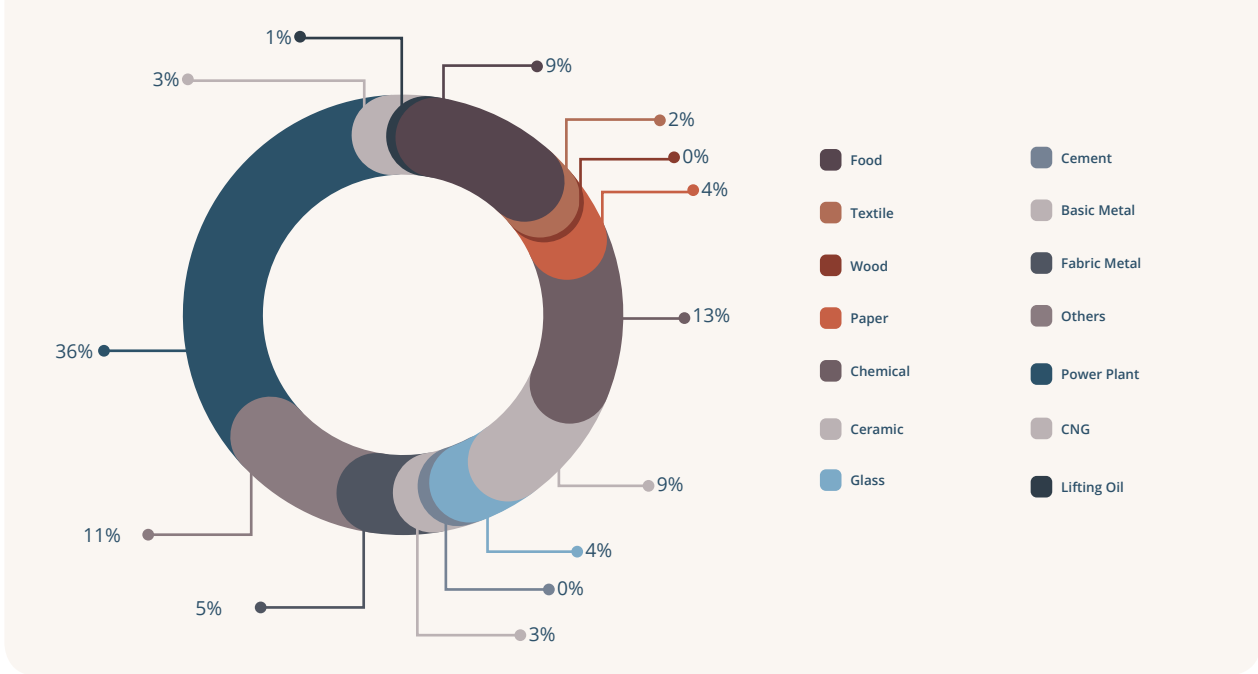
The milestone in achieving distribution & trade performance in 2018 showed a considerable increase compared to 2017 due to several industrial sectors that managed to rebound as economic conditions improved. Some industrial sectors that have successfully rebounded were include paper, chemical, glass, metal fabrication, and power generation sectors.

The dynamics of industrial climate throughout 2018 that affect the level of success in achieving performance in 2018 include:

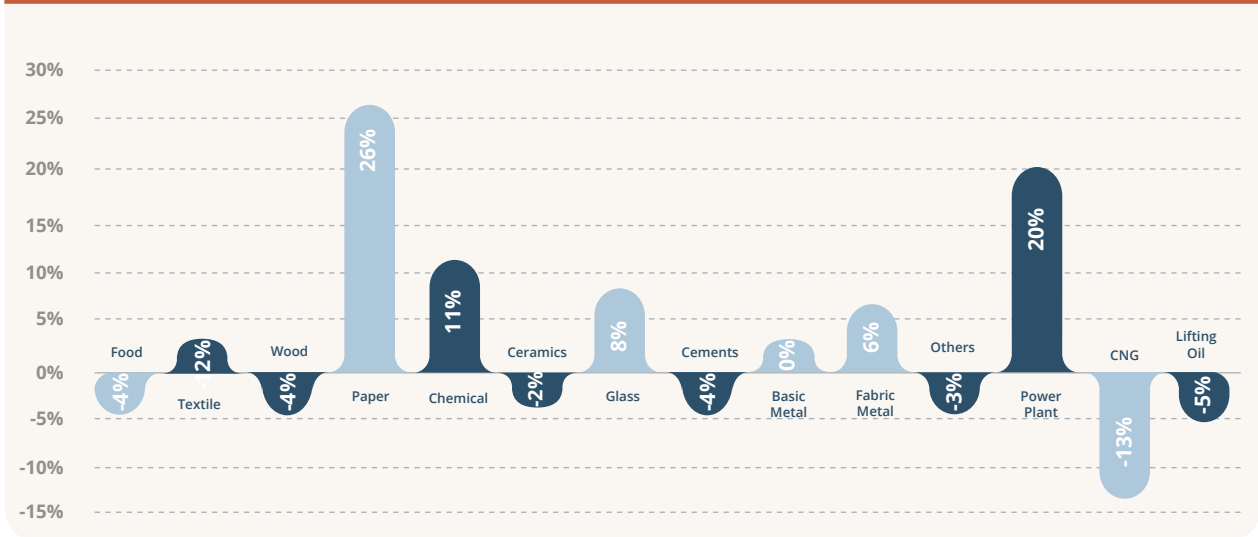
- PGN managed to respond to the competition for natural gas trading in several regions, which are the existing PGN natural gas marTots, including in area II (Eastern Java) and several areas in Western Java including in Bekasi, Karawang, Jakarta, Bogor, Tangerang and Cilegon.
- PGN is able to respond to policies issued by PLN both in terms of efficiency in electricity generation costs and the policy of merit electricity systems, allowing and maintaining optimal distribution of PGN's natural gas for both PLN and private power plants.

- Protection of the Indonesian Government to maintain the competitiveness of the national industry, one of which is for the ceramics sector, namely by issuing the Minister of Finance Regulation Number 119/PMK.010/2018 concerning Imposition of Safeguard Measures Import Duty (BMTP) On Imports of Ceramic Tile Goods so as to provide opportunities for domestic industries to increase production.
- The historical of global crude oil prices in 2018 were in the range of USD60/barrel - USD70/barrel, even though at the end of 2018 it dropped to USD50/barrel. As a result, the price of crude oil derivative products is relatively above the selling price of PGN's natural gas.
- The historical coal prices in 2018 were in the range of USD90/ton - USD110/ton with delivery on board (free on board) terms.

GAS DISTRIBUTION VOLUMES PER INDUSTRIAL SECTOR IN 2018



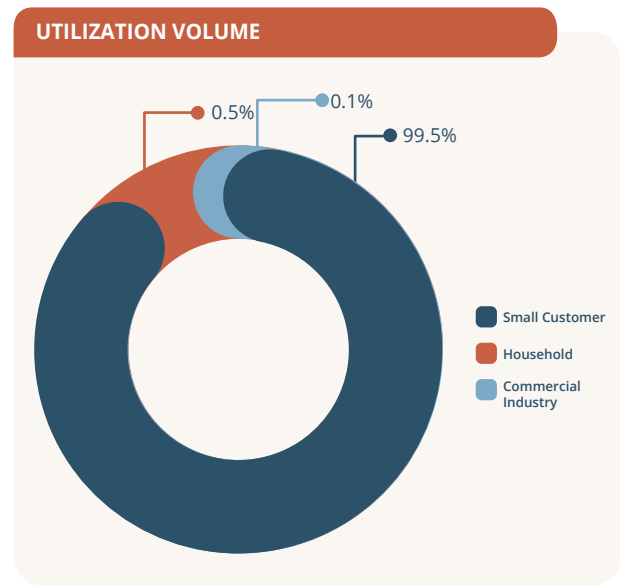
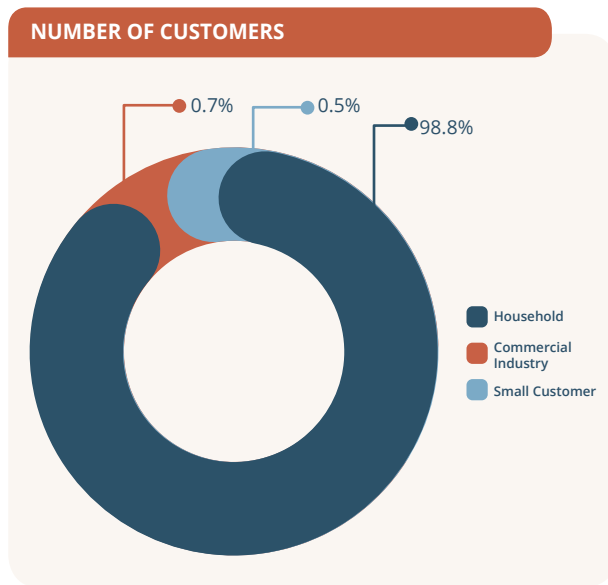
GROWTH TREND PER INDUSTRIAL SECTOR 2017 - 2018



Customer Profile

PGN's portfolio of customers are dominated by the household customer segment, accounting for 98.8% of PGN's total number natural gas customers. However, based on the volume of gas distribution to customers, the industrial customer segment has the

largest portion of natural gas distribution. The industrial customer segment absorbs natural gas by 99.5% of PGN's total natural gas distribution. Gas requirements in each customer are influenced by the type and capacity of production equipment owned by the customer.



Number of Customers

During 2018, PGN distributed gas to 325,914 customers which consisted of household, small business and commercial – industrial customers. This number has increased by 8.72% compared to the previous year of only 299,766 customers. The increase

in the number of customers shows PGN's commitment in expanding natural gas services throughout the archipelago. The increase in the number of customers is evenly distributed throughout the PGN commercial area in RD I, RD II and RD III.

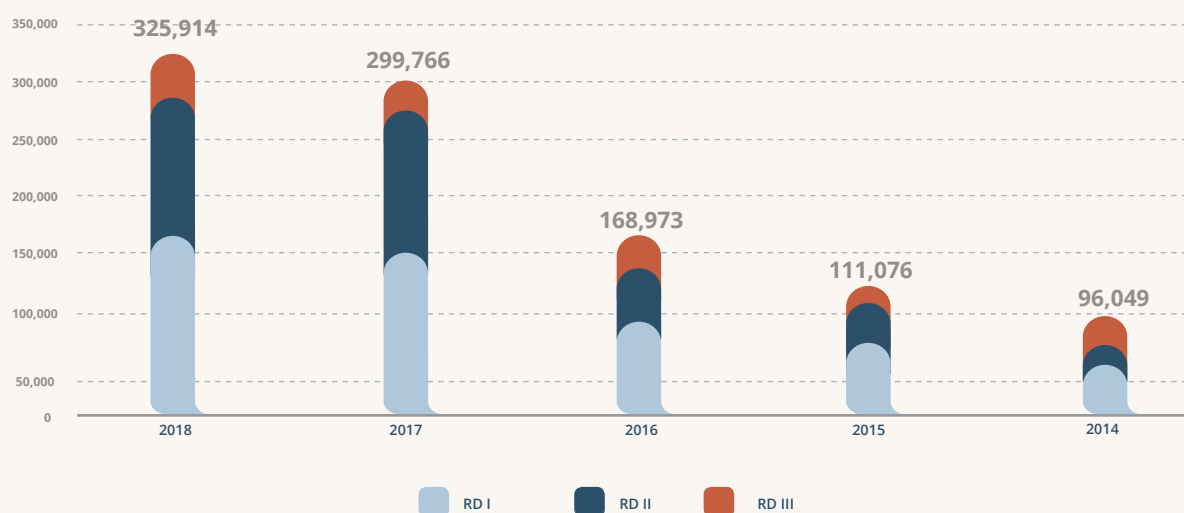
The customer composition is as follows:

GROWTH AMOUNT OF PGN NATURAL GAS CUSTOMERS					
Areas	2018		2017		Δ (%)
	Number of Customers	%	Number of Customers	%	
RD I	158,383	48.6	149,402	49.84	6.0
RD II	122,461	37.57	111,803	37.30	16.5
RD III	45,070	13.83	38,561	12.86	16.9
Total	325,914	100.0	299,766	100.0	8.7

COMPOSITION OF PGN NATURAL GAS CUSTOMERS

Customer Types	2018		2017		Δ (%)
	Number of Customers	%	Number of Customers	%	
Household	322,073	98.82	295,973	98.73	8.8
Small Business Customer	1,470	0.45	1,490	0.50	(1.3)
Commercial - Industry	2,371	0.73	2,303	0.77	3.0
Total	325,914	100.0	299,766	100.0	8.7

GROWTH AMOUNT OF PGN NATURAL GAS CUSTOMERS



GROWTH AMOUNT OF PGN NATURAL GAS CUSTOMERS

Regional Distribution (RD)	2018	2017	2016	2015	2014
RD I	45,070	38,561	21,267	20,002	20,123
RD II	122,461	111,803	69,945	19,873	14,065
RD III	185,383	149,402	77,761	71,201	61,861
Total	325,914	299,766	168,973	111,076	96,049

Gas Selling Price Adjustment

Adjustments to PGN's gas selling prices are influenced by a number of factors, which are changes in gas purchase prices from upstream companies, gas transportation costs from transporters, market dynamics, global economic conditions and changes in government regulations. The Government has enacted several regulations regarding the regulation of the business of trading natural gas in Indonesia, including:

- Minister of Energy and Mineral Resources (EMR) Regulation Number 6 of 2016 concerning Provisions and Procedures for Determining Allocation and Utilization and Price of Natural Gas.
- Minister of EMR Regulation Number 58 of 2017 concerning Gas Selling Prices through Pipes in Downstream Oil and Gas Business Activities.
- Minister of EMR Regulation Number 4 of 2018 concerning Natural Gas Business in Downstream Oil and Gas Business Activities.



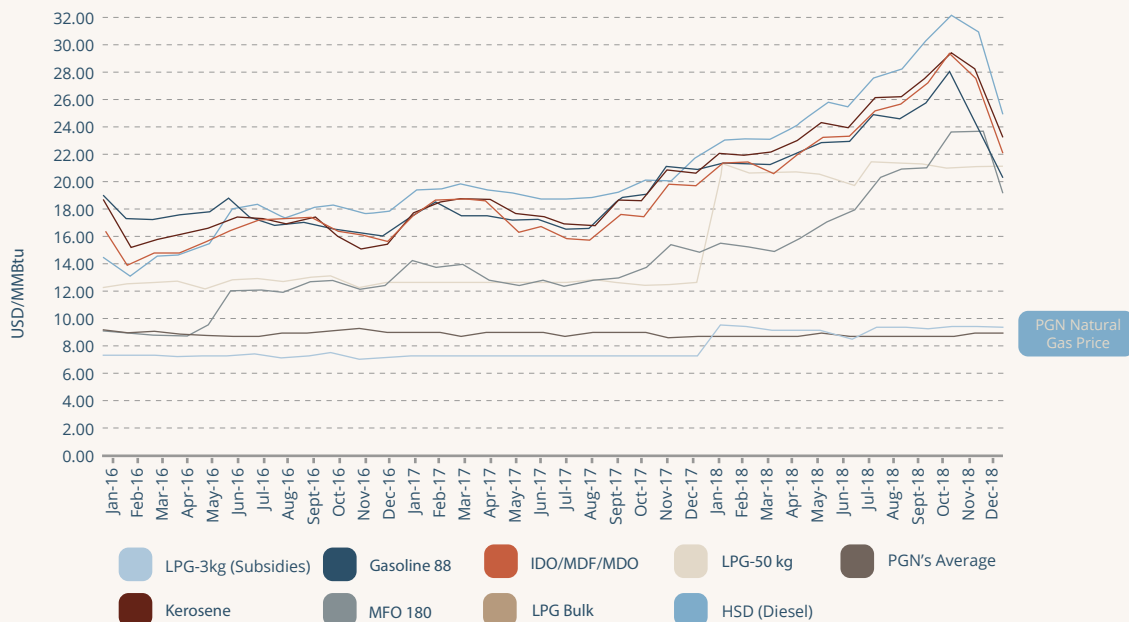
The three regulations aforementioned above will make the selling price of natural gas for all natural gas trading activities and the gas sale price of the natural gas business entity will be regulated. Implementation of the regulation will be implemented no later than June 2019.

In terms of changes in the gas purchase prices, during 2018 there were several gas purchase price adjustments, which resulted in changes in the selling price of PGN's natural gas in the Batam Area. The change in the purchase price of gas was due to the expiration of the term of the PGN-Supplier sale and purchase agreement

(GSA), the amount of gas price for the extension experienced a change in the existing price. The change in allocation is in accordance with a letter from the Minister of EMR Number 3049/13/MEM.M/2018 dated October 3, 2018, concerning the Determination of the Allocation of Natural Gas from the Corridor Working Area for PT Perusahaan Gas Negara Tbk. The gas

price adjustment in the Batam Area has considered the customer's purchasing power ability based on the results of business-to-business negotiations and agreements between PGN and Gas Customers in the Batam Area with the enthusiasm that PGN will maintain its commitment to continuously channeling natural gas to all PGN's natural gas customers in order to keep promoting national industry competitiveness.

SELLING PRICE OF PGN NATURAL GAS VS OTHER FUELS IN 2018



As shown in the comparison chart of oil and gas fuel prices above, based on historical and realization, it can be stated that PGN's natural gas prices are more competitive compared to crude oil derivative products. In certain cases, when the price of crude oil was at USD40 per barrel, Marine Fuel Oil (MFO 180) price is more competitive than PGN's natural gas price. However, along with the trend of rising crude oil prices above USD50/bbl, PGN's natural gas prices are still

more competitive than other fuel prices, especially the prices of diesel fuel (High Speed Diesel/HSD), MFO 180 fuel oil and other oil derivative products. In addition, natural gas prices tend to be stable, while prices for HSD and MFO are more volatile according to conditions of the global oil prices. A stable gas prices mean PGN's customers were able to more better production planning and operational costs forecasts.

Revenue of Distribution or Trading Segment

In 2018, PGN's distribution/trading business segment booked revenues of USD2.79 billion. This revenue increased by 6.7% compared to only USD2.62 billion in 2017. This growth was mainly contributed from additional gas volume distributed to Industrial and Commercial customers.

REVENUE OF DISTRIBUTION/TRADING SEGMENT

Segmen Customer	2018		2017		Δ (%)
	Millions USD	%	Millions USD	%	
Industry & Commercial	2,784.95	99.8%	2,608.91	99.7%	7%
Household	4.49	0.2%	6.91	0.3%	-35%
Gas Filling Station ("SPBG")	1.46	0.1%	1.99	0.1%	-26%
Total	2,790.90	100.0%	2,617.80	100.0%	7%

TRANSMISSION/TRANSPORTATION SEGMENT

The gas transmission/transportation business segment is responsible for transporting natural gas that belong to the shippers from the receiving point of gas fields or other sources to the offtaker delivery points through high-pressure transmission pipelines. In this business segment, PGN operates transmission pipelines to deliver gas owned by shippers and is paid a fee in the form of toll fees, the amount of which is stipulated by the Downstream Oil and Gas Regulatory Agency (BPH Migas). The transmission overview below illustrates information on the transmission pipelines currently operated by PGN.

PGN'S TRANSMISSION PIPELINE

No.	Transmission Pipelines	Lengths (Km)	Shippers	Offtakers	Operators
1	Wampu - Belawan	37	PLN	PLN	PGN
2	SSWJ Phase I	378			PGN
3	SSWJ Phase II	626	PLN	PLN	PGN
	Total	1,041			

Furthermore, to utilize the shippers' natural gas transportation, the transmission pipeline owned by PGN as seen on the above table is also used to transport its own natural gas in order to support PGN's commercial business activities as stipulated in

Government Regulation Number 36 of 2004 concerning Downstream Natural Gas Business Activities. As the transmission pipelines are owned by PGN and not intended to seek profits, thus PGN does not get a reward in the form of toll fees.

Besides PGN, other PGN's subsidiaries, such as TGI, KJG and Pertagas are operating transmission with the following highlights:

TGI and KJG

No.	Transmission Pipelines	Lengths (Km)	Shippers	Offtakers	Operators
1	Grissik – Duri	536	ConocoPhillips (Grissik) Ltd.	PT Chevron Pacific Indonesia	TGI
			PT Energasindo Heksa Karya	PLN - Payo Selincah	
			PGN	PGN for RAPP PGN for IKPP PGN for Pertamina Lirik, and Ukui	
			PT Pertamina Hulu Jambi Merang Talisman (Jambi Merang) Limited Pacific Oil & Gas (Jambi Merang) Ltd.	PT Chevron Pacific Indonesia	
			PLN	PLN - Payo Selincah PLN - Rengat PLN - Duri	
			PT Gagas Energi Indonesia PT Pertamina (Persero)	PT IKPP Jargas Kota Jambi	
2	Grissik - Batam - Singapura	470	ConocoPhillips (Grissik) Ltd	Gas Supply Pvt Ltd.	TGI
			ConocoPhillips (South Jambi) Ltd	Gas Supply Pvt Ltd.	
			PetroChina International Jabung Ltd.	Gas Supply Pvt Ltd.	
			PGN	PGN – Distribusi Batam PLN Batam	
			Perusahaan Daerah Pertambangan and Energi Sumatera Selatan (PDPDE South Sumatera)	PT Lontar Papyrus Pulp & Paper Industry (LPPPI)	
			PT Inti Daya Latu Prima PLN Batam	PGN – Distribusi Batam PLN Batam Tanjung Uncang Powerplant	
3	Kepodang – Tambak Lorok (Kalimantan Jawa I)	201	PC Muriah Ltd	PLN - Tambak Lorok	KJG

GAS TRANSMISSION PIPELINE NAD AND NORTH SUMATERA

Descriptions	Units	Measurement Units
Pipeline Segments	9	Ruas
24" Diameter Pipeline	344.1	
18" Diameter Pipeline	51.6	
16" Diameter Pipeline	12.5	
14" Diameter Pipeline	14.5	Km
12" Diameter Pipeline	177.3	
8" Diameter Pipeline	20	
Pipe Tracks	Aceh Utara, Lhokseumawe, Langsa, Aceh Timur, Aceh Tamiang, Langkat, Medan, Deli Serdang, Simalungun, Serdang Bedagai, Binjai	
Gas Suppliers	PHE NSO NSB, PT Pertamina EP Asset 2, PAG (Regasifikasi Gas), MEDCO Blok A	
	PT Pertamina (Persero)	
	PT Pupuk Iskandar Muda	
	PT Kertas Kraft Aceh	
Shippers	PT Pertamina EP Asset 2	
	PT PLN (Persero)	
	PT PGN Tbk.	
	PT Pertagas Niaga	

GAS TRANSMISSION PIPELINE SOUTH SUMATERA

Descriptions	Units	Measurement Units
Pipeline Segments	18	Ruas
24" Diameter Pipeline	28.71	
22" Diameter Pipeline	17.05	
20" Diameter Pipeline	370.92	
16" Diameter Pipeline	20.2	
14" Diameter Pipeline	170.91	Km
12" Diameter Pipeline	47	
10" Diameter Pipeline	27.5	
8" Diameter Pipeline	3.2	
Pipe Tracks	Muara Enim, Prabumulih, Ogan Ilir, Palembang, Musi Banyuasin, Banyuasin	
Gas Suppliers	PT Pertamina EP Asset 2, MEDCO, COPI Grissik, JOB Jadestone	
	PT Pertamina EP Asset 2	
	PT Medco E&P Indonesia untuk PLN Indralaya and PLN Borang	
	PT Pupuk Sriwijaya	
Shippers	PT Mitra Energi Buana	
	PT Sarana Pembangunan Palembang Jaya	
	PT Pertagas Niaga	
	PT Perusahaan Daerah Pertambangan and Energi (PDPDE)	

GAS TRANSMISSION PIPELINE WESTERN PART OF JAVA

Descriptions	Units	Measurement Units
Pipeline Segments	15	Ruas
32" Diameter Pipeline	45	
24" Diameter Pipeline	248	
18" Diameter Pipeline	87	
14" Diameter Pipeline	93	Km
12" Diameter Pipeline	18	
10" Diameter Pipeline	0.75	
8" Diameter Pipeline	32	
Pipe Tracks	Indramayu, Cirebon, Subang, Karawang, Kab. Bekasi, Kab. Bogor, Kab. Tangerang, Cilegon, Jakarta Utara	
Gas Suppliers	PT Pertamina EP Asset 3 (Cicauh, Citarik, Cilamaya Utara, L. Parigi, Sindang, NFG CMS - Line Jabar, Waled Utara), PHE ONWJ, Regasifikasi Gas NR	
	PT Pertamina EP Asset 3	
	PT Bayu Buana Gemilang	
	PT Pupuk Kujang	
Shippers	PT Pertagas Niaga	
	PT PGN Tbk.	
	PT PLN (Persero)	
	PT Pertamina (Persero)	
	PT Sinergi Patriot Bekasi	
	PT Pertagas Niaga	

GAS TRANSMISSION PIPELINE EAST JAVA

Descriptions	Units	Measurement Units
Pipeline Segments	6	Ruas
Offshore 28" Diameter Pipelines	369.7	
Onshore 28" Diameter Pipelines	52.64	
24" Diameter Pipeline	3.42	
18" Diameter Pipeline	56	Km
16" Diameter Pipeline	8.1	
10" Diameter Pipeline	4.65	
Pipe Tracks	Topulauan Sapekan, Kab. Sumenep, Kab. Sidoarjo, Kab. Pasuruan, Surabaya, and Gresik	
Gas Suppliers	OPHIR - Maleo, OPHIR - Peluang, TolL, Lapindo Brantas, HCML-BD	
	PT PGN Tbk.	
	TolL	
	Pertamina	
Shippers	PT Pertagas Niaga	
	PT PLN (Persero)	
	PT Inti Alasindo Energi	
	PT Pupuk Petrokimia Gresik	
	PT Sarana Cepu Energy	

GAS TRANSMISSION PIPELINE EAST KALIMANTAN

Descriptions	Units	Measurement Units
Pipeline Segments	4	Ruas
20" Diameter Pipeline KM53 – SKG Bontang	13	
16" Diameter Pipeline Tj. Santan – SKG Bontang	13	
16" Diameter Pipeline KM29 – SKG Bontang	39.7	Km
16" Diameter Pipeline Km 53 – SKG Bontang	3.2	
Pipe Tracks		Kutai Kertanegara and Kota Bontang
Gas Suppliers		PHM, PHSS, PHKT, CHEVRON, Muara Bakau, Mubadala Petroleum
		PT Pupuk Kalimantan Timur
		PT Kaltim Methanol Industri
		PT Kaltim Parna Industri
Shippers		PT Bontang Migas Energi (BME)
		PT Kaltim Parna Industri
		PT Bontang Migas & Energi
		PT PLN (Persero)
		PT Pertamina (Persero)

In addition to natural gas transmission/transportation activities, PGN also carries out pipeline oil transportation business activities performed by a subsidiary, PT Pertamina Gas, which acts as the operator of the oil transmission pipeline segment with the following transmission overview.

Oil Transmission Pipelines	Lengths (Km)	Shippers
Tempino – Plaju	262	PT Pertamina EP Aset 1 Field Jambi PT Pertamina EP Aset 1 Field Ramba PSC Tately TAC P-EMP BWP Meruap TAC PBMS Jambi PSC Montd'Or Oil Tungkal PSC Mandala Energy Lemang PSC Odira Energy Karang Agung
Total	262	



Operating Performance of Transmission/Transportation Segment

In 2018, the transmission/transportation business segment operated by PGN transported about 25 MMSCFD of natural gas vs. of only 8 MMSCFD in 2017

(or increased by 212.50%). This growth was mainly due to increase volume transported to PLN Paya Pasir Medan and Jambi Merang power plants. Overview of Operating Performance of Transmission/Transportation Business Segment operated by PGN is as follows:

OPERATING PERFORMANCE OF TRANSMISSION/TRANSPORTATION SEGMENT

Transportation	2018		2017		Δ (%)
	MMSCFD	(%)	MMSCFD	(%)	
PGN:					
To SPBG Jakarta	3.57	14%	3.06	37%	17%
To PLN Muara Tawar	9.53	37%	1.07	13%	793%
To PLN MPP Paya Pasir	12.35	49%	4.12	50%	200%
Total	25.45	100%	8.25	100%	208%

In 2018, total combined transportation volumes of Pertagas, TGI, and KJG amounted to 2,076 MMSCFD of natural gas from 2,070 MMSCFD in 2017 (or growth of 0.3%). The growth in this business segment was due to additional volumes of Pertagas and TGI transmissions.

The increase in gas in transmission volumes operated by Pertagas and TGI was contributed by higher gas volumes from a number of shippers. However, KJG experienced a decline in transmission volumes in 2018 as a result of production decline from the Kepodang field.

TRANSMISSION VOLUME OF PGN'S SUBSIDIARY/AFFILIATES

Transportation	2018		2017		Δ (%)
	MMSCFD	(%)	MMSCFD	(%)	
Pertagas	1,374.75	66%	1,344.71	65%	2%
TGI	654.39	32%	649.47	31%	1%
KJG	46.73	2%	75.55	4%	-38%
Total	2,075.87	100%	2,069.73	100%	0,3%

Revenue of Transmission/Transportation Segment

In 2018, total transmission revenue of PGN & Pertamina was about US\$273.84 million compared to USD272.29 million recorded in the previous year (or an increase by 0.6%), where the growth came from higher volumes transported by PGN and Pertamina.

For TGI, it booked a revenue of US\$153.41 million vs. a revenue of US\$151.62 in the prior year. In 2018, TGI recorded revenue of USD153.41 million from 2017 at USD151.62 million. This is due to an increase in the volume of gas distribution by TGI mainly following an increase in gas distribution in some TGI customer shippers.

REVENUE OF TRANSMISSION/TRANSPORTATION SEGMENT

Revenue	2017		2016		Δ (%)
	Million USD	%	Million USD	%	
PGN & Pertamina	273.84	143%	272.29	131%	1%
TGI*	153.41	80%	151.62	73%	1%
KJG**	38.62	20%	55.48	27%	-30%
Total	192.03	100%	207.10	100%	-7%

* TGI income is presented in the Consolidated Financial Statements as part of the addition of Equity Participation in the form of increasing the profit share of the joint venture.

** KJG income is presented as financial lease

OIL AND GAS SEGMENT

The oil and gas business segment is PGN's investment arm in the upstream oil and gas sector that include exploration and production activities. This business activity is a manifestation of PGN's efforts to expand its portfolio in the energy business chain through its Subsidiaries, namely SEI and the Energy Range. In this business segment, SEI obtains revenues derived from oil, gas, LPG and LNG lifting. The main expenses needed

in this business activity include production and lifting costs, depreciation costs of oil and gas assets and the allocation of costs related to exploration and exploitation.

Operating Performance of Oil and Gas Segment

In 2018, stronger revenues were mainly due to revenues generated from the Muara Bakau block that has been in full production as well as higher ICP average prices.

PORTFOLIO OIL AND GAS BLOCK SAKA

No	Blocks	Ownership (%)	Operators	Status
1	Pangkajene PSC	100	SEI	Production
2	South Sesulu PSC	100	SEI	Exploration
3	FasTon	36	Silverbow	Production
4	South East Sumatera PSC	8.9	CNOOC	Production
5	Totapang PSC	20	Petronas	Production
6	Bangkalanai PSC	30	Ophir	Production
7	Muriah PSC	20	Petronas	Production
8	West Bangkanai PSC	30	Ophir	Exploration
9	Muara Bakau PSC	11.7	ENI	Production
10	Wokam II PSC	100	SEI	Exploration
11	Sanga Sanga PSC	37.8	VICO	Production
12	Pekawai PSC	100	SEI	Exploration
13	West Yamdena PSC	100	SEI	Exploration

The following is the lifting volumes of oil, gas, LPG and LNG:

LIFTING PERFORMANCE OF SAKA

Lifting	2018	2017	Δ (%)
Crude oil (in bbls)	2,861,782	3,283,047	-13%
Natural gas (in mmbtu)	42,087,140	50,615,419	-17%
LPG (in MT)	34,640	54,803	-37%
LNG (in mmbtu)	21,998,758	11,728,862	88%

The higher LNG lifting volume is mainly due to Muara Bakau block that has been producing since June 2017 and has been in full production throughout 2018.

Revenue of Oil and Gas Segment

In 2018, the oil and gas business segment through SEI and Pertamina posted revenues of USD749.55 million compared to only USD472.86 million recorded in 2017 (or increased by 58.52%). The higher revenue was mainly contributed to Muara Bakau block that started production in June 2017 and the Sanga-Sanga Block which has been in full production.

REVENUE OF OIL AND GAS SEGMENT

Commodities	2018		2017		Δ %
	Millions USD	%	Millions USD	%	
Crude Oil	201.47	34%	165.47	35%	22%
Gas	167.02	29%	198.59	42%	-16%
LPG	17.66	3%	25.03	5%	-29%
LNG	199.37	34%	83.77	18%	138%
Total	585.52	100%	472.86	100%	24%

PERTAGAS BUSINESS SEGMENT

On December 28, 2018, PGN acquired 51% of Pertamina's shares in Pertagas and as a result, Pertagas' books is consolidated into PGN's audited consolidated financial statements as of December 31, 2018. It is important to note that Pertagas main businesses are, amongst others, gas distribution/trading, gas processing, and oil and gas transmission.

Pertagas is presented as separate business information since PGN has effectively controlled Pertagas since December 28, 2018. As PGN is in the process of integrating Pertagas' business into PGN's operations as of December 31, 2019, Pertagas' businesses are still analyzed separately from PGN's business.

OTHER SEGMENT

Other segments are other businesses that are directly related to and/or support the main business of PGN in accordance with applicable laws and regulations through Subsidiaries and affiliates. Other business activities in PGN's portfolio include:

1. Telecommunication
PT PGAS Telekomunikasi Nusantara (PGASCOM) was established in January 2007 and engaged in Telecommunications and ICT Services. It began operations since March 2008, and provides services in Telecommunications, Managed Service and Business Solutions.
2. Construction
PT PGAS Solution (PGASSOL) was established in August 2009 and began operations since 2010. It provides technical, construction and maintenance services.
3. LNG
PT PGN LNG Indonesia (PGN LNG) was established in June 2012 and has commercially operated an commercial operates LNG storage and regasification terminal (FSRU) in Lampung since November 2014.

4. Management and rental of buildings and equipment
PT Permata Graha Nusantara (PERMATA) was established in June 2014 and has been commercially operational since 2014. It engages in property and services including providing facilities to support customer's business operations such as building management, service offices, transportation services, oil and gas support, utilization and optimization of assets, provision of commercial and residential property products and other services.
5. Financial Lease
PT Kalimantan Jawa Gas (KJG) was established in July 2013 through ownership by PERMATA. Since August 2015, KJG commenced operations of the Kepodang - Tambak Lorok transmission pipelines to deliver natural gas to PLN Tambak Lorok. KJG's main business is natural gas transmission, but the impact of the implementation of PSAK Number 30 on leases and ISAK Number 8 on the interpretation of transactions containing leases has resulted in KJG transmission revenues generated during 2017 to be presented as financial leases in others business segment revenue.

Operating Performance of Other Segment - Telecommunications

PGASCOM has several permits to support its business, namely a Closed Fixed Network Operation License, a Local Fixed Packet Switched-Based Network License, a Landing Right Permit, an Internet Access Interconnection License (Network Access Provider). In addition, its Subsidiary, PT Telemedia Dinamika Sarana (TDS), has an Internet Service Provider and PGAS Telecommunications International PT LTD license with Facilities-Based Operations (FBO) Permit issued by Singapore's Infocomm Media Development Authority (IMDA).

In 2018 the implementation of operational activities can be carried out in accordance with the agreed fiber optic Service Level Agreement ("SLA"). This Operational Activity includes maintenance of backbone networks

from Jakarta-Batam-Singapore and lastmile in several regions/areas including: Batam, Jambi, Palembang, Lampung, Cilegon, Serang, Jakarta, Bandung and Surabaya with the achievement of SLA backbone network reliability and SLA last mile of 99.5%. To strengthen the position of PGASCOM in several strategic areas, it also collaborates with third

parties to establish PoP (Point of Present). The rental space conducted by PGASCOM is located in industrial estates, HRB (High Rise Building), and several other strategic locations spread across several points in Indonesia, namely Sumatra and Java Island starting from Medan, Batam, Jambi, Palembang, Lampung, Cilegon, Jabodetabek, Bandung, and Surabaya.

PGASCOM's operating performance can be seen as follows:

OPERATING PERFORMANCE PGASCOM

Business Segment	2018		2017		Δ (%)
	Mbps	%	Mbps	%	
Operator	240,480	7.96	536,150	22.11	-14.15
NAP / ISP	2,495,415	82.58	1,567,200	64.63	17.95
Corporate	246,458	8.16	308,713	12.73	-4.58
PGN Group	39,552	1.31	12,832	0.53	0.78
Total	3,021,095	100.00	2,424,895	100.00	24.59

Operating Performance of Other Business Segment - Construction, Operation and Maintenance of Pipe Networks

In 2018, PGASSOL has completed the following projects:

- Development of the Distribution Project.
- Intelligent Pigging Line Gas Pipes Sakra Gas Gases (IP-TGI).
- Construction of PT Nusantara Regas Control Building in Muara Karang Power Plant Area.
- Procurement of Beranda Mas Land Survey Measurement.
- Permanent 24 inch pipe repair work in Karawang.
- Installation of Household Gas Infrastructure in Sidoarjo.

PGASSOL's operating performance can be seen as follows:

OPERATING PERFORMANCE PGAS SOLUTION

Business Segments	2018		2017	
	Number of Projects	%	Number of Projects	%
Operation and Maintenance	500	53%	62	31%
Engineering and Engineering	188	20%	65	32%
Procurement Construction (EPC)	108	11%	20	10%
Trading	147	16%	56	28%
Consultant	943	100%	203	100%

Operating Performance of Other Segment - LNG

The LNG business is managed by PT PGN LNG Indonesia, a subsidiary of PGN, and PT Nusantara Regas, a joint venture between Pertamina and PGN. In 2018, PLI distributed six cargoes of regasification gas to PGN while NR distributed 33 cargoes to PLN.

PGN LNG operates a Floating Storage and Regasification Terminal (FSRT) facility consisting of a Floating Storage and Regasification Unit (FSRU),

Mooring System, Offshore Pipeline and Onshore Receiving Facility (ORF) located in Labuhan Maringgai, Lampung, in cooperation with Hoegh LNG Lampung, as the owner FSRU, in operating the FSRU. The FSRU can revoke LNG up to 240 MMSCFD. The gas produced by regasification is then channelled through the 21 km offshore pipeline that connects the FSRU with Labuhan Maringgai ORF, and then deliver the gas to its customers in Java.

PGN LNG's operating performance can be seen as follows:

OPERATING PERFORMANCE PGN LNG

Regasification*	2018	2017	Δ (%)
Natural gas (in MMBTU)	6,669,465.55	1,222,685	545.48

*MMBTU = million British Thermal Unit, 1 MMBTU equals 28,3205m³

NR operates a Floating Storage and Regasification Unit (FSRU) facility, an offshore pipeline and an Onshore Receiving Facility (ORF) located in Jakarta Bay in collaboration with Golar Energy Ltd. as the owner of the FSRU in operating the FSRU.

NR's operating performance can be seen as follows:

OPERATING PERFORMANCE NUSANTARA REGAS

Regasification*	2018	2017	Δ (%)
Natural gas (in MMBTU)	90,346,732	77,036,179	(4.99)

*MMBTU=million British Thermal Unit, 1 MMBTU equals 28,3205m³

Operating Performance of Other Segment - Building and Equipment Management and Rental

Management and rental of buildings and equipment is carried out by PERMATA since 2015. PERMATA's performance in 2018 is as follows:

OPERATING PERFORMANCE PERMATA					
Business Segment	2018		2017		Δ (%)
	Revenues (Billions Rupiah)	%	Revenues (Billions Rupiah)	%	
Oil and Gas Support	0	0%	181,360	14%	13.4
Rent Financing	374,856	41%	476,644	37%	(5.8)
Transmission Asset	174,917	19%	265,695	21%	(19.0)
Building Management	117,670	13%	137,823	11%	0.9
Office Support	60,255	7%	66,516	5%	7.5
Offtake Station Management	59,273	7%	60,592	5%	9.5
Transportation Service	41,973	5%	44,176	3%	78.2
Warehouse Management	17,670	2%	12,286	1%	(31.5)
Temporary Facilities	1,892	0%	7,740	1%	(55.9)
Archive Service	23,793	3%	17,102	1%	27.8
Others	37,146	4%	25,581	2%	180.7
Total	909,445	100%	1,295,515	100%	(2.6)

Financial Lease

In 2018, KJG posted revenue of USD38.62 million compared to USD55.48 million in 2017 (or a decline of 30.38%), which was recognized as Financial Income from Financing Leases. The sharp decline was contributed to much lower gas volumes distributed by KJG as a result of decline in gas production from Kepodang gas field as claimed by Petronas Carigali Muriah Ltd., which is the operator of Muriah PSC. Presently, it is still in the process of discussion with KJG in accordance with the provisions set forth under the Gas Transportation Agreement.

In August 2015, KJG began operating the Kalimantan Java 1 transmission pipeline segment (Kepodang-Tambak Lorok section). In accordance with the provisions of PSAK 30 concerning Leases and ISAK 8 concerning the interpretation of transactions containing Leases, KJG assets of both pipeline and onshore receiving facility are treated as finance lease receivables and result in receipt of toll fees generated attributable to receivables, financial lease financial income and income of transmission asset operating service.

KJG's operating performance can be seen as follows:

KJG'S OPERATING PERFORMANCE					
Transportation	2018		2017		Δ (%)
	MMSCFD	(%)	MMSCFD	(%)	
PLN Tambak Lorok	47	100.00	76	100.00	-38.16
Total	47	100.00	76	100.00	-38.16

DESCRIPTION ON THE FINANCIAL PERFORMANCE

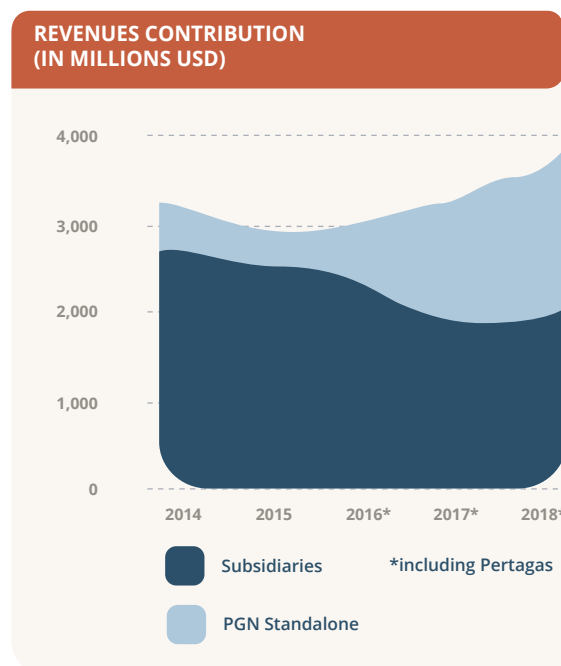
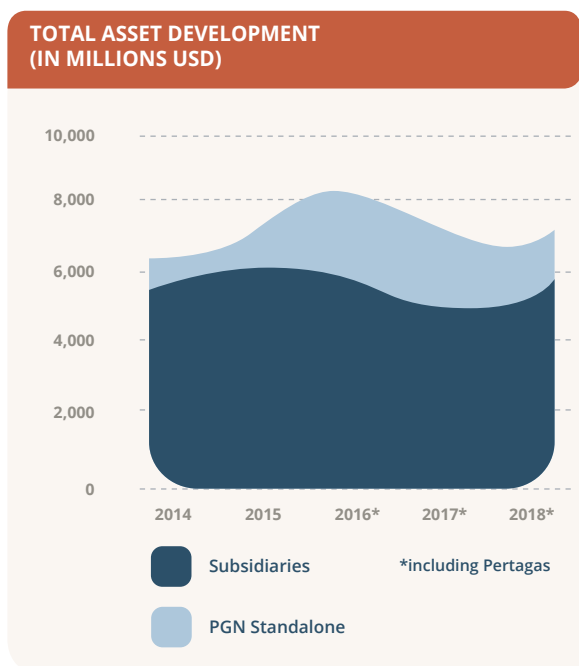
On December 28, 2018, PGN acquired 51% of PT Pertamina Gas (PERTAGAS) shares, and as a result of its majority ownership in Pertagas, PGN has consolidated Pertagas' financial statement into PGN's. Based on PSAK 38, PGN recorded the acquisition using a pooling of ownership method where it seemed as if the Pertagas Financial Report had been consolidated by PGN from the start.

The difference between the transaction value and the value of Pertagas net assets at the date of acquisition

is recorded in the Additional Paid-in Capital considering that the transaction has no economic substance according to PSAK 38.

NET REVENUES

This Net Revenues come from four PGN primary businesses, which are distribution/commercial business, gas processing business, transmission/transportation business, oil and gas business, and other businesses including (1) telecommunications, (2) financial lease, and (3) others in the form of: construction, management, rental of buildings and equipment.



The contribution of each business to business revenue in 2018 is as follows:

PGN'S OPERATING INCOME						
Business Segments	2018		2017		Δ	
	Millions USD	%	Millions USD	%	Millions USD	%
Distribution/Trading	2,790.90	72.11	2,617.80	73.32	173.09	6.61
Gas Processing	142.32	3.68	118.11	3.31	24.21	20.50
Transmission/ Transportation	273.84	7.08	272.29	7.63	1.55	0.57
Oil and Gas	585.52	15.13	472.86	13.24	112.67	23.83
Others:						
Telecommunications	13.90	0.36	13.42	0.38	0.48	3.59
Lease	38.62	1.00	55.48	1.55	(16.86)	-30.38
Miscellaneous	25.16	0.65	20.64	0.58	4.52	21.90
Total	3,870.27	100.00	3,570.60	100.00	299.67	8.39

During 2018, PGN booked net revenue of USD3.87 billion, an increase by 8.39% compared to 2017 revenues of only USD3.57 billion. The increase in revenue was mainly influenced by a rise in income from distribution/trade business. An increase of 6.61% in gas distribution revenue in 2018 from USD173.09 million recorded in 2017. The revenue from distribution/trade business contributed about 72.11% of the total consolidated revenue. Importantly, the higher revenue in distribution/trade business was due to an increase in natural gas distribution volumes in 2018.

Natural gas sales volume during 2018 was about 962 BBTUD, an increase of 7.68% from 894 BBTUD realized in 2017. Although the blended selling price

of gas had declined from USD8.64 per mmbtu during 2017 to USD8.54 per mmbtu in 2018, with the increase in distribution volumes that were recorded throughout 2018, PGN was able to increase its overall revenue.

In 2018, gas processing business revenues is amounted to USD127.12 million, an increase by 20.50% compared to 2017 at USD118.11 million, mainly due to increased revenues from Pertamina and PT Perta Arun Gas.

From oil and gas, lifting activities at Muara Bakau PSC which have been fully operational in 2018 as well as a rise in the average selling price of oil throughout 2018 have contributed to the revenue from oil and gas businesses at USD585.522 million or an increase by USD112.67 million compared to 2017.

PGN booked revenues from the oil and gas transportation at USD273.84 million during 2018, an increase by 0.57% from 2017 at USD272.29 million. This increase was due to a rise in the distribution volume of PGN & Pertamina transmissions.

In 2018, the volume of KJG's distribution declined, and as a result, KJG recorded a lower financial lease by US\$16.86 million. This decrease was caused by claims of force majeure from the gas being delivered from the Kepodang field by Petronas Carigali Muriah Ltd. and importantly, it is still in the discussion phase with KJG in accordance with the provisions of the Gas Transportation Agreement to resolve the force majeure issue mentioned above.

The total consolidated net revenue, 32.26% is the result of sales transactions to entities related to the Government for the year ended December 31, 2018.

COST OF REVENUES

PGN's cost of revenues in 2018 consists of gas purchases from suppliers, costs for oil and gas production activities, LNG purchases and FSRU

operations, costs related to gas processing and other basic costs in the form of: main expenses for gas pipeline construction revenues and management, leasing of buildings and equipment with a total of USD2,560.77 million from USD2,389.09 million in 2017. The cost of goods increased by 7.19% or USD171.68 million from 2017. The increase in cost of goods was mainly due to higher costs on natural gas purchases from suppliers at USD169.66 million. In 2018, there were other income expenses for construction and services amounting to USD22.01 million for the construction of assets by PGASSOL and other services to third parties by PERMATA.

On the other hand, there was a drop in the operating expenses of oil and gas mining of USD12.10 million, which was mainly due to a decrease in oil and gas production and lifting expenses by Saka Subsidiary. The cost of revenues for LNG itself increased by USD5.12 million due to a rise in depreciation expenses of machinery and supporting equipment for FSRU's in 2018 compared to the previous year.

PGN'S COST OF REVENUE

Cost of Revenue	2018		2017		Δ	
	Millions USD	%	Millions USD	%	Millions USD	%
Natural Gas Purchase	1,971.15	76.98%	1,801.49	75.40%	169.66	9.42%
Operating Expenses for Oil and Gas	431.68	16.86%	443.77	18.57%	(12.10)	-2.73%
LNG Purchase and FSRU Operation	90.84	3.55%	85.72	3.59%	5.12	5.98%
Gas Processing	45.09	1.76%	39.79	1.67%	5.30	13.33%
Other Expense	22.01	0.86%	18.32	0.77%	3.68	20.10%
Total	2,560.77	100.00%	2,389.09	100.00%	171.68	7.19%

was also accompanied by an increase in purchases from natural gas suppliers with higher selling prices, which ultimately increased the blended price of natural gas purchases. The cost of revenue for LNG alone increased by USD5.12 million due to a rise in depreciation expenses of machinery and FSRU supporting equipment in 2018 compared to the previous year.

The primary cost of natural gas purchases of USD1.97 billion came from several suppliers, including ConocoPhilips, Pertamina and other suppliers. The increase in natural gas purchasing expenses amounted to USD169.96 million due to an increase in the volume of purchases from natural gas suppliers along with the increase in the volume of natural gas distribution to customers. The increase in volume

NATURAL GAS PURCHASING EXPENSES

Suppliers	2018		2017		Δ	
	Millions USD	%	Millions USD	%	Millions USD	%
ConocoPhilips	1,031.18	52.31	910.39	50.54	120.79	13.27%
Pertamina	471.30	23.91	427.00	23.70	44.30	10.37%
Lainnya	468.67	23.78	464.10	25.76	4.57	0.99%
Total	1,971.15	100.00	1,801.49	100.00	169.66	9.42%

In 2018, the cost of oil and gas revenues amounted to USD431.68 million compared to 2017 amounting to USD443.77 million or a decrease of 2.73% due to a decrease in the lifting volume of oil, natural gas and LPG from blocks already in production at the SEI subsidiary. In addition, there is an increase in LNG lifting from Muara Bakau PSC which has been fully operational in 2018.

OIL AND GAS REVENUE EXPENSES

Expenses	2018		2017		Δ	
	Millions USD	%	Millions USD	%	Millions USD	%
Production and lifting expenses	165.55	38.35	184.38	41.55	(18.83)	-10.21
Depreciation, Depletion, and Amortization	266.13	61.65	259.39	58.45	6.74	2.60
Total	431.68	100	443.77	100	(12.10)	-2.73

The cost of LNG revenue is USD90.84 million from FSRU leases, depreciation expenses, LNG purchases and the LNG regasification process expenses. The increase in cost of revenues was mainly due to increased purchase of LNG and the operation of the FSRU in 2018 compared to the previous year.

LNG REVENUE EXPENSES

Expenses	2018		2017		Δ	
	Million USD	%	Million USD	%	Million USD	%
LNG related expenses	67.98	74.84	67.60	78.86	0.39	0.57
Depreciation expense	22.86	25.16	18.12	21.14	4.74	26.15
Total	90.84	100	85.72	100	5.12	5.98

PGN's gas processing cost of revenues in 2018 was at USD48.02 million compared to 2017 of USD32.54 million (or increased by 13.33%) that was in line with the higher gas processing revenues.

GAS PROCESSING REVENUE EXPENSES

Expenses	2018		2017		Δ	
	Millions USD	%	Millions USD	%	Millions USD	%
Gas processing	45.09	100	39.79	100	5.30	13.33
Total	45.09	100	39.79	100	5.30	13.33

In 2018 there was a cost of revenue in the form of construction costs paid by PGASSOL Subsidiaries to contractors for oil and gas Jargas and ENI construction activities that did not exist in 2017. In addition, there were also costs of revenue in the form of office support services, oil and gas supporting services, and Chiller rental expenses through PERMATA.

OTHERS REVENUE EXPENSES

Expenses	2018		2017		Δ	
	Millions USD	%	Millions USD	%	Millions USD	%
Rental and other expenses	22.01	100	18.32	100	3.68	20.10
Total	22.01	100	18.32	100	3.68	20.10

GROSS PROFIT

In 2018, PGN's gross profit increased by 10.83% to USD1.31 billion from USD1.18 billion in 2017. This increase of USD127.99 million was due to increased distribution business revenues mainly due to a rise in gas distribution volume and rising average selling prices of crude oil and LNG lifting volume in Saka subsidiary. Although there was also an increase in Cost of Revenues, which was largely due to an increase in the volume of purchases from natural gas suppliers, PGN group's gross profit still increased significantly because there was also a decrease in oil and gas production and lifting expenses in Saka.

DISTRIBUTION AND TRANSMISSION EXPENSES

In 2018, Distribution and Transmission Expenses decreased by 4% to USD437.78 million compared to 2017 amounting to USD456.01 million. This was mainly due to a decrease in depreciation expense of USD50.95 million and an expense of repairs and maintenance of USD7.55 million, despite an increase in salary expenses, post-employment benefits and other long-term costs of USD15.80 million and an increase in promotional expenses of USD5.87 million. The decrease in depreciation expense is caused by reclassification of Assets in Development to Fixed

Assets for assets that have been productive in 2017 which caused the depreciation of Fixed Assets in 2017 to be higher than in 2018.

GENERAL AND ADMINISTRATION EXPENSES

In 2018, General and Administrative Expenses increased by 2.47% to USD251.69 million compared to 2017 at USD245.61 million. This was mainly due to an increase in salary expenses and employee welfare by USD11.80 million and a reserve fee for impairment losses of receivables by USD11.67 million.

OTHER REVENUES

In 2018, other revenues increased by 68.12% to USD88.17 million from USD52.44 million in 2017. This increase was mainly due to other income accounting for the excess payment of Saka's tax related to the Income Tax Article 4 paragraph 2 dispute for the transfer of ownership participation indirectly to the BUT of Saka Indonesia (Pangkah) BV (SIPBV) and Saka Indonesia Pangkah Limited (SIPL).

OTHER EXPENSES

In 2018, other expenses increased by 49.91% to USD36.67 million from USD24.46 million in 2017. This increase was mainly due to tax administration costs related to Income Tax Article 22 of 2016 and 2017; 2013, 2014 and 2016 Corporate Income Tax; and 2012 VAT.

IMPAIRMENT REVERSAL OF OIL AND GAS PROPERTIES

Calculation and bookkeeping of impairment and reversal of decline in value are related to estimates of oil and gas reserves and changes in global oil prices that occur, in which there has been a decline from the end of 2015 to 2018, despite an increase in 2017 (reversal of decline in value). The oil and gas properties booked by PGN consist of exploration and evaluation assets and oil and gas properties.

At the end of each reporting period/year, the Company assess whether there are indications impairment of assets. If there is indication or at the time of the test of the impairment, then the company makes a formal estimate the recoverable amount of the asset. Recovered amount specified for the individual asset is the sum which is higher between the fair value of the asset or the CGU less the cost to sell with the usage value, unless the asset does not generate cash inflow which is largely independent of assets or other asset groups. If the carrying amount of an asset or Cash Generating Unit (CGU) is greater than the amount recoverable, then the asset is considered decrease in value and carrying amount of assets is reduced to as much as its recoverable amount.

In calculating usage value, estimation future net cash flow is discounted to present value by using the discount rate before taxes that reflect current market assessments of the time value of money and the specific risk to the asset. In determining fair value less cost to sell, used the market supply price lastly, if available. If there is no transaction, the Company uses the model an appropriate assessment to determine the value reasonable assets.

This calculation is corroborated by the assessment multiple or available fair value indicators. Assessment is done at the end of each date reporting whether there is any indication that the impairment recognized in the period/the previous year may no longer exist or may have decreased. If indicated found, then the entity estimates the amount recovered assets or CGU. The impairment is recognized in the period/the previous year for assets other than goodwill reversed only if there is a change of assumptions which is used to determine the amount recovered since last impairment was recognized. In this case, the total recorded assets increased to their recoverable amount. The reversal is limited to the amount recorded assets do not exceed their recoverable amount as well as the carrying amount, net of depreciation, in case there is no impairment which has been recognized for the asset at previous period/year. Impairment reversal is recognized as profit or loss. After the reversal, depreciation of the asset is adjusted in the coming period to allocate the carrying amount of that asset revised, less the remaining value, on a basis of which systematic for the rest of its useful life.

In 2017, there was a reversal in the decline in oil and gas property values from Ujung Pangkah PSC of USD32.19 million and Fasken (Texas) of USD11.07 million. In addition, there was a decline in the value of oil and gas property in Muriah PSC by USD36.23 million in 2017. Thus the reversal of the decline in oil and gas property values in the Profit (Loss) Report contributed positively to earnings in 2017 of USD7.03 million. Reversal of the decline in oil and gas property values as occurred in 2017 did not occur in 2018, where PGN recorded a decrease in the value of oil and gas property from Ujung Pangkah PSC by USD26.22 million due to a decrease in crude oil prices at the end of 2018.

OPERATING PROFIT

In 2018, PGN recorded an operating profit of USD645.31 million, which increased by 25.33% compared to 2017 amounting to USD514.90 million. The increase was mainly due to a rise in gross profit and a drop in Distribution and Transmission Expenses. In addition, there is also an increase in other income from the overpayment of Saka corporate income tax related to the Income Tax Article 4 dispute over the transfer of ownership participation indirectly to Saka Indonesia BUT (Pangkah) B.V (SIPBV) and Saka Indonesia Pangkah Limited (SIPL).

FINANCE INCOME

In 2018, finance income increased by 55.10% to USD34.56 million from USD22.28 million in 2017. The increase was mainly due to increased interest in demand deposits and time deposits in 2018. The deposit interest rate for 2018 is at 5.30% - 7.80% for Rupiah deposits and 0.50% - 1.90% for United States Dollar deposits.

FINANCE COSTS

Finance costs in 2018 amounted to USD153.43 million from USD169.34 million in 2017, a decrease by 9.40% mainly due to a drop in the syndicated loan interest expense by USD22.82 million for the repayment of most syndicated loans in SEI Subsidiaries in mid-2017. The repayment has an impact on the high interest expense of the syndication and the imposition of repayment fees earlier in 2017.

LOSS ON FOREIGN EXCHANGE

In 2018, there was a foreign exchange loss of USD18.83 million, an increase of 101.52% compared to the foreign exchange loss in 2017 of USD9.35 million. The position of the United States Dollar against the Japanese Yen on December 31, 2017 is JPY112.64/USD strengthened to JPY108.62/USD at December 31, 2018 and the position of the United States Dollar against the Rupiah at December 31, 2017 is a weakening IDR13,548/USD to IDR14.481/USD on December 31, 2018.

GAIN/LOSS ON CHANGE IN FAIR VALUE OF DERIVATIVES

In 2018, the gain on changes in derivative-net fair value was at USD4.60 million while in 2017 the loss on changes in derivative-net fair value was at USD2.66 million. With this derivative financial instrument, PGN hedges changes in the fair value of the risk liability of the USD/JPY exchange rate fluctuations in connection with long-term loans in Japanese Yen obtained from JBIC.

SHARE OF PROFIT FROM JOINT VENTURES

The share of profits from joint ventures consists of the share of profits from TGI, NR, Perkasa, PSG, PDG, and SEI through investments in Sanga Sanga (Unimar). In 2018, there was an increase in the share of profits from associates and joint ventures to USD79.88 million from TGI of USD27.81 million, NR of USD21.51 million, Unimar of USD5.28 million, Perkasa of USD1.38 million, PSG amounting to USD21.47 million, and PDG amounting to USD2.42 million. The increase in the total share of profits from joint ventures amounted to 28.62% mainly due to the increase in the share of Unimar's current year's profit that suffered losses in 2017.

At the beginning of 2018, the Perkasa Articles of Association, which was previously a Subsidiary of Permata Graha Nusantara, experienced changes that made it a joint venture entity. In contrast to 2017 where the financial statements of Perkasa entities were consolidated into PGN's consolidated financial statements, in 2018 PGN only absorbed profits from joint venture entities with Perkasa using the equity method.

WRITE-OFF JOINT VENTURES INVESTMENT

In 2018, PGN booked a write-off of USD7.18 million in joint venture investment in Unimar because Sanga-Sanga PSC had expired in August 2018. Similar transactions did not occur in 2017.

PROFIT BEFORE INCOME TAX

In 2018, Profit Before Income Tax (Expenses increased by 39.95% to USD584.90 million from USD417.94 million in 2017. The increase was mainly due to a rise in operating profit and financial income on time deposits, a decrease in financial expense on the impact of repayment of syndicated loans in 2017, gain on changes in the fair value of derivatives on the issuance of bonds through SEI and decline in the share of profit from joint ventures.

SINCOME TAX EXPENSE

In 2018, income tax expenses increased by 33.78% to USD220.27 million from USD164.65 million in 2017. Current taxes calculated in 2018 increased by 55.84% to USD181.43 million from USD116.42 million in 2017 in line with the increase in profit before tax. However, there are some significant movements in the correction of profit before tax fiscal compared to 2017 which caused

a rise in Current Tax Expenses. The deferred tax expense itself decreased to USD38.83 million from USD48.23 million in 2017. The decrease in deferred tax expense was caused by declining in the recognition of Unrecoverable Cost and the value of fixed assets between accounting and fiscal accounting in the SEI.

OTHER COMPREHENSIVE INCOME

Presentation of other comprehensive income arises after the entry into force of PSAK Number1 (Revised 2009) concerning the Presentation of Financial Statements effective as of January 1, 2011. On January 1, 2016, PSAK Number1 (Revised 2013) applied to the Presentation of Financial Statements. This revised PSAK divides the presentation of groups of items in Other Comprehensive Income that will be reclassified to profit or loss, presented separately from items that will not be reclassified to profit or loss. Other Comprehensive Income consists of:

1. Available for sale
In 2018, from other comprehensive income after tax on available-for-sale assets, PGN suffered a loss of USD3.18 million, down from 2017 which was a change in the fair value of USD1.83 million. This represents an unrealized impairment of changes in the fair value of assets available for sale.
2. In 2018, foreign exchange losses due to the translation of the Subsidiary's financial statements amounted to USD12.08 million, dropped from 2017 with USD2.22 million of profit from foreign exchange translation. This is due to the strengthening of the exchange rate of the United States Dollar against Rupiah at the end of 2018.

3. In 2018, net actuarial losses amounted to USD12.54 million compared to 2017 of USD4.37 million. Other Comprehensive Income After Tax for actuarial losses is the result of calculating the actuary for the Company's employee benefits.

PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY

In 2018, PGN yielded profit for the year attributable to the owners of the parent entity amounting to USD304.99 million, an increase of 54.89% compared to 2017 of USD196.90 million. This increase was caused by an increase in Profit Before Benefits (Expenses) of Taxes by 39.95% and a lower increase in Tax Expenses by 33.78% and the portion of profit for the current year attributable to non-controlling interests.

Profit attributable to the owner of the parent entity is different from the profit recorded in profit not reserved for the current year in the PGN Consolidated Statement of Changes in Equity. Based on PSAK 38, PGN recorded the acquisition of 51% of the shares of PT Pertamina Gas (PERTAGAS) using a pooling of ownership method, which as if the Pertagas Profit Report had been consolidated by PGN since the beginning of the year. However, considering that the acquisition transaction took place at the end of 2018, PGN's valuation and payment for the acquisition included PGN's portion of Pertagas's profit until the end of 2018, because that portion of the profit had been absorbed in Pertagas's net assets and became the basis for valuation of acquisition transactions.

Therefore, PGN recorded a profit not reserved for the current year of USD242.61 million in the Consolidated Statement of Changes in Equity and the current portion of Pertagas profit was USD62.38 million as an Additional Paid-in Capital in accordance with PSAK 38.

PROFIT FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

In 2018, the current year's profit attributable to non-controlling interests amounted to USD59.65 million, while in 2017 the current year's profit attributable to non-controlling interests was USD56.38 million. The increase in the share of profit was mainly due increased profit share of non-controlling interests in Pertagas subsidiary.

TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY

In 2018, PGN produced a total comprehensive income for the year which could be distributed to the owners of the parent entity amounting to USD276.57 million, an increase by 41.06% compared to 2017 at USD196.07 million. This increase was mainly due to higher increase in the current year profit compared to the increase in other comprehensive expenses.

Ratio of Profitability

Description	2018	2017	Δ
Margin of Net Profit (%)	7.88	5.51	2.37
Return on Asset (%)	15.13	13.25	1.88
Return on Equity (%)	9.53	4.57	4.96

TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Total comprehensive income for the year attributable to non-controlling interests in 2018 was USD60.27 million compared to USD56.90 million in 2017.

ASSETS

In 2018, PGN's Total Asset amounted to USD7.94 billion, consisting of 31.16% Current Asset and 68.84% Non-Current Asset. The total value of these assets dropped by 2.98% compared to 2017 at USD8.18 billion. The decrease in assets mainly came from the decrease in Oil and Gas Property by USD183.78 million, the balance of Other Receivables amounting to USD157.96 million, and the balance of Equity Participation amounting to USD92.62 million.

Description	2018		2017		Δ	
	Millions USD	(%)	Millions USD	(%)	Millions USD	(%)
Current Asset	2,473.61	31.16	2,235.51	27.32	238.10	10.65
Non-Current Asset	5,465.66	68.84	5,947.67	72.68	(482.01)	-8.10
Total	7,939.27	100.00	8,183.18	100.00	(243.91)	-2.98

Current Asset

PGN's Current Asset increased by 10.65% from USD2.24 billion in 2017 to USD2.47 billion in 2018. This was mainly due to an increase in Cash and Cash Equivalents, Estimated Tax Claims and Trade Receivable.

Description	2018		2017		Δ	
	Millions USD	(%)	Millions USD	(%)	Millions USD	(%)
Cash and cash equivalents	1,744.81	53.17	1,140.43	51.01	174.81	15.33
Restricted cash usage	22.55	0.91	29.75	1.33	(7.20)	-24.20
Short-term Investments	63.63	2.57	70.66	3.16	(7.03)	-9.95
Trade receivables	540.93	21.87	503.04	22.50	37.88	7.53
Other receivables	205.29	8.30	209.91	9.39	(4.61)	-2.20
Derivative Assets	0.40	0.02	0.00	0.00	0.40	100.00
Inventories	78.51	3.17	74.18	3.32	4.33	5.83
Estimated Claims for Tax Refund	168.23	6.80	107.86	4.82	60.37	55.97
Advances Maturity In Time One Year	50.96	2.06	69.36	3.10	(18.39)	-26.52
Prepaid Expenses	27.87	1.13	30.32	1.36	(2.45)	-8.09
Total	2,473.61	100.00	2,235.51	100.00	238.10	10.65

Cash and Cash Equivalents

COMPOSITION OF CASH AND CASH EQUIVALENTS

Descriptions	2018		2017		Δ	
	Millions USD	(%)	Millions USD	(%)	Millions USD	(%)
Cash	0.62	0.05	0.27	0.02	0.35	129.00
Bank:						
Rupiah	157.01	11.94	83.20	7.30	73.81	88.71
USD	761.71	57.91	664.09	58.23	97.61	14.70
YEN	6.90	0.52	3.29	0.29	3.61	109.76
SGD	0.11	0.01	0.15	0.01	(0.04)	-27.97
Total Bank	925.73	70.39	750.74	65.83	174.99	23.31
Total Cash and Bank	926.35	70.43	751.01	65.85	175.34	23.35
Deposito:						
Rupiah	95.47	7.26	66.30	5.81	29.16	43.98
USD	293.42	22.31	323.12	28.33	(29.70)	-9.19
Total Deposito	388.88	29.57	389.42	34.15	(0.54)	-0.14
Total of Cash and Cash Equivalent	1,315.23	100.00	1,140.43	100.00	174.81	15.33

COMPOSITION OF CURRENCY IN CASH AND CASH EQUIVALENTS

Descriptions	2018		2017		Δ	
	Millions USD	(%)	Millions USD	(%)	Millions USD	(%)
Rupiah	253.10	19.24	149.78	13.13	103.32	68.98
USD	1,055.12	80.22	987.21	86.56	67.91	6.88
JPY	6.90	0.52	3.29	0.29	3.61	109.76
SGD	0.11	0.01	0.15	0.01	(0.04)	-27.97
Total	1,315.23	100.00	1,140.43	100.00	174.81	15.33

In 2018, the position of Cash and Cash Equivalents amounted to USD1.32 billion from USD1.14 billion in 2017, showing an increase by 15.33%. This balance was mainly due to the receipt of operational activities, investment activities specifically the receipt of dividends and return on capital from joint ventures of USD166.72 million, return of other receivables of USD160.72 million, and disbursement of long-term bank loans of USD100 million.

The composition of Cash and Cash Equivalents consists of Cash and Banks amounting to USD926.35 million and USD388.88 million Cash Equivalents in the form of unrestricted Time Deposits,

with a composition of 19.24% in Rupiah, 80.22% in USD, 0.52% in JPY, and 0.01% in SGD for all Cash and Cash Equivalents. The average interest rate for USD deposits is 0.50% - 1.90% and deposits in Rupiah are 5.30% - 7.80%.

Beside of Cash and Cash Equivalents above, there is restricted cash usage in USD currency amounting to USD77.98 million, an increase by 2.18% from 2017 at USD76.32 million. This increase was mainly due to a rise in restricted cash allocation in joint accounts with SKK Migas to fund asset demolition obligations and area restoration in connection with upstream oil and gas operations.

Short-Term Investments

In 2018 the value of short-term investments was at USD63.63 million, dropped by 9.95% compared to 2017 at USD70.66 million. The decrease was due to changes in the fair value of short-term investment instruments and the release of short-term investment instruments.

TERM INVESTMENTS SHORT

Descriptions	Composition Currency in 2018		2018	2017
	Millions Rupiah	Millions USD	Millions USD	Millions USD
Pertamina		46.81	46.81	49.11
ANTAM	25,000.00		1.65	1.87
Perum Pegadaian	20,000.00		1.38	1.55
SBSN		3.89	3.89	4.05
INDON		9.90	9.90	10.32
Indonesian Export Financing Agency		0,00	0,00	3.75
Total	45,000.00	60.60	63.63	70.66

Trade Receivables

In 2018, trade receivables amounted USD540.93 million increased by 7.53% from USD503.04 million in 2017. This increase was mainly due to a rise in gas distribution receivables by USD34.12 million and an increase in receivables of fiber optic leases and others amounting to

USD9.76 million. The composition of Net Account Receivable this year consisted of 54.13% of gas distribution activities, 20.58% of gas transmission, 15.68% of oil and gas, 6.40% of financial leases and 3.22% of optical fiber lease and others. While the amount of Net Accounts Receivable in USD for distribution, transmission, oil and gas activities, optical fiber leases

and leases is respectively: USD 292.80 million; USD111.31 million; USD84.79 million; USD34.62 million and USD17.39 million. PGN reserves USD57.65 million as a reserve for impairment losses, to cover possible losses from uncollectible accounts. The reserve for impairment losses increased 53.13% from USD37.65 million in 2017.

Other Receivables

Other Receivables decreased by 2.20% from USD209.91 million in 2017 to USD205.29 million in 2018. This was mainly due to a decrease in oil and gas joint operations receivables by USD5.49 million and a decrease in VAT receivables on imports from Hoegh LNG by USD10.04 million.

Jargas Receivables, which are also recorded as Other Receivables, represent a reclassification of all Jargas management Operating Expenses due to the absence of a Jargas business scheme from the Government.

Advances

Advances fell by 26.52% from USD69.36 million in 2017 to USD50.96 million in 2018. This was mainly due to Pertamina's reclassification of take-or-pay advances in 2018 of USD9.55 million, Sadikun for USD5.80 million and Walinusa at USD8.75 million.

Non-Current Asset

Non-current assets decreased by 8.10% from USD5.95 billion in 2017 to USD5.47 billion in 2018. This was mainly influenced by a decrease in oil and gas property by USD183.78 million, a decrease in other long-term receivables of USD153.34 million, and a decrease in investment in joint ventures amounting to USD92.62 million. On the other hand, there was an increase in exploration and evaluation assets of USD20.75 million.

NON-CURRENT ASSET

Descriptions	2018		2017		Δ	
	Millions USD	(%)	Millions USD	(%)	Millions USD	(%)
Restricted Cash	55.42	1.01	46.56	0.78	8.86	19.03
Trade Receivables	191.47	3.50	209.11	3.52	(17.64)	-8.44
Other Receivables	95.74	1.75	249.09	4.19	(153.34)	-61.56
Advance	44.41	0.81	41.91	0.70	2.51	5.98
Prepaid Expenses	67.33	1.23	66.56	1.12	0.77	1.15
Investment in Shares of Stock	381.41	6.98	474.03	7.97	(92.62)	-19.54
Fixed Assets	2,861.41	52.35	2,897.06	48.71	(35.65)	-1.23
Exploration and Evaluation Assets	97.53	1.78	76.78	1.29	20.75	27.02
Oil and Gas Properties	1,411.13	25.82	1,594.91	26.82	(183.78)	-11.52
Goodwill and Other Intangible Asset	4.55	0.08	4.24	0.07	0.31	7.41
Estimates Claims for Tax Refund	123.91	2.27	155.15	2.61	(31.24)	-20.13
Deferred Tax Assets	123.30	2.33	122.95	2.07	4.34	3.53
Others	4.05	0.07	9.31	0.16	(5.26)	-56.50
Total	5,456.66	100.00	5,947.67	100.00	(482.01)	-8.10

Trade Receivables

In 2018, the recognition of Trade Receivables amounting to USD237.07 with a long-term portion of USD191.46 million represents lease receivables related to KJG transmission activities that meet the criteria for finance leases in accordance with PSAK Number 30 on Lease.

Other Receivables

In 2018, other long-term receivables decreased by USD153.34 million mainly due to a decrease in Saka subsidiaries carry receivables and loan receivables to joint venture entities with PSG through Pertagas subsidiary.

Investment in Shares of Stock

Investment in Shares of Stock are investments and recognition of profits from associates and joint venture entities, namely at PT Gas Energi Jambi (GEJ), PT Nusantara Regas (NR), PT Transportasi Gas Indonesia (TGI), Unimar through SEI subsidiary, PT Permata Karya Jasa (Perkasa) through subsidiaries of PGN MAS, as well as PT Perta-Samtan Gas (PSG) and PT Perta Daya Gas (PDG) through Pertagas subsidiaries where the overall investment of the Company reflects a ownership percentage of 40% in GEJ, 40% in NR, 59.87 % in TGI, 50% in Unimar, 60% in Perkasa, 66% in PSG, and 65% in PDG. Value of investments in Associates and Joint Venture decreased by 19.54% from USD474.03 million to USD381.41 million due to dividend payments from TGI, NR and PSG as well as the elimination and return of venture capital with Unimar for the end of the Sanga-Sanga PSC.

Fixed Assets

Fixed Assets decreased by 1.23% from USD2.90 billion in 2017 to USD2.86 billion in 2018. This decrease in fixed assets was mainly due to an increase in depreciation expense for the reclassification of assets of natural gas pipelines that had operated from Construction in Progress to Fixed Assets.

Exploration and Evaluation Assets

Exploration and Evaluation Assets increased by 27.02% from USD76.78 million in 2017 to USD97.53 million in 2018. This increase mainly came from investment in South Sesulu of USD15.94 million.

Oil and Gas Properties

Oil and Gas Properties decreased by 11.52% from USD1.59 billion in 2017 to USD1.41 billion in 2018. This decrease was mainly due to an increase in accumulated depreciation, depletion and amortization of USD960.82 million and increased reserves impairment losses on impairments that occurred in 2018 by USD26.22.

Estimates Claims for Tax Refund

The estimated tax claims of the Company decreased by 20.13% from USD155.15 million to USD123.91 million mainly due to a decrease in estimated Income Tax Article 28a of USD49.50 million, Article 25 amounting to USD0.13 million and restitution of Corporate Income Tax amounting to USD9.15 million.

Goodwill and Other Intangible Asset

Goodwill and Other Intangible Asset decreased by 7.41% from USD4.24 million to USD4.55 million. This decrease was mainly due to the addition of amortization of software licenses in 2018.

LIABILITY

At the end of 2018, PGN recorded a total liability of USD4.74 billion, which includes 33.87% of short-term liabilities and 66.13% of long-term liabilities.

The total liability value increased by USD864.62 million

or 22.33% from USD3.87 billion at the end of 2017, mainly due to the issuance of promissory notes related to the same 51% Pertagas transfer transaction from Pertamina at the end of 2018. Additionally, in 2018 there was also the repayment of Pertagas Shareholder Loan to Pertamina in the amount of USD80.39 million.

Short-Term Liabilities

COMPOSITION OF SHORT-TERM LIABILITIES

Descriptions	2018		2017		Δ	
	Millions USD	(%)	Millions USD	(%)	Millions USD	(%)
Trade Payables	213.79	13.32	200.02	23.76	13.78	6.89
Other Payables	234.89	14.64	159.89	18.99	75.00	46.91
Accrued Liabilities	255.32	15.91	288.80	34.30	(33.49)	-11.60
Short-term portion of Long-term Bank Loans	23.32	1.45	22.86	2.71	0.46	2.01
Short-term portion of Shareholder Loan	53.77	3.35	76.89	9.13	(23.12)	-30.06
Promissory Notes	691.04	43.07	0.00	0.00	691.04	100.00
Taxes Payables	48.86	3.05	38.66	4.59	10.21	26.40
Short-term employee benefits liabilities	50.76	3.16	38.50	4.57	12.25	31.83
Short-term portion of Deferred Revenues	31.77	2.04	16.33	1.94	16.44	100.68
Total	1,604.52	100.00	84.95	100.00	762.58	90.57

Short-term liabilities increased by 90.57% from USD841.95 million in 2017 to USD1.60 billion in 2018. This was mainly due to the issuance of Promissory Notes related to the same 51% Pertagas transfer transaction from Pertamina at the end of 2018. A decrease in accrued liabilities also occurred in 2018 by USD33.49 million for liabilities related to oil and gas exploration and production activities, as well as the repayment of Pertagas's short-term Shareholder Loan to Pertamina amounting to USD23.12 million.

Trade Payables

Trade payables increased by 6.89% from USD200.02 million in 2017 to USD213.79 million in 2018 mainly due to an increase in the volume of natural gas purchases along with an increase in the volume of natural gas distribution/trading to customers.

Short-Term Bank Loans

During 2017, the SEI repaid short-term loans in a total of USD100 million with details of USD50 million in March 2017 to SMBC and USD50 million in July 2017 to DBS.

Accrued Liabilities

Accrued Liabilities decreased by 11.60% from USD288.80 million in 2017 to USD255.32 million in 2018. This was mainly due to a drop in liabilities related to oil and gas exploration and production activities of USD62.41 million.

Short-term Portion of Shareholder Loans

Since 2012, Pertagas has signed a loan agreement with Pertamina for funding capital expenditure. The loan disbursement is carried out through a mechanism of dropping funds and using the prevailing interest rates on the market which are charged monthly. During 2018, Pertagas has repaid a total of USD23.12 million for the loan.

Other Payables

Other Payables increased by 46.91% from USD159.89 million in 2017 to USD234.89 million in 2018. This was mainly due to an increase in liabilities to contractors and suppliers of USD42.72 million, an increase in Pertagas's long-term loan interest payables to Pertamina of USD24.19 million, and increased debt financing leases related to the Arun LNG refinery operational agreement between Pertagas and the State Asset Management Institute amounting to USD32.39 million.

Jargas's account payables, which is also recorded as Other Payables, is a reclassification of all Jargas Business Revenues due to the absence of a Jargas business scheme from the Government.

Composition of Long-Term Liabilities

COMPOSITION OF LONG-TERM LIABILITIES

Descriptions	2018		2017		Δ	
	Millions USD	(%)	Millions USD	(%)	Millions USD	(%)
Derivative Payables	0.00	0.00	5.08	0.17	(5.08)	-100.00
Long-term bank loans	496.52	15.85	413.73	13.65	82.78	20.01
Shareholder Loan	280.73	8.96	338.00	11.15	(57.27)	-16.94
Other Long-term Payables	26.21	0.84	0.00	0.00	26.21	100.00
Bond Payables	1,958.57	62.52	1,955.93	64.53	2.64	0.14
Deferred Tax Liabilities	166.46	5.31	123.53	4.08	42.94	34.76
Asset Demolition and Restoration Liabilities	74.48	2.38	77.28	2.55	(2.80)	-3.63
Post-employment benefits obligation	127.15	4.06	114.37	3.77	12.78	11.17
Prepaid Income	2.73	0.09	2.89	0.10	(0.16)	-5.49
Total	3,132.86	100.00	3,030.82	100.00	102.04	3.37

Long-term liabilities increased by USD102.04 million or 3.37% from USD3.03 billion in 2017 to USD3.13 billion in 2018 mainly due to the disbursement of syndicated loans by SEI subsidiaries of USD100 million. In addition, the subsidiary of Pertagas also repaid a long-term Shareholder Loan to Pertamina of USD57.27 million.

Deferred Tax Liabilities

Deferred tax liabilities increased by 34.76% from USD123.53 million in 2017 to USD166.46 million in 2018. This was mainly due to the increase in deferred tax liabilities of SEI due to the increase in differences in recognition of Unrecoverable Costs and the value of fixed assets between accounting and fiscal bookkeeping.

Long-Term Bank Loans

In 2018, Long-term Bank Loans increased by 20.01% from USD413.73 million in 2017 to USD496.52 million in 2018. The increase was mainly due to the disbursement of syndicated loans by SEI of USD100 million in August 2018.

Bond Payables

On May 12, 2014, PGN issued USD1.35 billion Senior Unsecured Fixed Rate Notes, which will due on May 16, 2024 with an issuance price of 99.037%. These bonds are listed on the Singapore Stock Exchange, irrevocable and unconditionally guaranteed by the Company. Net funds obtained amounted to USD1.33 billion and were used for capital expenditure, additional working capital and other general purpose of the Company. In May 2017, SEI issued Senior Unsecured Fixed Rate Notes worth USD625 million, which will due on May 5, 2024 with an issuance price of 100%. These bonds are listed on the Singapore Stock Exchange. The funds obtained are used to pay off syndicated loans, fund capital expenditures and acquisition activities, increase working capital and other general needs. During 2018, the balance of Bond Payables increased by 0.14% or USD2.64 million due to discount amortization and bond issuance costs for 2018 portion.

Asset Demolition and Restoration Liabilities

In 2018, Asset Demolition and Restoration Liabilities dropped by 3.63% from USD77.28 million in 2017 to USD74.48 million in 2018. This decrease was mainly due to changes in the latest estimates for the costs of demolition of assets and restoration of abandoned areas.

EQUITY

Descriptions	2018		2017		Δ	
	Millions USD	(%)	Millions USD	(%)	Millions USD	(%)
Share Capital	344.02	10.74	344.02	7.98	0.00	0.00
Equity of Merging Entities	0.00	0.00	572.76	13.29	(572.76)	-100
Other Paid-in Capital	(467.57)	-14.60	284.34	6.60	(751.91)	-264.44
Retain earning	2,758.60	86.16	2,571.00	59.65	187.60	7.30
Other Equity Component	(60.51)	-1.89	(31.21)	-0.72	(29.30)	93.88
Non-controlling Interests	627.35	19.59	569.50	13.21	57.85	10.16
Total	3,201.89	100.00	4,310.41	100.00	(1,108.52)	-25.72

Equity decreased by 25.72% from USD4.31 billion in 2017 to USD3.20 billion in 2018. This decrease was mainly due to the bookkeeping of the difference between the transaction value of acquiring 51% of Pertagas shares and the

value of Pertagas net assets at the acquisition date as a deduction from balance Additional Other Paid-in Capital, considering the transaction has no economic substance according to PSAK 38.

Based on PSAK 38, PGN recorded the acquisition of 51% Pertagas shares using a pooling of ownership method, which as if the Pertagas Financial Report had been consolidated by PGN from the start. Thus, PGN

recorded a Merging Entities Equity of USD572.76 million to be able to consolidate Pertagas Financial Reports in the period before the acquisition transaction. The equity is not re-recorded in 2018 considering that transactions with Pertagas net assets have been carried out.

CASH FLOW

CASH FLOW

Descriptions	2018	2017
	Millions USD	Millions USD
Cash flow from Operations	918.97	728.62
Cash flow from Investments	(724.02)	(318.78)
Cash flow from Financing	(10.61)	(699.50)
Net Effects Foreign Exchange From Cash & Cash Equivalents	(9.53)	(18.52)
Net Increase/(Decrease) in Cash & Cash Equivalents	174.81	(308.19)
Cash & Cash Equivalents At Beginning of Year	1,140.43	1,448.62
Cash & Cash Equivalent at End Of Year	1,315.23	1,140.43

Cash and cash equivalents increased by 15.33% from USD1.14 billion in 2017 to USD1.32 billion in 2018. This cash balance was influenced by the receipt of operational activities, especially investment activities in the payment of 51% Pertagas share acquisition and the addition of Fixed Assets, Oil and Gas Property, and Exploration and Evaluation Assets

Net Cash Generated from Operating Activities

Net cash generated from operating activities rose by 26.13% from USD728.62 million in 2017 to USD918.97 million in 2018. The increase was mainly due to a rise in cash receipts from customers in line with the increase in income in 2018. In addition, there were increases in payments for operating expenses and other operating activities, increased payments to suppliers, and decreased payment of income tax after deducting receipts from tax bills.

Net Cash Generated from Investment Activities

Net cash generated from investment activities rose by 127.12% from negative cash flows of USD318.78 million in 2017 to be a negative cash flow of USD724.02 million in 2018. This was mainly due to payments for the acquisition of 51% of Pertamina shares where half of the acquisition payments were paid in cash and the rest was paid by PGN by issuing a six-month Promissory Notes. In addition, there is also an increase in receipt of other long-term receivables payments due to the high repayment of the receivables carried on SEI.

Net Cash Generated from Investing Activities

Net cash generated from investing activities decreased by 98.48% from negative cash flows of USD699.50 million in 2017 to negative cash flows of USD10.61 million. This was mainly due to the absence of repayment of the syndicated loans of the Company and SEI and the repayment of SEI's short-term bank loans of in 2018 as occurred in 2017. In addition, there was additional cash for the disbursement of syndicated loans by SEI subsidiaries of USD100 million in August 2018.

DEBT SERVICE RATIO

As of December 31, 2018, the debt to equity ratio has increased from 65.13% in 2017 to 109.43% in 2018, and the debt service coverage ratio has increased from 0.81 in 2017 to 5.75 in 2018. This was the result of corporate actions, namely the repayment of a syndicated loan of USD1.01 billion and a short-term loan of USD100 million by SEI. However, PGN's overall ability to settle account payables is relatively stable.

DEBT SERVICE RATIO

Rasio	2018	2017
Debt to equality ratio (%)	109.43	65.13
Net debt /EBITDA (x)	1.82	1.54
EBITDA/ Interest expense (x)	7.83	6.40
EBITDA/ Interest expense + principal (x)	5.75	0.81

COLLECTIBILITY RECEIVABLES

Up to the end of 2017, PGN's ability to consolidate in collecting receivables (collection period) is 42 days. This calculation is derived from the division between the balance of receivables per December 31, 2017 and net income during 2017 and multiplied by the number of days in one year (365 days). The collection period for Distribution business is 32 days. This shows that PGN remains effective in managing bills to distribution customers. To mitigate the risk of uncollectible receivables, PGN applies a subscription guarantee for all customers. Guarantees can take the form of Bank Guarantees, SBLC, cash and other forms arranged in the gas subscription procedure. With this guarantee, if the customer cannot pay off the debt, PGN can withdraw the guarantee so that the receivables can be repaid.

CAPITAL STRUCTURE

In 2018, PGN capital structure was as follows:

Descriptions	2018		2017		Δ	
	Millions USD	(%)	Millions USD	(%)	Millions USD	(%)
Total Short Term Loans	691.04	9.14	0.00	0.00	691.04	100.00
Total Long Term Loans	854.34	11.30	851.48	10.68	2.86	0.34
Maturity within one year	77.09	1.02	99.74	1.25	(22.66)	-22.71
Long Term	777.25	10.28	751.74	9.43	25.51	3.39
Bond Payables	1,958.57	25.91	1,955.93	24.54	2.64	0.14
Equity	3,201.89	42.35	4,310.41	54.09	(1,108.58)	-25.72
Total of Invested Capital	7,560.18	100.00	7,969.30	100.00	(409.12)	-5.13

On December 28, 2018, PGN has acquired 51% of PT Pertamina Gas (PERTAGAS) shares and has control, allowing it to consolidate Pertagas's Financial Report. Half of the acquisition payments were made by PGN by issuing USD691.04 million Promissory Notes to Pertamina with 6-month term and 8.41% interest per year. In addition, in 2018 there was a repayment of Pertagas's Shareholder Loan to Pertamina amounting to USD80.39 million and disbursement of syndicated loans by SEI of USD100 million in August 2018.

Based on PSAK 38, PGN recorded the acquisition of 51% of Pertagas shares using a pooling of ownership method, which as if the Pertagas Financial Report

had been consolidated by PGN from the start. Thus, PGN recorded a Merging Entities Equity of USD572.76 million to be able to consolidate Pertagas Financial Reports in the period before the acquisition transaction. The equity is not re-recorded in 2018 considering that transactions with Pertagas net assets have been carried out. However, in 2018 PGN needs to book the difference between the transaction value of acquisition of 51% of Pertagas shares with the value of Pertagas net assets at the acquisition date as a deduction from the balance of Other Paid-in Capital, since the transaction has no economic substance according to PSAK 38.

MANAGEMENT POLICY FOR CAPITAL STRUCTURE

PGN implements policies on optimal capital structure to meet business objectives, among others, by maintaining a sound capital ratio and maximizing shareholder value. Several debt instruments have financial ratios that require a maximum leverage ratio. PGN has met all capital requirements stipulated by creditors. The management monitors capital by using several measures of financial leverage such as debt to equity ratio and debt service ratio.

BASIS OF MANAGEMENT POLICY ON CAPITAL STRUCTURE

PGN establishes a capital structure policy by maintaining an appropriate debt (not more than) debt covenant ratio from the financial covenant in the PGN loan agreement to the creditors of 66.67% : 33.33%. The debt to equity ratio is calculated based on the division between the long-term debt portion of the Company's equity.

MATERIAL COMMITMENTS FOR CAPITAL INVESTMENTS

At the end of 2018, there are no material commitments associated with capital goods investment in PGN.

REALIZATION OF CAPITAL INVESTMENT

1. Type of Investment Goods

In 2018, PGN invested capital as follow:

- Construction of pipelines and supporting facilities for natural gas distribution.
- Development of oil and gas fields.

2. Investment Objectives

The construction of pipelines and supporting facilities for natural gas distribution aims at customer attachment, enhances the reliability of network integrity and increases the capacity of supporting facilities. This is PGN's effort to provide excellent service to customers. Investment in the development of oil and gas fields aims to increase production in already operational fields. Investments are also undertaken in the field under development and exploration as the Company's commitment to the Government in the development of oil and gas fields.

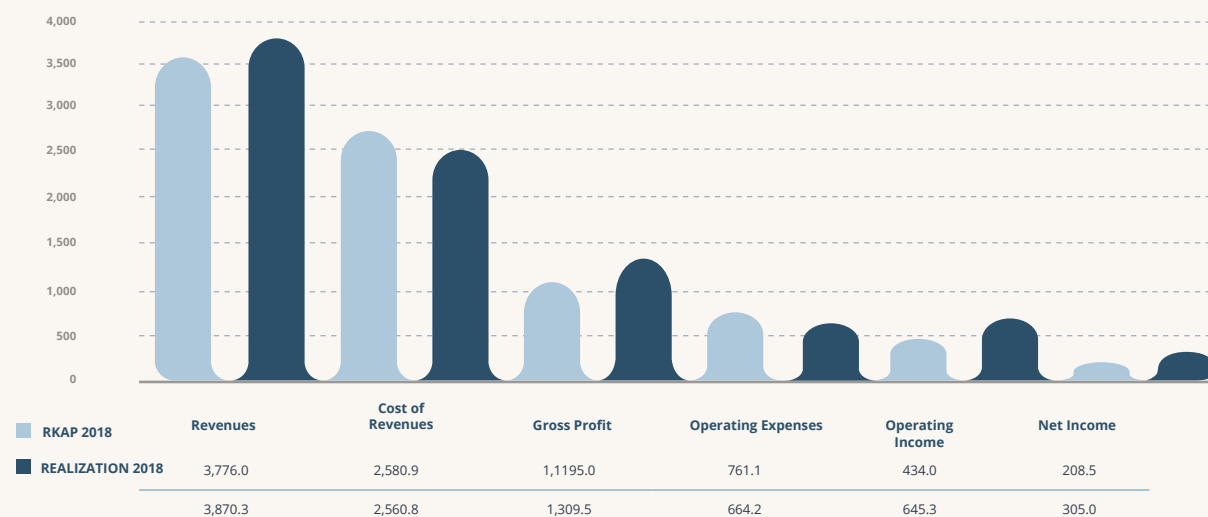
3. Investment Value

Description	Investment Value (Million USD)
Construction of pipelines and supporting facilities, natural gas distribution:	
-Operating	15.91
-In Progress	105.87
Oil and gas field development	55.21

TARGET ACHIEVEMENT IN 2018

In 2018, PGN set a target businesses adjusted to the global economic downturn ("Target"). A summary of the achievement of performance targets in 2018 is as follows:

SUMMARY OF TARGET PERFORMANCE ACHIEVEMENT IN 2018 (USD)



The profit for the current period of 2017 was USD143.1 million or 59.6% of the target. Consolidated PGN Net Income in 2016 was USD2,969.59 million or 90.5% of Target. This is influenced by, among others:

1. The failure to achieve natural gas sales volume, especially for electricity generation customer PLN Muara Tawar, to which gas distribution was stopped from April 2017 to June 2017, was because electricity needs in the Java-Bali system has been fulfilled. For other manufacturing industries, the decrease in gas usage is caused partly due to non-optimal market conditions, equipment efficiency, competition with other natural gas business entities and low price of crude oil affecting petroleum derivative products (HSD and MFO).
2. PT SEI's income for 2017 amounted to USD472.86Million or 95.2% of the 2017 RKAP.
3. Revenue from PT Kalimantan Jawa Gas did not reach the RKAP due to a drop in transportation following a decrease in PCML wells, so that since April 2017 revenues did not reach the 2017 RKAP.

The main cost of consolidated PGN Revenues in 2017 was realized at USD2,172.4 million or 91.9 % of the 2017 RKAP. The achievement of the cost of revenue is not comparable with the achievement of revenue because the cost of revenue at PT SEI reached 109.08% of the RKAP due to a decrease in reserves in the Muriah block and an additional expenditure of C3/ C4 in the Muara Bakau Block.

TARGET ACHIEVEMENT IN 2019

The increase in global growth in 2019 predicted by World Economic Outlook (WEO) in October 2018 is estimated at 3.7% or relatively the same compared to the increase in 2017 which was also 3.7%. Global growth is contributed by developed country economies which are predicted to decline in 2019 to 2.1% compared to 2018 which is projected to grow 2.4%. On the other hand, economic growth in developing countries in 2019 is projected to grow relative to 2018, which is 4.7%.

Indonesia's GDP in 2019 as predicted by LPEM FEB UI is expected to increase by 5.2-5.3% and will improve slightly compared to 2018. Unexpected factors such as the return of capital to emerging markets, low oil prices and negotiations between the US and China have brought positive sentiment to the domestic market. In 2019, the attention to the Presidential Election will have an impact on the macro economy. In addition, there is a tendency for the Government to maintain fuel prices in the current conditions and increase the budget to be disbursed to regions such as the Dana Kelurahan (Village Fund) which will increase domestic consumption in the first semester of 2019. However, the Government cannot maintain fuel prices for quite a long period of time, noting the trend of an increase in world oil prices in 2019 and the limited Energy Subsidy Budget in 2019 at USD160 Trillion (2019 State Budget). On the other hand, the Government also continues to be committed to streamlining state spending with infrastructure development as the main priority.

Based on these conditions, household consumption in 2019 is expected to grow by 5.1%. To realize this, the Government will encourage the strengthening of investment performance of State-Owned Enterprises (SOEs) and also private companies by optimizing various investment funding sources coming from banking productive loans, capital market financing, increased direct investment namely Foreign Investment - Inner Investment Domestic (PMA-PMDN) and capital expenditure (capex) of SOEs. In addition, the Government has committed to realize electricity supply of 35,000 Megawatts (MW) until 2019. The need for 35,000 Megawatts has been confirmed in the 2015-2019 National Medium Term Development Plan (RPJMN) document.

Lifting gas in 2019 is estimated at 1.25 million barrels of oil equivalent per day, a rise compared to the previous year's outlook of only 1.14 million barrels of oil equivalent per day. The gas lifting target is carried out in order to meet the increasing domestic demand and anticipate oil lifting which has now entered its culminating period and continues to decline in production from year to year. In 2019, Lifting oil is targeted at 775 thousand barrels per day, a decrease compared to the outlook in 2018 of 776 thousand barrels per day. The change in oil and gas lifting will certainly affect the growth of the industry that uses energy. Taking into account the energy availability, some industrial sectors will perform efficiency and conduct energy substitution in order for their production costs to become more efficient and competitive. In order to accelerate the use of natural gas in Indonesia, in 2019 the Government of Indonesia has formed Gas Holding and Gas Subholding to encourage National Energy Security. The formation of Oil and Gas Holding will encourage the economy and national energy security through synergy between Pertamina and PGN and connect Gas Infrastructure from West Indonesia (Arun) to the East (Papua) without duplication. In addition, this synergy will provide benefits to Indonesia in through an increase in domestic gas supply, effectiveness and efficiency of gas distribution, optimization of gas infrastructure and increased investment capacity.

Based on Information from the State Budget Book for the Fiscal Year 2019, it is projected that the national average oil price (ICP) is set at US\$70 per barrel, an increase compared to the 2018 outlook of US\$68 per barrel. Increasing energy demand in the context of global economic recovery is one of the factors that caused the increase in oil prices in 2019. Regulation will be the main focus related to the sustainability of the gas business. Adequate policies and the spirit of channeling good energy will support PGN to continue its commitment and consistency in supporting the Government Programs

through infrastructure development and natural gas distribution in various regions in Indonesia to achieve better and more equitable prosperity for Indonesia. National economic growth in 2019, estimated to only amount to 5.2-5.3%, certainly has an impact on the Company's performance. This can be seen from several Company customers, one of whom is the largest gas user, the electricity generation sector. Development planning for electricity generation in some regions has been delayed due to growth in electricity demand below projections. In addition, other gas user sectors such as the industrial sector continue to make efficiency by switching to other, more competitive energy. Such condition results in a decrease in usage volume.

On the other hand, the Government began to regulate and implement rules that changed the rules of the game in natural gas business activities through arrangements such as the conception of exclusive rights for the management of the Distribution Network Area and the Commerce Region to anticipate the occurrence of infrastructure duplication. With guaranteed business continuity, it is expected that business entities can continue to optimally develop their infrastructure to meet all customer needs in the region.

In addition to focusing on the core business, in order to improve the Company's performance, PGN also continues to strengthen business diversification outside the gas business which is still in line with its main business. Among them are business expansion in the fields of construction & engineering, telecommunications, electricity and property through Subsidiaries and affiliates.

To support the above performance achievements, the Company has established Strategic Imperatives consisting of 5 (five) clusters of business activities that

will become the framework and activities of all PGN Group internal stakeholders to remain integrated and directed towards achieving the Company's targets, namely:

1. Natural Gas Business Strengthening Cluster

Initiatives that can be carried out in the context of strengthening the Natural Gas Business include optimizing business activities in the upstream sector in existing work areas, increasing oil and gas capabilities at the international level, increasing commercial business and natural gas infrastructure through market management and development, and increasing utilization of existing infrastructure. All of these activities must be synergized with Government planning, including the Government's strategic plans as outlined in the form of KEN, RUEN, RUED, RIPIN and other national policies.

2. Natural Gas Adjacent Business Development Cluster

Natural gas business development can continue to be improved if the Company can go further to generate gas demand. One form is to develop natural gas-based electricity business, develop natural gas-based upstream petrochemical business, and develop natural gas equipment supply businesses. With this initiative, market creation takes place and business continuity becomes more secure and sustainable.

3. Other Business Development Cluster

The role of Subsidiaries is prioritized in the development of other businesses through effective and efficient service provision to improve the Company's competitiveness. Strengthening the role of work units and subsidiaries based on roles/functions on best practices throughout the natural gas business chain (Shipper functions, Transporters, EPCs - O & M, Support Services, etc.). Creating value and expansion of the scope of core business-based businesses (e.g. EPC - O & M not only downstream but also upstream or other pipelines, etc).

4. Energy Fulfillment and Community Development Agencies Cluster

As an Agent of Development from the Government, PGN not only focuses on profit generation, but also be the hands of the Government to meet the needs of the community through managing the Gas Network for Households as well as managing the Gas Filling Stations for the road transportation sector. PGN is also expected to provide benefits to the community and the surrounding environment. With this support, operational activities will run well and the community will experience a sustainable improvement in welfare.

5. Internal Process Improvement Cluster

The Company's performance will continue to increase with the support of qualified resources. Therefore, internal process improvement is the key to success for PGN to remain competitive in the future. Internal improvement can be done by optimizing the HR Strategy and organizational design using digital technology and analytics in internal processes, and other process improvements.

MATERIAL INFORMATION AFTER THE REPORTING YEAR

After the reporting date, there were no material events that occurred at PGN and Subsidiaries or affiliates.

BUSINESS PROSPECTS

Throughout 2018, the Government has issued a series of regulations and policies aimed at strengthening the role of State-Owned Enterprises and improving the sector. From the aspect of the corporation, in April 2018 PGN officially became part of PT Pertamina (Persero) as the Oil and Gas SOE holding company as outlined in Government Regulation Number 6 of 2018.

The establishment of this Oil and Gas SOE holding company was followed by the implementation of the integration of PT Pertamina Gas into the PGN portfolio as part of the implementation of Indonesia's natural gas business integration. PGN as a gas subholding in the structure of Oil and Gas holding company (BUMN) will manage the midstream sector up to the natural gas downstream, starting from the acquisition of natural gas supplies to the distribution of natural gas to end consumers. By becoming a part of PT Pertamina (Persero), there will be harmony in the planning of oil and gas field development carried out by the upstream subsidiary of PT Pertamina (Persero) with plans to develop downstream oil and gas infrastructure. Duplication of roles and investments that have occurred previously between PT Pertamina Gas and PGN will be lost and consolidated by gas subholding.

The Government through the EMR Ministry also carried out sectoral restructuring through the issuance of Minister of Energy and Mineral Resources Regulation Number 58 of 2017 concerning the Selling Price of Natural Gas through Pipes in Downstream Oil and Gas Business Activities ("Price Regulation") and Minister of Energy and Mineral Resources Regulation Number 4 of 2018 concerning the Concession of Natural Gas in Downstream Oil and Gas Business Activities ("Natural Gas Exploitation Regulation"). Price Regulation regulates transparency in

determining the selling price of natural gas, which will ultimately provide protection to consumers while still providing investment guarantees to business entities through regulation of the rate of return on investment. Meanwhile, Natural Gas Exploitation Regulation has brought improvements in natural gas governance compared to previous regulations that have caused infrastructure duplication, stagnation in opening new markets, price wars to sales/multilevel trading. Through Natural Gas Exploitation Regulation, business entities are given the exclusivity of the Certain Commerce Region up to a certain period, providing them guaranteed return on investment. The said regulation also contains a breakthrough in the form of special arrangements regarding assignments to SOEs to build and operate Transmission Section and/or Distribution Network Areas in the context of accelerating infrastructure development.

The combination of corporate restructuring is carried out by the Ministry of SOE through the establishment of an Oil and Gas SOE holding company followed by the integration of PGN's natural gas management and sectoral restructuring by the EMR Ministry.

The issuance of a series of policies and regulations to improve natural gas governance strengthens PGN's position as the market leader in the downstream natural gas industry in Indonesia.

The next challenge to be faced by PGN is the initiative of several end user users to build their own infrastructure of interests. PGN as a gas subholding in the structure of the oil and gas SOE holding company must be able to provide solutions to meet the infrastructure needs of these business entities.

From the aspect of demand for natural gas energy, a positive trend still shows in the following years along with the Government's policy to increase the use of domestic natural gas. Currently, the percentage of utilization of natural gas for domestic is still greater than for export. According to EMR Ministry data, out of total natural gas production in 2017, 58.59% of Indonesia's natural gas utilization is absorbed by domestic and 41.41% for exports. The profile of domestic natural gas absorption is as follows:

NATURAL GAS ABSORPTION PROFILE

Sector	Percentage
Industry	23.18%
Electricity	14.09%
Fertilizer	10.64%
<i>Oil and Gas Lifting</i>	2.73%
Domestic LNG	5.64%
Domestic LPG	2.17%
Government Program of Household Jargas and SPBG	0.15%

Source: Indonesia's Gas Balance 2018-2027

The amount of exported natural gas is an opportunity to be utilized domestically by the industrial and commercial sectors, which will be supported by the provision of natural gas infrastructure by PGN.

Likewise, the Government plans to increase energy access to the community and accelerate the use of natural gas for the transportation and household sectors; it will become an additional business prospect for the Company.

In line with PGN's new position as part of PT Pertamina (Persero) as a Holding Oil and Gas SOE and PGN's role as Gas Subholding that manages integrated natural gas, the synergy between PGN, PT Pertamina (Persero) and others subsidiaries of PT Pertamina (Persero) will also contribute to the Company's future growth. After the integration is completed, the Company will focus on aligning and optimizing the business of PGN and PT Pertamina Gas and working on the existing captive market in Holding Oil and Gas SOE to

continue to maintain a sustainable natural gas business. Meanwhile in the long term, PGN will continue to grow with a strategy to intensify gas for fuel, storage and raw materials and expand outside the gas business.

Looking back at macro conditions related to national energy policies as stated in Government Regulation Number 79 of 2014, Indonesia's natural gas utilization is targeted to reach 22% of national energy needs by 2025, as follows:

ENERGY MIX			
Energy Sources	2015	2025	2050
New and Renewable Energy	5%	Min 23%	Min 31%
Petroleum	46%	Max 25%	Max 20%
Natural Gas	23%	Min 22%	Min 24%
Coal	26%	Min 30%	Min 25%
Total Needs	166 MTOE	400 MTOE	1,012 MTOE

Source: Government Regulation Number 79 of 2014

Looking at the realization of new and renewable energy utilization, which only reached 7.34% in 2017 compared to the target of 23% in 2025, natural gas will play an important role in fulfilling primary energy to replace the unachieved target of meeting new and renewable energy compared to Petroleum and

Coal considering the use of natural gas as a primary energy source is cleaner and more efficient.

Based on external and internal conditions and considering the direction of Government policy related to the utilization of domestic gas, there are good business prospects for PGN in the following years.

BUSINESS DEVELOPMENT

PGN has prepared several strategic steps to capture business opportunities and develop businesses throughout the natural gas business chain in Indonesia. As a gas subholding Company, the Management's directives are clear: to strengthen the Company's core business in the field of natural gas management. A number of initiatives to dominate the natural gas market have been launched not only to strengthen the domestic market share but also to the international market.

HOUSEHOLD GAS NETWORK

The Government has issued Presidential Regulation Number 6/2019 concerning the Supply and Distribution of Natural Gas through the Natural Gas and Small Customers (Jargas) Transmission and/or Distribution Network. The regulation will be the basis for the construction of the Jargas project that will be carried out by the Company. A number of strategies have been prepared to make this project a flagship project that contributes positively to the Company. PGN has prepared a proposal for the Jargas development program. The more people served by gas pipelines, the higher the economic benefits at national level. So far, the gas supply for Household Jargas will be provided by the Government through the Directorate General of Oil and Gas and SKK Migas with more competitive gas prices.

LNG MINI/MEDIUM SCALE

Efforts to expand the distribution of natural gas to the entire territory of Indonesia by the government has a challenge in the form of geographical areas of Indonesia

as an archipelago. Typical energy demand that arises is scattered in a relatively small volume so as not to meet the feasibility when using conventional transportation through the pipe. PGN, through its subsidiary.

PLI and GEI, is seeking a mode of distribution of natural gas using LNG on a small and medium scale. PLI has participated in several Mini LNG supply auctions, among them to fulfill gas needs in the framework of developing power plants in Central and Eastern Indonesia, as well as some remote areas in Western Indonesia. Integration of power plants as an anchor demand with industry and commercial become the concept of supporting the feasibility of this mode of transportation. Currently PLI in cooperation with Pertamina and Engie, is following the Auction of LNG Supply Project for Electricity Needs in Central Indonesia.

COMPRESSED NATURAL GAS (CNG)

PGN, through its subsidiary GEI, is developing CNG and providing equipment for the transportation sector to meet industrial gas demand and BBM (Gas Fuel). BBM to BBG conversion by the government as an effort to reduce Indonesia's dependence on fuel imports is an opportunity for PGN to develop the market in the transportation sector. Existing SPBG will be optimized through integration of the program of converter sharing and BBG price restructuring by the Government. In the commercial and industrial sector, GEI is developing CNG Cradle transportation mode that can target natural gas demand in areas that are difficult to reach by pipeline infrastructure networks.

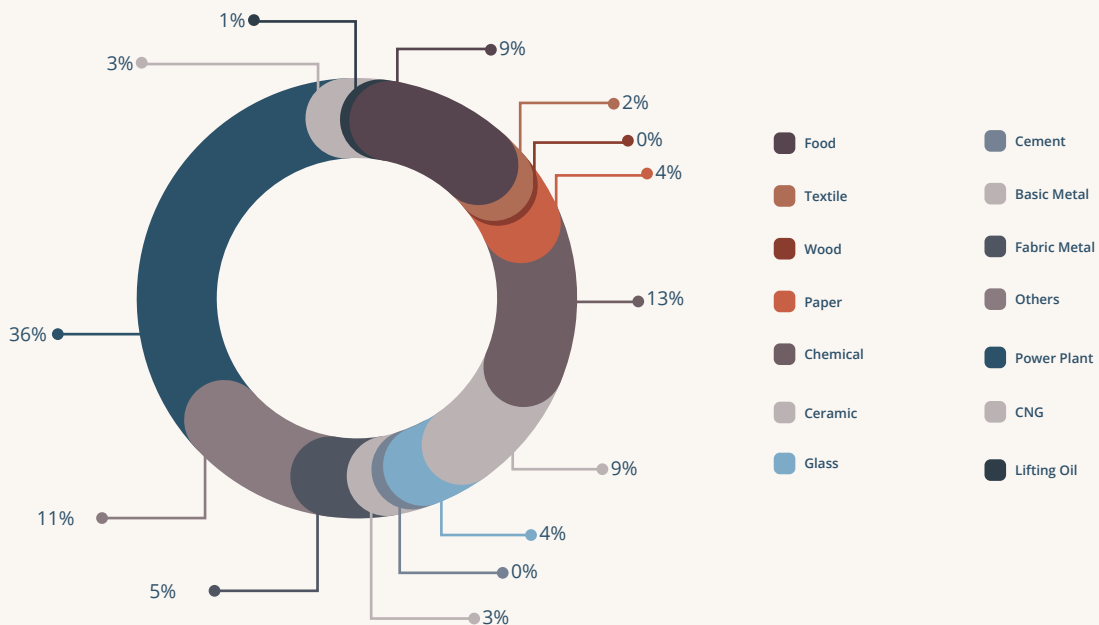
MARKETING ASPECTS

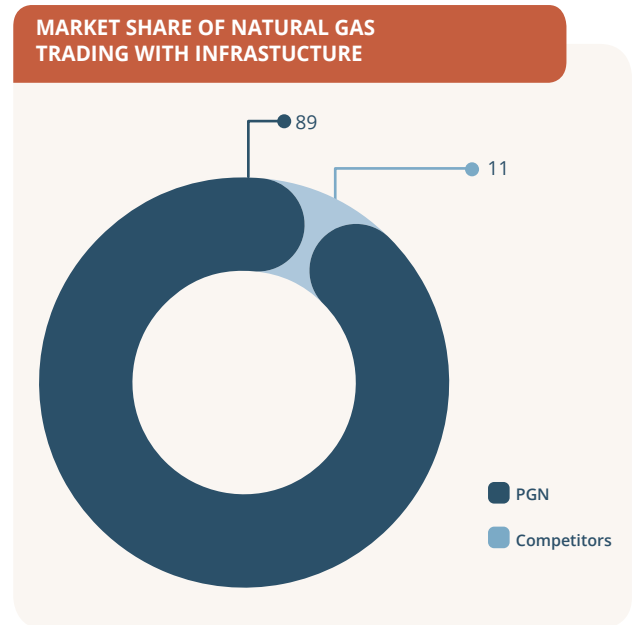
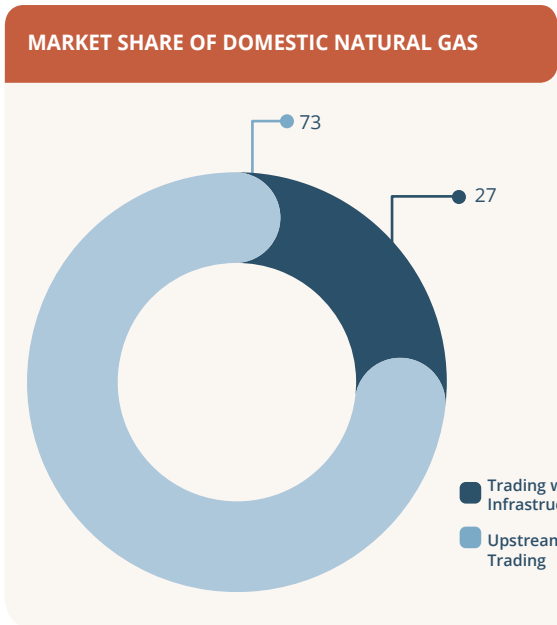
MARKET SHARE

PGN distributes or sells gas to industrial and commercial customers under the Gas Sales and Purchase Agreement (PJBG). PJBG between PGN and customers is a business agreement for which gas price is set by the Government, customer purchasing power, alternative energy prices and several other factors. If the supplier raises the gas price to PGN, PGN will adjust the selling price to customers. Determination of the amount of gas price refers to Regulation of the Minister of Energy and Mineral Resources 19 of 2009. Especially for household customers and small-scale customers, the gas selling price refers to the regulation of the Minister of EMR (Energy and Mineral Resources) and determined by BPH Migas. PGN gas distribution to Households Customers and Small Customers is bound up in the Gas Subscription Proof.

During 2018, natural gas production in Indonesia for domestic consumption reached ±4,050 MMScfd and ±2,670 MMScfd for export consumption. In terms of natural gas utilization, the manufacturing industry sector contributes 25.25% in the utilization of national natural gas. In terms of utilization of natural gas for domestic consumption, around 2,970 MMScfd is managed by the upstream sector to be channeled directly to end users and around 1,080 MMScfd is managed by a natural gas business facility. In terms of utilization of PGN as one of the facilitated commercial gas business entities, it controls around 89% of the commercial gas market share through distribution pipes in Indonesia. The mastery of the national natural gas distribution market share in 2018 increased compared to 2017 at 74%. The increase in the commercial market share of natural gas is contributed by the combination of volume with Pertamina subsidiary.

INDONESIAN GAS UTILIZATION PER INDUSTRY SECTOR - 2018





For the gas transmission segment, in 2016 PGN controlled 34% of the market share of gas transmission in Indonesia (including transmission pipelines operated by Subsidiaries and Affiliates).

MARKETING STRATEGY

PGN as a BUMN is committed to continue to expand services and utilization of national natural gas by developing infrastructure to increase natural gas utilization in Indonesia.

PGN is moving towards a customer centric concept to better understand Customers by emphasizing the concept of customer focus, customer experience and experiential marketing. Departing from understanding customer experience which is then poured with the fulfillment of customer needs and expectations based on technology utilization is a form of PGN’s service innovation in order to increase customer satisfaction and engagement. Customer focus can provide feedback for PGN to provide precise services in accordance with the characteristics of each customer segment and industrial sector.

PGN believes that Customers are one of the stakeholders who play a central role in ensuring the sustainability of PGN’s business through the purchase of products and services. The spirit of purchasing these products and services is in line with the PGN360 tagline, in which PGN Group strives to improve service quality in all dimensions of customer needs that are not only focused on natural gas sales. Customers are also PGN’s main partners in developing their business in the future. Based on these thoughts, PGN implemented superior operational management and created various innovations to achieve product & service excellence to ensure the satisfaction of its customers.

Customer journey is a step for PGN in an effort to listen, interact and observe customers in order to obtain information that can be followed up to improve in developing products and services tailored to the needs and expectations of customers.

In 2018, a number of marketing/sales strategies were implemented by PGN to increase sales and to maintain existing markets. The strategy is carried out by PGN itself and in synergy with the Subsidiaries.

a. Market Penetration and New Market Development

To support the utilization of natural gas and fuel efficiency, PGN has distributed natural gas to various industrial sectors in West Java, East Java, Medan, Batam, Lampung and Semarang. The expansion of the utilization of natural gas is as follows:

- Gas distribution to the oleochemical factory of PT. Musim Mas - Martubung Plant in Medan with a yearly distribution volume of ± 300 MMscf (million standard cubic feet). PGN also managed to add gas services in Medan, namely at PT Alfo Citra Abadi, which exports aluminum door and window products with a year-long distribution plan of ± 100 MMscf.



- Gas distribution to PT Yoshino Indonesia with the main production of gypsum in the Greenland International Industrial Center with a yearly distribution volume of ± 250 MMscf (million standard cubic feet).

- Gas distribution to PT Berkah Kawasan Manyar in Surabaya with a yearly distribution volume of ± 260 MMscf (million standard cubic feet).
- Gas distribution to PT Textile One Indonesia in Karawang with a yearly distribution volume of ± 116 MMscf (million standard cubic feet).
- Gas distribution to PT Perfect Companion Indonesia Manufacturing in Tangerang with a yearly distribution volume of ± 140 MMscf (million standard cubic feet).
- Gas distribution to PT Lotte Shopping Indonesia in Batam with a yearly distribution volume of ± 1 MMscf (million standard cubic feet).

In addition to the above customers, during the period of 2018, PGN succeeded in expanding its natural gas usage services to a total of 110 Commercial and Industrial Customers spread across West Java, East Java, Medan, Batam, Pekanbaru, Lampung, Semarang, Sorong and Tarakan with potential distribution volumes for a year of $\pm 3,500$ MMscf (million standard cubic feet). To expand the service, PGN added a ± 65 Km downstream gas pipeline network. This shows PGN's consistency as a national natural gas company that continues to develop natural gas infrastructure and expand natural gas services for the people of Indonesia.

To support the Government's 35,000 MW policy in the electricity sector, PGN expanded its services with the addition of gas distribution at the Muara Karang plant and by strengthening natural gas infrastructure in West Java to support electricity reliability for PLN Sutami, PLN New Tarahan and New Tarahan Mobile Power Plant in Lampung to strengthen the electricity

system in Sumatra, the Indonesia Power for Cilegon Unit, Indonesia power for Tanjung Priok and Muara Tawar unit to meet the electricity needs in Greater Jakarta area and the Java-Bali system.



Agus Prabowo
Chief Engineer
Mercure Fran Mirama Hotel, Surabaya

"Kami menggunakan gas bumi PGN sejak tahun 2007 karena memang banyak kelebihannya, dibandingkan sebelumnya kami menggunakan LPG. Dengan menggunakan gas bumi PGN untuk proses memasak dan juga laundry, kami menjadi lebih irit, lebih mudah dan lebih minimal untuk (biaya) operasional."

To support the use of natural gas as widely as possible for the community, PGN develops household gas networks through both PGN program and Government's assignment as stated in the EMR Ministerial Decree Number 268.K/10/ MEM/2018 in 2018 to provide and distribute natural gas in Medan City, Deli Serdang District, Serang District, Pasuruan City and Probolinggo City.



In addition to the development of natural gas infrastructure, PGN also develops natural gas infrastructure through CNG and LNG Trucking modes both in the existing operational area,

which is more flexible when served by the method of non-pipe approach and in new development areas that are still far from existing pipelines. On the other hand, to develop the natural gas derivative business, PGN through its subsidiaries also continues to develop natural gas derivative products, namely in the field of power generation, cooling operation, and steam generation.



b. Enhancement of Customer Satisfaction and Engagement



To maintain the level of customer satisfaction and attachment, routine activities carried out by PGN's customer management are conducting regular visits to customers, consulting efficiency and optimizing the use of natural gas, socializing the Health Safety Security Environment. In addition to improving PGN services to customers, PGN has the means to receive all information through a one way door system in the Contact Center 1500 645 operating 24/7, monitoring the Rely On PGN gas subscription system, Broadcast SMS,

information through PGN's official social media and PGN Mobile to facilitate billing information and other important information related to natural gas distribution.

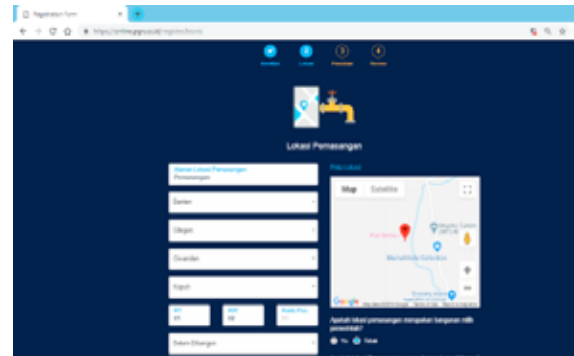
In 2018, PGN also provides a number of relaxation policies to customers, including the release of surcharge provisions to customers in several Sales Areas with larger amount of gas supply than gas demand contracted with Customers. Special pricing policies for certain customer segments that contribute greatly to PGN's business streams are also carried out to maintain and even increase gas sales and PGN's performance.

To accelerate gas subscriptions for new prospective customers, PGN can also offer products for prospective customer gas installation pipelines through Subsidiaries, namely PGAS Solution in accordance with the spirit of PGN360 to accelerate the expansion and utilization of natural gas for the community.

c. Enhancement of PGN Website



In order to improve customer service, PGN has updated its website to make it easier for customers and the wider community to get to know PGN in specific. The renewal of the website has also been grouped based on PGN's customer segmentation, namely for the Household, Commercial and Industrial Business segments and the Transportation segment.



The PGN website provides the following features: (a) Steps to subscribe to PGN's gas; (b) Gas volume calculator; (c) E-Brochure Marketing; (d) General provisions for subscribing to gas and other useful information for the community.

In addition, renewal and improvement of services through the website with the addition of features/ menus: registration through online.pgn.co.id which is integrated with the Rely on PGN system; addition of the "My Account" feature to obtain various information by customers.

d. Enhancement of PGN Mobile



PGN Mobile is an official PGN application available on "Apple Store" or "Playstore" that contains a variety of information regarding the use and billing of natural gas, various information about PGN's natural gas, PGN's natural infrastructure, SPBG location and other service features. Today, PGN Mobile has also developed a gas subscription feature for customers, small customers and commercial & industrial customers.

e. Launching of PGN360 Social Media Account



The PGN360 social media account is a means of promotion of PGN's products and services. The PGN360 account is available on social media "Facebook" and "Instagram" which can be accessed by the community. It is expected that the introduction of products and services through social media can accelerate the promotion process to customers so that people have better understanding and are aware of the various forms of PGN products and services and for customers. It is also to allow related stakeholders to directly see PGN's company journey to achieve its goals and performance in the current year.

f. Enhancement of Rely On PGN



Rely on is a system for online gas subscription processes and online subscription services and can be monitored in real time. With this system, subscribing to PGN is now in the hands of prospective customers. To improve service, PGN has developed a Rely On integration towards the financial revenue system at PGN. Through integration, it can facilitate payment of payment guarantees for household customers. Development of Rely On is also through the "System Estimator" feature in terms of gas volume, income and willingness to pay, as well as the development of the classification of prospective customer household features for the PGN Program category Dear Mothers and Jargas Government Assignments.

g. Synergy of Diversity

Synergy of diversity is an activity that PGN undertakes as a form of appreciation to customers who have given a great commitment to PGN in terms of utilizing PGN's natural gas. By giving this appreciation, it is hoped that PGN's business relationships with customers will continue to be intertwined and increased to open other business opportunities either through developing factories in new areas or other business opportunities in accordance with PGN360 integrated products.

h. Improvement in Customer Service System

Improvement of services in existing customer amendment systems and subscribing to prospective customers (E-NOL) so that the amendment process can be monitored structurally, in a real-time time manner that provides benefits in accelerating the process of the amendment.

i. Starter Kit Synergy



A mockup package that contains complete guidance on security information, commercial aspects and various kinds of marketing gimmicks given to commercial and industrial customers. The purpose of this starter kit is certainly as a step for PGN to continue providing education and introducing PGN Group products so as to provide an opportunity for customers to interact more deeply about who and how PGN understands customers.

j. Launching of PGN's Natural Gas Provision Products & Enhancing PGN's Natural Gas Segmentation



As a step for PGN to face increasingly competitive competition in the management of natural gas downstream where several competitors provide alternative products and schemes to meet

customer needs, Customer re-segmentation is carried out which focuses primarily on customer grouping based on identifying unique needs, providing flexibility clauses commercial and operations and prioritize the simplification and accuracy of services that are expected to add value to customers.

The enhancement of customer segmentation is expected to be a step of optimization in presenting products and services that can provide added value for Customers and for PGN.

In line with the improvement of the Customer segmentation, PGN has established a standard gas supply product to manage customers who are more focused (Customer Focus) and the precision that corresponds to the characteristics and contribution to the customer based on gas usage characteristics and types of service requirements.

k. Payment Channel



In order to improve customer service, PGN continues to collaborate with financial institutions and service providers to facilitate customer payment mechanisms, especially household customers.

To facilitate payment for customers, PGN has also provided various types of media/payment channels including: (i) Bank ATMs (Mandiri, BNI, BRI, BCA and BTN); (ii) Payment Point Online Banking (PPOB),

TCash; (iii) Retail Merchants through Indomart & Alfamart; (iv) Market Place via Tokopedia, Dan Dan and Gopay; (v) PT Pos Indonesia. This measure is taken to continuously improve PGN's excellent service and facilitate household customers in carrying out payment obligations.

I. Customer Gathering

Customer Gathering is a routine event of PGN as one of the proactive programs to improve the quality of service to customers. Customer Gatherings are conducted to both Household customers, Commercial customers and Industrial customers. Customer gathering activities are expected to create a harmonious relationship between PGN and customers, establish two-way communication, as well as a means for the delivery of criticism and suggestions. PGN also has the opportunity to provide market education, promotion of the use of natural gas products and services, and to build closer family ties to bridge understanding and minimize the gap between customer desires and PGN's capabilities. During the year 2018, PGN held a Customer Gathering in various existing Sales Areas and cities to be developed by PGN.

In addition to Customer Gathering, PGN through Customer Management and Sales actively visits customers/prospective customers in order to establish harmonization and synergy in natural gas distribution business activities. Customer Management focuses on serving existing customers, while Sales focuses on serving and looking for new customers. Solving these tasks and functions is a breakthrough for PGN in

order to improve service quality, number of sales and accelerate the process of subscribing to new prospective customers. During the visit, Customer Management and Sales actively provided input to customers/prospective customers on ways to improve the efficiency of their equipment utilization and understand the customer's/prospective customer's business situation. This is a valuable input for management to make gas subscription policies.

m. Collaboration with External Parties

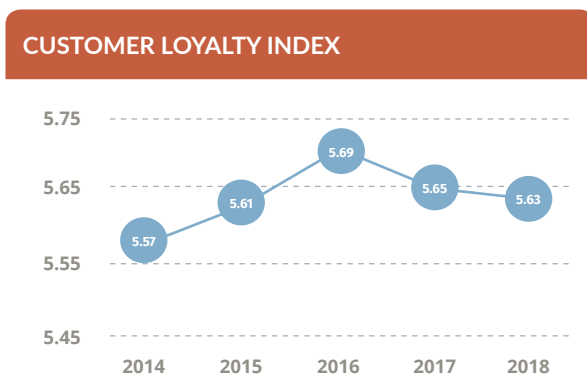
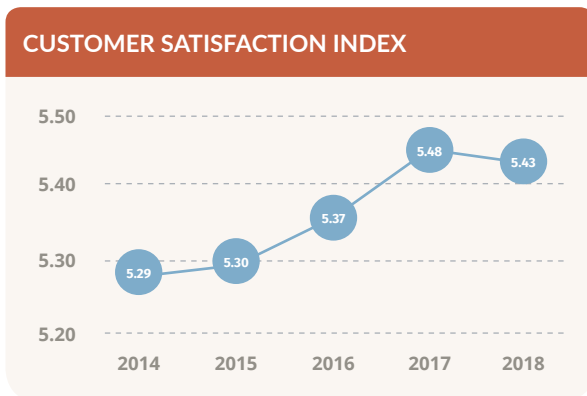
The rapid development of marketing is driven by the emergence of various types of market place, pier to pier landing, core business diversification and various other forms of cooperation, making PGN an encouragement to open eyes to seize opportunities for cooperation with third parties with the principle of mutual benefits and to improve the performance of each party. Some of the cooperation established by PGN in 2018, among others:

- Collaboration with PT Semen Indonesia
- Collaboration with Garuda Indonesia
- Collaboration with the Community of Indonesian Women Entrepreneurs Association (IWAPI)

n. Customer Satisfaction Level

PGN always maintains and even improves the quality of its services to all customers both household customers, small customers and commercial and industrial customers. PGN's commitment is shown in the customer satisfaction survey carried out routinely to understand the satisfaction, behavior and needs of the Customer. The survey activity in 2018 is carried out by conducting studies directly to customers who are expected to provide a direct description of the customer and provide feedback for quality improvement.

To maintain the independence of results, surveys are conducted by independent external parties. The parameters performed to show the level of customer satisfaction are indicated by the Customer Satisfaction Index (CSI) and the Customer Loyalty Index (CLI).



From the results of the conducted survey, Customers greatly appreciate PGN's performance, especially in activities such as guaranteed supply certainty, customer production cost efficiency, good product quality and service, security in PGN's natural gas usage, gas availability in terms of usage in the amount of gas usage tall one.

On the other hand, there are some inputs from the customers, including: an attractive display on the website, customer gathering programs, every officer in both the field and contact center can carry out every customer's needs, increase channel payments, improve non-feasible PGN's infrastructure, safety training to customers, the speed of delivering information on gas collection bills, maintaining communication between PGN and customers to provide important information regarding products and gas distribution, and gas demand through CNG mode as a back-up when there is a disruption of gas distribution.

Such results provide PGN with inputs to continue developing and improving distribution and service to the customers.

DIVIDEND DISTRIBUTION POLICY

In 2018, the shareholders through the Annual GMS on April 26, 2018 decided to distribute cash dividends of Rp766,274,074,076 (equivalent to USD55,008,007), or 38.4% of net income (in the statement of changes in equity) with dividends cash for the 2017 Fiscal Year distributed was Rp31.61 per share.

In 2017, the shareholders through the Annual General Meeting of Shareholders dated May 4, 2017 decided to distribute cash dividends amounting to Rp1,822,476,586,175 (equivalent to USD136,719,924), or 44.9% of net income (in the statement of changes in equity) with dividends cash for the 2016 Fiscal Year distributed was Rp75.18 per share.

EMPLOYEE STOCK OWNERSHIP PROGRAM AND/OR MANAGEMENT STOCK OWNERSHIP PROGRAM (ESOP/MSOP)

Based on the Extraordinary General Meeting of Shareholders (EGMS) on November 3, 2003, as stated in Deed Number 5 from Fathiah Helmi, S.H., shareholders agreed to an employee share ownership program (ESA) and a share ownership program by management (MSOP) with terms and conditions set by the Board of Commissioners. Based on the results of the EGMS decision, the Company sets 3 programs for ESA participants:

1. Provide ESA participants with stock as a form of appreciation for contributions to the Company, amounting to an average of 2 times the amount of monthly income. Shares for this program cannot be sold within a period of 1 year after the date of listing of the Company's shares on the Stock Exchange and cannot be taken in cash by ESA participants.
2. ESA participants can also buy shares with payments using bonuses in 2003 with a maximum of 3 times their monthly income. Purchasing shares through this method gets a discount of 18% from the offer price. Shares for this program cannot be sold within a period of 1 year after the date of listing of the Company's shares on the Stock Exchange and cannot be taken in cash by ESA participants.
3. If ESA participants are willing to exercise their rights in programs 1 and 2, ESA participants are given the

opportunity to purchase shares in cash using their own funds by obtaining a discount of 18% from the offer price. Shares for this program cannot be sold within a period of 1 year after the date of listing of the Company's shares on the stock exchange and cannot be taken in cash by ESA participants. Based on the Board of Commissioners meeting on November 17, 2003, those who are entitled to participate in the MSOP program are Directors, Board of Commissioners and senior management at a certain level. In this program, the number of new shares to be issued does not exceed 5% of the issued and paid-up capital with a maximum period of issuance of shares for 3 years and carried out in 3 phases with the entire program implementation period of 5 years with the following details.

a. First Phase

The maximum number of shares to be issued was $50\% \times 5\% \times$ amount of issued and paid on capital with share implementation price at 110% of initial public offering price or Rp1,650. Entitlements held on December 15, 2003 with vesting period of one year starting from December 15, 2004.

b. Second Phase

The maximum number of shares to be issued was $25\% \times 5\% \times$ amount of issued and paid on capital with share implementation price to be determined by the Board of Commissioners with provisions of minimum price at the average of share price during 25 trading days prior to announcement of general meeting of the shareholders concerned. Entitlements held on February 15, 2005 with vesting period of one year starting from February 15, 2006.

c. Third Phase

The maximum number of shares to be issued was $25\% \times 5\% \times$ amount of issued and paid on capital with share implementation price to be determined by the Board of Commissioners with provisions of minimum price at the average of share price during

25 trading days prior to announcement of general meeting of shareholders concerned. Entitlements held on February 15, 2006 with vesting period of one year starting from February 15, 2007. The first phase of MSOP program has been implemented in 2005 with 108,024,675 shares, second phase in 2007 with 53,930,825 shares, and third phase in 2008 with 53,551,388 shares.

During 2018, there were no ESOP/MSOP share ownership programs by employees, Directors and Board of Commissioners held at PGN.

Use of Funds from Public Offering

PGN listed its shares on the Indonesia Stock Exchange on December 15th, 2003. The net proceeds from the IPO received by the Company amounting to Rp1,163.3 billion have been used entirely to finance the construction of the natural gas transmission pipeline project, especially the South Sumatra-West Java route which has been completed in August 2008. During 2018, there was no IPO at PGN.

INFORMATION ON MATERIAL TRANSACTIONS CONTAINING CONFLICTS OF INTEREST AND AFFILIATED TRANSACTIONS

PROVISION OF LOANS TO SUBSIDIARIES

In 2018 there were no loans to Subsidiaries or affiliates.

INVESTMENTS TO SUBSIDIARIES

1. Name of parties in transaction

In 2018, PGN conducted a share sale transaction with PT Pertamina (Persero) for a total of 51% (fifty one) percent of PT Pertamina Gas which was originally owned by PT Pertamina (Persero) valued at Rp20.18 trillion more for 2,591,099 shares from PT Pertamina Gas.

2. Transaction fairness

All investments in number one are carried out fairly by prioritizing the principles of GCG and in accordance with applicable business practices.

3. Reason of transaction

The acquisition of PT Pertamina Gas shares was carried out as an implementation of the integration of the natural gas business which is a series of processes from the establishment of the oil and gas BUMN holding company. With the integration of PT Pertamina Gas into the PGN portfolio, it further strengthens PGN's role as a gas subholding.

4. Policy on transaction review mechanism

PGN has work units that evaluate and review performance of the Subsidiaries. Performance is reviewed periodically to ensure that the transactions are carried out in accordance with the purpose of the investments.

5. Compliance with the rules and related provisions

All of the above transactions were executed in accordance with relevant rules and provisions and based on GCG principles. Approval of such investments was in accordance with the Company's Articles of Association.

CHANGES IN LEGISLATIVE REGULATIONS

In general, throughout 2018, there are several regulations that are directly related to and have significant impacts to PGN's operations.

PGN is a business entity engaged in the business of transmission and distribution of natural gas with a role as gas sub-holding within the structure of Oil and Gas SOE still required to comply with the provisions of the Government. A summary of these regulations, among others:

1. Regulation of the Minister of Energy and Mineral Resources Number 4 of 2018 concerning the Exploitation of Natural Gas in the Oil and Gas Downstream Business Activities dated 24 January 2018 which came into effect from 25 January 2018 ("EMR Minister Regulation 4/2018"). This EMR Regulation was issued with the aim of improving the management of natural gas downstream which in the last decade was considered to be impartial to the addition of natural gas infrastructure in order to equalize access to natural gas and not protect investment guarantees of business entities. The Government argues that to further encourage the development of natural gas infrastructure through pipelines and to increase the use of natural gas for domestic needs and accommodate the development of natural gas distribution modes other than pipes in natural gas business activities, it is necessary to re-regulate provisions regarding downstream natural gas business activities. Some of the main regulations stated in the EMR Ministerial Regulation include exclusivity up to a certain period of time in the conduct of commercial

business activities through the scheme of Certain Commercial Areas, management of distribution pipeline infrastructure carried out simultaneously with commodity management in the Distribution Network Area scheme, assignment to SOEs that run business in the field of natural gas to build and operate Transmission Section and/or Distribution Network Areas in the context of accelerating infrastructure development as well as certain Commercial Sub-Region schemes to open the participation of other business entities in managing trade in a Certain Commercial Area with the obligation to have infrastructure and distribute natural gas directly to consumers. This EMR Regulation also revoked Regulation of the Minister of Energy and Mineral Resources Number 19 of 2009 concerning Natural Gas Business Activities through Pipes.

2. Regulation of the Minister of Energy and Mineral Resources Number 18 of 2018 concerning Inspection of Installation and Equipment Safety on Oil and Gas Business Activities dated March 2, 2018, which came into effect on March 9, 2018 ("EMR Minister Regulation 18/2018").

This Minister of Energy and Mineral Resources Regulation is intended as a rearrangement of provisions concerning the inspection of plant and equipment safety in oil and gas business activities previously listed in the Minister of Energy and Mineral Resources Regulation Number 38 of 2017. With the Minister of Energy and Mineral Resources intended, effectiveness and smoothness are expected to be realized in the implementation of the inspection of safety, security and reliability of oil and gas operations and providing facilities for business entities in an effort to guarantee the safety, security and reliability of oil and gas operations. As a business entity holding business licenses in downstream oil and gas business activities, PGN is obliged to guarantee the safety of installations and equipment in oil and gas business

activities in accordance with the provisions of laws and regulations, standards, and good engineering principles. The intended safety guarantee for the installation and equipment includes:

- (i) design of installations and equipment; and
- (ii) construction, operation, maintenance, testing, checking, and branding against installations and equipment.

The Minister of Energy and Mineral Resources Regulation referred to stipulates that for the safety guarantee of the Installation and equipment of the Business License Holder, it is obligatory to appoint the Head of Engineering responsible for carrying out and adhere to the Oil and Gas Safety provisions which are the duty of the Business License Holder. The Chief of Engineering can appoint a Deputy Chief of Engineering to assist in the implementation of his duties and responsibilities.

3. EMR Minister Regulation Number 48 Year 2018 concerning Determination of the National Vitak Object for Energy and Mineral Resources dated November 14, 2018 effective from November 16, 2018 ("EMR Regulation 48/2018").

This EMR Regulation is aimed at structuring regulations in the Ministry of Energy and Mineral Resources and efforts to simplify the mechanism in determining and evaluating national vital objects in the energy and mineral resources fields.

To be included in the national vital object category in the oil and gas sub-sector EMR, it must meet the criteria:

- a. Has a strategic role in ensuring national oil and gas supply; and/or
- b. Having strategic role in guaranteeing supply of oil fuel, gas fuel, liquefied petroleum gas, liquefied natural gas, compressed natural gas, and/or processed products of oil and gas.

Business entities that run businesses in the oil and gas sector can submit applications for the determination of national vital objects in the EMR field to the Minister of Energy and Mineral Resources through the Secretary General of the

Ministry of Energy and Mineral Resources with a copy to the Director General of Oil and Gas.

Throughout 2018 there were no additions, changes and/or reductions in business licenses and special rights of PGN.

In 2018, the Government again gave the mandate to PGN to continue the construction and operation of the Natural Gas Pipeline for Households ("Jargas") in several regions in Indonesia. The Government Assignment is stated in the Minister of Energy and Mineral Resources Decree Number 268 K/10/MEM/2018 concerning the Assignment of PT Perusahaan Gas Negara (Persero) Tbk in the Supply and Distribution of Natural Gas through the Natural Gas Distribution Network for Households for Fiscal Year 2018 dated January 25, 2018. This Ministerial Decree, assignments to PGN include:

1. Construction of the Natural Gas distribution network for Households and Small Customers along with supporting infrastructure in Medan City, Deli Serdang District, Serang District, Pasuruan City, and Probolinggo District. This assignment is carried out with the financing of the State Budget for Energy and Mineral Resources for 2018 Fiscal Year.
2. Development of the Natural Gas Distribution Network for Households along with supporting infrastructure in Bogor District, Cirebon City, and Tarakan City. This assignment is carried out with the financing of the State Budget for Energy and Mineral Resources for 2018 Fiscal Year.
3. Gas distribution, operation and maintenance of the Natural Gas Distribution Network for Households along with supporting infrastructure in Medan City, Deli Serdang District, Serang District, Pasuruan City, Probolinggo District, Bogor District, Cirebon City, and Tarakan City. This assignment was carried out with PGN's financing.

In 2018, the Ministry of Energy and Mineral Resources also issued EMR Ministerial Decree Number 1790

K/20/MEM/2018 concerning Amendments to EMR Ministerial Decree Number 1750 K/20/MEM/2017 concerning Determination of Allocation and Utilization of Natural Gas for Electricity Supply by PT Perusahaan Listrik Negara (Persero).

This Ministerial Decree is issued in the context of adjusting for the utilization of natural gas in the energy mix for power plants in accordance with the

planned electricity supply business of PT PLN (Persero) from 2018 to 2027. On this basis, the Minister of Energy and Mineral Resources considers it necessary to make adjustments to allocations and utilization of natural gas for electricity supply by PT PLN (Persero) as stipulated in the EMR Ministerial Decree Number 1750 K/20/MEM/2017. Through this Ministerial Decree, the Government changed the Eighth Dictation with the following comparison:

EMR Ministerial Decree 1750 K/20/MEM/2017

If there is no follow up with a natural gas sale and purchase agreement within 12 (twelve) months, the allocation and utilization of natural gas of PT PLN (Persero) will be re-evaluated by the Minister.

EMR Ministerial Decree 1790 K/20/MEM/2018

In the event that PT PLN (Persero) has not been able to optimize the allocation and utilization of natural gas and/or in the event of no follow up with a natural gas sale and purchase agreement on the allocation and utilization of natural gas PT PLN (Persero) within 12 (twelve) months, the Minister may transfer some or all of these allocations to other sectors in addition to the electricity sector.

Based on Ministerial Decree Number 1790 K/20/MEM/2018, PGN can submit an application to the Minister of Energy and Mineral Resources to obtain a partial or total transfer of natural gas that has not been optimized and/or that with no follow-up by PT PLN (Persero) with a natural gas sale and purchase agreement within 12 (twelve) months.

BPH Migas as a regulator in the natural gas downstream sector also issued a series of regulations related to PGN and still related to the Government's assignment to PGN to build and operate a natural gas network for households:

BPH Migas Regulations

BPH Migas Regulations	Areas	Price of Household Gas
1. BPH Migas Regulation Number 4 of 2018 concerning the Selling Price of Natural Gas through Pipes for Household Consumers in the Distribution Pipe Network of Mojokerto District	Mojokerto District	a. Household-1 (RT-1) at Rp 4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and b. Household -2 (RT-2) at Rp 6,100/m ³ (six thousand one hundred rupiah per cubic meter).
2. BPH Migas Regulation Number 5 of 2018 concerning Selling Price of Natural Gas through Pipes for Household Consumers in the Distribution Pipe Network of Musi Banyuasin District	Musi Banyuasin District	a. Household -1 (RT-1) at Rp 4,750/m ³ (four thousand seven hundred fifty rupiah per cubic meter); and b. Household -2 (RT-2) at Rp 6,650/m ³ (six thousand six hundred fifty rupiah per cubic meter).
3. BPH Migas Regulation Number 6 of 2018 concerning Selling Price of Natural Gas through Pipes for Household Consumers in the Distribution Pipe Network of Bandar Lampung City	Bandar Lampung City	a. Household -1 (RT-1) at Rp 4,750/m ³ (four thousand seven hundred fifty rupiah per cubic meter); and b. Household -2 (RT-2) at Rp 6,200/m ³ (six thousand two hundred rupiah per cubic meter).

BPH Migas Regulations	Areas	Price of Household Gas
4. BPH Migas Regulation Number 10 of 2018 concerning Selling Price of Natural Gas through Pipes for Household Consumers in the Distribution Pipe Network of Semarang City	Semarang City	a. Household -1 (RT-1) a maximum of Rp4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and b. Household -2 (RT-2) a maximum of Rp6,000/m ³ (six thousand rupiah per cubic meter). c. Small-scale Customer-1 (PK-1) a maximum of Rp4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and d. Small-scale Customer -2 (PK-2) a maximum of Rp6,000/m ³ (six thousand rupiah per cubic meter).
5. BPH Migas Regulation Number 11 of 2018 concerning Selling Price of Natural Gas through Pipes for Household Consumers in the Distribution Pipe Network of Blora District	Blora District	a. Household -1 (RT-1) a maximum of Rp4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and b. Household -2 (RT-2) a maximum of Rp6,000/m ³ (six thousand rupiah per cubic meter). c. Small-scale Customer-1 (PK-1) a maximum of Rp4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and d. Small-scale Customer -2 (PK-2) a maximum of Rp6,000/m ³ (six thousand rupiah per cubic meter).
6. BPH Migas Regulation Number 12 of 2018 concerning Selling Price of Natural Gas through Pipes for Household Consumers in the Distribution Pipe Network of Mojokerto City	Mojokerto City	a. Household -1 (RT-1) a maximum of Rp4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and b. Household -2 (RT-2) a maximum of Rp6,000/m ³ (six thousand rupiah per cubic meter). c. Small-scale Customer-1 (PK-1) a maximum of Rp4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and d. Small-scale Customer -2 (PK-2) a maximum of Rp6,000/m ³ (six thousand rupiah per cubic meter).
7. BPH Migas Regulation Number 13 of 2018 concerning Selling Price of Natural Gas through Pipes for Household Consumers in the Distribution Pipe Network of Pasuruan City	Pasuruan City	a. Household -1 (RT-1) a maximum of Rp4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and b. Household -2 (RT-2) a maximum of Rp6,000/m ³ (six thousand rupiah per cubic meter). c. Small-scale Customer-1 (PK-1) a maximum of Rp4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and d. Small-scale Customer -2 (PK-2) a maximum of Rp6,000/m ³ (six thousand rupiah per cubic meter).
5. BPH Migas Regulation Number 14 of 2018 concerning Selling Price of Natural Gas through Pipes for Household Consumers in the Distribution Pipe Network of Probolinggo City	Probolinggo City	a. Household -1 (RT-1) a maximum of Rp4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and b. Household -2 (RT-2) a maximum of Rp6,000/m ³ (six thousand rupiah per cubic meter). c. Small-scale Customer-1 (PK-1) a maximum of Rp4,250/m ³ (four thousand two hundred fifty rupiah per cubic meter); and d. Small-scale Customer -2 (PK-2) a maximum of Rp6,000/m ³ (six thousand rupiah per cubic meter).

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the 2018 consolidated financial statements are consistent with the accounting policies adopted in the preparation of the 2017 consolidated financial statements. The adoption of the following new and revised standards and interpretations effective on January 1, 2018, resulted in immaterial impact on the consolidated financial statements:

- SFAS Number 2 (Revised 2016): Statement of Cash Flows Amendments to this SFAS requires the entity to provide disclosures that enable the financial statements users to evaluate the changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.
- SFAS Number 13: Investment Property, Transfer of Investment Property
The amendment clarifies the requirements on transfers to, or from, investment property.
- SFAS Number 16 (Revised 2015): Property, Plant and Equipment, for the paragraph which relate to agriculture asset
Amendment of this SFAS clarifies that biological assets that meet definition as bearer plants are within the scope of SFAS 16. Definition, recognition and measurement of bearer plants follows requirements determined by SFAS 16.
- SFAS Number 46 (Revised 2016): Income Taxes
Amendments of this PSAK consist of the following:
 1. Provide illustrative examples to clarify that the deductible temporary differences arise when the carrying amount of debt instruments assets measured at fair value and the fair value is less than the taxable base, regardless of whether the entity estimates to recover the carrying amount of a debt instrument through sale or use of, for example, to have and receive contractual cash flows, or a combination of both.
 2. Clarified that to determine whether the future taxable income will be sufficiently available for the deductible temporary differences can be utilised, the valuation of deductible temporary differences should be in line with tax regulations.
 3. Adding that the tax reduction from the reversal of deferred tax assets is excluded from the estimated future taxable income. Then the entity compares the deductible temporary differences to the estimated future taxable income that does not include tax reduction resulting from the reversal of deferred tax assets to assess whether the entity has a sufficient future taxable income.
 4. Estimation of the likelihood that taxable income can include recovery of certain assets of the entity exceeds its carrying amount if there is sufficient evidence that it is likely that the entity will achieve it.
- SFAS Number 53: Classification and Measurement of Share-based Payment Transactions
The amendment clarifies the accounting treatment related to classification and measurement of share-based transactions.
- The amendments to SFAS Number 67: Disclosure of Interest in Other Entities
The amendment is applicable to interests in entities classified as held-for-sale except for summary of financial information. The objective of this amendment was to provide information about the nature of interests in other entities, risks associated with these interests, and the impact of these interests to financial statements.

- SFAS Number 69: Agriculture
SFAS 69 regulates that biological assets and agriculture products are recognised if meets several criterias, similar with assets recognition criterias. Those assets are measured at the beginning and ending of reporting period at fair value less cost to sell. Difference incurred from the fair value changes are recognised in profit or loss. Exceptions applied if the fair value clearly cannot be measured reliably. SFAS 69 provides an exception for productive assets which are excluded from the scope. Accounting treatment applied to productive assets is referring to SFAS 16. SFAS 69 does not regulate the processing of agricultural products after the harvest. For example, processing grapes into wine and wool into yarn.

New standards, amendments and interpretations issued but not yet effective for the reporting year are as follows:

- SFAS Number 15: Investment in Associates and Joint Ventures, Long-term Interests in Associates and Joint Ventures. The amendment of this SFAS clarifies that companies account for long-term interests in an associate or joint venture to which the equity method is not applied, but apply SFAS 71.
- Amendment SFAS Number 62: Insurance Contracts Applying SFAS Number 71: Financial Instruments with SFAS Number 62: Insurance Contracts
This amendment is a consequential amendment due to the issuance of SFAS 71. The amended standard provides guidance for entity who issuing insurance contract (especially insurance company) on how to implementing SFAS 71. There would be 2 approaches that can be chosen by reporting entity which are deferral and overlay approach.
- SFAS Number 71: Financial Instruments
SFAS 71 will give material impacts to classification and measurement of financial instruments (especially financial assets), impairments and hedge accounting.
- Amendments SFAS Number 71: Financial Instruments - Prepayment Features with Negative Compensation
This amendment provides prepayment features with negative compensation that allows entities to measure particular financial assets which are called negative compensation payments at amortised cost or at fair value through other comprehensive income if a specified condition is met instead of at fair value through profit or loss.
- SFAS Number 24 (Revised 2019): Employee Benefits regarding Plan Amendment, Curtailment, or Settlement
Amendments to this SFAS requires entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment, or settlement. It also requires an entity to recognise profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.
- SFAS Number 22: Business Combination
The amendment clarifies that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.
- SFAS Number 26: Borrowing Costs
The amendment clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. This amendment is applied prospectively for borrowing costs incurred on or after the effective date.

- SFAS Number 46: Income Taxes
The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.
- SFAS Number 66: Joint Arrangements
The amendment clarifies that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation.
- SFAS Number 72: Revenue from Contracts with Customers
This PSAK will replace the following standards:
 - PSAK 23: Revenue;
 - PSAK 34: Construction Contract;
 - ISAK 10: Customer loyalty programmes;
 - ISAK 21: Agreement for the Construction of Real Estate; and
 - PSAK 44: Accounting for real estate development.
 As results, this SFAS will become single standard for revenue recognition.
- SFAS Number 73: Leases
SFAS 73 was issued in September 2017. It will impact on almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exception is short-term leases. The accounting for lessors will not change significantly. The standard will primarily affect the As at the reporting date, the Group has non-cancellable operating leases. The Group has not yet

determined to what extent these commitments within the Group will result in the recognition of an asset and a liability for future payments and how this will affect the flows.

Some of the commitments may be covered by the exception for short-term and some commitments may relate to arrangements that will not qualify as leases under SFAS 73

- IFAS Number 33: Foreign Currency Transactions and
This amendment clarifies the use of transaction date in determining the exchange rate to be used for initial recognition of asset, expense or income when the entity receives or pays advance consideration in foreign currency. IFAS 33 is set to become effective as at January 1, 2019, with early adoption is permitted.
- IFAS Number 34: Uncertainty over Income Tax Treatments
ISAK 34 is an adoption of SFAS 46: Income Tax which aims to clarify and provide guidance in reflecting the uncertainties of income tax treatment in the financial statements. ISAK 34 is set to become effective as at January 1, 2019, with early adoption is permitted.

SFAS 15, SFAS 71, SFAS 72, SFAS 73 and Amendment SFAS 62 which are effective for the financial year beginning on or after January 1, 2020. Early adoption of the above standards is permitted, but for SFAS 73 early adoption is permitted only for entities that have applied SFAS 72.

At the time of issuance of these consolidated financial statements, management is studying the possible impacts of the adoption of the new and revised standards and their effects on the Group's consolidated financial statements.

BUSINESS CONTINUITY INFORMATION

In 2018, information relating to PGN's business continuity is as follows:

1. Matters that have a significant effect on the sustainability of the Company's business:
 - a. The world oil price since the beginning of 2018 up to the end of 2018 continues to increase. This has a significant effect on the PGN Subsidiary engaged in the upstream sector, Saka Energi Indonesia. Moreover, in this sector there are additional production volumes from Blok Pangkah, Ketapang SES, Muara Bakau and Sanga-Sanga which contribute to PGN's financial performance on a consolidated basis.
 - b. In the downstream sector, the increase in consumption from electricity generation and the optimization of free surcharge and incentive prices by the industrial sector contributed significantly to the increase in gas sales in the distribution segment. In addition, in the transmission segment, increasing gas demand for the transportation sector continues to increase along with the increasing number of taxis and busways that use gas. Increases in the transmission segment were also contributed from the distribution of gas to PLN Paya Pasir, the distribution of GTA Jambi Merang and additional distribution of the Terminal Usage Agreement on the transportation and regasification of PLN gas by the Lampung FSRU.
 - c. Issuance of regulations in order to improve natural gas governance
 - Regulation of the Minister of Energy and Mineral Resources Number 4 of 2018 concerning the Exploitation of Natural Gas in the Downstream Oil and Gas Business Activities dated January 24, 2018 which is effective from January 25, 2018 (Regulation of Minister of Energy and Mineral Resources 4/2018). Regulation of Minister of Energy and Mineral Resources 4/2018 contains a series of improvements compared to previous regulations aimed at improving the quality and quantity of natural gas infrastructure in the context of utilizing domestic natural gas. This regulation which regulates the conception of exclusive rights within the framework of the Regional Distribution Network and the Certain Commerce Region will provide stimulus to business entities including PGN to invest because there is a guarantee of return on investment. In addition, the Minister of Agriculture also includes an assignment scheme from the Minister of Energy and Mineral Resources to SOEs that run businesses in the natural gas sector to develop and operate Transmission Section, Distribution Network Areas or Certain Commercial Areas in order to accelerating infrastructure development
 - The Ministry of Energy and Mineral Resources also issued Minister of Energy and Mineral Resources Decree Number 1790 K/20/MEM/2018 concerning Amendment to EMR Ministerial Decree Number 1750 K/20/MEM/2017 concerning Determination of Allocation and Utilization of Natural Gas for Electricity Supply by PT Perusahaan Listrik Negara (Persero). This Ministerial Decree is issued in the context of adjusting for the utilization of natural gas in the energy mix for power plants in accordance with the planned electricity supply business of PT PLN (Persero) in 2018 until 2027. Based on Ministerial Decree Number 1790 K/20/MEM/2018, PGN can submit an application to the Minister of Energy and Mineral Resources to obtain a partial or total transfer of natural gas that has not been optimized and/or within 12 (twelve) months has not been followed up by PT PLN (Persero) with a natural gas sale and purchase agreement.

- EMR Minister Decree Number 268 K/10/MEM/2018 dated January 25, 2018 concerning Assignment of PT Perusahaan Gas Negara (Persero) Tbk in the Supply and Distribution of Natural Gas through the Natural Gas Distribution Network for Households for Fiscal Year of 2018. The issuance of the Ministerial Decree shows PGN as a strategic partner of the Government in terms of ensuring national energy security and accelerating the realization of energy diversification through the acceleration of the implementation of oil and gas fuel substitution in the household sector.

Through this Ministerial Decree, assignments given to PGN are:

- Construction of the Natural Gas distribution network for Households and Small Customers along with supporting infrastructure in Medan City, Deli Serdang Regency, Serang Regency, Pasuruan City, and Probolinggo Regency. This assignment was carried out with the financing of the State Budget for Energy and Mineral Resources for Fiscal Year 2018.
- Development of the Natural Gas Distribution Network for Households along with supporting infrastructure in Bogor Regency, Cirebon City, and Tarakan City. This assignment was carried out with the financing of the State Budget for Energy and Mineral Resources for Fiscal Year 2018.
- Gas distribution, operation and maintenance of the Natural Gas Distribution Network for Households along with supporting infrastructure in Medan City, Deli Serdang Regency, Serang Regency, Pasuruan City, Probolinggo Regency, Bogor Regency, Cirebon City, and Tarakan City. This assignment was carried out with PGN's financing.

This further strengthens PGN's commitment to continually expand the use and services of natural gas throughout Indonesia.

2. Management assessment of these effect
 - a. Management conducted a risk assessment of matters that could potentially have a significant impact on PGN's business continuity.
 - b. Based on the results of the conducted assessment, PGN carried out mitigation measures to maintain business continuity, including:
 - Setting the SEI production portfolio between petroleum, natural gas and LPG based on energy commodity prices on the market.
 - Increased SEI production by drilling new wells in existing production fields.
 - Increased absorption of existing customers through surcharge-free mechanisms, improved customer service and network reliability.
 - Development of pipelines to end customers to add new customers in existing areas and develop the natural gas market in the new region.
 - c. With the mitigation measures taken, PGN was able to maintain sales volumes amid a decline in national natural gas consumption and maintain SEI's revenue which contributed to PGN's consolidated performance.
3. Assumptions used by management in conducting assessments
 - a. The assessment is based on the assumptions set out in the 2018 PGN RKAP which refers to the Amended State Budget where oil prices are projected at USD48/bbl and national economic growth is 5.4%.
 - b. At the end of 2018, the realization of the average oil price was above the estimated assumption of around USD68/bbl. While national economic growth is below the estimated assumption of 5.2%.



GOOD CORPORATE GOVERNANCE



05

GOOD CORPORATE GOVERNANCE



PGN affirms the Company's commitment to cultivate Good Corporate Governance practices consistently and continuously in all of the Company's activities.

THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

The Company places Good Corporate Governance (GCG) as a strong foundation to deal with changes in business environment in achieving Company values for the stakeholders. The application of high standard governance will make PGN a fundamentally and sustainably healthy company, able to manage challenges and have high competitiveness by considering the principles of GCG.

PGN confirms its commitment to develop the best Corporate Governance practices consistently and continuously in all its activities.

GCG implementation is a manifestation of Company's compliance with SOE Minister Regulation dated July 6th, 2012 concerning amendments to SOE Minister Regulation Number PER-01 MBU/2011 dated August 1st, 2011 concerning Implementation of Governance Good Corporate Governance in State-Owned Enterprises and Financial Services Authority Regulation Number 21/POJK.04/2015 dated 16 November 2015 concerning Application of Public Company Governance Guidelines.

THE OBJECTIVE OF GCG IMPLEMENTATION

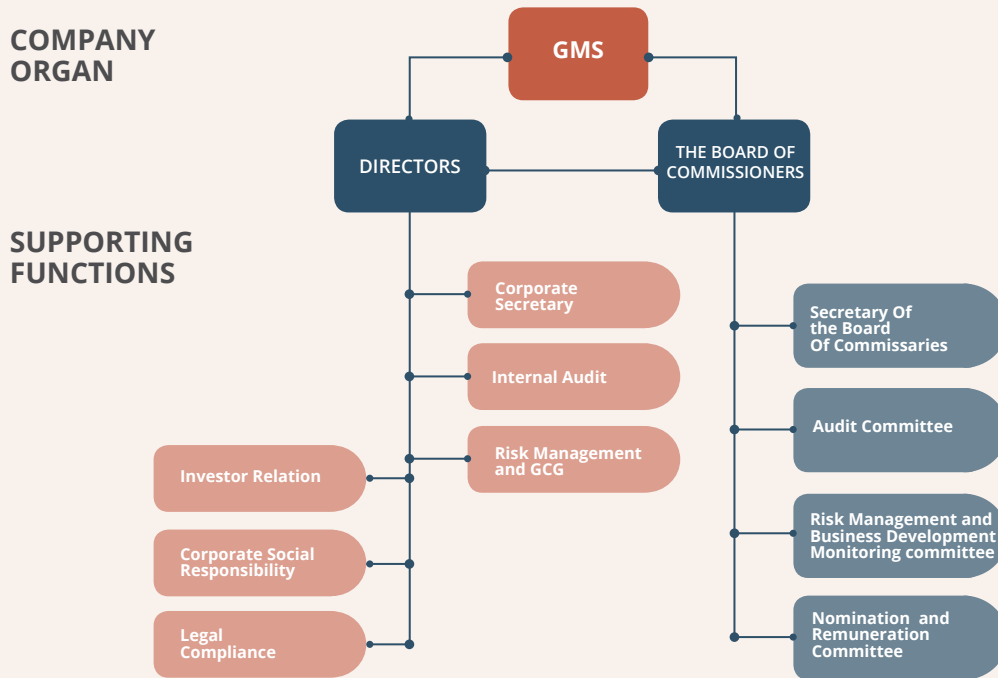
GCG implementation within the Company aims to:

1. Optimizing PGN's value so that it has strong competitiveness, both nationally and internationally, therefore PGN is able to maintain its existence and sustainable existence to achieve its goals and objectives;
2. Encouraging PGN's management in a professional, efficient and effective manner, as well as empowering functions and increasing the independence of its Company Organ;
3. Encouraging Company Organ in making decisions and carrying out actions based on high moral values and compliance with laws and regulations, as well as awareness of PGN's social responsibility towards Stakeholders and environmental sustainability in PGN's surrounding;
4. Improving PGN contribution in national economy;
5. Improving accountability to stakeholders;
6. Improve conducive climate for the development of national investment;
7. Improving better Corporate Image.

THE STRUCTURE OF CORPORATE GOVERNANCE

In accordance with the Law of the Republic of Indonesia Number 40 of 2007 regarding Limited Liability Company, the Corporate Governance Structure is broadly described in the Company's Main Organ, namely the General Meeting of Shareholders (GMS), the Board of Commissioners and the Board of Directors. As referred to in Company Articles of Association and the applicable laws and regulations, each Company Organ has an important role in making the GCG implementation successful and carrying out its duties, functions and responsibilities for the benefit of the Company. Below is a figure of Company's Organs and functions in the Company that are closely related to the implementation of corporate governance.

THE STRUCTURE OF CORPORATE GOVERNANCE



GCG POLICY IN PGN

In order to make GCG implementation of in the Company run well, the Company has policies and supporting guidelines, including:

- Board Manual;
- Guideline of Good Corporate Governance;
- Guideline of Business and Work Ethics;
- Guideline of Conflict of Interest and Gratification Control;
- Guideline of Whistleblowing System;
- Guideline of Risk Management; and
- Guideline of Internal Audit Charter.

In the policies and guidelines as mentioned above, in broad outline it includes guidelines for the Company and all PGN Personnel in carrying out their business activities as well as dealing with stakeholders within the corridor of good corporate governance.

GCG IMPLEMENTATION IN PGN

In 2018, the Company assessed the implementation of GCG based on the Decree of the Secretary of the Minister of SOE Number SK-16/S.MBU/2012 dated June 6, 2012 concerning Indicators/Parameters for Assessment and Evaluation on Implementation of Good Corporate Governance in State-Owned Enterprises conducted by Independent Parties namely PT Sinergi Daya Prima.

For the 2018 GCG implementation, in reference to SOE's criteria, GCG assessment examines 6 (six) aspects, namely:

1. Commitment towards Continuous Implementation of Corporate Governance;
2. Shareholders and General Meeting of Shareholders/ Capital Owners;
3. The Board of Commissioners/Board of Trustees;
4. Directors;
5. Information Disclosure and Transparency;
6. Other Aspects.

TABLE OF ASSESSMENT RESULTS BASED ON SOE CRITERIA

No.	Aspects of GCG Assessment	Maximal Point	Achieved Score	Fulfillment Level (%)
1.	Commitment towards Continuous Implementation of Corporate Governance;	7,000	6,766	96.66%
2.	Shareholders and General Meeting of Shareholders/Capital Owners	9,000	8,815	97.94%
3.	Board of Commissioners/Board of Trustees	35,000	31,994	91.41%
4.	Board of Directors	35,000	33,316	95.19%
5.	Disclosure of Information and Transparency	9,000	8,790	97.67%
6.	Other Aspects	5,000	5,000	100.00%
Total Score		100,000	94,681	94.68%
Rating of GCG Implementation Quality				VERY GOOD

Continuous GCG implementation is actualized by the Company by paying attention to and following up on various recommendations and suggestions from the results of the previous 2017 assessments. The score achieved in 2018 was 94,681 (94.68%) with VERY GOOD qualifications, increasing compared to that of 2017 with a score of 94,610 (94.61%) of the total maximum value 100,000. Details of the assessment are as follows:

TABLE OF GCG ASSESSMENT RESULT COMPARISON IN THE LAST 5 YEARS

No.	Aspects of GCG Testing Assessment (New Parameter)	Weight	Year 2018		Year 2017		Year 2016		Year 2015		Year 2014	
			Achieved Score	Fulfillment Level (%)	Achieved Score	Fulfillment Level (%)	Achieved Score	Fulfillment Level (%)	Achieved Score	Fulfillment Level (%)	Achieved Score	Fulfillment Level (%)
1.	The Commitment to the Implementation of Sustainable Governance	7,000	6,766	96.66	6,848	97.83	6,772	96.74	6,679	95.42	6,826	97.52
2.	The Shareholders and General Meeting of Shareholders/Capital Owners	9,000	8,815	97.94	8,827	98.08	8,827	98.08	8,462	94.02	8,561	95.12
3.	The Board of Commissioners	35,000	31,994	91.41	31,994	91.41	31,994	91.41	31,902	91.15	30,187	86.25
4.	The Board of Directors	35,000	33,316	95.19	33,094	94.56	32,861	93.89	31,798	90.85	32,906	94.02
5.	Information Disclosure and Transparency	9,000	8,790	97.67	8,847	98.30	8,484	94.27	8,477	94.19	8,581	95.35
6.	Other Aspects	5,000	5,000	100.0	5,000	100.00	5,000	100.00	4,821	96.00	5,000	100.00
Total		100,000	94,681	94.68	94,610	94.61	93,938	93.94	92,140	92.14	92,061	92.06

RECOMMENDATION OF EVALUATION RESULT AND REASONS FOR NOT YET/FAILURE TO APPLY

Based on the results of the 2018 GCG Assessment, the followings are aspects that need to be implemented; hence recommendations for improvement in 2019 based on the assessment results of each aspect are as follows:

No.	Aspects of GCG Assessment	Recommendations of the Assessment Results	Reasons Why Not/Not Yet Implemented
1.	Commitment towards Continuous Implementation of Corporate Governance	<ol style="list-style-type: none"> Regarding the update and finalization of Manual Board according to the latest Article of Association and update of the Whistle Blowing Guide System. Regarding progress reporting on evaluation of implementation results Gratification and Whistle Blowing System. 	Ongoing and will be implemented in 2019
2.	The Shareholders and General Meeting of Shareholders/ Capital Owners	<ol style="list-style-type: none"> Regarding the reasons for dismissal of members of the Board of Directors and members of the Board of Commissioners who were dismissed before their term of office expired. Regarding the area of improvement follow-up on the previous year's GCG assessment. 	A Privilege Stakeholders Dwiwarna A Series
3.	Board of Commissioners/Board of Trustees	<ol style="list-style-type: none"> Regarding the requests and report submission of official travel Abroad. Regarding submission of work program of the Board of Commissioners including Budget to the Board of Directors which is an integral part of RKAP. Regarding submission of work program of the Board of Commissioners including Budget to the Board of Directors which is an integral part of RKAP. Regarding the complete Board Manual which includes duties and responsibilities of the Board of Commissioners as stated in the assessment provisions of the Criteria for SOE (SK-16/S-MBU/2012) and not yet listed in the Articles of Association. Regarding details of the Work Program as stated in the assessment criteria for SOE Criteria (SK-16/S-MBU/2012). Regarding Adjustment of Appointment Guidelines, Dismissal and Determination of Income for Members of the Board of Directors and Board of Commissioners of Subsidiaries/Affiliates with the Latest Articles of Association. Regarding signing the statement, there is no conflict of interest for members of the Board of Commissioners which is renewed at the beginning of each year. Regarding the performance evaluation of each member of the Board of Commissioners. Regarding reassuring the signing of minutes of joint meetings of the Board of Commissioners and Directors as well as submission of Information to OJK with regard to changes in the composition of Audit Committee. Regarding the completeness of the Board of Commissioners work program on implementation of the self assessment of each Board of Commissioners Committee performance and the signing of the work program. Regarding reporting Nomination and Remuneration Committee's duties in accordance with the work program and charter of the Nomination and Committee Remuneration. 	Will be implemented in 2019

No.	Aspects of GCG Assessment	Recommendations of the Assessment Results	Reasons Why Not/Not Yet Implemented
4.	Board of Directors	<ol style="list-style-type: none"> 1. Regarding the Board Manual which includes Directors' duties and responsibilities that still need to be adjusted to the Latest Articles of Association. 2. Regarding the completeness of new Board of Directors introduction program material. 3. Regarding requests for travel abroad. 4. Regarding Adjustment of Guidelines on Appointment, Dismissal and Determination of Income for Members of the Board of Directors and the Board of Commissioners of Subsidiaries/ Affiliates with the Latest Articles of Association. 5. Regarding the submission of candidates for the Directors and the Board of Commissioners of Subsidiaries to the Board of Commissioners to obtain approval in accordance with the Articles of Association. 6. Regarding the completeness of new Directors introduction program material. 7. Related to submission of information to OJK regarding changes in the composition of Audit Committee. 8. Regarding signing the statement that there is no conflict of interest for members of the Board of Directors which is renewed at the beginning of each year. 9. Regarding signing of quarterly management reports by all Directors. 10. Regarding preparation of Directors meeting plan to be held in the current year. 11. Regarding Directors meeting in the minutes of Directors meeting. 12. Regarding signing of minutes of joint meetings of the Board of Commissioners and Directors. 13. Regarding updating Internal Audit charter. 14. Regarding ensuring Internal Audit personnel in accordance with the needs of implementation of their duties. 15. Regarding submission of Internal Audit PKAT design to the Board of Commissioners c.q the Audit Committee. 	will be implemented in 2019
5.	Information Disclosure and Transparency	<ol style="list-style-type: none"> 1. Regarding content updates and policies that must be published on Company's website 2. Regarding Annual Report completeness on validity period certification. 	will be implemented in 2019
6.	Other Aspects	-	-

STRENGTHENING THE IMPLEMENTATION OF PGN'S GCG

In order to strengthen the implementation of GCG in PGN, in 2018, the Company has executed a program that included:

1. Dissemination and Internalization

Achieve PGN's dissemination and internalization of Good Corporate Governance Guidelines for all PGN Group Employees as the basis for implementing GCG principles in its activities. The communication and dissemination process aims to provide understanding regarding the GCG guideline in PGN. With regard to the list of dissemination and internalization of GCG implementation in the Company that have been executed in 2018, they are:

No.	Date	Topic
1.	April 20 th , 2018	GCG Dissemination in the Sales Area Head Cirebon
2.	April 23 rd , 2018	GCG Dissemination in the Sales Area Head Tangerang and Sales Area Cilegon.
3.	May 9 th , 2018	GCG Dissemination in the Sales Area Head Palembang
4.	November 6 th , 2018	GCG Dissemination in the Main Directorate, Head Office
5.	November 8 th , 2018	GCG Dissemination in the Commercial Directorate, Head Office
6.	November 9 th , 2018	GCG Dissemination in the Infrastructure and Technology Directorate, Head Office
7.	November 23 th , 2018	GCG Dissemination in the Sales Area Cilegon
8.	November 26 th , 2018	GCG Dissemination in the Sales Area Batam
9.	November 29 th , 2018	GCG Dissemination in the Sales Area Lampung

2. Management of Whistleblowing Systems

The company has a reporting system policy for allegation of irregularities in the Company (Whistleblowing System), based on Directors Decree Number 066303.K/PW.01/UT/2013 dated December 24, 2013 concerning Whistleblowing System Guideline signed by the President Director. Whistleblowing System Management is included in the Internal Audit, in which the Ethics Committee is based on the Task Letter Number 003100.ST/PW/IQU/2018 on April 2, 2018 to carry out tasks as stated in the Whistleblowing System Guideline which applies to the Company.

The company has also carried out activities to provide an understanding of the Whistleblowing System Guideline. Implementation of dissemination the Whistleblowing System is carried out in the

meeting on August 23, 2018 which was led by the Internal Audit Group Head with a discussion of Whistleblowing System and Gratification. In 2018, there is no report Whistleblowing System.

3. Measuring KPKU

To improve its performance, since 2012 the Company has changed the application of superior performance assessment criteria from the previous Balanced Scorecard to KPKU which was adopted from Malcolm Bridge This implementation was based on Letter of Ministry of State-Owned Enterprises Number S-08/S.MBU/2013 dated January 16, 2013 regarding Submission Guidelines for Determining KPIs and Criteria of Superior Performance Assessment for SOEs.

Based on advise from Ministry of SOE, the KPKU assessment was not carried out in 2018 and for companies that listed their KPKU score achievement in the 2018 KPI target may use the 2017 KPKU score realization in recording the achievement of their scores. In accordance with the results of 2017 assessment, the Company achieved 631 score which means it is at the Emerging Industry Level.

TABLE OF KPKU ASSESSMENT RESULT

Year	Result
2018	631.00
2017	631.00
2016	621.00
2015	583.25
2014	559.25

4. Implementation of ISO and SMK3

In 2018, PGN has implemented ISO 9001: 2015 Quality Management System which is an international standard for quality management of the ISO 9001: 2008 latest version. As a public company, PGN has benefited a lot from the implementation of ISO 9001: 2015 standard. ISO 9001: 2015 as a management tool, has helped PGN in managing and running a Management System or Work System so it has successfully achieved as experienced today. In 2018, PGN's activities related to the implementation of ISO 9001: 2015 are as follows:

No.	Time	Activities
1.	February 2018	QHSSE Management Integrated System Training
2.	July – August 2018	The Internal Audit of ISO 9001:2015 Quality Management Systems has been executed di 13 Work Units and 12 Sales Area.
3.	September 2018	Preparation of the ISO 9001: 2015 Extend Scope Quality Management System to the Semarang, Lampung and Dumai Areas.
4.	September 2018	Assistance of ISO 9001:2015 Quality Management System in Subsidiaries, namely PT PGAS Solution related to the measures to improve the performance of SLA O&M Pipelines and Facilities.
5.	October 2018	Renewal of the Quality Management System Manual Number P-002/0.20.
6.	November 2018	External Audit, namely Phase 1 (annually) Surveillance Audit by PT Llyod's Register Indonesia has been carried out to 10 Work Units and 6 Sales Areas.

In addition to quality management system certification, PGN has an Occupational Health and Safety Management System (SMK3) in accordance with Government Regulation Number 50 of 2012 concerning the Implementation of Occupational Health and Safety Management System which is a national certification, OHSAS 18001:2007 international standard K3 Management System issued by PT Lloyd Register Indonesia and also ISO 14001:2015 Certificate in all operating areas as an implementation embodiment of Environmental Management System within the Company and

compliance towards Government policies. In addition, in order to ensure the safety in all operational area, PGN also implement the Security Management System Certification based on police regulation Number 24 Year 2007. All of the Management System Certification has been updated regularly. The ISO 9001: 2015 certificate is valid until January 30, 2021. In addition, the Security Management System Certification is valid until March 2, 2021, SMK3 Certification is valid until July 14, 2020 and OHSAS 18001 and ISO 14001 Certifications until January 7, 2020.

5. GCG Implementation measurement

The measurement of GCG Implementation is carried out based on a parameter set by the SOE Ministry conducted by an independent party, namely PT Sinergi Daya Prima. The 2018 score achievement was 94,681 (94.68%) which is an VERY GOOD qualification, increased compared to that of 2017 of 94,610 (94.61%) of a maximum total of 100,000.

6. Gratification Control

As token of commitment to implementation of Good Corporate Governance principle, PGN has established a Conflict of Interest and Gratification Control Policy in accordance with Directors Decree Number 018401.K/OT.03/UT/2014 dated October 1, 2014, as the basis for implementing gratification controls to encourage implementation of business ethics and work ethics, preventing conflicts of interest and fraud.

The management of gratification lies within Internal Audit, wherein a Team of Gratification Control Unit (UPG) was set based on a Letter of Assignment Number: 0030000.ST/PW/IAU/2018 dated April 2, 2018 to carry out the tasks of UPG Team as stated in the Conflict of Interest and Gratuity Control Policy applicable in the Company.

With regard to reporting, based on the aforementioned policy, the UPG submits a report on recapitulation of handling reporting of gratification managed by UPG in handling and following up determination of ownership and regular use of gratuities to KPK in monthly basis. In addition, the UPG submitted progress and evaluation of implementation results from Gratuity Control Program within the Company to the Board of Directors every month.

In 2018 there were no reports of gratuities within the Company which were reported to the KPK.

7. The signing of Integrity Pact for all goods/services providers and functions of Company's goods / services procurement, is set in the Guideline for Procurement of Goods/Services Number Doc: P-001/0.37 dated 12 February 2018 which substitutes the Directors Decree Number 010300.K/LG.01/PDO/2016 dated 1 August 2016 regarding Guidelines for Procurement of Goods/ Services, to accommodate changes in regulations legislation related to improving domestic products in the procurement and cooperation of SOEs, so that they can support the implementation procurement of goods/ services quickly, efficiently and effective. As a token of Company's commitment in implementing good corporate governance, all goods/services providers and functions of goods/services procurement services are required to sign the Integrity Pact that contains commitments to:
 - a. Carry out goods/services procurement based on the principles of good faith, with high accuracy, free, independent or not under pressure, or under the influence of other parties (independency);
 - b. Make a decision with caution (duty of care and loyalty);
 - c. Not making decisions for personal interests or affiliated parties and thus does not have a potential conflict of interest;
 - d. To carry out the procurement process with sufficient understanding of various regulations and other normative obligations that are related, and to fulfill all provisions and legislation, including to consider the best practice that is considered necessary, important, and critical in this procurement process (duty abiding the laws).

GENERAL MEETING OF SHAREHOLDERS (GMS)

The General Meeting of Shareholders (GMS) is a company organ which has the authority that can not be granted to the Board of Directors or the Board of Commissioners within the limits stipulated in the applicable regulation -or Articles of Association. As a public company, GMS is a communication forum between the Board of Directors and the Board of Commissioners with the Company's shareholders. In accordance with Law Number 40 Year 2007 concerning Limited Liability Companies, implementation of GMS consists of Annual GMS, which is held once a year, and Extraordinary GMS, which can be held at any time at the request of one of Company's organs.

COMPOSITION OF THE SHAREHOLDERS

The GMS consists of Company's shareholders, divided into 2 (two) stock classifications, namely:

1. One Series A Dwiwarna share with a total nominal value of Rp100 owned by the State of the Republic of Indonesia, represented by the Government c.q Minister of State-Owned Enterprises (SOE); and
2. 24,241,508,195 Series B shares with a total nominal value of Rp 2,424,150,819,500, - owned by:
 - a. PT Pertamina (Persero) totaling 13,809,038,755 (56.96%) shares or valued at Rp1,380,903,875,500
 - b. Public totaling 10,432,469,440 (43.04%) or with the value of Rp1,043,246,944,000

Detailed information regarding composition of shareholders is available on Company Profile section in this Annual Report.

THE RIGHTS OF SHAREHOLDERS

In general, shareholders have the following rights:

1. The right to receive dividends distributed by the Company from profits determined to be distributed as dividends at the Annual GMS.
2. The right to maintain the relative number of shares owned through the purchase of new shares issued by the Company (or called preemptive right).
3. The right to hold the Board of Directors and the Board of Commissioners accountable regarding management of the Company.
4. The right to appoint and dismiss Board of Directors and the Board of Commissioners.
5. The right to change the Articles of Association.
6. The right to approve the issuance of equity securities or the addition of paid-up and issued capital.
7. The right to approve transactions that have conflicts of interest and material transactions.
8. The right to approve merger, consolidation, acquisition, demerger of the Company and winding up of the Company.
9. Other rights are in accordance with Company's Articles of Association and statutory regulations.

Holders of Series A Dwiwarna Share have special rights that Holders of Series B Shareholders don't have and Holders of Series A Dwiwarna Share can veto during voting in GMS to determine a decision.

The privileges of Dwiwarna Series A Shareholder are as follows:

1. The right to approve the GMS regarding the followings:
 - a. Approval of the appointment and dismissal of Board of Directors and members of the Board of Commissioners;
 - b. Approval on amendment in Articles of Association;
 - c. Change approval in share ownership structure;
 - d. Approval related to merging, consolidation, demerger and winding up as well as acquisition of the Company by another company.
2. The right to propose candidates for Board of Directors and prospective members of the Board of Commissioners;
3. The right to propose a GMS agenda;
4. The right to request and access Company's data and documents;
5. The right to set a strategic policy that is always in line and in accordance with the policies and regulations that apply to the Major B Series Shareholders with the majority ownership of the Company's shares, in the following departments:
 - a. Gas Business Planning;
 - b. Development and Investment;
 - c. Accounting and Finance;
 - d. Operations and Quality Control;

- e. Marketing;
- f. Information Technology;
- g. Human Resources;
- h. Risk Management and Internal Supervision;
- i. Legal;
- j. Health, Work Safety and Environmental Management and Social Responsibility;
- k. Partnership and Community Development Program;
- l. Other departments in the framework of Company's synergy with the highest Major B Series Shareholders, with a mechanism to use the said rights in accordance with the provisions in the Articles of Association and laws and regulations.

On April 11, 2018, based on the Deed of Agreement on Transfer of Rights to Shares Number 30 dated April 13th, 2018, all B Series shares belonged of the Republic of Indonesia which represented by the Government c.q. SOE Ministry has been transferred to Pertamina (Persero). The transfer of shares in the form of inbreng shares is a follow-up action of Government Regulation Number 6 Year 2008 concerning Addition of State Equity Participation of the Republic of Indonesia to Share Capital PT Pertamina (Persero), as the basis for the formation of SOE Holding Oil and Gas Sector, wherein Pertamina becomes a holding and the Company becomes part of the Gas Subholding.

With regard to the establishment of Oil and Gas Holding and based on Company's Articles of Association, Shareholder of Series A Dwiwarna may authorize Pertamina as the Major Shareholder of Series B to exercise these privileges, in order to implement Pertamina as a Holding, except for the privilege to approve in the relevant GMS:

1. Change approval in share ownership structure;
2. Approval related to merger, consolidation, demerger, winding up and acquisition of the Company by other companies.

ACCESS INFORMATION TO SHAREHOLDERS

Providing information to shareholders by The Company shall be conducted in a timely and accurate manner for all material and information related to the management of the Company.

The information provided is carried out through:

1. information disclosure on information or material facts. The mechanism of information disclosure shall be based on Financial Services Authority Regulation Number 31/POJK.04/2015 concerning Disclosure on Material Information or Facts by Issuers or Public Companies;
2. providing information to the Indonesia Stock Exchange (IDX) and Financial Services Authority for reporting in the mass media regarding the Company;

3. information provided through Investor Relations Division;
4. information through the company's website; or
5. information received by the shareholders and investors and potential investors in non-deal roadshow events, meetings with analysts and others.

Detailed information regarding composition of shareholders is available in the Access to Information to Shareholders in this Chapter.

IMPLEMENTATION OF GMS

Throughout 2018, PGN held 3 (three) GMS, namely an Extraordinary GMS on January 25, 2018, an Annual GMS on April 26, 2018, an Extraordinary GMS on September 10, 2018, all of which took place at Four Seasons Hotel - Jakarta. The GMS was carried out in accordance with Law Number 40 Year 2007 concerning Limited Liability Company and Regulation of the Financial Services Authority Number 32/POJK.04/2014 concerning Planning and Holding General Meeting of Shareholders of Public Companies, as last amended through Financial Services Authority Regulation Number 10/POJK.04/2017 concerning Amendments to the Financial Services Authority Regulation Number 32/POJK.04/2014 concerning Planning and Holding General Meeting of Shareholders of a Public Companies.

The implementation of the GMS is as follows:

1. Extraordinary GMS dated January 25, 2018

NOTICE OF EXTRAORDINARY GMS PLAN TO THE FINANCIAL SERVICES AUTHORITY

Company Letter Number 014800.S/OT.02.00/PDO/2017 dated Desember 12th, 2017 on Notification of the Plan for Company's Extraordinary GMS.



ANNOUNCEMENT ON OF EXTRAORDINARY GMS

- Announcement on Extraordinary GMS was executed on December 19th, 2017.
- The announcement was submitted through 1 (one) national newspaper, namely Suara Pembaruan, and through the Indonesia Stock Exchange website, the Financial Services Authority website and the Company's website. Announcement of the Extraordinary GMS submitted through Company's website uses 2 languages, namely Indonesian and English, in accordance with the Financial Services Authority Regulation Number 8/POJK.04/2015 concerning Website of Issuers or Public Companies.
- Submission of advertisement evidence on Announcement of Extraordinary GMS was submitted to the Financial Services Authority through Letter Number 064900.S/OT.02.00/COS/2017 dated December 19th, 2017.
- In accordance with Article 12 paragraph 2 of the Financial Services Authority Regulation Number 32/POJK.04/2014 concerning Planning and Holding General Meeting of Shareholders of Public Limited Companies, shareholders who have at least 1/20 or more shares with voting rights issued by the Company may propose additional subjects to be decided at the Extraordinary GMS no later than December 27th, 2017.
- As of December 27th, 2017, there was no shareholder has submitted a proposal or amendment to the agenda of GMS Extraordnaty GMS to the Company.



CALL FOR THE EXTRAORDINARY GMS

- Call for the Extraordinary GMS was executed on January 3rd, 2018.
- The call was announced through two national newspapers, Suara Pembaruan and Investor Daily, and through the Indonesian Stock Exchange website, the Financial Services Authority website and the Company's website; the Call for Extraordinary GMS conducted through the Company's website used the two language of delivery, i.e. Indonesian and English, in accordance with Financial Services Authority Regulation Number 8/ POJK.04/ 2015 concerning Website of Issuers or Public Companies.
- Submission of advertisement evidence on Call for Extraordinary GMS was submitted to the Financial Services Authority through Letter Number 000500.S/OT.02.01/COS/2018 dated January 3rd, 2018.
- The Call to attend the Extraordinary GMS was submitted to Shareholder whose names are registered in the Register of Shareholders on January 2nd, 2018 at 16:00 WIB.
- Since the date of the Call to Extraordinary GMS, the Company has provided information of meeting agenda available to the shareholders in the Company's Office at The Manhattan Square, Mid Tower, 26th Floor, Jl. TB Simatupang Kav 1S, South Jakarta 12540, ph. +6221 80641111 ext. 7726 or 7761, during Company working hours.



EXTRAORDINARY GMS

- Extraordinary GMS was carried out on January 25th, 2018
- The GMS was held at the Grand Ballroom Four Seasons Hotel , Capital Palace, Jl. Gatot Subroto Kav. 18, South Jakarta.
- The Capital Market supporting professionals who attended the Extraordinary GMS were Tanudiredja, Wibisana, Rintin and Rekan Public Accountants Office (a firm member of PricewaterhouseCoopers) as Public Accountants Office, Hadiputranto, Hadinoto & Partners and UMBRA Partnership as Legal Consultants, PT Datindo Entrycom as Securities Administration Bureau. Extraordinary GMS Minutes was conducted by Fathiah Helmi S.H. as a Notary.
- The meeting was chaired by the Company's President Commissioner appointed by the Board of Commissioners based on the Appointment Letter Number 01/D-KOM/2018 dated January 16th, 2018.
- The meeting was attended by 19,211,669,059 shares, including Series A Dwiwarna shareholder, who had valid or equal voting rights with 79.2511% of the total number of shares with valid voting rights issued by the Company.
- To make it easier to the shareholders to know the meeting mechanism, the Company has provided a pocket book containing Meeting Rule, which was given to every shareholder before the meeting.
- Shareholders were given the opportunity to submit questions in accordance with the Meeting agenda in every agenda discussed at the Extraordinary GMS.
- Voting was carried out verbally wherein the shareholders who voted in disagreement or abstain were asked to submit their voting cards. Specifically for meeting agenda concerning certain people, the voting was carried out with unsigned closed letter and all shareholders presented their voting card.
- The notary recorded the number of votes that "Disagree" and "Blank", then calculated the total number of votes. The "Blank" note was considered to have the same vote as the vote of the majority of shareholders who cast votes. The notary announced to the shareholders present, the number of votes "Agree" and "Disagree" for the agenda of the meeting concerned.



ANNOUNCEMENT ON RESULTS OF EXTRAORDINARY GMS

- Announcement on Results of Extraordinary GMS was executed on January 29th 2018.
- The announcement of the result of Extraordinary GMS was submitted through two national newspapers, Suara Pembaruan and through the Indonesian Stock Exchange website, the Financial Services Authority website and the Company's website; the Announcement for Extraordinary GMS Result conducted through the Company's website used two language i.e. Indonesian and English, in accordance with Financial Services Authority Regulation Number 8/POJK.04/ 2015 regarding Website of Issuers or Public Companies.
- Submission of advertisement evidence on result of Extraordinary GMS was submitted to the Financial Services Authority through Letter Number 009800.S/OT.02.00/COS/2018 dated January 29th. 2018.



SUBMISSION OF EXTRAORDINARY GMS MINUTES OF MEETING TO FINANCIAL SERVICES AUTHORITY

- The Minutes of Extraordinary GMS which have been completed are listed in the Deed of Minutes of Company's Extraordinary General Meeting of Shareholders (Persero) of PT Perusahaan Gas Negara (Persero) Tbk Number 25 dated January 25th, 2018 made by Fathiah Helmi, SH., Notary in Jakarta.
- A copy of the Deed of Extraordinary GMS was submitted to the Financial Services Authority by Company letter Number 011500.S/OT.02.00/COS/2018 dated February 22nd, 2018 concerning Submission of Minutes of Extraordinary GMS of PT PGN (Persero) Tbk.

THE EXTRAORDINARY GMS RESOLUTION JANUARY 25th, 2018

The Resolution of Extraordinary	GMS Decision Making	Their Realizations and Reasons
First Agenda: Approval of Amendments to Company's Articles of Association		
<p>1. Approved amendment to Article 1 paragraph (1) of Company's Articles of Association, as follows:</p> <ul style="list-style-type: none"> • From previously: This Limited Liability Company is The Company (Persero) PT Perusahaan Gas Negara Tbk or abbreviated as PT PGN (Persero) Tbk, thenceforth in this Articles of Association it is sufficiently referred to as "The Company", domiciled and headquartered in Jakarta. • To be as follows: This Limited Liability Company is PT Perusahaan Gas Negara Tbk or abbreviated as PT PGN Tbk, thenceforth in this Articles of Association it is sufficiently referred to as "The Company", domiciled and headquartered in Jakarta. 	<p>Quorum Decision Any decisions shall be approved by more than 3/4 (three quarters) of the total shares in the classification of affected shares for the change of rights with legitimate voting rights.</p> <p>The Decision Agree 14,964,190,700 votes, or 77.8912 %</p> <p>Abstain 110,821,600 votes, or 0.5768 %</p> <p>Disagree 4,136,656,759 votes, or 21.5320 %</p>	<p>Up to 60 (sixty) days after the date of Extraordinary GMS, transfer of shares deed between Republic of Indonesia and Pertamina has not signed yet. Therefore, the changes on the Articles of Association is not effective.</p>
<p>2. Approved amendment to Article 5 paragraph (4) letter c of Company's Articles of Association as follows::</p> <ul style="list-style-type: none"> • From previously: <ul style="list-style-type: none"> c. The privileges of Dwiwarna series A shareholder are: <ul style="list-style-type: none"> c.1 The right to approve at GMS regarding the followings: <ul style="list-style-type: none"> c.1.1. Approval of the amendments of Articles of Association; c.1.2. Approval capital change; c.1.3. Approval of appointment and dismissal of Board of Directors and members of the Board of Commissioners; c.1.4. Approval related to merger, consolidation, acquisition, demerger and winding up; c.1.5. Approval of remuneration for members of the Board of Directors and the Board of Commissioners; c.1.6. Approval of transfer of assets based on this Articles of Association requires an approval from the GMS; c.1.7. Approval regarding participation and reduction of the percentage of equity participation in other companies based on this Articles of Association requires an approval from the GMS; c.1.8. Approval of the use of profit; c.1.9. Approval regarding investment and long-term financing that is not operational in nature based on this Articles of Association requires an approval from the GMS; 		

THE EXTRAORDINARY GMS RESOLUTION JANUARY 25th, 2018

The Resolution of Extraordinary	GMS Decision Making	Their Realizations and Reasons
<p>c.2 The right to propose candidates for Board of Directors and candidate for the Board of Commissioners;</p> <p>c.3 The right to propose an agenda GMS;</p> <p>c.4 The right to request and access with the mechanism of the use of said rights in accordance with the provisions in this Articles of Association and the laws and regulations.</p> <p>• To be as follows:</p> <p>c. The privileges of Dwiwarna series A shareholders are:</p> <p>c.1 The right to approve the GMS regarding the followings:</p> <p>c.1.1. Approval of appointment and dismissal of Board of Directors and members of the Board of Commissioners;</p> <p>c.1.2. Approval the amendments of Articles of Association;</p> <p>c.1.3. Approval of on the structure Share Ownership;</p> <p>c.1.4. Approval regarding merger, consolidation, demerger, winding up and acquisition of the Company by other companies;</p> <p>c.2 The right to propose candidates for Board of Directors and candidate for the Board of Commissioners;</p> <p>c.3 The right to propose an agenda GMS;</p> <p>c.4 The right to request and access Company's data and documents; with the mechanism of the use of said rights in accordance with the provisions in this Articles of Association and regulations.</p>		
<p>3. Approved changes to Article 5 paragraph (4) letter e of Company's Articles of Association are as follows:</p> <p>e. Series A Dwiwarna shareholders may authorize The majority of Company Shareholders related to the right to:</p> <p>a. Change the Articles of Association;</p> <p>b. To appoint of the Board of Directors and the Board of Commissioners;</p> <p>c. Propose Candidates for Board of Directors and Candidate for the Board of Commissioners;</p> <p>d. Propose the GMS agenda;</p> <p>e. Request and access company data and documents..</p>		

THE EXTRAORDINARY GMS RESOLUTION JANUARY 25th, 2018

The Resolution of Extraordinary	GMS Decision Making	Their Realizations and Reasons
<p>On the condition that the amendment of Articles of Association s effective upon issuance of government regulation related to increase in Investment by the Republic of Indonesia to Share Capital Company (Persero) PT Pertamina, and also signing the deed of Company transfer of shares owned by the Republic of Indonesia in Company's share capital (Persero) PT Pertamina based on the provisions of the applicable regulation, within 60 (sixty) days after the meeting date.</p>		
<p>4. Approved granting of power of attorney to Company Directors with substitution right to declare amendment and/or adjustments to Articles of Association and amendments data on the composition of share ownership after implementation of this agreement relating to elimination of the word Persero in the Company's name to the Notary Deed and subsequently submitting the approval and reporting and notification of changes in the Budget The Company's basis to the Minister of Law and Human Rights of the Republic of Indonesia and/or the authorized agency based on the applicable laws and regulations.</p>		
<p>Second Agenda: Changes of Company Management</p>		
<p>1. Reaffirming honorable discharge of Mr. Gigh Prakoso, as the Company's Director of Strategy and Business Development as of August 15th, 2018 with gratuity for the contribution of energy and thought during his tenure as member of Company's Board of Directors.</p>	<p>Quorum Decision The decision was approved by Series A Dwiwarna shareholder and other legitimate shareholders who together represented more than 1/2 (one half) of the total shares with voting rights present at the GMS.</p>	<p>The change to Company Management was followed up by the Directors with the Minutes of Extraordinary GMS of Number 26 dated January 25th, 2018 made before Notary Fathiah Helmi, SH., Notary in Jakarta.</p>
<p>2. With confirmation of termination, the composition of the Board of Directors is as follows:</p> <p>a. Mr. Jobi Triananda Hasjim : President Director</p> <p>b. Mr. Nusantara Suyono : Finance Director concurrently Strategy and Business Development Director</p> <p>c. Mr. Dilo Seno Widagdo : Director of Infrastructure and Technology</p> <p>d. Mr. Danny Praditya : Commercial Director</p> <p>e. Mr. Desima Equalita Siahaan : HRM and General Affairs Director</p>	<p>The Decision Agree 14,877,212,115 votes, or 77.4384 %</p> <p>Abstain 234,343,900 votes, or 1.2197 %</p> <p>Disagree 4,100,113,045 votes, or 21.3417 %</p>	<p>Deed of Amendment to this Articles of Association has been submitted and received by the Minister of Law and Human Rights based on the Letter of the Minister of Law and Human Rights Number AHU-AH.01.03-0054508 dated February 5th, 2018.</p>

2. Annual GMS dated April 26th, 2018

NOTIFICATION OF ANNUAL GMS PLAN FOR FINANCIAL SERVICES AUTHORITY

Company Letter Number 009100.S/OT.02.00/PDO/2018 dated March 12nd, 2018 concerning Notification for the 2018 Company's Annual GMS Plan



ANNOUNCEMENT ON ANNUAL GMS

- The announcement of Annual GMS was carried out on March 20th, 2018.
- The announcement was submitted through 1 (one) national newspaper, Media Indonesia, and through the Indonesia Stock Exchange website, the Financial Services Authority website and the Company's website. The announcement of the Annual GMS submitted through Company's website used 2 languages, Indonesian and English, in accordance with the Financial Services Authority Regulation Number 8/POJK.04/2015 concerning Website of Issuers or Public Companies.
- The submission of advertisement evidence on Announcement of Annual GMS was submitted to the Financial Services Authority through Letter Number 013700.S OT.02.00/COS/2018 dated March 20th, 2018.
- In accordance with Article 12 paragraph 2 of the Financial Services Authority Regulation Number 32 /POJK.04/2014 concerning Planning and Holding General Meeting of Shareholders of Public Limited Companies, the shareholders who have at least 1/20 or more of the total shares with voting rights issued by the Company may propose additional subjects to be decided at the Annual GMS no later than March 28th, 2018.
- As of March 28th, 2018, there was no shareholder has submitted a proposal or amendment to the Annual GMS agenda to the Company.



CALL FOR ANNUAL GMS

- The call for Annual GMS was carried out on April 4th, 2018.
- The call was announced through two national newspapers, Media Indonesia and and through the Indonesian Stock Exchange website, the Financial Service Authority website and the Company website; the Call for Annual GMS conducted through the Company's website used the two language of delivery, i.e. Indonesian and English, in accordance with Financial Service Authority Regulation Number 8/POJK.04/2015 regarding Website of Issuers or Public Companies.
- The submission of advertisement evidence on the call for Annual GMS was submitted to the Financial Services Authority through Letter Number 016000.S/OT.02.00/COS/2018 dated Friday, April 6th, 2018.
- The call to attend the Annual GMS was submitted to Shareholders whose names were registered in the list of Shareholders on April 3th, 2018 at 16:00 WIB;
- From the date of the Calling of the Annual GMS, the Company has provided meeting agenda information available to the shareholders at the Company's Office at The Manhattan Square, Mid Tower, 26th Floor, Jl. TB Simatupang Kav 1S, South Jakarta 12540, ph. +6221 80641111 ext. 7726 or 7761, during Company working hours.



ANNUAL GMS

- Annual GMS was carried on April 26th, 2018.
- The GMS was held at the Grand Ballroom Four Seasons Hotel , Capital Palace, Jl. Gatot Subroto Kav. 18, South Jakarta.
- The Capital Market supporting professionals who attended the Annual GMS were the Tanudiredja, Wibisana, Rintis and Rekan Public Accountants Offices (a firm member of PricewaterhouseCoopers global network in Indonesia) representing the Public Accounting Office, UMBRA Partnership as Legal Consultant, PT Datindo Entrycom as the Securities Administration Bureau. Preparation of Annual GMS Minutes was conducted by Fathiah Helmi S.H. as a Notary.
- The meeting was chaired by the Compaly's President Commissioner appointed by the Board of Commissioners based on the Appointment Letter Number 11/D-KOM/2018 dated January 16th. 2018.
- The meeting was attended by 19,756,800,795 shares, including Series A Dwiwarna shareholder, who had valid or equal voting rights. with 81.499% of all shares with valid voting rights issued by the Company.
- To make it easier to the shareholders to know the meeting mechanism, the Company has provided a pocket book containing Meeting Rule, which is given to every shareholder before the meeting began.
- Shareholders were given the opportunity to ask questions in accordance with the agenda of the Meeting in each agenda discussed at the Annual GMS.
- Voting was carried out verbally wherein the shareholders who voted in disagreement or abstain were asked to submit their voting cards. Specifically for meeting agenda concerning certain people, the voting was carried out with unsigned closed letter and all shareholders presented their voting card.
- The notary recorded the number of votes that "Disagree" and "Blank", then calculated the total number of votes. The "Blank" vote was considered to cast the same vote as the vote of the majority of shareholders who cast their votes. The notary announced to the shareholders present, the number of votes "Agree" and "Disagree" for the agenda of the meeting concerned.



ANNOUNCEMENT ON ANNUAL GMS RESULT

- Announcement on Results of Annual GMS was executed on April 30th, 2018.
- The announcement on Results of Annual GMS was submitted via 1 (one) national newspaper, Media Indonesia, and the Indonesia Stock Exchange website, the Financial Services Authority website and the Company's website; The announcement of of the Annual GMS result conducted through the Company's website uses 2 languages, Indonesian and English, in accordance with the Financial Services Authority Regulation Number 8/POJK.04/2015 concerning Website of Issuers or Public Companies.
- Submission on proof of advertisement of the Annual GMS results was submitted to the Financial Services Authority through a Letter Number 024500.S/OT.02.00/COS/2018 dated May 2nd. 2018.



SUBMISSION OF MINUTES of ANNUAL GMS TO THE FINANCIAL SERVICES AUTHORITY

- The Minutes of Annual GMS are listed in the Minute Deed of Company's Annual GMS of PT Perusahaan Gas Negara Tbk Number 97 dated April 26th, 2018 made by Fathiah Helmi, SH., Notary in Jakarta.
- A copy of the Minutes of Annual GMS Deed was submitted to the Financial Services Authority by a Company Letter Number 034900./OT.02.00/COS/2018 dated May 28, 2018 concerning Submission of Minutes of Annual GMS of PT Perusahaan Gas Negara Tbk.

RESULTS OF ANNUAL GMS RESOLUTION APRIL 26th, 2018

The Decision of Annual GMS	Decision Making	Realization of Decision and Reason
First Agenda:		
Approval of Company's Annual Report 2017 and Report of the 2017 Partnership and Community Development Program (PKBL) and the Board of Commissioners' 2017 Supervisory Task Report.		
To approve Company's Annual Report 2017 and Report of Partnership and Community Development Program (PKBL) of 2017 and Supervisory Task Report of the Board of Commissioners of 2017.	<p>Quorum Decision Decisions are approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.</p> <p>The Decision Agree 19,675,632,595 votes, or 99.5891421 %</p> <p>Abstain 70,052,900 votes, or 0.3545761 %</p> <p>Disagree 11,119,500 votes, or 0.0562819 %</p>	
Second Agenda:		
Ratification of the 2017 Annual Financial Statements of the Company, including the Financial Statements of the Partnership and Community Development Program (PKBL) for Year 2017, as well as the release of responsibilities of the Board of Directors and members of the Board of Commissioners for Year 2017.		
1. To ratify the Company's Consolidated Financial Statements for year ended 31 December 2017 audited by the Public Accountant Office, Tanudiredja, Wibisana, Rintis & Partners (a member of PricewaterhouseCoopers) as reported on 28 February 2018 with the following opinions:	<p>Quorum Decision Decisions are approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.</p> <p>The Decision Agree 19,412,413,107 votes, or 99.7980156 %</p> <p>Abstain 36,812,700 votes, or 0.1892518 %</p> <p>Disagree 2,476,700 votes, or 0.0127326 %</p>	
<i>"Reasonable, in all important points, consolidated financial position of PT Perusahaan Gas Negara (Persero) Tbk and its subsidiary entities December 31, 2017, as well as its financial performance and consolidated cash flows for the year ended on the date, in accordance with Financial Accounting Standards in Indonesia. "</i>		
2. To ratify the Financial Statements of Company's Partnership and Community Development Program for Fiscal Year 2017 audited by Tanudiredja Public Accountant Office, Wibisana, Rintis & Rekan (a member of PricewaterhouseCoopers) dated February 9, 2018 with opinion:		

RESULTS OF ANNUAL GMS RESOLUTION APRIL 26th, 2018

The Decision of Annual GMS	Decision Making	Realization of Decision and Reason
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"reasonable, in all material respects, the financial position of the Partnership and Community Development Program of PT Perusahaan Gas Negara (Persero) Tbk. as of December 31, 2017, as well as financial performance activities and cash flows for the year ended that date in accordance with the Entity Financial Accounting Standards without Public Accountability. "

- In connection with the Partnership Program and Environmental Management, to authorize the Board of Commissioners by first obtaining a written approval from the Dwiwarna Series A Shareholder regarding authority of GMS as stipulated in SOE Minister Regulation Number: PER-09/MBU/07/2015 concerning State-Owned Enterprises' Partnership and Community Development Program as amended last updated by SOE Minister Regulation Number PER-02/MBU/7/2017 concerning the Second Amendment to SOE Minister Regulation Number: PER-09/MBU/07/2015 concerning State-Owned Enterprises' Partnership and Community Development Program and their amendments in the future.
- Provide release of responsibility (volledig acquit et decharge) to the Board of Directors and the Board of Commissioners for the management and supervision of the Company and the Partnership and Community Development Program (PKBL), insofar as these actions are reflected in the Company's Annual Report and Consolidated Financial Statements for the Fiscal Year 2017 and the Annual Report and Financial Report of the Partnership and Community Development Program (PKBL) Fiscal Year 2017, and is not a criminal offense or violates the provisions of the applicable regulation.

RESULTS OF ANNUAL GMS RESOLUTION APRIL 26th, 2018

The Decision of Annual GMS	Decision Making	Realization of Decision and Reason
Third Agenda:		
Determination on the use of net income, including dividend distribution for Year 2017.		
1. Approved the determination of Company's Net Profit for the fiscal year ended on December 31 st 2017, totaling USD143,146,347 (one hundred forty three million one hundred forty six thousand three hundred forty seven United States Dollars) provided as follows:	Quorum Decision Decisions are approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.	Cash Dividend was distributed on May 30 th , 2018.
a. Amounted Rp 766,274,074,075.56, - (seven hundred sixty six billion two hundred seventy four million seventy four thousand seventy five point five six Rupiah) from current year's profit or Rp 31.61 (thirty one point six one Rupiah) per share will be distributed in cash to the shareholders with the following details:	The Decision Agree 19,403,097,307 votes, or 99.7501237 % Abstain 44,695,000 votes, or 0.2297742 % Disagree 3,910,200 votes, or 0.0201021 %	
<ul style="list-style-type: none"> • The portion of Series A Dwiwarna shares is Rp 31.61, - (thirty one point six one Rupiah); • Portion of Series B shares received by PT Pertamina (Persero) originating from the transfers rights to shares owned by the Republic of Indonesia amounting to Rp436,503,715,045.55 - (four hundred thirty six billion five hundred three million seven hundred fifteen thousand forty five point five five Rupiah); and • The portion of series B shares owned by the community is Rp329,770,358,998.40.- (three hundred twenty nine billion seven hundred seventy million three hundred fifty eight thousand nine hundred ninety eight point four zero Rupiah). 		
b. The rest will be recorded as Profit Balance to support the Company's operational and development activities.		

RESULTS OF ANNUAL GMS RESOLUTION APRIL 26th, 2018

The Decision of Annual GMS	Decision Making	Realization of Decision and Reason
<p>2. With regard to the said the 2017 Fiscal Year dividend, approved the dividend of series B shares obtained by PT Pertamina (Persero) from the transfer of shares of the Republic of Indonesia to remain a part of the Government and will be deposited to the State treasury as determined based on the Deed of Transfer of Rights to Shares Number 30 dated April 13, 2018 between the Republic of Indonesia and PT Pertamina (Persero) made before Aulia Taufani, SH., A Notary in Jakarta.</p>		
<p>3. Awarding the delegation of authority and power to Company Directors with substitution rights to set a schedule and further regulate the procedure for distribution of dividends and announce it by taking into account the applicable rules and regulations.</p>		
<p>Fourth Agenda: Determination of tantiem for the Board of Directors and the Board of Commissioners for the 2017 Fiscal Year and salaries/honorariums along with facilities and allowance for Year 2018.</p>		
<p>1. Awarding the authority and power of attorney to Series A Dwiwarna Shareholder to determine the amount of tantiem for Fiscal Year 2017, as well as determining the honorarium, allowance, facilities and other incentives for members of the Board of Commissioners for 2018.</p>	<p>Quorum Decision Decisions are approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.</p> <p>The Decision Agree 18,643,187,650 votes, or 94.3633733 %</p> <p>Abstain 64,646,000 votes, or 0.3272088 %</p>	<p>Based on the Decision of Annual GMS, Letter of SOE Minister as Holder of Series A Dwiwarna Share Number: SR- 604/ MBU/D3/06/2018 dated June 5th, 2018 on Submission of Determination Income of Directors and the Board of Commissioners of PT Perusahaan Gas Negara Tbk in 2018, as well as Letter of PT Pertamina (Persero) as the Major Holder of B Series Share Number: 254/ C00000 /2018-S0 dated June 7th 2018 concerning Submission of Determination of Income of Directors and Board of Commissioners of PT Perusahaan Gas Negara in 2018, the Board of Commissioners follows up the stipulation of salary/honorarium, allowances and facilities for 2018 as well tantiem for Year 2017 performance for Directors and the Board of Commissioners through Letter Number 15/D-KOM/2018 dated June 7th, 2018.</p>
<p>2. Awarding the authority and power of attorney to the Board of Commissioners by first obtaining written approval from the Series A Dwiwarna Shareholder to determine the amount of tantiem for the Year 2017, and determining the salaries, benefits, facilities and other incentives for Directors for 2018.</p>	<p>Disagree 1,048,971,345 votes, or 5.3094179 %</p>	

RESULTS OF ANNUAL GMS RESOLUTION APRIL 26th, 2018

The Decision of Annual GMS	Decision Making	Realization of Decision and Reason
Fifth Agenda:		
Determination of Public Accountant Office to carry out Audit on Company's Financial Report for Year 2018 and the Financial Report of Partnership and Community Development Program (PKBL) for 2018.		
1. Approved the reappointment of Public Accountant Office, Tanudiredja, Wibisana, Rintis and Partners (a member of PricewaterhouseCoopers) to carry out the work:	Quorum Decision Decisions are approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.	Public Accountant Office Tanudiredja, Wibisana, Rintis & Rekan were appointed as auditors who examined PGN Financial Report for a period of 3 years. The appointment is stated in the Agreement Number: 029700.PK/KU.02/ACC/2016 dated June 21, 2016 to Implement Independent Audit Services Work ("Agreement with KAP").
a. General Audit of Company's Consolidated Financial Report for Fiscal Year 2018;	The Decision Agree 19,078,129,086 votes, or 96.5648499 %	As of 2018, there are several amendments to the Agreement with KAP, as follows:
b. General Audit of Financial Report of Company's Partnership and Community Development Program for 2018;	Abstain 41,465,900 votes, or 0.2098816 %	1. Amandement #2 Number 007301.PK/KU.02/ACC/2016 dated March 30 th , 2017
c. Compliance Audit of legislation and internal control for 2018;	Disagree 637,210,009 votes, or 3.2252685 %	2. Amandement #3 Number 022602.PK/KU.02/ACC/2017 dated October 13 rd , 2017
d. Evaluation of Company's Performance for Fiscal Year 2018 which ends on December 31, 2018 and Key Performance Indicator (KPI) determined by the Board of Commissioners.		3. Amandement #4 Number 009400.PK/KU.02/ACC/2018 dated April 12 nd , 2018
2. Awarding delegation of authority to the Company Board of Commissioners to determine the amount of compensation for audit services, adding the scope of work required and other reasonable requirements for The Public Accountant Office, including establishing a replacement KAP in the case of the appointed KAP for any reasons they cannot complete the work.		4. Amandement #5 Number 030300.PK/KU.02/ACC/2018 dated November 6 th , 2018

RESULTS OF ANNUAL GMS RESOLUTION APRIL 26th, 2018

The Decision of Annual GMS	Decision Making	Realization of Decision and Reason
Sixth Agenda: Preliminary approval of Directors' actions to carry out integration of PT Pertamina Gas into the Company.		
Approved to provide a principle approval for the planned integration of PT Pertamina Gas into the Company (in the form of share acquisition or other means) and carried out in accordance with the provisions of Company's Articles of Association and regulations applicable regulations including regulations in the field of capital markets.	<p>Quorum Decision The decisions were approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS,</p> <p>The Decision Agree 15,951,842,464 suara, or 80.7410027 %</p> <p>Abstain 101,352,400 suara, or 0.5130000 %</p> <p>Disagree 3,703,610,131 suara, or 18.7459973 %</p>	
Seventh agenda: Amendments to Company's Articles of Association		
1. Approved the Amendments to Company's Articles of Association	<p>Quorum Decision The decision was approved by the Dwiwarna A series shareholders and shareholders other valid ones together with Representing 3/4 (three fourth) of the total shares with voting rights present at the GMS.</p> <p>The Decision Agree 15,666,678,495 suara, or 79.2976319 %</p> <p>Abstain 99,461,900 suara, or 0.5034311 %</p> <p>Disagree 3,990,664,600 suara, or 20.1989370 %</p>	Amendment to the Articles of Association was followed up by the Directors with a Deed of Resolution the Annual General Meeting of Shareholders Number 48 dated 29 June 2018 made in front of Notary Fathiah Helmi, SH., a Notary in Jakarta.
2. Approved to rearrange all provisions in the Articles of Association in connection with amendments referred to in item 1 (one) of the above decisions.		
3. Awarding the power and authority to the Directors with the right of substitution to take all necessary actions relating to agenda decisions of this Meeting, including drafting and restating all Articles of Association in a Notary Deed and submitting to the agency authorized to get approval and/or signs of receipt of notification of amendments to the Articles of Association, to do everything those deemed necessary for this purpose with none being excluded, including to make additions and/or changes in amendments to the Articles of Association if this is required by the competent authority.		The Deed of Amendment to this Articles of Association has been submitted and received by the Minister of Law and Human Rights based on the Letter of the Minister of Law and Human Rights Number AHU-0013297.AH.01.02.OF2018 dated June 29 th , 2018

RESULTS OF ANNUAL GMS RESOLUTION APRIL 26th, 2018

The Decision of Annual GMS	Decision Making	Realization of Decision and Reason
Eighth Agenda: Changes in Composition of Company Management		
<p>1. To honorably discharge from their position the following persons:</p> <p>a. Fajar Harry Sampurno As the President Commissioner</p> <p>b. Hendrika Nora Oslo Sinaga as Commissioner</p> <p>c. Nusantara Suyono as Finance Director, concurrently Strategy and Business Development Director</p> <p>as of closing of the Meeting, with gratuity for the contribution during his tenure as member of Company's Board.</p>	<p>Quorum Decision The decision was approved by more than 1/2 (one second) of the total shares with voting rights present at the GMS.</p> <p>The Decision Agree 19.434.556.707 votes, or 99.9118545 %</p> <p>Abstain 17.145.800 votes, or 0.0881455 %</p> <p>Disagree 0 vote</p>	<p>Amendment in the Articles of Association was followed up by the Directors by made the Deed of the Annual General Meeting of Shareholders Number 36 dated June 26, 2018 before the Notary Fathiah Helmi, SH., a Notary in Jakarta.</p> <p>The Deed of Amendment to this Articles of Association has been submitted and received by the Minister of Law and Human Rights based on the Letter Minister of Law and Human Right Number AHU- AH.01.03/COS/-0217069 dated June 29th, 2018.</p>
<p>2. Transferred the position of IGN Wiratmaja Puja previously as Commissioner to become the President Commissioner, service period as a member of the Company's Commissioner.</p>		
<p>3. To appoint the following names:</p> <p>a. Hambra as Commissioner</p> <p>b. Said Reza As Finance Director</p> <p>Pahlevy</p> <p>with service period starting from the closing of the Meeting and ending at the close of the 5th Annual GMS without reducing the right of GMS to terminate at any time.</p>		
<p>4. For members of the Board of Commissioners and Board of Directors appointed as referred to in number 3 above who were still in other positions prohibited under the laws and regulations to be concurrent with the position of member of SOE Board of Commissioners or Directors, the person concerned must resign from such position.</p>		

RESULTS OF ANNUAL GMS RESOLUTION APRIL 26th, 2018

The Decision of Annual GMS	Decision Making	Realization of Decision and Reason
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5. With this dismissal, transfer and appointment as referred to in number 1, 2 and 3 above, the composition of Company's management is as follows:

Direksi

- Jobi Triananda : President Director
Hasjim
- Desima Equalita : HRM Director and
Siahaan General Affairs
- Dilo Seno Widagdo : Director
Infrastructure and
Technology
- Said Reza Pahlevy : Finance Director
- Danny Praditya : Commercial
Director

b. The Board of Commissioners

- IGN Wiratmaja Puja : President
Commissioner
- Hambra : Commissioner
- Paiman Raharjo : Commissioner
Independent
- Mohamad Ikhsan : Commissioner
- Kiswodarmawan : Commissioner
Independent

6. Giving power of attorney with the right of substitution to the Company Board of Directors to declare something set in the Meeting in the form of Notary Deed and in front of a Notary or authorized official and making adjustments or necessary correction if required by the competent party for the purpose of carrying out the Meeting's resolution

3. Extraordinary GMS dated June 29th, 2018

NOTIFICATION OF ANNUAL GMS PLAN FOR FINANCIAL SERVICES AUTHORITY

Company Letter Number: 016500.S/OT.02.00/PDO/2018 dated May 15th, 2018 concerning Notification of Extraordinary GMS Plan of the Company, and Company Letter Number: 030300.S/OT.02.00/COS/2018 dated May 17th, 2018 concerning Revision on Notification of Extraordinary GMS Plan of the Company.



ANNULMENT OF THE EXTRAORDINARY GMS

Company Letter Number: 018800.S/OT.02.00/PDO/2018 dated May 23rd, 2018 concerning Notification of the Annulment of the Company's Extraordinary GMS.

4. Extraordinary GMS dated September 10th, 2018

NOTICE OF EXTRAORDINARY GMS PLAN TO OJK

Company Letter Number 021500.S/OT.02.00/PDO/2018 dated 26 July 2018 on Notification of Plan for Company Extraordinary GMS



ANNOUNCEMENT ON OF EXTRAORDINARY GMS

- Announcement of Extraordinary GMS was executed on August 1st, 2018.
- The announcement was submitted through 1 (one) national newspaper, Media Indonesia, and through the Indonesia Stock Exchange website, the Financial Services Authority website and the Company's website. Announcement of the Extraordinary GMS submitted through Company's website uses 2 languages, Indonesian and English, in accordance with the Financial Services Authority Regulation Number 8/POJK.04/2015 concerning Website of Issuers or Public Companies.
- Submission of advertisement evidence on Announcement of Extraordinary GMS was submitted to the Financial Services Authority through Letter Number 047100.S/ OT.02.01/COS/2018 dated August 1st, 2018.
- In accordance with Article 12 paragraph 2 of the Financial Services Authority Regulation Number 32/POJK.04/2014 concerning Planning and Holding General Meeting of Shareholders of Public Limited Companies, shareholders who have at least 1/20 or more shares with voting rights issued by the Company may propose additional subjects to be decided at the Extraordinary GMS no later than August 9th, 2018.
- As of August 9th, 2018, there was no shareholder has submitted a proposal or amendment to the change of agenda of Extraordinary GMS to the Company.



CALL FOR THE EXTRAORDINARY GMS

- Call for Extraordinary GMS was executed on August 16th, 2018.
- The call was submitted through 1 (one) national newspaper, Media Indonesia, and through the Indonesia Stock Exchange website, the Financial Services Authority website and Company's website. The call for Extraordinary GMS submitted through Company's website used 2 languages, Indonesian and English, in accordance with the Financial Services Authority Regulation Number 8/POJK.04/2015 concerning Website of Issuers and Public Companies..
- Submission of advertisement evidence on Call for Extraordinary GMS was submitted to the Financial Services Authority through Letter Number 050000.S/OT.02.00/COS/2018 dated August 20th, 2018.
- The Calls to attend the Extraordinary GMS was submitted to Shareholders whose names are registered in the Register of Shareholders on August 15th, 2018 at 16:00 WIB;
- From the date of the Calling of Extraordinary GMS, the Company has provided meeting agenda information available to the shareholders at Company's Office at The Manhattan Square, Mid Tower, 26th Floor, Jl. TB Simatupang Kav 1S, South Jakarta 12540, ph. +6221 80641111 ext. 7726 or 7761, during Company working hours.



EXTRAORDINARY GMS

- Extraordinary GMS was carried out on Monday, September 10th, 2018
- The GMS was held at the Grand Ballroom Four Seasons Hotel , Capital Palace, Jl. Gatot Subroto Kav. 18, South Jakarta.
- The Capital Market supporting professionals who attended the Extraordinary GMS were Tanudiredja, Wibisana, Rintis and Rekan Public Accountants Office (a member of PricewaterhouseCoopers) as Public Accountants Office, UMBRA Partnership as Legal Consultants, PT Datindo Entrycom as Securities administration Bureau. GMS Minutes was conducted by Fathiah Helmi S.H. as a Notary.
- The meeting was chaired by the Company's President Commissioner appointed by the Board of Commissioners based on the Appointment Letter Number 22/D-KOM/2018 dated August 21st, 2018.
- The meeting was attended by 18,600,602,645 shares, including Series A Dwiwarna shareholders, who had valid or equal voting rights. with 76.7304% of the total number of shares with valid voting rights issued by the Company.
- To make it easier to the shareholders to know the meeting mechanism, the Company has provided a pocket book containing Meeting Rule, which was provided to every shareholder before the meeting.
- Shareholders were given the opportunity to submit questions in accordance with the Meeting agenda in every agenda discussed at the Extraordinary GMS.
- The voting was carried out verbally wherein the shareholders who voted in disagreement or abstain were asked to To submit their voting cards For meeting agenda concerning certain people, voting is conducted with unsigned closed letter and all shareholders presented their voting card.
- The notary recorded the number of votes that "Disagree" and "Blank", then calculated the total number of votes. The "Blank" note was considered to have the same vote as the vote of the majority of shareholders who cast votes. The notary announced to the shareholders present, the number of votes "Agree" and "Disagree" for the agenda of the meeting concerned.



ANNOUNCEMENT ON RESULTS OF EXTRAORDINARY GMS

- Announcement on Results of Extraordinary GMS was executed on Thursday, September 13rd, 2018.
- The announcement of result of Extraordinary GMS was submitted through two national newspapers, Media Indonesia and through the Indonesian Stock Exchange website, the Financial Service Authority website and the Company website; the Announcement for Annual GMS Result conducted through the Company's website used two language i.e. Indonesian and English, in accordance with Financial Service Authority Regulation Number 8/POJK.04/ 2015 regarding Website of Issuers or Public Companies.
- Submission of advertisement evidence on result of Extraordinary GMS was submitted to the Financial Services Authority through Letter Number 059400.S/OT.02.00/COS/2018 dated September 17th, 2018.



SUBMISSION OF EXTRAORDINARY GMS MINUTES OF MEETING TO FINANCIAL SERVICES AUTHORITY

- The complete Minutes of Extraordinary GMS were listed in the Deed of Minutes of Extraordinary General Meeting of Shareholders PT Gas Negara Tbk Company Number 32 dated September 10th, 2018 written by Fathiah Helmi, SH., a Notary in Jakarta.
- A copy of the Deed of Extraordinary GMS was submitted to the Financial Services Authority by Company letter Number 066100.S/ OT.02.00/COS/2018 dated October 8th, 2018 concerning Copy Submission of Minutes of Extraordinary GMS of PT Perusahaan Gas Negara Tbk.

**RESOLUTION OF EXTRAORDINARY GMS
SEPTEMBER 10th, 2018**

The Decision of Annual GMS	Decision Making	Realization of Decision and Reason
First Agenda: Presentation and Evaluation of Company's 2018 Semester I Performance		
The first agenda was reporting so there was no decision making session	--	
Second Agenda: Approval of Amendments to Company's		
1. Approved the Amendments to Company's Articles of Association	Quorum Decision The decisions were approved by more than 3/4 (three quarters) of the shares with voting rights present at the Meeting in accordance with Article 29A point b number 3 POJK Number 32/2014.	The amendment to Articles of Association was followed up by the Board of Directors with the Deed of Resolution of Extraordinary General Shareholders Meeting Normal Number 34 dated September 10 th , 2018 made before a Notary Fathiah Helmi, SH., Notary in Jakarta.
2. Agree to reorder The Deed of Articles of Association in connection with the amendments referred to in point 1 (one) of the above decisions.	The Decision Agree 14,307,142,284 votes, or 76.9176 % Abstain 277,907,500 votes, or 1.4940 % Disagree 4,015,552,861 votes, or 21.5882 %	The Deed of Amendment to this Articles of Association has been submitted and received by the Minister of Law and Human Rights based on the Letter Minister of Law and Human Rights Number AHU- AH.01.03-0252077 on October 12 nd , 2018.
Third Agenda: Changes in the Composition of Company Management.		

RESOLUTION OF EXTRAORDINARY GMS SEPTEMBER 10th, 2018

The Decision of Annual GMS	Decision Making	Realization of Decision and Reason
1. To honorably dismiss Mr.: Jobi Triananda Hasjim as Company President Director as of the closing of this Meeting, with gratitude for the contribution of energy and mind given while serving as Company's President Director.	<p>Quorum Decision The decision was approved by holders of series Dwiwarna A shares and other legitimate shareholders who together represented more than 1/2 (one half) of the total shares with voting rights present at the meeting in accordance with Article 25 paragraph (4) points a of Company's Articles of Association and Article 26 paragraph (1) point c POJK Number 32/2014.</p> <p>The Decision Agree 14,304,628,577 votes, or 76.9041 %</p> <p>Abstain 278,422,707 votes, or 1.4968 %</p> <p>Disagree 4,017,551,361 votes, or 21.5990 %</p>	<p>Changes in Composition of Company Management was followed up by the Directors with the Deed of The Extraordinary Annual General Meeting of Shareholders Number 33 dated September 10th, 2018 before the Notary Fathiah Helmi, SH., a Notary in Jakarta.</p> <p>The Deed of Amendment to this Articles of Association has been submitted and received by the Minister of Law and Human Rights based on Letter of Minister of Law and Human Right Number AHU-AH.01.03-0250543 dated October 8th, 2018.</p>
2. To appoint Mr. Gigih Prakoso sebagai Company President Director.		
3. The service period of President Director appointed as referred to in number 2 is in accordance with the provisions of Company Articles of Association, by observing the laws and regulations within Capital Market and without reducing the right of GMS to terminate at any time.		
4. With the dismissal and appointment of President Director as referred to in numbers 1 and 2, the composition of members of Company's Board of Directors shall be as follows:		
<ul style="list-style-type: none"> - Gigih Prakoso : President Director - Danny Praditya : Commercial Director - Desima Equalita : HR Director and General Affairs - Dilo Seno Widagdo : Director Infrastructure and Technology - Said Reza Pahlevy : Finance Director 		
5. Awarding the power of attorney with substitution right of to Company Directors to declare changes in the composition of Company Management in a Notary deed and subsequently notifying changes in the Company Management to Minister of Law and Human Rights of the Republic of Indonesia and/or the competent authority based on applicable regulation.		

DESCRIPTION THE BOARD OF COMMISSIONERS

The Board of Commissioners has certain duties and responsibilities related to the Company. These tasks and responsibilities are carried out for the interests of the Company and in accordance with the purposes and objectives of the Company.

COMPOSITION OF THE BOARD OF COMMISSIONERS

The composition and the number of members of the Board of Commissioners in 2018 set forth in the General Meeting of Shareholders are as follows:

Period of January 1– April 26, 2018

President Commissioner	Fajar Harry Sampurno
Commissioner	Hendrika Nora Osloi Sinaga
Commissioner	Mohamad Ikhsan
Commissioner	IGN Wiratmaja Puja
Independent Commissioner	Paiman Raharjo
Independent Commissioner	Kiswodarmawan

Period of April 26– December 31, 2018

President Commissioner	IGN Wiratmaja Puja
Commissioner	Mohamad Ikhsan
Commissioner	Hambra
Independent Commissioner	Paiman Raharjo
Independent Commissioner	Kiswodarmawan

At the Annual GMS held on April 26, 2018, the GMS confirmed an honorably dismissal of Mr. Fajar Harry Sampurno and Mrs. Hendrika Nora Osloi Sinaga as members of Company's Board of Commissioners. Furthermore, the GMS appointed Mr. Hambra as a Commissioner since the closing of the GMS on April 26, 2018 until the closing of the 5th (fifth) Annual GMS after the date of appointment but without reducing the right of the GMS to terminate any member of the Board of Commissioners at any time.

THE BOARD OF COMMISSIONERS RESPONSIBILITY

Each member of the Board of Commissioners shall be in good faith and responsible for carrying out supervisory and advisory duties as well as giving guidance to the Board of Directors for the Company's business interests and objectives. Each member of the Board of Commissioners shall be individually liable and jointly liable for losses of the Company if the person is guilty or negligent in performing her/his duties.

In addition to being fully responsible for the Company supervision for the interests and objectives of the Company, the Board also has the responsibility to monitor the effectiveness of GCG practices and to provide suggestions for system improvement and GCG implementation.

In carrying out its responsibilities, the Board has the following tasks:

1. Supervise management policies, manage matters in general, both regarding the Company and its business, and provide advice to the Directors including oversight on the implementation of Company's Long-Term Plan, Corporate Work Plan and Budget as well as Articles of Association, GMS decisions, and legislation applicable, for the interest of the Company in accordance with the purposes and objectives of the Company;
2. Carry out tasks specifically given to the Board according to the Articles of Association, GMS decisions and applicable laws and regulations;
3. Conduct study and review annual reports prepared by the Directors and sign the annual report.

In connection with the implementation of these duties, the Board must:

1. Provide advice to the Directors in implementing management of the Company;
2. Provide opinions and approval of the Company's Annual Work Plan and Budget and other work plans prepared by the Directors;
3. Follow up the progress of Company's activities, provide opinions and suggestions to the GMS regarding any issues considered important for the management of the Company;
4. Report to Dwiwarna Series A Shareholders if there are symptoms of a decline in the Company's performance;
5. Propose to the GMS the appointment of a Public Accountant who will conduct an examination of the Company's books;
6. Conduct study and review periodic reports and annual reports prepared by the Directors and sign annual reports;
7. Provide explanations, opinions and suggestions to the GMS regarding the annual report;
8. Write minutes of the Board meetings and keep copies of them;
9. Report to the Company regarding its share ownership;
10. Report to the Company regarding its share ownership and or family to the Company and other companies;
11. Provide reports on supervisory duties carried out during the recent fiscal year to the GMS;
12. Provide explanation of all matters required or requested by the Series A Dwiwarna Shareholders by taking into account the laws and regulations, especially those apply in the capital market sector;
13. Carry out other obligations in the context of supervision and provide advice, in line with the Articles of Association, GMS decisions and applicable laws and regulations.

BOARD OF COMMISSIONERS GUIDELINE AND WORK RULES

In order to carry out its supervisory duties and provide advice to the Directors, the Board of

Commissioners refers to the Regulations as follows:

1. Law Number 40 of 2007 concerning Limited Liability Companies;
2. Regulation of Financial Services Authority Regulation Number 33/POJK.04/2014 concerning The Board of Director and the Board of Commissioners of Issuers or Public Companies;
3. Company Articles of Association;
4. Company Manual Board.

The Board of Commissioners Work Guideline in the Manual Board includes:

1. Duties of the Board of Commissioners;
2. Limitation of Responsibility of the Board of Commissioners;
3. Preparation of Company's Work Plan and Budget;
4. Vacant Position in the Board of Commissioners;
5. Vacant Concurrent Position in the Board of Commissioners
6. Ethics office of the Board of Commissioners;
7. Authority of the Board of Commissioners;
8. Independency and Ethics Office of the Board of Commissioners;
9. The Board of Commissioners Meeting;
10. Joint Meeting;
11. Committees of the Board of Commissioners;
12. Secretary to the Board of Commissioners;
13. Evaluation on the Performance of the Board and Members of the Board of Commissioners;
14. Succession Policy of the Board of Directors;
15. Remuneration for Directors and the Board of Commissioners;
16. Board of Commissioners' Office Hour.

CONCURRENT POSITIONS AND CONFLICT OF INTERESTS

Based on Article 14 paragraph (29) of Company's Articles of Association which states that members of the Board of Commissioners are prohibited to hold multiple positions as:

- a. Members of the Board of Directors in State-Owned Enterprises, Regional-Owned Enterprises, privately-owned business entities, except members of the Board of Directors in State-Owned Enterprises as the Most B Series Shareholders;
- b. Management of political parties and/or candidates/members of the DPR, DPD, Level I DPRD and Level II DPRD and/or regional head candidates/deputy regional heads;
- c. Other positions in accordance with applicable laws and regulations; and/or
- d. Other positions that can cause conflicts of interest;

Throughout 2018, there were no members of the Board of Commissioners who held concurrent positions as stated in the Articles of Association of the Company.

TRAINING PROGRAM IN ORDER TO ENHANCE BOARD OF COMMISSIONERS COMPETENCY

To improve competence and to support the implementation of the duties of the Board of Commissioners, during 2018, members of the Board of Commissioners have attended training programs, workshops, conferences and seminars, including:

TRAINING FOR THE BOARD OF COMMISSIONERS

Name	Position	Date	Location	Remarks
Paiman Raharjo	Independent Commissioner	March 14, 2018	Singapore	Audit Committee Essentials organized by Singapore Institute of Directors.
Mohamad Ikhsan	Commissioner	September 15-22, 2018	USA	Enterprise Risk Management organized by CRMS.
IGN Wiratmaja Puja	President Commissioner	October 15-19, 2018	United Kingdom	Asean Global Leadership Programme organized by SRW&Co.
Kiswodarmawan	Independent Commissioner	October 22-23, 2018	Turkey	IAEE Autumn School Financial and Regulatory Risk in Energy organized by International Association for Energy Economics

TASK EXECUTION OF THE BOARD OF COMMISSIONERS

1. Giving approval and ratification of:
 - a. Consolidated Audited Financial Statements Year 2017 for publication and submission to Regulators;
 - b. The agenda of Company's Annual GMS for Fiscal Year 2017 held on April 26, 2018;
 - c. Appointment of KAP Tanudiredja, Wibisana, Rintis & Rekan (a member Firm of PricewaterhouseCoopers) member as executor of the General Audit of the

Company's Consolidated Financial Statements Year 2018, General Audit on Financial Statements of Company's Partnership and Community Development Program Year 2018, Compliance Audit of Legislation and Internal Control Year 2018, and Evaluation of Company Performance for Year 2018 which ended on December 31, 2018 and Key Performance Indicators (KPI) determined by the Board of Commissioners;

- d. Voluntary Prepayment SLA-1139 and SLA-1201;
- e. Acquisition of Pertamina's shares in Pertagas in the context of Pertagas Integration to PGN;

- f. Official Travel Regulations for Directors, Board of Commissioners, and Supporting Organs of the Board of Commissioners (Executive);
 - g. Additions to Audit Services Benefits on Work Addition Limited Review on Consolidated Financial Statement for the period ended September 30th, 2018;
 - h. The Principle Approval Change in Object of Transaction and Time Extension for Completion of Pertagas Share Sale and Purchase Agreement;
 - i. Internal Audit Charter Revision 3;
 - j. Acquisition of 51% Pertagas shares;
 - k. Revision of Company's Work Plan and Budget 2018;
 - l. Revision of Company's Work Plan and Budget 2019;
2. Discuss, give direction, advice and recommendations, and request explanations related to the following matters:
- a. Strategic issues that affect Company's operations;
 - b. The 2018 RKAP progress including its issues;
 - c. Board of Commissioners and Board of Directors Key Performance Indicator, the 2018 Board of Commissioners and Board of Directors Work Program and Division of duties of the Board of Commissioners;
 - d. The 2018 Board of Commissioners Supervision System;
 - e. Professional Institutions for Selecting Prospective Directors;
 - f. Procurement of Nominated Consultant Services;
 - g. Procurement of Remuneration Consultant Services;
 - h. Procurement of GCG Assessment Consultant Services;
 - i. Follow-up on Recommendation of GCG Assessment Result;
 - j. Company Quarterly Financial Statements;
 - k. Company Quarterly Corporate Risk Profile;
 - l. Company assets that have not yet been fully utilized;
 - m. Company Performance;
 - n. Subsidiary Performance;
 - o. Sharing Session / Company Workshop;
 - p. Formulation of Internal Procedure of the Board of Commissioners;
 - q. Preparation and Implementation of the GMS Year 2018;
 - r. Financial Statement Audit for Year 2018;
 - s. Remuneration for the Board of Commissioners and Board of Directors;
 - t. Prognosis of Work Plan and Budget (RKAP) 2018;
 - u. Follow-up on the Results of the External Auditor and Internal Auditor Audit;
 - v. Follow-up on the Recommendation of BPK RI Audit on the Company;
 - w. Discuss the Manual Board Revision;
 - x. Preparation of RKAP Year 2019.
3. To provide response on Director's regular reports.
4. Submit a response to the Company Quarterly Financial Report Year 2018 to Series A Dwiwarna Shareholder.
5. Carry out duties of the Board of Commissioners related to GMS implementation:
- a. Discuss the agenda of the Annual GMS Year 2017 which was held on April 26 2018.
 - b. Discuss and propose a Public Accountant Office (KAP) that will conduct Financial Report audits for Fiscal Year 2018 and Compliance Audit on Legislation and Internal Control, as well as audit the Financial Report of Partnership and Community Development Program (PKBL) which ended on December 31, 2018.
 - c. Discuss and propose remuneration for Directors and the Board of Commissioners.
 - d. Follow up on the decision of 2017 Annual GMS.
 - e. Prepared Report on Task Supervisory of the Board of Commissioners.
 - f. Discussing amendment to the Company's Articles of Association.

INDEPENDENT COMMISSIONER

THE DECISION CRITERIA FOR INDEPENDENT COMMISSIONER

The Independent Commissioner is member of the Board Commissioners from outside the Company and fulfill the requirements as Independent Commissioners. Criteria for Independent Commissioners based on Regulation of Financial Services Authority

Regulation Number 33/POJK.04/2014 concerning Directors and Board of Commissioners of Issuers or Public Companies, namely:

- a. Not an individual who works or has the authority and responsibility to plan, lead, control, or supervise the activities of the Company in the last 6 (six) months;
- b. Does not have shares in the Company;
- c. Has no affiliation with the Company, members of the Board of Commissioners, Directors, or the Company's major shareholders;
- d. Has no business relationship related to Company's business activities.

In the period of January 1- April 26, 2018 the number of PGN Board of Commissioners was 6 (six) people and in the period April 26 - December 31 2018 was 5 (five) people, of which 2 (two) were Independent Commissioners. The number of Independent Commissioners has fulfilled the provisions of the Regulation of Financial Services Authority Number 33/POJK.04/2014 concerning The Board of Directors and Commissioners of Issuers or Public Companies, where each public company must have an Independent Commissioner of at least 30% of the total members of the Board of Commissioners.

INDIVIDUAL INDEPENDENCY OF EVERY INDEPENDENT COMMISSIONER

As stipulated in Article 21 paragraph (2) letter (b), (c) and (d) Regulation of Financial Services Authority Number 33/POJK.04/2014 concerning The Board of Directors and Board of Commissioners of Issuers or Public Companies stating that Independent Commissioners must meet the following requirements:

- (b) Does not have shares directly or indirectly with Issuer or Public Company;
- (c) Has no affiliation relations with Listed or Public Company, member of the Board of Commissioners, Directors, or major Shareholder of Issuer or Public Company; and
- (d) Does not have a business relationship directly or indirectly related to the business activities of Issuer or Public Company.

PGN Independent Commissioner does not have Company shares, has no affiliation with the Company, members of the Board of Commissioners, members of the Board of Directors or major shareholders and/or controlling the Company, does not have business relations related to the Company's business activities, and has never worked or served as a Company Board of Directors or Board of Commissioners member within the last 6 months prior to their appointment by the PGN Annual GMS on April 6, 2015 and April 8, 2016.

THE BOARD OF COMMISSIONERS MEETING AND THE BOARD OF COMMISSIONERS AND DIRECTORS JOINT MEETING

Based on Regulation of Financial Services Authority Number 33/POJK.04/2014 concerning The Board of Directors and The Board of Commissioners of Issuers or Public Companies and Company Articles of Association, the Board of Commissioners must hold at least 1 (one) meeting every 2 (two) months and joint meeting with the Directors periodically at least 1 (one) time every 4 (four) months.

In addition, in accordance with the provisions of Article 16 of Company's Articles of Association, the Board of Commissioners Meeting must be held at least 1 (one) time every 2 (two) months, and periodically joint meeting with the Directors at least 1 (one) time every 4 (four) months.

In 2018, the Board of Commissioners has held 21 (twenty-one) meetings including Joint Meetings with the Board of Directors, with details as follows:

MEETING OF THE BOARD OF COMMISSIONERS Period of January 1– April 26, 2018

Date	Meeting Agenda	Fajar Harry S.	Hendrika Nora O. Sinaga	Mohamad Ikhsan	IGN Wiratmaja Puja	Paiman Raharjo	Kiswodarmawan
January 16, 2018	1. Ratification of 2017 KPI realization and 2018 Work Programs; 2. Other Matters.	√	√	√	√	√	√
February 13, 2018	1. Discussion of the Annual Report Year 2017; 2. Discussion of Voluntary Prepayment Plan SLA-1139 and SLA-1201; 3. Other Matters.	√	√	√	√	√	√
March 8, 2018	1. Review on 2017 Audited Financial Statement; 2. Other Matters.	√	√	√	√	√	√
April 10, 2018	1. Preparation of PGN Annual GMS Year 2017; 2. Other Matters.	√	√	√	√	√	√
Total Attendance		4 times	4 times	4 times	4 times	4 times	4 times
% Total Attendance		100%	100%	100%	100%	100%	100%

MEETING OF THE BOARD OF COMMISSIONERSPeriod of April 26th – December 31st, 2018

Date	Meeting Agenda	IGN Wiratmaja Puja	Mohamad Ikhsan	Hambra	Paiman Raharjo	Kiswodarmawan
May 18, 2018	1. Internal Consolidation of The Board of Commissioners; 2. Others matters.	√	√	√	√	√
July 24, 2018	1. Election for Audit Committee Members; 2. Others matters.	√	√	√	√	√
August 21, 2018	1. Presentation of Audit Committee on Annual Report Semester I 2018 2. Review on PT PGN LNG Indonesia; 3. Review on PT PGN Mas; 4. Review on PT Kalimantan Jawa Gas; 5. Others matters.	√	√	√	√	√
September 25, 2018	1. Review on PT TGI; 2. Review on PT PGASCOM; 3. Others matters.	√	√	√	√	√
October 30, 2018	1. Election for Audit Committee Members; 2. Others matters.	√	√	√	√	√
November 28, 2018	1. Update Progress of Pertagas Integration; 2. Request for Approval of Amendment to Subsidiary Commissioners; 3. Others matters.	√	√	√	√	√
Total Attendance		6 times	6 times	6 times	6 times	6 times
% Total Attendance		100%	100%	100%	100%	100%

JOINT MEETING BETWEEN THE BOARD OF COMMISSIONERS & DIRECTORS

Period of January 1st – April 26th, 2018

Date	Meeting Agenda	The Board of Directors						The Board of Commissioners					
		Jobi Triananda Hasjim	Nusantara Suyono	Dilo Seno Widagdo	Danny Pradiya	Desima E Siahaan	Fajar Harry S	Hendrika Nora O	Mohamad Ikhsan	IGN Wiratmaja Puja	Paiman Raharjo	Kiswodarmawan	
January 16, 2018	1. Update Financial Statement Overview December 2017 (PTD) Unaudited; 2. Update Extraordinary GMS on Oil and Gas Holding; 3. Other Matters.	√	√	√	√	√	√	√	√	√	√	√	
March 8, 2018	1. Update the 2017 Financial Report (Audited); 2. Update Company's Long Term Plan (RJPP); 3. Update Progress Holding; 4. Others matters.	√	√	√	√	√	√	√	√	√	√	√	
April 10, 2018	1. Reviews on Preparation of the 2018 Annual General Meeting of Shareholders 2. Other Matters	√	√	√	√	√	√	√	√	√	√	√	
Total Attendance		3 times	3 times	3 times	3 times	3 times	3 times	3 times	3 times	3 times	3 times	3 times	
% Total Attendance		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

JOINT MEETING BETWEEN THE BOARD OF COMMISSIONERS & DIRECTORS
Period of April 26th – October 10th, 2018

Date	Meeting Agenda	The Board of Directors					The Board of Commissioners				
		Jobi Triananda Hasjim	Said Reza Pahlevy	Dilo Seno Widagdo	Danny Praditya	Desima E Siahaan	IGN Wiratmaja Puja	Mohamad Ikhsan	Hambra	Paiman Raharjo	Kiswodarmawan
May 18, 2018	1. RKAP Realization Q1 2018; 2. Update Progress Oil and Gas Holding and the 2018 EGMS Plan; 3. Others matters.	√	√	√	√	√	√	√	√	√	√
June 28, 2018	1. Update Progress Integration of Gas Business from Pertagas to PGN; 2. Others matters.	√	√	√	-	√	√	√	√	√	√
July 10, 2018	1. Discussion of PT Saka Energi Indonesia; 2. Others matters.	-	√	√	√	-	√	√	√	√	√
July 24, 2018	1. Management Report of PT PGN Tbk until First Semester of 2018; 2. Preparation of PGN EGMS; 3. Other Matters.	√	√	√	√	√	√	√	√	√	√
August 3, 2018	1. Management Report First Semester Revision of 2018; 2. Proposal for 2019 RKAP; 3. Update PGN EGMS; 4. Development of Integration of PGN Pertagas; 5. Others matters.	√	√	√	√	√	√	√	√	√	√
September 4, 2018	1. Discussions of 2019 RKAP Plan; 2. Update Board Manual; 3. Review PT PGAS Solution; 4. Update 2018 EGMS; 5. Others matters.	√	-	√	√	√	√	√	√	√	√
Total Attendance		5 times	5 times	6 times	5 times	5 times	6 times	6 times	6 times	6 times	6 times
% Total Attendance		83.33%	83.33%	100%	83.33%	83.33%	100%	100%	100%	100%	100%

JOINT MEETING BETWEEN THE BOARD OF COMMISSIONERS & DIRECTORS Period of October 10th – December 31st, 2018

Date	Meeting Agenda	The Board of Directors						The Board of Commissioners			
		Gigih Prakoso	Said Reza Pahlevy	Danny Praditya	Dilo Seno Widagdo	Desima E Siahaan	IGN Wiratmaja Puja	Hambra	Mohamad Ikhsan	Paiman Raharjo	Kiswodarmawan
November 13, 2018	1. Update Pertagas Integration with its Subsidiaries; 2. Update Directors' Plan on PT KJG establishment; 3. Projections and tips for meeting for the upcoming end of the year; 4. Others matters.	√	-	-	√	√	√	√	√	√	√
December 19, 2018	1. Update Review Pertagas Transaction; 2. Others matters.	√	√	√	-	-	-	√	√	-	√
Total Attendance		2 times	1 time	1 time	1 time	1 time	1 time	2 times	2 times	1 time	2 times
% Total Attendance		100%	50%	50%	50%	50%	50%	100%	100%	50%	100%

ASSESSMENT ON BOARD OF COMMISSIONERS' KPI

ASSESSMENT IMPLEMENTATION PROCEDURE ON THE BOARD OF COMMISSIONERS' PERFORMANCE

Assessment of the Board of Commissioners through Key Performance Indicator (KPI) is determined by the SOE Ministry in which the KPI indicators used are Superior Performance Assessment Criteria (KPKU). The procedure for conducting the assessment is as follows:

1. The Board of Commissioners submits its KPI to the SOE Ministry;
2. The Board of Commissioners carries out and evaluates its achievement based on KPI;
3. The Board of Commissioners reported its KPI realization to the SOE Ministry;

ASSESSMENT CRITERIA FOR BOARD OF COMMISSIONERS' PERFORMANCE

The criteria for assessing the Board of Commissioners' performance is implementation of its duties in supervising the execution of Company's management policies and providing advice to the Directors for the interests and objectives of the Company and implementation assignments specifically given to the Board according to the Articles of Association and/ or based on the GMS resolution within the corridor of applicable regulation.

The basis for the Board of Commissioners' KPI is as follows:

1. Article 15 paragraph (1) SOE Minister Regulation Number PER-01/MBU/2011 as last amended by SOE Minister Regulation Number PER-09/ MBU/2012 concerning Implementation of Good Governance in SOE, which states that the GMS must determine the Key Performance Indicators for the Board of Commissioners/Supervisory Board based on the proposal of the Board of Commissioners / Supervisory Board

2. Letter of SOE Minister Number S-508/MBU/WK/2012 dated November 22nd, 2012 regarding Shareholder Aspiration for the 2013 RKAP Preparation, particularly point 4 states that with regard to the policy of measuring the performance of SOEs using the Superior Performance Assessment Criteria (KPKU) system, the KPI target indicators shall be compiled using KPKU framework.

THE PROCEDURE FOR DETERMINING REMUNERATION FOR THE BOARD OF COMMISSIONERS

Determination of remuneration for the Board of Commissioners refers to SOE Minister Regulation Number PER-04/MBU/2014 concerning Guidelines for Determining Income of Directors, Board of Commissioners and Supervisory Board of SOEs as last amended by Regulation of SOE Minister Number PER-06/MBU/06/2018 concerning Third Amendment to SOE Minister Regulations concerning Guideline for Determining Income of Directors, Board of Commissioners, and BUMN Supervisory Board. The procedures for determining the remuneration for the Board of Commissioners are as follows:

- a. Nomination and Remuneration Committee asks an independent consultant to review remuneration for the Directors and the Board of Commissioners.
- b. The Committee prepares remuneration recommendations for Directors and the Board of Commissioners.
- c. The Committee tells the Board of Commissioners the proposed remuneration for the Directors and the Board of Commissioners.
- d. The Board conducts a discussions on the proposal from the Committee.
- e. The 2017 Annual General Meeting of Shareholders held on 26 April 2018 authorized and power to Series A Shareholders of Dwiwarna to determine the amount of the 2017 fiscal year *tantiem*, as well

as determine the honorarium, allowances, facilities and other incentives for members of the Board of Commissioners for 2018, and give authority and power to the Board by first obtaining written approval from the Dwiwarna Series A Shareholder to set the amount of bonus for the 2017 fiscal year, and determine the salaries, benefits, facilities and other incentives for the Directors for 2018.

- f. The Board of Commissioners proposes remuneration for the Directors and the Board of Commissioners to SOE Minister as Shareholder of Series A Dwiwarna.
- g. SOE Minister as Shareholder of Series A Dwiwarna Share determines the remuneration for Directors and the Board of Commissioners.

REMUNERATION STRUCTURE FOR THE BOARD OF COMMISSIONERS

Based on SOE Minister Regulation Number PER-04/MBU/2014 concerning Guideline for Determining Income for Directors, Board of Commissioners and Supervisory Board of SOEs as last amended by SOE Minister Regulation Number PER-06/MBU/06/2018 on the third amendment SOE Minister Regulation concerning Guidelines for Determining the Income of Directors, Board of Commissioners, and BUMN Supervisory Board, the component of income of the Board of Commissioners consists of:

1. Honorarium

The honorarium for members of the Board of Commissioners is determined by Position Factors composition as follows:

 - The President Commissioner's is 45% of the President Director's salary.
 - Members of the Board of Commissioners is 90% of President Commissioner's.

2. Allowances for the Board of Commissioners

a. Religious Holiday Allowance

The amount of Religious Holiday Allowance is 1 (one) time Honorarium.

b. Transportation Allowance

Employee shall receive transportation allowances of 20% honorarium of each member of the Board of Commissioners

c. Retirement Insurance

- Retirement Insurance is given when the person is serving (from appointment until termination).
- The premium borne by the Company is at most 25% of the honorarium in one year.

3. Facilities

a. Health facilities

- The health facility is provided in the form of health insurance or reimbursement of medical expenses (at cost);
- Health facility is provided to members of the Board of Commissioners including their a wives/husband and a maximum of 3 (three) children who have not yet reached the age of 25 provided that if children under 25 yo have been married or worked, they are not entitled to receive health facilities.
- Health facility is provided in the form of:
 - Outpatient and medicine;
 - hospitalization and medication; and
 - Medical check-up.
- In the event that the doctor in charge provides a reference for treatment abroad, the provision of health facilities can be given in full or in part taking into account the Company's financial capabilities.

- Medical check-up is provided under the following conditions as follows:
 - Medical check-ups is given 1 (one) time each year;
 - Medical check-up is done domestically.
- In the event that a person serves as member of the Board of Commissioners in more than one SOE and/or in a subsidiary/joint venture company, then the person is entitled to receive only one health facility.

b. Legal Aid Facility

The Legal Aid Facility is provided in the event of an action/act for and on behalf of his position relating to the purpose and objectives and Company business activities.

4. Tantiem/Performance Incentive

- ### a. The provision of Tantiem/Performance Incentives (Tantiem/IK) to the Board of Commissioners is based on determination of GMS/Minister in ratifying the Annual Report if:
- The opinion issued by the auditor is at least reasonable with exceptions;
 - The lowest realization of sound level with a score of 70;
 - The lowest KPI achievement is 80%;
 - The Company condition is not getting worse off from the previous to be in a state of loss, or the Company does not experience a loss from the previous profitable condition. The loss does not take into account factors beyond control of the Board of Directors.
- ### b. The Tantiem/IK is the cost of fiscal year in question and therefore must be budgeted specifically in the pertaining year's RKAP, so the provision of bonus/IK may not exceed the Tantiem/IK budget specified in the RKAP.

c. The provision of Tantiem/IK is given proportionally based on KPI achievements in the year concerned and must consider the achievement criteria task implementation as agents of development which will be determined by the Minister separately, by including the following elements:

- Synergy among SOEs;
- Down streaming and local content;
- Integrated regional economic development;
- Financial independence and value creation;

d. Composition Value of Tantiem/IK payment is set as follows:

- The President Commissioner's is 45% of the President Director's salary;
- Members of the Board of Commissioners is 90% of Tantiem of President Commissioner

e. Within the Tantiem, an additional form of Long Term Incentive/LTI may be given.

The remuneration for each member of the Board of Commissioners has been carried out based on the Decision of the Annual GMS for the Fiscal Year 2017 dated April 26, 2018 and Letter of the President Commissioner to the Company President Director Number: 15/D-KOM/2018 dated June 7, 2018, with reference to the SOE Minister Letter Number: SR-604/MBU/D3/06/2018 dated June 5, 2018 concerning Submission of Salary Determination of Directors and the Board of Commissioners of PT Perusahaan Gas Negara Tbk in 2018, and Pertamina Letter Number: 254/C00000/2018-S0 dated 7 June 2018 concerning Submission of Determination of Income for Directors and the Board of Commissioners of PT Perusahaan Gas Negara Tbk in 2018.

The structure of the Board of Commissioners (annual) remuneration 2018 is as follows:

(in Rupiah)

Remuneration of The Board Of Commissioners Per Year 2018

No.	Component	President Commissioners	Commissioners (Combined)	Total
1	Honorarium (net)	1,296,000,000	5,054,400,000	6,350,400,000
2	Allowances (net)			
	• Religious Holiday Allowance	108,000,000	388,800,000	594,000,000
	• Post-Employment Insurance	324,000,000	1,263,600,000	1,587,600,000
	• Transportation Allowance	259,200,000	1,010,880,000	1,270,080,000
	TOTAL	1,987,200,000	7,717,680,000	9,802,080,000
3	Tantiem (Gross)	3,081,406,707	13,866,330,185	16,947,736,892
4	Other Facilities	<i>at cost based on PER-04/MBU/2014 jo. PER-01/MBU/06/2017 jo. PER-06/MBU/06/2018</i>		

Notes:

1. The values stated in the Commissioner's column are a combined value of all commissioners except President Commissioner. Each of them has the same amount of income.
2. For the Honorarium component, Post-Employment Insurance, Transportation Allowance, and Tantiem are paid proportionally according to service period.

THE BOARD OF DIRECTORS

The Board of Directors have the responsibility to execute his/her main duties with good faith and responsibilities. Every Director take full responsibility personally and jointly and severally for the Company's loss, if the person concerned is guilty or negligent Commercial Director Danny Praditya carry out the duties in accordance with the provisions of legislation.

The Board of Directors shall be the Company's authorized organ fully responsible for managing the Company for the interest of the Company, in accordance with the purposes and objectives of The Company and represents the Company both inside and outside the court in accordance with the provisions Articles of Association. The Board of Directors are appointed and dismissed by the GMS.

The Board of Directors have the duties and is responsible collegially. Each Director may act and make decisions according to his/her division of duties and authority. However, the execution of duties by each Director remains a joint responsibility. The position of each member of the Board of Directors, including President Director, is equal. The duty of President Director as primus inter pares is to coordinate the activities of the Board of Directors.

BOARD OF DIRECTOR'S COMPOSITION

During 2018, the composition of PGN's Board of Directors is as follows:

Period of January 1 – April 26, 2018

President Director	Jobi Triananda Hasjim
Director of Infrastructure and Technology	Dilo Seno Widagdo
Director of Commerce	Danny Praditya
Director of Finance concurrently Director of Strategy and Business Development	Nusantara Suyono
Director of Human Capital and General Services	Desima Equalita Siahaan

Period of April 26 – September 10, 2018

President Director	Jobi Triananda Hasjim
Director of Infrastructure and Technology	Dilo Seno Widagdo
Director of Commerce	Danny Praditya
Director of Finance	Said Reza Pahlevy
Director of Human Capital and General Services	Desima Equalita Siahaan

Period of September 10 – December 31, 2018

President Director	Gigih Prakoso
Director of Infrastructure and Technology	Dilo Seno Widagdo
Director of Commerce	Danny Praditya
Director of Finance	Said Reza Pahlevy
Director of Human Capital and General Services	Desima Equalita Siahaan

THE SCOPE OF WORK AND RESPONSIBILITY OF EACH DIRECTOR

The division of duties and authority of The Board of Directors may be governed by the GMS, but in the event that the GMS does not stipulate, the division of duties and authority of members of the Board of Directors shall stipulated in accordance with the Resolution of the Directors.

In the Extraordinary GMS on September 10, 2018, the GMS has determined the nomenclature of each Directors Resolution. However, the Board of Directors determines itself on distribution of duties and responsibilities of every member in more detail through a Decree of the Board of Directors.

PRESIDENT DIRECTOR

The working procedure of the Main Directorate is regulated through Decree of the Board of Directors Number 030707.K/OT.00/PDO/2018 dated November 22nd 2018.

Function:

The leader, controller and coordinator of Directorate of Infrastructure and Technology, Commercial, Human and General Resources, and Finance in achieving the set PGN Group performance targets.

DIRECTOR OF INFRASTRUCTURE AND TECHNOLOGY

The working procedures of Directorate of Infrastructure and Technology are regulated by the Board of Directors Resolution Number: 020102.K/OT.00/INT/2018 dated 22 November 2018.

Function:

Responsible for engineering policies, development, natural gas distribution, operations and maintenance; controlling development activity of the infrastructure includes Government assignments; and ensuring synergy in PGN Group's infrastructure business segmentation.

DIRECTOR OF COMMERCE

The working procedure of Directorate of Commercial is regulated through the Board of Directors Resolution Number 013902.K/OT.00/COD/2018 dated 22 November 2018.

Function:

Person in Charge for managing gas planning and supply/liquefied natural gas (LNG); PGN Group product marketing; and sales of gas products; and ensuring the synergy of PGN Group's natural gas business segmentation.

DIRECTOR OF FINANCE

The working procedure of Directorate of Finance is regulated through the Board of Directors Resolution Number 086603.K/OT.00/FIN/2018 dated 22 November 2018.

Function:

Person in Charge for accounting, taxation policies and standards; implementation of the financial functions of the Parent Company, including controlling the absorption of the budget; and performance management activities for the entire PGN Group.

DIRECTOR OF HUMAN CAPITAL AND GENERAL SERVICES

The working procedures for Directorate of Human Resource and General Affairs are regulated by the Board of Directors Resolution Number 025301.K/OT.00/HCGS/2018 dated 22 November 2018.

Function:

Person in Charge for policies, standards, and implementation of management functions of human capital; information and communication technology; logistics and support functions; corporate social responsibility; and ensuring synergy in provision: information and communication technology service solutions, public services and PGN Group workforce.

ASSESSMENT ON THE PERFORMANCE OF COMMITTEE UNDER THE BOARD OF DIRECTORS

Currently the Company does not have any committee organs under the Board of Directors.

BOARD OF DIRECTOR'S GUIDELINES AND CONDUCT

In order to carry out the Company's management duties, the Board of Directors shall refer to the following Regulations:

1. Law Number 40 Year 2007 regarding Limited Liability Companies;
2. Regulation of the Financial Services Authority Number 33/POJK.04/2014 regarding Board of Directors and Board of Commissioners of Issuers or Public Companies;
3. Company's Articles of Association;
4. Company's Manual Board.

The Board Manual is a set of guidelines for the Board of Commissioners and the Board of Directors.

The PGN Board Manual and Work Procedures are specifically regulated in Chapter II covering:

- Main duties of the Directors;
- Duties and Responsibilities of the Board of Directors;
- Directors' Rights and Authority;
- Delegation of Authority;
- Independency and Ethics of Directors' Position;

- Determination of Company Management Policy;
- Division of Director's Duty;
- Vacant Position in the Board of Directors;
- Director Meeting;
- Corporate Secretary;
- Internal Control Unit;
- The Function of Risk Management

CONCURRENT POSITIONS AND CONFLICT OF INTERESTS

Based on Article 11 paragraph (28) of PGN Articles of Association of PGN, Deed Number 34 dated September 10, 2018, members of the Board of Directors are prohibited to hold multiple positions as:

- a. Members of the Board of Directors in SOE, ROE, private-owned enterprises;
- b. Members of the Board of Commissioners and/or SOE Supervisory Board;
- c. Other structural and functional positions in central and/or regional government agencies/institutions;
- d. Management of political parties, members of DPR, DPD, DPRD Level I, and Level II DPRD and/or regional heads/deputy regional heads;
- e. Become candidates/members of the DPR, DPD, Level I DPRD and Level II DPRD and/or regional head candidates/deputy regional heads;
- f. Other positions that can cause conflicts of interest; and/or
- g. Other positions in accordance with the provisions of legislation.

In 2018, there were no members of the Board of Directors holding multiple positions as mentioned in PGN Articles of Association.

TRAINING PROGRAM TO IMPROVE THE COMPETENCE OF DIRECTORS

To improve the competence and to support task implementation of the Directors in 2018, members of the Board of Directors have attended training programs, workshops, conferences and seminars, including:

PERIOD OF JANUARY 01 - APRIL 26, 2018

Name	Date	Name of Activity	Location
Desima E. Siahaan	January 18 th - 19 th , 2018	Observation and Review of Innovation Practices to Hakuodo Japan	Tokyo, Japan
	April 12 th -13 th , 2018	Global Workshop from SoftwareONE "Software Asset Management dan Enterprise Mobile Security"	Tokyo, Jaooan
	April 16 th -20 th , 2018	RSA Conference 2018	San Fransisco, United States
Dilo Seno Widagdo	February 1 st - 2 nd , 2018	Resource: Deputy Work Meeting Strategic Mining Industry and Media	Balikpapan
	April 9 th - 14 th , 2018	Conferences and Speakers related to Formula Calculation of Turbine Meters	Czechoslovakia
Danny Praditya	March 12 th , 2018	FGD Preparation of Background Study of RPJMN 2020 - 2024 Energy, Mineral and Mining Resources Sector. "Issues and Problems of Using Domestic Gas (Business Perspective Perspective)"	Hotel Sari Pan Pasific Jakarta
	April 16 th , 2018	Issuer Dialogue "Update on Issuer Performance Oil and Gas Sector Indonesia"	Main Hall Bursa Efek Indonesia SBCD Senayan

Period of April 26 - September 10, 2018

Name	Date	Name of Activity	Location
Desima E. Siahaan	May 6 th -9 th , 2018	International Conference and Expo 2018	California, United States

Period of September 10 - December 31, 2018

Name	Date	Name of Activity	Location
Danny Praditya	September 19 th , 2018	Panel Discussion on Utilizing Untapped Indonesia Gas to Power the Outer Islands	Ice BSD, Jakarta
	October 2 nd , 2018	Indonesia Energy Policy Roundtable "Can Gas Compete in Power and Industry? Price; Policy; Regulation"	Hotel Indonesia Kempinski, Jakarta
	October 17 th -26 th , 2018	Training on Digital Global Leaders - Accelerated Executive Development Program	Paris, France
	November 14 th , 2018	"Energy for the Nation, Realizing Resilience National Energy" by Energizing Indonesia	Hotel Sahid Jaya, Jakarta
	November 21 st , 2018	Resource: Discussion on INGTA "Implementation EMR Minister Regulation in the Downstream Oil and Gas Sector, Problems and Solutions "	Bogor, Indonesia

Period of September 10 – December 31, 2018

Name	Date	Name of Activity	Location
Desima E. Siahaan	September 17 th -18 th , 2018	The 10 th Indonesia HR Summit "Humanizing Technology in Managing Tomorrow People"	Bali Nusa Dua Convention Center
	October 23 rd -24 th , 2018	HR Tech	Amsterdam, Netherlands
	October 27 th -30 th , 2018	Indonesia Career - Evening YIPA	London, United Kingdom
	November 14 th , 2018	One Hour University "Strategic Leadership to Turnaround Antam's Performances"	Bandung
	December 17 th -21 th , 2018	Tokyo Gas Co. Ltd.	Tokyo, Japan
Gigih Prakoso	October 12 th , 2018	Morgan Stanley 17th Annual Asia Pacific Summit	Singapore
	November 29 th -30 th , 2018	Speaker on Energy, Utilities & Resources Industry Update Session, Training PWC Indonesia	PWC Indonesia Office, Jakarta
Said Reza Pahlevy	November 20 th , 2018	Certified Professional Management Accountant	Ritz Carlton, Jakarta

BOARD OF DIRECTORS' MEETINGS AND DECISIONS

Based on Regulation of Financial Service Authority Number 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuers or Public Companies and Company Articles of Association, the Board of Commissioners must hold at least 1 (one) meeting every 2 (two) months and joint meeting with the Directors periodically at least 1 (one) time every 4 (four) months.

In relation to the Board of Directors, the Financial Services Authority Regulation Number 33/POJK.04 /2014 concerning Directors and The Board of Commissioners of Issuer or Public Company and Company Articles of Association require regular meetings of the Board of Directors at least 1 (once) time every month and must hold a meeting between the Board of Directors and Commissioners on a regular basis at least 1 (once) every 4 months.

PGN'S BOARD OF DIRECTORS MEETING 2018

Implementation of Director Meetings is carried out based on Company Articles of Association, whose implementation consists of 3 periods referring to the Board of Directors membership, namely:

- Period of January 1st, 2018 – April 26th, 2018
- Period of April 26th, 2018 – September 10th, 2018
- Period of September 10th, 2018 – December 31st, 2018

The decision of the Board of Directors was made in 2 forms, namely: Directors 'Meetings in person and Circular Directors' Decisions.

PGN'S BOARD OF DIRECTORS MEETING 2018Period of January 1st – April 26th, 2018

No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Nusantara Suyono
1.	January 4-5, 2018	1. Discussion of Application for Assignment of FSRU; 2. Commitment Letter PGN – Pertamina; 3. Update PJBG; 4. Update Holding Migas Team.	√	√	√	-	-
2.	January 9, 2018	1. Update Extraordinary GMS Preparation; 2. Update Customer Receivables.	√	√	√	√	-
3.	January 15, 2018	1. Update Taxation; 2. Update Organization Transformation; 3. Update PJBG Guideline; 4. Update PGN LNG Initiatives; 5. Proposed Customer Incentive Prices.	√	√	√	√	√
4.	January 23, 2018	1. Presentation on the Concept of Value Creation Directorate Infrastructure and Technology; 2. Implementation of Asset Material Auction; 3. Re-positioning of GAGAS; 4. Special Price Scheme; 5. Special Customer Incentives; 6. West Papua LNG Development Cooperation	√	√	√	√	√
5.	January 30, 2018	1. Update on LNG Business in Southeast Sulawesi; 2. Distribution and fulfillment of gas to PLN; 3. Update Oil and Gas Holding; 4. Update Subsidiary Grading;	-	√	√	√	√
6.	February 6, 2018	1. Update Pertamina Merger and Acquisition; 2. Discussion of RKAP and Changes in Management of Subsidiaries; 3. Update Customers with Problematic Receivables; 4. Preparation of Inauguration of Jargas City of Mojokerto; 5. Home Ownership Assistance for PGN Employees; 6. Preparation of RDP Commission IX of DPR Republic of Indonesia; 7. Update PGN Business Affiliation; 8. Update BOT Ketapang	√	√	√	√	√
7.	February 6, 2018	Changes in the Structure of Subsidiary Board of Commissioners The Company/Affiliation	√	√	√	√	√
8.	February 14, 2018	1. Update related to SAKA Energy 2. Changes in the Subsidiary Board of Commissioners; 3. Update LNG Papua Initiatives 4. Update KPBU	√	√	√	√	-
9.	February 14, 2018	Change in the Composition of the Board of Commissioners PT Permata Graha Nusantara and PT Saka Energi Indonesia	√	√	√	√	√
10.	February 20, 2018	1. Financial Statement 2017 2. Financial Statement January 2018	-	-	√	√	√

PGN'S BOARD OF DIRECTORS MEETING 2018

Period of January 1st – April 26th, 2018

No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Nusantara Suyono
11.	February 21, 2018	1. Update Project Libra 2. Update DAK Marketing 3. Update Gas Selling Price	-	-	√	√	√
12.	February 27, 2018	1. Update PT Saka Energi Indonesia; 2. Update FSRU Lampung; 3. Update KB Extension; 4. Update New Price; 5. Update Customer Incentive; 6. Financial Report 2017; 7. Update Parna Raya Contribution and Claims; 8. Update RJPP.	√	√	√	√	√
13.	February 28 2018	1. Update Holding Oil and Gas Review 2. Update Cirebon Incident 3. Update SSWJ contribution 4. Update Gas Management in North Sumatera 5. Update New Entity Establishment	√	√	√	√	√
14.	March 6, 2018	1. Preparation of BOD BOC Meeting a. Financial Report 2017 b. RJPP 2019-2028 2. Update Incident in Cimanggu, Bogor; 3. Optimization of LNG Business Portfolio; 4. Change in Subsidiary Management/Affiliation; 5. Tax Organization; 6. Preparation of SOE Managing Director Coordination Meeting.	√	√	√	√	√
15.	March 6, 2018	Change in the Structure of Subsidiary Management	√	√	√	√	√
16.	March 12, 2018	1. Progam Dana Talangan Perumahan Pekerja PGN; 2. BOD & BOC Remuneration; 3. Human Resources Committee; 4. Update on West Papua infrastructure development initiative.	√	√	√	√	√
17.	March 20, 2018	1. Update on PGN and Pertamina agreement; 2. Townhall Meeting Preparation.	√	√	√	√	-
18.	March 21, 2018	1. Strategic Plan PT Saka Energi Indonesia (SAKA); 2. Update West Yamdena dan Pekawai; 3. Update Blok North Madura Acquisition.	√	√	√	√	√
19.	March 22, 2018	1. Update Implementation of EMR Regulation No 06 of 2016; 2. Extension of Gas Distribution Period to PT Gajah Tunggal; 3. Update on Customer Price;	√	√	√	√	√
20.	March 26, 2018	1. Update Explanation (Commission VI DPR RI) 2. Update Oil and Gas Holding 3. Update Project Libra Team 4. Update SPL Strategic Study 5. Update Optimization of PGN and Group Office Space	√	√	√	√	√
21.	March 29, 2018	1. Update Oil and Gas Holding 2. Update Culture Committee	√	√	√	√	√

Performance Overview

Report to The Shareholders

Company Profile

Management Discussion and Analysis

Good Corporate Governance

Corporate Social and Environmental Responsibility

Consolidated Financial Statements

Regulatory Cross Reference

PGN'S BOARD OF DIRECTORS MEETING 2018
Period of January 1st – April 26th, 2018

No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Nusantara Suyono
22.	April 4, 2018	1. Update FSRU Lampung. 2. Update PT Saka Energi Indonesia (SAKA). 3. Update PSA 62 a. Logistics b. Accountancy	√	√	-	√	-
23.	April 10, 2018	1. Update FSRU Lampung 2. Update PT Saka Energi Indonesia Project 3. Update Preparation of 2018 Annual GMS	√	-	√	√	√
24.	April 12, 2018	1. Update Oil and Gas Holding Integrator Consultant; 2. Update Pascaholding Migas.	√	-	√	√	√
25.	April 17, 2018	1. Update PT LEKJ Customer Receivables; 2. Update on 2018 AGMS Preparation.	√	-	√	√	√
26.	April 20, 2018	1. Update Committee a. Culture Committee; b. Risk Management Committee; 2. Update Preparation of 2018 Annual GMS	√	-	√	√	√
Total Attendance			23 times	20 times	25 times	25 times	21 times
%Total Attendance			88%	77%	96%	96%	81%

PGN'S BOARD OF DIRECTORS MEETING 2018T
Period of April 26th– September 10th, 2018

No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Said Reza Pahlevy
1.	May 2, 2018	1. FSRU Lampung Utilization; 2. Preparation of PT Nusantara Regas AGMS; 3. HR Committee.	√	√	√	√	√
2.	May 8, 2018	1. Update Integration of PGN – Pertagas 2. Capacity Building KPBU	√	√	√	√	√
3.	May 18, 2018	1. Update on PT SAKA Energi Indonesia (SAKA) 2. Preparation of BOD BOC Meeting	√	√	√	√	√
4.	May 25, 2018	1. Update on Integration Pertagas to PGN 2. HR Committee 3. Discussion of Subsidiary KPI	√	√	√	√	√
5.	May 25, 2018	1. Salary/Honorarium of BOD & BOC of Subsidiary/Affiliation; 2. Incentive of the Performance of BOD & BOC of Subsidiary/Affiliation for 2017.	√	√	√	√	√
6.	May 31, 2018	Overview HSSE Pertamina	√	√	√	√	√
7.	June 5 - 6, 2018	1. Update on Integration Pertagas to PGN 2. Proposed Gas Prices in Bekasi Power and Cikarang Listrindo 3. Update on Tax Potential due to Transfer Participating Interest 4. Update on KPI Directorate and Subsidiaries 5. PT TGI AGMS Circular Resolution 6. Update Project Libra 7. Update Project Wampu Energi	√	√	√	√	√

PGN'S BOARD OF DIRECTORS MEETING 2018T
Period of April 26th– September 10th, 2018

No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahhaan	Said Reza Pahlevy
8.	June 8, 2018	1. Update Kepodang Field 2. Approval on Integration from Pertagas to PGN	√	√	√	√	√
9.	June 28, 2018	Integration from Pertagas to PGN	√	√	-	√	√
10.	July 5, 2018	LNG Lampung Observation	√	√	√	√	-
11.	July 11-12, 2018	1. Update from PGN Consultant 2. Update Commercial Issues	√	√	√	√	√
12.	July 18-19, 2018	1. Discussion of Subsidiary Remuneration 2. Land Lease in Lirik by TGI; 3. The 2018 RKAP Revision 4. Cancellation of Single Payroll 5. Update Cooperation LNG West Papua 6. Performance of first Semester 2018 7. Update Kepodang Status	√	√	√	√	√
13.	July 23, 2018	1. Update Project Swan; 2. Update Implementation Plan of EGMS	√	√	√	√	√
14.	July 31, 2018	1. Update Risk Profile of PGN Group 2. Update Performance of First Semester 2018 3. Discussions of 2019 RKAP 4. Update Land Lease in Lirik by TGI 5. Update Crossing TGI Pipe 6. Addition of 5 Cargo PT Nusantara Regas	√	√	√	√	√
15.	August 7, 2018	Update Project Libra.	√	-	√	√	√
16.	August 14, 2018	Realization of Semester I Performance	-	√	√	√	-
17.	August 21, 2018	1. Preparation of BOD BOC PGN Meeting a. Update Performance of PT Kalimantan Jawa Gas b. Update Performance of PT PGN LNG Indonesia c. Update Performance of PT Permata Graha Nusantara	√	-	√	-	√
18.	August 23, 2018	Update Booking Capacity PT PGN LNG Indonesia (PGN LNG)	√	√	√	-	-
19.	August 30, 2018	1. 2019 RKAP 2. Update Incentive price only for customers 3. Update Gas distribution to PLN Sutami and New Tarahan; 4. Update Customer Debt Restructuring 5. Update Distribution to PLN Batam 6. Update Supply potential from PHE Ogan Komering	√	√	√	-	-
20.	September 4, 2018	1. Update RKAP 2019 2. Performance of First Quarter of 2018 PT PGAS Solution 3. Update Cooperation with LNG Development in West Papua 4. Update Take Over Transaction of Pertamina Gas 5. Extraordinary GMS Preparation	√	√	√	√	-
Total Attendance			19 times	18 times	19 times	17 times	15 times
%Total Attendance			95%	90%	95%	85%	75%

PGN'S BOARD OF DIRECTORS MEETING 2018
 Period of September 10th – December 31st, 2018

No.	Date	Meeting Agenda	Gigih Prakoso	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Said Reza Pahlevy
1.	September 12 th , 2018	1. Update Performance up till August 2018 2. Update Strategic issues 3. Update Oil and Gas Holding (CSPA)	√	√	√	√	√
2.	September 13 th , 2018	1. Issues on PEP Gas supply 2. Gas Distribution to PT Cikarang Listrindo (CL) 3. Update Strategic issues	√	√	√		√
3.	September 21 th , 2018	1. Adjustment of Gas Price 2. Update Jargas Probolinggo 3. Update Gas Rantai Niaga and Gas Make Status Up 4. Update Development Cooperation of LNG West Papua 5. Update FSRU Lampung	√	√	√	√	√
4.	September 24 th , 2018	1. Update CSPA PGN and Pertamina 2. Preparation of BOD BOC; a. Update Performance of PT Transportasi Gas Indonesia b. Update Performance of PT PGAS Telekomunikasi Nusantara 3. Other matters	√	√	√	√	√
5.	October 1 st , 2018	1. Update CSPA: 4 Pertagas Subsidiaries; 2. Update Batam Gas 3. Concept of Strategic Management; 4. Update Safir Project.	√	√	√	√	√
6.	October 9 th , 2018	1. Terminal Use Agreement PGN LNG 2. Update Commercial a. Update Gas Distribution in Batam b. Update additional gas supply from Medco Lematang c. Update Gas supply in East Java 3. Update Gas Transportation Agreement Transmission pipe section Duri – Dumai 4. Update the 2018 KPI and RKAP	√	√	√	-	-
7.	October 24 th , 2018	1. Update Management Office Program 2. Update Business and Technology Development 3. Update Household Gas Network Services Unit (Jargas) 4. Update Business Unit Infrastructure 5. Update Center of Technical Excellent 6. Asset and Personnel Management	√	√	-	-	√
8.	November 2 nd , 2018	1. Control of Gas Distribution in East Java 2. Approval of Gas Purchases from MAC 3. Installments for Receivables from Jargas APBN Mojokerto 4. Update BBG Selling Price 5. Update on Commissioning of Duri Pipes - Dumai 6. Utilization of PGN Non-Network Assets 7. Update Pertagas Transaction Settlement 8. Update RKAP 2019	√	√	√	√	√

PGN'S BOARD OF DIRECTORS MEETING 2018
 Period of September 10th – December 31st, 2018

No.	Date	Meeting Agenda	Gigih Prakoso	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Said Reza Pahlevy
9.	November 6 th , 2018	1. Business Scheme Gasku PT Gagas Energi Indonesia 2. Financial Statement Overview September 2018	√	√	√	√	√
10.	November 13 th , 2018	1. Update on Subsidiary and Affiliate Management 2. Update on Integration between Pertagas and PGN 3. Update KJG 4. Other matters	√	√	-	√	√
11.	November 16 th , 2018	1. Corporate Charter Pertamina – PGN; 2. Reposition of ex – SPB Directorate; 3. Update Integration between PGN – Pertagas.	√	√	-	√	-
12.	November 21 th , 2018	1. Corporate Charter Pertamina – PGN; 2. Update on Integration between Pertagas and PGN 3. HR Committee	√	√	-	√	-
13.	December 3 rd , 2018	1. The 2019 KPI Corporate; 2. Update KJPP Progress	√	√	√	√	√
14.	December 5 th , 2018	1. Proposed Changes in the Asset Depreciation 2. Update PT Saka Energi Indonesia; 3. Organization Consultant; 4. Update Gas Price of PHE WMO.	√	√	√	√	√
15.	Desember 12 th , 2018	1. Update Meeting with PT PLN (Persero); 2. Gate Review PGN LNG Presentation: a. LNG Project of Central Indonesian Region (KITE) b. LNG Project East Java	√	√	√	√	-
16.	Desember 18 th , 2018	1. Approval of 2018 RKAP Second Revision; 2. Update Subsidiaries that needed attention; 3. Update Integration between PGN and Pertagas	√	√	-	-	√
17.	Desember 27 th , 2018	1. Cost of Infrastructure Management; 2. Scheme of Financing and Provision of Jargas Infrastructure; 3. 2019 Strategy and Scheme of Gas Selling Price; 4. Gas Prices for Households and Small Customers; 5. Signing Approval with PLN 6. Establishment of SOE Foundation.	√	√	√	√	√
Total Attendance			17 times	17 times	12 times	13 times	13 times
%Total Attendance			100%	100%	71%	76%	76%

The Board of Directors decisions carried out circularly were as follows:

No.	Date	Subject
1	March 17 th , 2018	Amendment of Gas Sale and Purchase Agreement to PT Bekasi Power
2	March 18 th , 2018	Follow-Up to Implementation of Shareholder Audit Result regarding MBK and MKI Projects
3	March 28 th , 2018	Approval of Amendment to the Composition of TGI Board of Commissioners
4	April 24 th , 2018	Continuation of Cooperation Implementation of BOT Head Office
5	May 31 st , 2018	Purchasing LNG from PLI
6	June 4 th , 2018	Maleo Gas Field
7	June 5 th , 2018	AP KPI and Company Subsidiaries
8	July 4 th , 2018	Ratification of PT PGN Access Agreement for Land in Lirik, Riau to TGI
9	July 4 th , 2018	Adjustment of Salaries for Subsidiaries/Affiliates PGN
10	August 1 st , 2018	Amendment of Gas Sale and Purchase Agreement to PT Bekasi Power
11	August 29 th , 2018	Subscribe to Gas Pltmg Sutami 30 Mw and Pltm New Tarahan 24 Mw in Lampung Area
12	September 21 th , 2018	Approval of a Joint Venture Company Establishment between PT PGN LNG Indonesia and PT Papua Doberai Mandiri
13	November 2 nd , 2018	Management Change of PT Saka Energi Indonesia

ASSESSMENT ON BOARD OF DIRECTORS AND THE COMPANY PERFORMANCE

Procedure for Implementing the Performance Assessment on Directors and the Company

The performance of Board of Directors and the Company is conducted using a Key Performance Indicator (KPI) system based on a Superior Performance Assessment Criteria (KPKU) of State-Owned Enterprises (BUMN) that refer to SOE State Ministry Letter Number S-08/S.MBU/2013 dated January 16, 2013 regarding Submission of KPI Determination Guideline and Superior Performance Assessment Criteria for SOEs adapted from the Malcolm Baldrige system. The 2018 Board of Directors and Company KPIs are approved by the Board of Directors and Commissioners to be subsequently implemented by the Board of Directors and periodically evaluated for achieving targets by the Commissioner.

Criteria Used in the Implementation of Assessment of the Performance of the Directors and the Company

Criteria and performance indicators used to measure the performance of the Board of Directors and the Company in 2018 includes:

1. Implementation of duties and responsibilities of every member of the Board of Directors in accordance with the Company's Articles of Association;
2. Decision implementation of the 2018 Annual GMS;
3. Realization of KPKU-based of Directors and Company KPIs in 2018 covering 5 Perspectives includes performance indicators:
 - a. Financial and Market Perspectives;
 - b. Customer Perspective;
 - c. Product and Process Perspectives;
 - d. Workforce Perspective;
 - e. Leadership and Governance Perspective.

Parties Conducting Performance Evaluation on Board of Directors and the Company

Evaluation and assessment of the overall performance of the Board of Directors and the Company is carried out by the Commissioners and SOE Ministry c.q. Pertamina.

The following is the achievement of Board of Directors and the Company's KPI targets which consist of indicators or focus on aspects of Company's most dominant performance in determining its current and future success, and its 2018 KPI realization score was 104.43.

No.	KPI	Unit	Target		Realization		
			RKAP 2018 (Revision)	Weight	s/d December 2018	%	Realization Score
[1]	[2]	[3]	[4]	[5]	[6]	[7=6:4]	[8=5x7]
FINANCE AND MARKET							
1	Financial - Absolute Target						
a	Total Asset	Mill USD	7,008.12	1.6	7,378.66	105.29%	1.68
b	Net Profit	Mill USD	150.70	1.6	242.61	120.00%	1.92
c	Total Equity	Mill USD	3,060.25	1.6	3,342.33	109.22%	1.75
d	CAPEX	Mill USD	1,506.56	1.6	1,606.78	93.76%	1.50
e	Dividend	Mill USD	55.01	1.6	55.01	100.00%	1.60
2	Earning per share	USD/Share	0.0062	8	0.0100	120.00%	9.60
3	Financial Main Target						
a	Sales to Average Assets (Measuring Productivity)	%	47.36	0.8	47.78	100.89%	0.81
b	Debt to Equity Ratio (DER)	%	129.01	0.8	120.76	106.83%	0.85
c	EBITDA Margin	%	27.33	0.8	28.80	105.38%	0.84
d	Net Profit Margin	%	4.71	0.8	7.43	120.00%	0.96
e	ROE	%	4.92	0.8	7.26	120.00%	0.96
f	ROA	%	2.15	0.8	3.29	120.00%	0.96
g	MarketShare Distribusi	%	73.00	0.8	78.52	107.56%	0.86
h	Current Ratio	%	299.62	0.8	169.69	56.64%	0.45
i	Operating Cash Flow to Sales	%	27.41	0.8	22.71	82.85%	0.66
j	Operating Cash Flow to Debt Ratio		22.20	0.8	18.38	82.79%	0.66
Sub Total				24			26.06

No.	KPI	Unit	Target		Realization		
			RKAP 2018 (Revision)	Weight	s/d December 2018	%	Scor Realization
[1]	[2]	[3]	[4]	[5]	[6]	[7=6:4]	[8=5x7]
CUSTOMER							
1	Customer Satisfaction	Indeks (1-6)	5.20	10	5.43	104.42%	10.44
2	Customer Retention	%	98.00	12	98.56	100.57%	12.07
Sub Total				22			22.51
PRODUCT AND PROCESS							
1	Volume Natural Gas Management	BBTUD	854.30	7	914.14	105.00%	7.35
2	Infrastructure Availability	%	98.00	6	99.89	101.93%	6.12
3	Infrastructure Development	%	90.00	7	99.63	105.00%	7.35
Sub Total				20			20.82
MANPOWER							
1	Employment Engagement	Indeks (1-5)	3.91	5	4.03	103.07%	5.15
2	Total Innovation	Total	28.00	5	51.00	105.00%	5.25
3	Employee Productivity	Mil USD/ Emmployee	0.112	7	0.19	105.00%	7.35
Sub Total				17			17.75
LEADERSHIP AND GOVERNANCE							
1	KPKU Assessment Result	Category	Emerging Industry Leader	6	Emerging Industry Leader	100.00%	6.00
2	GCG Assessment Result	Category	Very Good (94)	6	Very Good (94.68)	100.72%	6.04
3	The Company Health Level	Skor (1-100)	79.00	5	83.00	105.00%	5.25
Sub Total				17			17.29
TOTAL SCORE OF CORPORATE KPI				100.00			104.43
TOTAL DF CORPORATE COMPLIANCE KPI				-35%			0.00
OVERALL TOTAL SCORE							104.43

PROCEDURES AND BASIS FOR DETERMINING THE REMUNERATION OF BOARD OF DIRECTORS

Procedures for Board of Directors' Remuneration

Determination of remuneration for the Board of Directors refers to SOE Minister Regulation Number PER-04/MBU/2014 concerning Guideline for Determining Salary for Board of Directors, Board of Commissioners and Supervisory Board of State-Owned Enterprises as last amended in the Ministerial Regulation of State Owned Enterprises Number PER-06/MBU/06/2018 concerning the Third Amendment to SOE Minister Regulation concerning Guideline Determination of Salary for the Board of Directors, Board of Commissioners, and Supervisory Board of State-Owned Enterprises on June 4, 2018 (Regulation of SOE Minister concerning Guideline for Determining Directors' Salary).

Based on the SOE Minister's Regulation on Guideline for Determining the Board of Directors' Salary, the principle of determining the Board of Directors' salary is determined by the GMS Fiscal Year 2017 on April 26th, 2018 and takes into account Letter of Ministry of State Owned Enterprises Number SR-604/MBU/D3/06/2018 dated June 5, 2018 concerning Submission of Salary Determination for the Directors and Board of Commissioners of PT Perusahaan Gas Negara Tbk in 2018 and Letter of PT Pertamina (Persero) Number 254/C00000/2018-S0 dated June 7th, 2018 concerning Submission of Determination of Income for Directors and the Board of Commissioners of PT Perusahaan Gas Negara Tbk in 2018, wherein the components of Directors' income consist of:

- a. Salary/honorarium;
- b. Allowances, which consist of:
 - 1) Religious Holiday Allowance;
 - 2) Retirement Insurance;
 - 3) Housing allowance.

- c. Facilities which consist of:
 - 1) Transportation facilities;
 - 2) Health facilities;
 - 3) Legal Aid Facility.
- d. Tantiem/Performance Incentive, in which such tantiem may be granted an additional form of Long Term Incentive/LTI.

REMUNERATION STRUCTURE FOR THE BOARD OF DIRECTORS

Based on the SOE Minister's Regulation on Guidelines Determination of Board of Directors' Salary, the principle of determining Directors' salary is determined by the GMS. Components Directors' salary consists of:

1. Salary
 - a. Salary of the President Director is set using an internal guidelines set by the Minister of State-Owned Enterprises.
 - b. Salaries of other members of the Board of Directors are set by the composition of Position factor i.e. 85% of President Director's salary.
 - c. For existing members of the Board of Directors, in terms of composition of Position Factors as referred to in letter b, the salary received becomes smaller amount of salary received in the previous financial year, the salary of other existing members of the Board of Directors uses the salary received in the previous fiscal year.
 - d. The GMS/SOE Minister may determine the magnitude of different Position Factors with the provisions referred to in letter b, if it is better reflect appropriateness and fairness in the implementation of the duties and responsibilities of each member of the Board of Directors and the Company's ability.

2. Directors' allowance

a. Religious Holiday Allowance Benefit

Employee shall receive Religious Holiday Allowance of 1 (one) time Honorarium.

b. Housing allowance.

Housing Allowances including utility fees are provided on a monthly basis 40% of the salary, with the highest provisions of:

- Rp27,500,000 (twenty seven million five hundred thousand rupiah) for area within the State Capital.
- Rp25,000,000 (twenty five million rupiah) for the Provincial Capital City.
- Rp22,500,000 (twenty two million five hundred thousand rupiah) for area within District and City area.

c. Retirement Insurance

- Retirement Insurance is given when the person is serving (from appointment until termination).
- Premiums borne by the Company at most 25% of salary in one year.
- The selection of programs for post-term insurance is determined by the pertaining member of the Board of Directors.
- The provision of premiums, contributions or other terms relevant to post-insurance, including premiums for accident and death insurance.

3. Facilities

a. Transportation facilities

- Members of the Board of Directors have only the right to have 1 (one) Vehicle Facilities from the Company.
- Vehicle facilities including maintenance and operational costs are given taking into account Company's financial condition.
- The specifications and types of vehicles are regulated by The Board of Commissioners.

- In the event that member of the Board of Directors is no longer in authorize, then no later than 30 (thirty) days after not holding authorize, the concerned must return the vehicle to the relevant SOE.
- In the event that member of the Board of Directors concurrently serves as member of the Board of Commissioners in a subsidiary/joint venture company, and the concerned chooses to use the Vehicle Facility/Transportation Allowance from a subsidiary/joint venture company (if any), then the concerned shall not be given Vehicle Facilities from the relevant SOE.

b. Health facilities

- Health facilities are provided in the form of health insurance or reimbursement of medical expenses (at cost);
- Health facilities are given to members of the Board of Directors and a wife/husband and a maximum of 3 (three) children under 25 years of age in accordance with applicable regulations;
- Facilities provided are in outpatient treatment and medicine, hospitalization and medicine and medical check-ups.
- Medical check-up is provided with the following conditions:
 - a. Medical check-up is given 1 (one) time every year;
 - b. Medical check-up shall be done in the country.
- In the event that a Director concurrently serves as member of the Board of Commissioners of a subsidiary/joint venture company, then the concerned is only given one Health Facility, namely a Health Facility at a SOE.

c. Legal Aid Facility

- The Legal Aid Facility is given in the event of an action/act for and on behalf of his position relating to the purpose and objectives and business activities of the Company.

- Members of the Board of Directors who will use the Legal Aid Facility are required to make a statement letter on sufficiently stamped paper which explains the position in question in a particular case not as a person and willing to return the Legal Aid Facility to the company if it turns out that the position in question in the case is proven to be personal.
- The Legal Aid facility is provided in the form of financing the services of a lawyer's office/legal consultant covering the inspection process as witnesses, suspects, and defendants in the judicial institution.
- The services of a lawyer/legal consultant office that can be charged to the Company are only for one lawyer/legal consultant for one particular case.
- The appointment of a lawyer's office/legal consultant shall be carried out by the Company in accordance with the provisions for the procurement of goods and services applicable in the Company.
- In the event that the concerned is found guilty and sentenced by the court with a decision that has permanent legal force, then the costs of the lawyer/legal consultant both those who have been issued and those that have not been paid by the Company become the burden of the concerned.
- In the event that the concerned is acquitted/found not guilty by the court with a decision that has permanent legal force, then the costs of the lawyer/legal consultant shall be borne by the Company.
- The cost of a lawyer/legal consultant is given by paying attention to the principles of fairness, transparency, and accountability in accordance with applicable regulations, as well as paying attention to the Company's financial capabilities.
- As long as legal issues do not yet have a permanent legal force, post-retirement insurance for members of the Board of Directors is not paid and included in a special account held by SOE Directors as collateral for court fees issued by the Company. Members of the Board of Directors who receive a Legal Aid Facility must write a statement letter on sufficiently stamped paper which explains that the person concerned is willing to have his retirement insurance as a collateral for the cost of the case issued by the Company.
- In the case a member of the Board of Directors uses lawyers/legal consultants of their own choice both at the level of preliminary investigation/investigation, the district court appeal, cassation and reconsideration, the attorney/legal consultant fee is not borne/replaced by the Company.
- Members of the Board of Directors who use law firm/legal consultant financed by the Company, the person concerned is obliged to write a statement that will reimburse/refund the costs that have been incurred by the Company if the person concerned is found guilty by the court with decisions that have permanent legal force.
- The Company does not cover the costs of lawyers/legal consultants in the event that members of the Board of Directors become witnesses, suspects or defendants due to criminal proceedings reported by the relevant SOE, the State (State as a Legal Entity or State Institution or Government Institution), or certain parties determined by the GMS/Minister.
- Members of Directors who are litigated, are prohibited in decision making regarding the appointment of lawyer/legal consultant.

- In civil case or State Administration (TUN), the court fee shall be borne by the Company, as long as:
 - a) The person uses only one attorney office/consultant for a particular case;
 - b) The appointment of a lawyer's office/legal consultant shall be done by the Company in accordance with the provisions for the procurement of goods and services applicable in the Company.
 - c) The cost of a lawyer/legal consultant is official costs and can be legally justified;
 - d) Members of the SOE Board of Directors were sued due to legal issues arising in the context of implementing Company's duties in accordance with the applicable provisions;
 - e) The plaintiff or defendant is a party other than the relevant SOE, the State (State as a Legal Entity or State Institution or Government Institution), or a certain party determined by the GMS/Minister.
 - SOEs are required to provide Legal Aid Facilities to former members of the Board of Directors in the event of a legal problem arising because the concerned person takes actions/actions for and on behalf of his/her position related to the purpose and objectives and business activities of the Company, which he /she did as long as he/she is a member of SOE Board of Directors.
 - The provision regarding the provision of Legal Aid Facilities as referred to in points 1) through 14), mutatis mutandis applies to former members of the SOE Board of Directors as referred to in point 15).
4. Tantiem/Performance Incentive
 - a. The provision of Tantiem/Performance Incentives (Bonus/IK) to Directors based on determination of GMS/Minister in ratifying the Annual Report if:
 - opinions issued by auditors are at least reasonable with exceptions (WDP);
 - realization of the lowest level of sound with a score of 70 (seventy). This achievement does not take into account the burden/profit due to actions of the previous Directors;
 - the lowest KPI achievement is 80% (eighty percent). This achievement does not take into account factors beyond control of the Board of Directors;
 - the Company does not experience a loss from the previous year for the Company to be in a state of loss, or does not experience a loss from the previous condition in profit. This loss does not take into account factors beyond control of the Board of Directors;
 - b. Tantiem/IK is the cost of the fiscal year in question and therefore must be budgeted specifically in the RKAP for the year, except for LTI it may not be budgeted first.
 - c. The Budget for Tantiem/IK must be linked to KPI targets in accordance with the relevant RKAP.
 - d. Tantiem/IK award shall be given proportionally based on KPI achievements in the year concerned, provided that starting from the 2017 fiscal year, KPI must also consider a criteria for achieving the task of being an agent of development that will be determined by SOE Minister on a separate element:
 - synergy among SOEs;
 - downstreaming and local content;
 - integrated regional economic development;
 - financial independence and value creation; and
 - Government assignment.

- e. If the provision of Tantiem/IK exceeds the Tantiem/IK budget in the RKAP, the budget shortfall shall then be calculated as the cost in the relevant fiscal year.
- f. Determination of Tantiem/IK uses guideline set by SOE Minister.
- g. Especially for Public SOEs, before ratifying the relevant SOE RKAP, the Board of Commissioners must consult with the state shareholders for determination of Tantiem budget.
- h. Calculation of Tantiem/IK uses guideline set by the SOE Minister.
- i. Taking into account Company's performance and/or the specific conditions of Company's business, the SOE Minister may set different Tantiem/IK with the results of calculations based on guideline set by SOE Minister.
- j. Considering fairness and/or profit quality recorded by the Company and/or Company's financial capabilities and/or other relevant factors, the GMS/SOE Minister may establish a lower Tantiem/IK than the calculation based on guideline set by the SOE Minister.
- k. In the event that the term of office of the Board of Directors does not reach 12 (twelve) months in the relevant fiscal year, the amount of Tantiem/IK will be adjusted to the relevant term of office in the intended fiscal year.
- l. The composition on the amount of Tantiem/IK for members of the Board of Directors follows the Position Factors as follows:
 - President Director: 100%;
 - Members of the Board of Directors: 85% of President Director's
- m. In the event there are other positions other than the President Director and Directors the amount of Position Factors as referred to in letter l shall be determined by the GMS/SOE Minister.
- n. The GMS/SOE Minister may set a different level of Position Factor with the provisions referred to in letter l if it is deemed to better reflect a fairness and just in the implementation of duties and responsibilities of each member of the Board of Directors and the Company's ability.
- o. Income tax on Tantiem/IK is borne by each member of the Board of Directors concerned.
- p. The GMS/SOE Minister may consider granting LTI to members of the Board of Directors as part of Tantiem, which in terms of performance and governance has approached international best practice, with the following considerations:
 - aligning the interest of Company Managers (Directors, members of the Board of Commissioners/Supervisory Board) with shareholders/capital owners in accordance with international best practices;
 - providing motivation to better improve the performance in the future;
 - awarding efforts to maintain and/or increase the share value in the long term, including during unfavorable conditions for Public Company; or
 - encourage public SOEs to become (world class company) by always comparing their performance and governance with international best practices.
- Further provisions regarding LTI and other related matters are regulated in the Regulation of SOE Minister PER-01/MBU/06 2017 concerning the Second Amendment to the SOE Minister Regulation concerning Guidelines for Determining the Income of SOE Directors, Board of Commissioners, and Supervisory Board on June 19, 2017.

The remuneration for every Directors has been carried out based on the Decision of Annual General Meeting of Shareholders dated April 26, 2018 and takes into account the SOE Ministry Letter Number SR-604/MBU/D3/06/2018 dated June 5, 2018 concerning Submission of Salary Determination for the Directors and Board of Commissioners of PT Perusahaan Gas Negara Tbk in 2018 and Letter of PT Pertamina (Persero) Number 254/C00000/2018-S0 dated 7 June 2018 regarding Submission of Income Determination of the Directors and Board of Commissioners of PT Perusahaan Gas Negara Tbk in 2018.

The remuneration structure of Directors (in one year) in 2018 is as follows:

(in Rupiah)

No.	Component	President Director	Director (Combined)	Total
1	Salary (net)	2,880,000,000	9,792,000,000	12,672,000,000
2	Allowances (net)			
	• Religious Holiday Allowance	240,000,000	816,000,000	1,056,000,000
	• Pension Insurance	720,000,000	2,448,000,000	3,168,000,000
	• Housing Allowance	330,000,000	1,320,000,000	1,650,000,000
	TOTAL	4,170,000,000	14,376,000,000	18,546,000,000
3	Tantiem (Gross)	6,847,570,461	28,467,132,651	35,314,703,112
4	Other Facilities	<i>at cost as PER-04/MBU/2014 jo. PER-01/MBU/06/2017 jo. PER-06/MBU/06/2018</i>		

Notes:

1. The value listed in the Director column is the combined value of 5 Directors, each of whom has the same amount of income as each other.
2. Salary, Pension Insurance, Housing Allowance, and Bonuses are paid proportionally according to tenure.

DETERMINATION INDICATOR FOR DIRECTOR REMUNERATION

In formulating indicators of remuneration for the Board of Directors, The Nomination, Remuneration and GCG Committee was assisted by an Independent Consultant of PT Hay Group (Hay) to conduct a study before the results of the study are submitted to the Board of Commissioners. Results from the review discussion will be submitted to the SOE Minister as Shareholders of Series A Dwiwarna.

The methods used Hay are:

1. Assessing Remuneration of PGN President Director by comparing to the market condition;
2. In determining the market data related to the remuneration, Hay compares PGN remuneration system with that of companies listed in Fortune 500;
3. The parameters used in global market selection is viewed from the net revenue, business sector (energy sector), and country.

DIVERSITY ON BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS COMPOSITION

The composition of the Board of Commissioners and Board of Directors varies in terms of education, work experience, age, and gender. However, the appointment of members of the Board of Directors and Board of Commissioners is required to observe the following rules:

- Regulation of the Minister of SOE Number PER-03/MBU/02/2015 dated February 17, 2015 concerning Requirements, Procedure for Appointment and Dismissal of Members of the Board of Directors of State-Owned Enterprises;
- Regulation of the Minister of SOE Number PER-02/MBU/02/2015 dated February 17, 2015 concerning Requirements, Procedure for Appointment and Dismissal of Members of the Board of Commissioners and Board of Supervisors of State-Owned Enterprises;
- Regulation of the Financial Services Authority Number 33/POJK.04/2014 concerning The Board of Directors and The Board of Commissioners of Issuers or Public Companies, which emphasizes on skill, integrity, leadership, experience, good conduct, legally competent, and high dedication to promote and develop the Company.

AFFILIATE RELATIONS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS, AND MAJOR SHAREHOLDERS, AND/OR CONTROLLING SHAREHOLDER

AFFILIATE RELATIONSHIPS OF THE BOARD OF DIRECTORS Period of January 1st – April 26th, 2018

Name	Position	Family Relationship			Financial Relationship			Shared Ownership at PGN *)
		Other Directors	Board of Commissioners	Major Shareholders	Other Directors	Board of Commissioners	Major Shareholders	
Jobi Triananda Hasjim	President Director	X	X	X	X	X	X	X
Nusantara Suyono	Director of Finance concurrently Director of Strategy and Business	X	X	X	X	X	X	X
Dilo Seno Widagdo	Director of Infrastructure and Technology	X	X	X	X	X	X	X
Desima Equalita Siahaan	Director of Human Capital and General Service	X	X	X	X	X	X	X
Danny Praditya	Director of Commerce	X	X	X	X	X	X	X

AFFILIATE RELATIONSHIPS OF THE BOARD OF DIRECTORS

 Period of, April 26th – September 10th, 2018

Name	Position	Family Relationship			Financial Relationship			Shared Ownership at PGN *)
		Other Directors	Board of Commissioners	Major Shareholders	Other Directors	Board of Commissioners	Major Shareholders	
Jobi Triananda Hasjim	President Director	X	X	X	X	X	X	X
Said Reza Pahlevy	Director of Finance	X	X	X	X	X	√	X
Dilo Seno Widagdo	Director of Infrastructure and Technology	X	X	X	X	X	X	X
Desima Equalita Siahaan	Director of Human Capital and General Service	X	X	X	X	X	X	X
Danny Praditya	Director of Commerce	X	X	X	X	X	X	X

AFFILIATE RELATIONSHIPS OF THE BOARD OF DIRECTORS

 Period of September 10th – December 31st, 2018

Name	Position	Family Relationship			Financial Relationship			Shared Ownership at PGN *)
		Other Directors	Board of Commissioners	Major Shareholders	Other Directors	Board of Commissioners	Major Shareholders	
Gigih Prakoso	President Director	X	X	X	X	X	X	X
Said Reza Pahlevy	Director of Finance	X	X	X	X	X	√	X
Dilo Seno Widagdo	Director of Infrastructure and Technology	X	X	X	X	X	X	X
Desima Equalita Siahaan	Director of Human Capital and General Service	X	X	X	X	X	X	X
Danny Praditya	Director of Commerce	X	X	X	X	X	X	X

*) Shared ownership by the Board of Commissioners and Families

AFFILIATE RELATIONSHIP OF COMMISSIONERSPeriod of January 1st - April 26th, 2018

Name	Position	Family Relationship			Financial Relationship			Shared Ownership at PGN *)
		Other Commissioner	Board of Directors	Major Shareholders	Other Commissioner	Board of Directors	Major Shareholders	
Fajar Harry Sampurno	President Commissioner	X	X	X	X	X	√	√
Hendrika Nora O. Sinaga	Commissioner	X	X	X	X	X	√	X
Mohamad Ikhsan	Commissioner	X	X	X	X	X	√	X
IGN Wiratmaja Puja	Commissioner	X	X	X	X	X	√	X
Paiman Raharjo	Independent Commissioners	X	X	X	X	X	X	X
Kiswodarmawan	Independent Commissioners	X	X	X	X	X	X	X

AFFILIATE RELATIONSHIP OF COMMISSIONERSPeriod of April 26th - December 31st, 2018

Name	Position	Family Relationship With			Financial Relationship With			Shared Ownership at PGN *)
		Other Commissioner	Board of Directors	Major Shareholders	Other Commissioner	Board of Directors	Major Shareholders	
IGN Wiratmaja Puja	President Commissioner	X	X	X	X	X	√	X
Hambra	Commissioner	X	X	X	X	X	√	X
Mohamad Ikhsan	Commissioner	X	X	X	X	X	√	X
Paiman Raharjo	Independent Commissioners	X	X	X	X	X	X	X
Kiswodarmawan	Independent Commissioners	X	X	X	X	X	X	X

*) Shared ownership by the Board of Commissioners and Families

ASSESSMENT ON BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

BOARD OF COMMISSIONERS AND BOARD OF DIRECTOR'S PERFORMANCE ASSESSMENT PROCESS

In 2018, the assessment of GCG implementation in the Company has been conducted by PT Sinergi Daya Prima as the independent assessor using parameters developed by the Ministry of SOE in accordance with the Decree of the Secretary of the Minister of SOE Number SK-16/S.MBU/2012 dated June 6, 2012 concerning The Assessment Indicators/ Parameters and Evaluation of the Implementation of Good Corporate Governance in State- Owned Enterprises. The execution of the GCG implementation assessment in 2017 is part of a sustainable process of GCG implementation at PGN, therefore the assessment results also constitute assessment of the progress of GCG implementation over the years.

BOARD OF COMMISSIONERS AND BOARD OF DIRECTOR'S PERFORMANCE ASSESSMENT CRITERIA AND INDICATOR

The assessment aspects of GCG at PGN, include: (1) Commitment to the Implementation of Sustainable Good Corporate Governance, (2) Shareholders and GMS/Capital Owners, (3) Board of Commissioners/ Board of Supervisors, (4) Board of Directors, (5) Information Disclosure of information and Transparency, and (6) Other Aspects. The number of assessment indicators is 43 indicators, while the number of assessment parameters is 153 (one hundred and fifty three) parameters.

GCG ASSESSMENT RESULTS FOR BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

For 2018, the assessment results on GCG implementation reached a score of 94.68 (ninety four

point six eight) with the qualification of Very Good. The achievement has increased from year to year in line with PGN's commitment to continuously improve the implementation of GCG in the Company and to follow up areas of improvement from previous assessments. Of the total, the scores of Board of Commissioners and Board of Directors are 31,994 and 33,316.

The score achieved on the Board of Commissioners/ Board of Supervisors is 31,994 from a weight of 35,000 or equal to the achievement percentage of 91.41% (ninety one point four one percent), which means that in general the implementation of GCG for the Board of Commissioners/Board of Supervisors has been Very Good. This can be observed from some practices that have been running well, such as:

1. The Board of Commissioners has followed the introduction program and implemented training/ development programs in a sustainable manner.
2. The Board of Commissioners clearly divides the tasks, authorities, and responsibilities and determine the factors needed to support the implementation of its duties.
3. The Board of Commissioners has obtained access to Company Information according to its authority. This strongly supports the role of the Board of Commissioners as a supervisor of the Company.
4. The Board of Commissioners has approved and ratified the RJPP and RKAP plans submitted by the Board of Directors.
5. The Board of Commissioners has directed the Board of Directors on the implementation of the Company's plans and policies, especially those related to changes in the business environment that are expected to have a major impact on the business and performance of the Company.
6. The Board of Commissioners has supervised and monitored the compliance of the Board of Directors in running the Company in accordance with the RKAP and/or RJPP.
7. The Board of Commissioners through the Audit Committee has submitted candidates for the External Auditor to the GMS.
8. The Board of Commissioners exercises supervision over the management of subsidiaries.
9. The Board of Commissioners plays a role in nominating members of the Board of Directors, assessing

the performance of the Board of Directors and proposing *tantiem*/incentives in accordance with applicable regulations and taking into account the performance of the Board of Director.

10. The Board of Commissioners takes action against potential conflicts of interest concerning itself.
11. The Board of Commissioners has monitored and ensured that good corporate governance practices have been implemented effectively and sustainably.
12. The Board of Commissioners conducts effective Board of Commissioners Meetings and attends the Board of Commissioners Meetings in accordance with the provisions of the law.
13. The Board of Commissioners has a Secretary of the Board of Commissioners to support the secretariat duties of the Board of Commissioners.
14. The Board of Commissioners has an effective Board of Commissioners Committee established to support the Board of Commissioners' duties.
15. The duties and responsibilities of the Board of Commissioners to prepare the annual work plan of the Board of Commissioners are listed in the Articles of Association of the Company.
16. The policies and selection criteria for prospective members of the Board of Directors and the nomination of candidates for the Board of Directors to Shareholders are listed in the Articles of Association of the Company.

Meanwhile, the conditions of GCG implementation for the aspect of Board of Commissioners/Board of Supervisors that still need attention as areas of improvement are as follows:

1. Ensuring the submission of requests and reporting on official travel activities abroad.
2. Provisions on the division of duties of each member of the Board of Commissioners which covers all areas of duties of the Board of Directors.
3. Provisions on the submission of the work program of the Board of Commissioners including the Budget to the Board of Directors which are an integral part of the RKA.
4. Completeness of the Board Manual which contains the duties and responsibilities of the Board of Commissioners as stated in the assessment

provisions of the Criteria for BUMN (SK-16/S-MBU/2012) and not yet listed in the Articles of Association.

5. Details of the Work Program as stated in the assessment criteria for BUMN Criteria (SK-16 / S-MBU / 2012).
6. Adjustment of Guidelines of the Appointment, Dismissal and Determination of Income of Members of the Board of Directors and Board of Commissioners of Subsidiaries / Affiliates with the latest Articles of Association.
7. The signing of the statement has no conflict of interest for members of the Board of Commissioners which is renewed at the beginning of each year.
8. Assessment of the performance of each member of the Board of Commissioners including the performance of the Board of Commissioners' Committees in accordance with the established Work Program (self assessment).
9. Reassessment of the signing of the minutes of the joint meeting of the Board of Commissioners and the Board of Directors and the submission of information to the OJK regarding changes in the composition of the Audit Committee.

The score achieved on the Aspects of the Board of Directors is 33,316 from a weight of 35,000 or equal to a percentage of achievement of 95.19%, which means that in general the implementation of GCG for the Aspect Board of Directors has been running Very Well. This can be observed from some practices that have been running well, such as:

1. The Board of Directors has followed the introduction program and implemented training/development programs in a sustainable manner;
2. The Board of Directors creates a clear division of tasks/functions, authorities, and responsibilities;
3. The Board of Directors has established operational policies and standard operational standards (SOPs) for the Company's core business processes;
4. Directors formulate company plans and set performance targets based on the RKAP, and reduced in stages to the lowest position in the organization;
5. The Board of Directors conducts measurement and assessment of performance in the organization objectively and transparently by using a systematic performance app.

6. The Board of Directors has reported the performance management system activities to the Board of Commissioners.
 7. The Board of Directors has implemented and always develops management systems for information technology-based companies in accordance with established policies.
 8. The Board of Directors has implemented and constantly developed the Company's management system, such as risk, quality, safety and health, environment, security, information security and other management systems to support the Company's operations.
 9. The Board of Directors has implemented operational and financial controls on the implementation of company plans and policies.
 10. The Board of Directors carries out the management of the company in accordance with the applicable laws and regulations and the Articles of Association of the Company.
 11. The Board of Directors has have carried out value-added relationships for Companies and stakeholders.
 12. The Board of Directors ensures that the Company carries out information and communication disclosures in accordance with applicable laws and regulations and delivers information to the Board of Commissioners and Shareholders on time.
 13. The Board of Directors holds Board of Directors Meetings and attend Board of Commissioners Meetings in accordance with statutory provisions.
 14. The Board of Directors organizes quality and effective internal supervision.
 15. The Board of Directors carries out the function of a qualified and effective Corporate Secretary.
 16. The Board of Directors holds a GMS in accordance with the laws and regulations.
 17. The Board of Directors has carried out an increase in the aspect of the implementation of OHS by ensuring that each of the activities carried out is in accordance with OHS systems and procedures as well as improving supervision of OHS implementation, especially in projects undertaken.
 18. The Board of Directors has ensured the effectiveness of the implementation of the PKBL, especially in terms of the collectivity of the return of loan funds in accordance with a predetermined work plan.
- Meanwhile, the conditions of GCG implementation for the Aspect of Board of Directors that require attention as areas of improvement are:
1. Adjustment of the Board Manual containing the Board of Directors' duties and responsibilities that still need to be adjusted to the Latest Articles of Association.
 2. Adjustment of the complete material of introduction of New Directors program.
 3. Verification of permits and requests for official travel abroad in accordance with the provisions.
 4. Adjustment of Guidelines of the Appointment, Dismissal and Determination of Income of Members of the Board of Directors and Board of Commissioners of Subsidiaries / Affiliates with the Latest Articles of Association.
 5. Ensure the submission of candidates for the Board of Directors and Board of Commissioners of the Subsidiary to the Board of Commissioners to obtain approval in accordance with the Articles of Association
 6. Ensure the submission of follow-up monitoring reports on the results of internal audit and external audit
 7. Ensure the submission of information to the OJK regarding changes in the composition of the Audit Committee in accordance with the provisions.
 8. Ensuring the signing of the statement has no conflict of interest for members of the Board of Directors which is renewed at the beginning of each year, not only since the appointment.
 9. Ensuring the signing of a quarterly management report by all members of the Board of Directors in accordance with the provisions
 10. Ensuring the preparation of plans for the Board of Directors meeting to be held in the current year
 11. Ensuring the dynamics of the Board of Directors meeting in the minutes of the Board of Directors meeting
 12. Ensure the signing of minutes of joint meetings of the Board of Commissioners and Directors.
 13. Update on Internal Audit charter
 14. Ensuring Internal Audit personnel in accordance with the needs of carrying out their duties
 15. Ensuring the submission of the Internal Audit KAT design to the Board of Commissioners c.q Audit Committee.

COMMITTEES

In accordance with Regulation of the Minister of SOE Number PER-12/MBU/2012 concerning The Supporting Organs of the Board of Commissioners/Board of Supervisors of State-Owned Enterprises, and in the framework of implementing the provisions of Article 2 of the Regulation of the Financial Services Authority Number 34/POJK.04/2014 concerning the Nominations and Remunerations Committee of Public Companies, in 2016 the Board of Commissioners of the Company is assisted by 3 Committees, namely:

1. Audit Committee;
2. Risk Management Monitoring and Business Development Committee;
3. Nominations and Remunerations Committee.

AUDIT COMMITTEE

The formation of the Audit Committee refers to the provisions of Article 70 of Law Number 19 Year 2003 concerning State-Owned Enterprises that require Commissioners to form an Audit Committee. Further rules regarding the Audit Committee in the Regulation of the Minister of SOE Number Per-12/MBU/2012 concerning Supporting Boards of the Board of Commissioners/ Supervisory Board of State-Owned Enterprises, Regulation of the Minister of SOE Number PER-01/MBU/2011 concerning Implementation of Good Corporate Governance in State-Owned Enterprises as last amended to Regulation of the Minister of

SOE Number PER-09/MBU/2012 dated July 6, 2012 concerning Amendment to Regulation of Minister of SOE Number PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in State-Owned Enterprises, as well as the Regulation of the Financial Services Authority Regulation Number 55/POJK.04 /2015 concerning the Establishment and Work Guidelines of the Audit Committee.

Composition of Audit Committee

The members of the Audit Committee throughout 2018 are as follows:

Period of January – April 2018

Chairman	: Paiman Raharjo – Independent Commissioner
Member	: Hendrika Nora Oslo Sinaga – Commissioner
Member	: Yovita Lasti Handini
Member	: Kurnia Sari Dewi
Member	: Luki Karunia

Period of May – October 2018

Chairman	: Paiman Raharjo – Independent Commissioner
Member	: Hambra – Commissioner
Member	: Kurnia Sari Dewi
Member	: Luki Karunia

Period of November – December 2018

Chairman	: Paiman Raharjo – Independent Commissioner
Member	: Hambra – Commissioner
Member	: Kurnia Sari Dewi
Member	: Luki Karunia
Member	: Nael Brahmana

Audit Committee Training Program

Throughout 2018, members of the Audit Committee attended a training program:

Date	Location	Training
March 14 2018	Singapore	Audit Committee Essentials
September 24-27 2018	Bogor	PSAK Update 2019 – 2020
November 6-8 2018	Jakarta	Certification in Audit Committee Practices

Profiles of The Committee Members

Paiman Raharjo

Chairman of the Audit Committee

Indonesian citizen, born in Klaten, Central Java on June 15, 1967. Graduated from Bachelor of Public Administration in 1994, Master of Finance Management in 1997 and Public Administration in 2003 and completed Doctoral Education in Public Administration in 2012 at Padjadjaran University, Bandung. He was the President Commissioner of PT Prima Sejati in 2008-2012, and became Commissioner of DKI BUMD PT Food Station in 2012-2015. His daily work is as the Director of Post- Graduate Program at Universitas Prof. DR. Moestopo (Beragama). The legal basis for the assignment as Chair of the Audit Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-01/D-KOM/2018 dated May 31st 2018 concerning Division of Assignments of the Board of Commissioners.

Hendrika Nora Oslo Sinaga

Member of the Audit Committees

Indonesian citizen, born in Medan, on June 7, 1970. He holds a Bachelor's degree in Chemical Engineering at the Bandung Institute of Technology, and a Masters in Management at the University of Indonesia. Currently serving as Assistant Deputy of Construction and Transportation Infrastructure and Facilities III at the Ministry of BUMN. Assignment as a member of the Audit Committee from October 3rd, 2017 until a position as a member of Board of Commissioners ends on April 26th, 2018

Hambra

Member of the Audit Committees

Indonesian citizen, born in Ketapang (Maluku), on October 10th, 1968. He holds a Bachelor's degree in Law at Pattimura University Ambon, as well as a Masters in Business Law at Gadjah Mada University. Currently serving as Deputy of Business Infrastructure in the Ministry of SOE. The legal basis for the assignment as Chair of the Audit Committee

is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-01/D-KOM/2018 dated 31 May 2018 concerning Division of Assignments of the Board of Commissioners.

Kurnia Sari Dewi

Member of the Audit Committees

Indonesian citizen, born in Jakarta, on January 2, 1973. Educational background of S1 Accounting Faculty of Economics at Brawijaya University, as well as Master of Business Administration, University of Birmingham, UK, and M.Sc Public Administration, University of Prof. DR. Moestopo (Beragama). He once worked as an auditor at KAP Hans Tuanakotta Mustofa (Deloitte Touche Tohmatsu) and KAP Tanubrata Sutanto Fahmi & Rekan (BDO Indonesia), as Department Head of Internal Control & Evaluation Procedure at PT MetLife Sejahtera, and member Commissioner of PT Amarta Technical Repair until 2009. Currently serving as a lecturer at the Faculty of Economics, University of Prof. DR. Moestopo (Beragama). The legal basis for the appointment of members of the Audit Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-08 / D-KOM / 2017 dated October 3rd 2017.

Luki Karunia

Member of the Audit Committee

Indonesian citizen, born in Demak, on June 1st, 1971. Obtained a Professional Accounting (Ak) degree from the University of Indonesia, as well as a Master of Art in Finance, University of Hiroshima, Japan, and a Doctorate from the Bogor Agricultural Institute in Planning Development. He once worked as an auditor at KAP Soeharto & Rekan. Currently serving as a University Postgraduate lecturer at Prof. DR. Moestopo (Religious) and Post-Graduate Institute of PERBANAS, as well as teaching in the Bachelor Program in Universitas Bakrie, Indonesia Banking School and IPMI. The legal basis for the appointment as a member of the Audit Committee

is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-11/D-KOM/2016 dated September 20th, 2017 and extended through the Decision of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-07/D-KOM/2017 dated October 3rd, 2017.

Nael Brahmana

Member of the Audit Committee

Indonesian citizen, born in Deli Serdang, on October 4th, 1969. He holds a Bachelor's degree in Accounting from the Faculty of Economics, Padjadjaran University, and a Masters in Management in the Strategic Management PPM Jakarta. He worked as an auditor at KAP KPMG Hanadi Sudjendro & Associate and Financial Consultant at PT Ernst & Young Consulting, as Director of Finance and General Affairs at PT Pertagas Niaga, and as Expert Staff to President Director of PT Pertamina (Persero). The legal basis for the appointment of members of the Audit Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-04/D-KOM/2018 dated November 1st, 2018.

Yovita Lasti Handini

Member of the Audit Committee

Indonesian citizens. Educational history of Bachelor Degree in Construction Management, Colorado State University, and Masters Degree in Construction Management, University of Washington. He worked as a Consultant at CDR Consultants, Seattle, USA, for the City of Shoreline and Intel Corp, and as Project Engineer at Sherman Homes, Bellevue, USA. Currently serving as a Supervisor at the Bhakti Pembangunan Indonesia Foundation. Assignment as a member of the Audit Committee from April 28th 2017 to May 2018.

Independence of the Audit Committee Independency

The Audit Committee is chaired by an Independent Commissioner, with members consisting of 1 (one) member who is a member of the Board of Commissioners, and members from outside the Company. This has fulfilled the provisions in the Regulation of Financial Services Authority Number 55/POJK.04/2015 concerning the Establishment and Work Guidelines of the Audit Committee. The Audit Committee acts independently in carrying out its duties and responsibilities.

Duties and Responsibilities of the Audit Committee

The Duties and Responsibilities of Audit Committee as stated in the Charter of the Audit Committee of PT Perusahaan Gas Negara (Persero) Tbk are stipulated in the Decree of President Commissioner of PT Perusahaan Gas Negara Tbk Number 002/11/KOM-1/2004 dated March 30th, 2004, which was amended by Resolution of the Board of Commissioners Number Kep-003/D-KOM/2009 dated December 15th, 2009, which was last amended by Resolution of the Board of Commissioners. Number Kep-010/D-KOM/2013 dated November 14th, 2013 are to provide opinions to the Board of Commissioners on reports or matters submitted by the Board of Directors to the Board of Commissioners, identify matters that require the attention of the Board of Commissioners, and perform other duties which relate to the duties of the Board of Commissioners, such as:

- Reviewing financial information that will be issued by the Company such as financial statements and projections, as well as Long Term Plans, Work Plans and Corporate Budgets, management reports, and other information.
- Reviewing the Company's compliance with laws and regulations in the Capital Market and other laws and regulations relating to the activities of the Company.

- Providing an independent opinion in the event of any disagreement between the management and the Accountant for the services rendered.
- Reviewing the Company's internal control system by the Internal Audit Group, including ensuring the effectiveness of the internal control system and the effectiveness of the execution of tasks and assessing the implementation of activities and results of audits.
- Reviewing, selecting, and nominating Public Accountants, including their independence, and recommending the appointment of Public Accountants to the Board of Commissioners.
- Reviewing the execution of audits by external auditors, including ensuring the effectiveness of the internal control system and the effectiveness of implementation and assessing the implementation of the activities and audit results carried out in accordance with the applicable standards.
- Reporting to the Board of Commissioners the risks faced by the Company and the implementation of risk management by the Board of Directors.
- Reviewing and reporting to the Board of Commissioners the complaints related to the Company;
- Maintaining the confidentiality of company documents, data, and information.
- Providing recommendations on the improvement of the management control system and its implementation to the Board of Commissioners.
- Ensuring the presence of a satisfactory review procedure for any information issued by the company.
- Reviewing and advising the Board of Commissioners on the potential conflicts of interest of the Company.

Audit Committee's Authority

- A full, free, and unrestricted access to company records, employees, funds, assets, and other resources related to their duties.
- Communicating directly with employees, including the Board of Directors and those conducting internal audit, risk management, and accountants functions related to the tasks and responsibilities of the audit committee.
- Involving independent parties outside the audit committee necessary to assist in the execution of its duties (if necessary).
- Conducting other authorities granted by the Board of Commissioners.
- Must work with the Internal Audit Group (IAD), such as:
 - Coordinating in the preparation of annual audit work plans and audit implementation.
 - Holding meetings with the Internal Audit Group if deemed necessary to address issues considered significant, and still within the framework of the duties and functions of the Commissioners in accordance with applicable laws and regulations.
 - If necessary, with the approval of the Board of Commissioners and accompanied by the Internal Audit Group, it is possible to conduct a review and discussion in a Task Force or Work Unit as needed to undertake an elaboration of the particular findings deemed necessary
 - Be able to obtain evidence that provides reasonable assurance about the nature, scope, magnitude, and impact of weaknesses or significant changes to internal controls and their effects on financial statements.
 - Upon approval by the Board of Commissioners, may request other external opinions to assist in providing technical guidance and others at the expense of the Company.

Implementation of Audit Committee Activities

Throughout 2018, the Audit Committee has conducted activities in the context of the implementation of committee duties, including:

- Conducting a Limited Review of Consolidated Financial Statements of PT Perusahaan Gas Negara Tbk as of March 30, 2018, June 30, 2018, and September 30, 2018 (Financial Statements from Management).
- Coordinate with KAP PWC on the Discussion of Progress Review of Financial Statements of Semester I 2018.
- Coordination with PWC Public Accountant Office regarding Financial Report Implementation Program 2018 (Audited).
- Coordinate with the Internal Audit Group (IAD).
- Performing Work Visits to PGN Medan, and Sorong Areas.
- Arrange Audit Committee Annual Report of 2017 Accounting Year.

- Conduct Coordination Meetings between the Board of Commissioners and the Committee.
- Coordinate with KAP PWC on Review of Annual Financial Statements Year 2017.
- Discussing of Report of Audit Result of Annual Financial Statements Year 2017.
- Discussing the Achievement Report of RKAP Year 2018.
- Conduct Training of the Statement of Financial Accounting Standards (SFAS).
- Analyzing the Draft of RKAP 2019.
- Discussing with the Management on certain matters.
- Making periodic reports on the implementation of the Audit Committee's duties.
- Carrying out other duties and following up the disposition given by the Board of Commissioners.

The results of the Audit Committee's analysis, reviews, suggestions, and recommendations related to the implementation of its duties, authorities, and responsibilities have been communicated and submitted to the Board of Commissioners for attention.

Audit Committee Meeting Frequency

Referring to the Audit Committee Charter, it is stated that the Audit Committee must carry out meetings at least once in 1 (one) month. During the period of 2018, the Audit Committee held 31 (Thirty-One) meetings, with the following attendance rates:

Name	Percent Frequency	Description
Paiman Raharjo	100%	-
Hendrika Nora Oslo Sinaga	100%	Starting from January - April 2018
Yovita Lasti Handini	100%	Starting from January - May 2018
Hambra	60%	Starting from April 2018
Luki Karunia	100%	-
Kurnia Sari Dewi	100%	-
Nael Brahmana	80%	Starting from November 2018

*) The proportion corresponds to the number of meetings held in their respective terms of office.

NOMINATIONS AND REMUNERATIONS COMMITTEE

Nominations and Remunerations Committee Membership Composition

The Membership Composition of the Nomination and Remuneration Committee is as follows:

Period of January 1 – May 31, 2018

Chairman : Fajar Harry Sampurno – President Commissioner

Secretary : Thohir Nur Ilhami – Secretary of the Board of Commissioners

Member : Hendrika Nora Osloi Sinaga

Member : IGN Wiratmaja Puja

Member : Mohamad Ikhsan

Member : Paiman Raharjo

Member : Kiswodarmawan

Period of May 31 – December 31, 2018

Chairman : Kiswodarmawan – Commissioner

Secretary : Thohir Nur Ilhami – Secretary of the Board of Commissioners

Member : Hambra

Member : Mohamad Ikhsan

Member : Paiman Raharjo

Training Program for Members of the Nomination and Remuneration Committee

Throughout 2018, the Nominations and Remunerations Committee members did not attend training programs, workshops, conferences, and seminars.

Profiles of Members of Nomination and Remuneration

Fajar Harry Sampurno

Chairman of the Nomination and Remuneration Committee

Indonesian citizen, Born in Blitar April 18, 1966. Obtained his Bachelor degree from Universitas Brawijaya, Master of Technology Management from Monash University and Doctor of Strategic Industry from University of Iowa. Currently he is the Deputy of Mining, Strategic Industry and Media in the Ministry of

SOE. Assignment as Chairman of the Nomination and Remuneration Committee from October 3, 2017 to March 31, 2018.

Kiswodarmawan

Chairman of the Nomination and Remuneration Committee

Indonesian citizen, born in Surabaya, December 28, 1957. Obtained his Bachelor degree in Civil Engineering from Sepuluh Nopember Institute of Technology Surabaya. He once worked as Managing Director of Adhi Karya (Persero) Tbk. The legal basis for the assignment as Chairman of the Nomination and Remuneration Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-01/D-KOM/2018 dated 31 May 2018 concerning Division of Tasks of the Board of Commissioners.

Mohamad Ikhsan

Member of the Nomination and Remuneration Committee

Indonesian citizen, born in Sigli, November 7, 1964. Obtained his Bachelor of Economics from University of Indonesia, Master of Economics from Vanderbilt University and Ph.D. Economics from Illinois University. His latest work experience as an Advisor to the Vice President of the Republic of Indonesia up to now. Assignment as a member of the Nomination and Remuneration Committee from 5 November 2015 and reaffirmed through the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-01/D-KOM/2018 dated May 31st, 2018 concerning Division of Tasks of the Board of Commissioners.

Paiman Raharjo

Member of the Nomination and Remuneration Committee

Indonesian citizen, born in Klaten, Central Java on June 15, 1967. Obtained Bachelor degree in Public Administration in 1994, Master degree of Finance

Management in 1997 and Public Administration in 2003, and completed his Doctorate of Public Administration in 2012 at Padjajaran University Bandung. He was the President Commissioner of PT Prima Sejati in 2008-2012, and became Commissioner of DKI BUMD PT Food Station in 2012-2015. Currently serving as Director of the Postgraduate Program at Prof. University. DR. Moestopo (Beragama). Assignment as member of the Nomination and Remuneration Committee from 5 November 2015 and reaffirmed through a Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-01/D-KOM/2018 dated 31 May, 2018 concerning Division of Tasks of the Board of Commissioners.

IGN Wiratmaja Puja

Member of the Nomination and Remuneration Committee

Indonesian citizen, born in Bali December 21, 1963. Obtained his degree in Mechanical Engineering from Bandung Institute of Technology (ITB), Master and Ph.D. Mechanical Engineering from the University of Kentucky, USA. He currently serves as Director General of Oil and Gas at the Ministry of Energy and Mineral Resources. Assignment as a member of the Nomination and Remuneration Committee from 5 November 2015 to 31 May 2018.

Hendrika Nora O Sinaga

Member of the Nomination and Remuneration Committee

Member of the Nomination and Remuneration Committee Indonesian citizen, born in Medan, on June 7, 1970. He holds a Bachelor's degree in Chemical Engineering at the Bandung Institute of Technology, and a Masters in Management at the University of Indonesia. Currently serving as Assistant Deputy of Construction and Transportation Infrastructure and Facilities III at the Ministry of BUMN. Assignment as a member of the Nomination and Remuneration Committee from October 3, 2017 until a position as a member of Board of Commissioners ends on April 26, 2018

Hambra

Member of the Nomination and Remuneration Committee

Indonesian citizen, born in Ketapang (Maluku), on October 10, 1968. He holds a Bachelor's degree in Law at Pattimura University Ambon, and a Masters in Business Law at Gadjah Mada University. He currently serves as Deputy for Business Infrastructure at the Ministry of SOE. The legal basis for the assignment as a member of the Nomination and Remuneration Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-01/D-KOM/2018 dated 31 May 2018 concerning Division of Tasks of the Board of Commissioners.

Nomination and Remuneration Committee Independency

The Nominations, Remunerations, and GCG Committee performs its duties and responsibilities professionally and independently from any party not in accordance with the Laws and Regulations and in accordance with OJK Regulation Number 34/POJK.04/2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies.

Nomination and Remuneration Committee Tasks and Responsibilities

- Preparing materials needed for the preparation of remuneration policy for the Board of Directors and Board of Commissioners of the Company.
- Proposed remuneration for Board of Directors and Board of Commissioners of the Company, which includes: salary, facility, allowance and tantiem.
- Ensuring that the application of compensations and remunerations for the Board of Directors and Board of Commissioners of the Company has been in accordance with the applicable regulations;
- Conducting selections of candidates for the Board of Directors of the Company;
- Evaluating committees under the Board of Commissioners.

Nomination and Remuneration Committee Authorities

- Accessing Company records or information with the approval of the Board of Commissioners relating to the execution of its duties.
- In exercising its authority, it may cooperate with the relevant work units, and may utilize competent and independent experts at the expense of the company.
- Accessing company documents, data, and information about employees, funds, assets, and company resources required in connection with the execution of its duties;
- In exercising its authorities, it may cooperate and communicate directly with its counterparts, namely: supporting organs of the Board of Commissioners (Risk Management Monitoring and Business Development Committee, Audit Committee, Secretary of the Board of Commissioners, and related teams at the relevant management level or working unit;
- Where necessary, it may employ experts and/or consultants/assessors/independent parties outside the Nomination and Remuneration Committee members and may form an ad-hoc team, with the criteria and period of assignment adjusted to the needs and types of work.

Implementation of Duties of the Nomination and Remuneration Committee

Along 2018, Nomination and Remuneration Committee has been carrying out the following tasks:

- Proposed an Independent Consultant to conduct remuneration review for members of the Board of Directors and Board of Commissioners;
- Discussed the assessment results of the Independent Consultant from PT Hay Group regarding the remunerations for members of the Board of Directors and Board of Commissioners;
- Submitted the proposed remunerations for members of the Board of Directors and Board of Commissioners to the Board of Commissioners, which was subsequently used as the basis for the submission of the proposal to the Minister of SOEs as the Seri A Dwiwarna Shareholder and the General Meeting of Shareholders.

Nominations and Remunerations Meetings Frequency

Throughout 2017, the Nominations and Remunerations Committee had 1 (one) meeting with the following attendances:

FREQUENCY OF NOMINATIONS AND REMUNERATIONS COMMITTEE MEETINGS

Name	Percent Attendance *)
Fajar Harry Sampurno	100%
Hambra	-
Hendrika Nora O. Sinaga	100%
Mohamad Ikhsan	100%
Paiman Raharjo	100%
IGN Wiratmaja Puja	100%
Kiswodarmawan	100%

*) The proportion corresponds to the number of meetings held in their respective terms of office.

The work of the Nomination and Remuneration Committee refers to the Regulation of Financial Services Authority Number 34/POJK.04/2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies, the Guideline of Financial Services Authority Number 21/POJK.04/2015 concerning the Implementation of Guidelines for Public Company Governance, and the Circular Letter of Financial Services Authority Number 32/SEOJK.04/2015 concerning Guidelines for Public Company Governance.

THE BOARD OF DIRECTOR SUCCESSION POLICY

In accordance with the Company's Articles of Association, members of the Board of Directors of the Company are appointed and dismissed by the General Meeting of Shareholders (AGMS), in which the GMS must be attended and the decision is approved by the Dwiwarna A Series shareholder. The appointment of members of the Board of Directors of the Company through the GMS shall be drawn from the candidates submitted by the Seri A Dwiwarna shareholder.

According to the Regulation of The Minister of SOE Number PER-03/MBU/02/2015 on the Requirements, Procedur of Appointment and Dismissal of Members of

the Board of Directors of State-Owned Enterprises, candidates for members of the Board of Directors shall come from:

1. SOE Board of Directors;
2. Board of Commissioners/Board of Supervisors of SOEs;
3. SOE talent proposed through the Board of Commissioners, consisting of:
 - a. Officials of one level below the Board of Directors or officials having special achievements;
 - b. Board of Directors of an SOE/SOE joint venture;
4. Talents of the Ministry of SOEs;
5. Other sources consisting of:
 - a. Other SOE Officials; and
 - b. Other sources.

Prospective candidates that will be designated as candidates for members of the Board of Directors shall meet the formal requirements and other requirements set forth in the Regulation of The Minister of SOE Number PER-03/MBU/02/2015 on the Requirements, Procedur of Appointment and Dismissal of Members of the Board of Directors of State-Owned Enterprises, and have passed the Fit and Proper Test conducted by a professional institution. The candidates to be submitted in the GMS are evaluated by a Team established by the Minister of SOEs by involving the President Commissioner or the Chairman of the Nomination Committee of the Board of Commissioners.

The GMS may dismiss members of the Board of Directors who no longer qualify as a member of the Board of Directors, such as if the person concerned undertakes actions that are detrimental to the Company or any other reasons deemed appropriate by the GMS. The dismissal decision shall be taken after the person has the opportunity to defend himself, unless the person concerned does not object to the termination.

A member of the Board of Directors shall be entitled to resign from his position by a written notification to the Company, the Board of Commissioners, and other members of the Board of Directors, which shall

be followed up by a GMS within 60 (sixty) days after reception of the letter of resignation. The resigning member of the Board of Directors shall remain held accountable from the date of appointment until the approval of such resignation.

RISK MANAGEMENT AND BUSINESS DEVELOPMENT MONITORING COMMITTEE

The Risk Management and Business Development Monitoring Committee was formed based on the Regulation of The Minister of SOE Number: PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in State-Owned Enterprises, as last amended in the Regulation of The Minister of SOE Number PER- 09/MBU/2012 July 6, 2012 concerning Amendments to the Regulation of the Minister of SOE Number: PER-01/MBU/2011 concerning Implementation of Good Corporate Governance in State-Owned Enterprises, as well as the Regulation of The Minister of SOE Number PER 12/MBU/2012 concerning Supporting Organs of the Board of Commissioners / Supervisory Board of State Owned Enterprises.

The establishment of the Risk Management and Business Development Monitoring Committee is intended to assist the Board of Commissioners in conducting regular monitoring and recommendations on policies and implementation of risk management and business plans and development.

Composition of Members of the Risk Management and Business Development Monitoring Committee

The members of the Risk Management Monitoring and Business Development Monitoring Committee are as follows:

Period of January 1 – December 31, 2018

Chairman	: Mohamad Ikhsan – Commissioner
Member	: Kiswodarmawan – Independent Commissioner
Member	: Widhyawan Prawiraatmadja
Member	: Irwan Tascha
Member	: Strasfiatri Auliana

Training Program For Risk Management and Business Development Monitoring Committee

Throughout 2018, members of the Risk Management and Business Development Monitoring Committee have attended seminars, including:

Name	Date	Location	Description
Mohamad Ikhsan	September 15-22, 2018	USA	Training Enterprise Risk Management
Irwan Tascha	September 15-22, 2018	USA	Training Enterprise Risk Management
Strasfiatri Auliana	September 15-22, 2018	USA	Training Enterprise Risk Management
Kiswodarmawan	October 22-23, 2018	Turkey	Financial & Regulatory Risk Autumn School
Widhyawan Prawiraatmadja	October 22-23, 2018	Turkey	Financial & Regulatory Risk Autumn School

Members of Risk Management and Business Development Monitoring Committee Profiles

Mohamad Ikhsan

Chairman of the Risk Management Monitoring and Business Development Monitoring

Chairman of the Risk Management and Business Development Monitoring Indonesian citizen, born in Sigli on November 7th, 1964. He has a bachelor's degree in Economics from the University of Indonesia, a Master of Economics from Vanderbilt University, and a Ph.D. in Economics from Illinois University. His latest working experience is as an Advisor to the Vice President of the Republic of Indonesia until present. Assignment as Chairman of the Risk Management and Business Development Monitoring Committee through the Decree of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-01/D-KOM/2018 dated May 31st 2018 concerning Division of Tasks of the Board of Commissioners.

Kiswodarmawan

Member of the Risk Management and Business Development Monitoring Committee

Indonesian citizen, born in Surabaya on December 28, 1957. He is a Bachelor of Civil Engineering from Sepuluh Nopember Institute of Technology Surabaya. He once worked as Managing Director of Adhi Karya

(Persero) Tbk. Assignment as a member of the Risk Management and Business Development Monitoring Committee since November 1, 2016, and reaffirmed through the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-01 / D-KOM / 2018 dated 31 May 2018 concerning Division of Assignments of the Board of Commissioners.

Irwan Tascha

Member of the Risk Management and Business Development Monitoring Committee

Business Development Monitoring Committee Indonesian citizen, born in Bukittinggi, on July 14, 1957. Education history Bachelor of Corporate Economics from Andalas University Padang in 1983. He worked as Head of the Risk Management Division in the Company in 2011, and in 2002 - 2010 worked as Director of Finance and Administration, and the Managing Director at PT Transportasi Gas Indonesia. The legal basis for the appointment as a member of the Risk Management and Business Development Monitoring Committee is the Decree of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-08 / D-KOM / 2016 dated 1 August 2016 and extended through the Decree of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-05 / D-KOM / 2017 dated July 18, 2017.

Strasfiatri Auliana

Member of the Risk Management and Business Development Monitoring Committee

Indonesian citizen, born in Sydney, Australia, on November 28, 1961. Graduated from Electrical Engineering from the Bandung Institute of Technology in 1986. He worked as a Group Head Corporate Secretary of PT Indosat Tbk from 2006 to 2014 and PT Indosat Tbk's Head Risk Management Group from 2009-2012, as well as Director of Corporate Services and Regional Employee Cooperatives of Indosat from 2014 to 2018. The legal basis for the appointment of members of the Risk Management and Business Development Monitoring Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-08 / D-KOM / 2016 dated August 1, 2016 and extended through the Decision of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-05 / D-KOM / 2017 dated July 18, 2017.

Widhyawan Prawiraatmadja

Member of the Risk Management and Business Development Monitoring Committee

Indonesian citizen, born in Bandung on August 4, 1960. Member of Risk Management and Business Development Monitoring Committee since May 1st, 2017. Graduated with a Bachelor degree in Industrial Engineering from the Bandung Institute of Technology in 1987, he earned his MA in Economics from the University of Hawaii in 1992 his Ph.D. in Economics from the University of Hawaii in 2002. He has worked as Deputy of SKK Migas Commercial Control in 2013 - 2014, as Special Staff of the Minister of EMR in 2014-2016, and Commissioner of PT Pertamina (Persero) in 2015 - 2016. The legal basis for appointment as a member of the Risk Management and Business Development Monitoring Committee Commissioner is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-03/D-KOM/2017 dated May 1, 2017 and extended through the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-02/D-KOM/2018 dated May 18, 2018.

Independency of Risk Management and Business Development Monitoring Committee

The Risk Management Monitoring and Business Development Monitoring Committee is chaired by a Commissioner with a membership consisting of 1 (one) Independent Commissioner and members who fulfill professionalism requirements and come from outside the Company. The Risk Management Monitoring and Business Development Committee performs its duties and responsibilities professionally and independently.

Task and Responsibilities of Risk and Business Development Monitoring Committee

The Duties and Responsibilities of the Risk Management and Business Development Monitoring Committee as set forth in the Charter of the Risk Management Monitoring and Business Development Committee of PT Perusahaan Gas Negara Tbk stipulated by the Board of Commissioners on August 15, 2012, which was last amended by Decree of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk No: Kep-02/D-KOM/2015 dated March 9, 2015 is to provide opinion to the Board of Commissioners on reports or matters submitted by the Board of Directors to the Board of Commissioners, identify matters of concern Board of Commissioners, and perform other duties related to the duties of the Board of Commissioners, including:

1. Risk Management
 - Understanding the Company's Risk Management, including the Risk Management System, Strategic Risk Potential, and Risk Management Policy of the Company;
 - Monitoring the effectiveness and evaluation of the Risk Management system used and provide further improvement recommendations;
 - Monitoring potential risks faced by the Company and their mitigation implementation;
 - Monitoring the conformity of policies and implementation of the Company Risk Management;
 - Reviewing the sufficiency of the Company's insurance coverage;

- Encouraging the growth of a strong risk-conscious culture within the Company through the Risk Management Division;
 - Preparing an Annual Work and Budget Plan.
2. Business Development
- Assisting the Board of Commissioners in evaluating the Company's business development/expansion plans;
 - Assisting the Board of Commissioners in monitoring the realization of the Company's business plan.
3. GCG
- Assist the Board of Commissioners in evaluating the implementation of GCG in the Company.

Authority of Risk Management and Business Development Monitoring Committee

- Accessing Company data, records or information with the approval of the Board of Commissioners relating to the performance of its duties;
- In the exercise of its authority, it may cooperate with relevant units/task forces and shall maintain the confidentiality of Company documents, data and information from both internal and external parties and shall only be used for the purpose of performing its duties.

Tasks and Activities Implementation of Risk Management and Business Development Monitoring Committee

During Year 2018, the Risk Management and Business Development Monitoring Committee has conducted activities in the context of the implementation of the Committee's duties as follows:

- Discussing the Annual Risk Profile of Quarter 4 Year 2017 and Quarters I, II, and III Year 2018;
- Reviewing the 2018 Financial Risk Profile and Insurance Coverage Program;
- Reviewing Commercial Risk Profiles and Post Holding Plans;
- Reviewing Commercial Risk Profiles and Post

- Holding Plans;
- Reviewing the Dumai Project Development Profile Profile;
- Attend Risk Management Information Dissemination Internal 2018;
- Discussing the Plan for the New Grand Design ERM 2019-2020;
- Discussion of 2017 Unaudited Business and Financial Performance Reports;
- Conducting Business Discussion in the First Quarter of 2018;
- Conduct Review of RJPP 2018 & Rolling Plan RKAP 2018 - 2022, including Plans Related to Holding Oil and gas;
- Conduct Review of RJPP Year 2019-2028 and Rolling Plan Year 2019-2023;
- Reviewing Performance and Business Plans of Major Subsidiaries (PGAS Solution, PGN LNG Indonesia, Permata Graha Nusantara, Kalimantan Jawa Gas, Indonesian Gas Transportation and PGAS Telekomunikasi Nusantara);
- Discuss the Implementation of TW 2 and TW 3 GCG in 2018;
- Reviewing the Company's Board Manual Revision;
- Reviewing the Proposal of the SLA-1139 and SLA-1201 Voluntary Prepayments;
- Conducting a Review of Proposals Regarding PT Pertamina Gas;
- Conducting a working visit to the Batam Area PGN and PT PGAS Telekomunikasi Nusantara Singapore;
- Conducting a working visit to Dumai and Pekanbaru Area PGN;
- Conducting a working visit to the Palembang PGN Area;
- Conducting a Working Visit to the Cirebon PGN Area;
- Prepare Quarterly, Quarter 2, Quarter 3 and End of Year Reports of the Committee Year 2018;
- Compile the Committee Work Program in 2019;
- Conduct Routine Evaluation of the Work Progress of the Risk Management and Business Development Monitoring Committee.

Risk Management and Business Development Monitoring Committee Meeting Frequency

Throughout 2018, the Risk Management and Business Development Monitoring Committee held 27 (twenty-seven) meetings and 4 (four) work visits to the Company's operational area with the following attendance rates:

Name	Attendance Frequency	% Attendance
Mohamad Ikhsan	26 times	96%
Kiswodarmawan	27 times	100%
Irwan Tascha	27 times	100%
Strasfiatri Auliana	27 times	100%
Widhyawan Prawiraatmadja	27 times	100%

*) The proportion corresponds to the number of meetings held in their respective terms of office.

SECRETARY OF THE BOARD OF COMMISSIONERS

APPOINTMENT OF AND SERVICE PERIOD

Secretary of the Board of Commissioners of PGN is appointed based on the Decree of the Board of Commissioners of PT National Gas Company (Persero) Tbk Number Kep-05/D-KOM/2018 dated December 28, 2018 regarding Extended Service Period of Mr. Thohir Nur Ilhami as Secretary to the Board of Commissioners of PT Perusahaan Gas Negara Tbk. In accordance with the Decree of the Board of Commissioners, the service period of Mr. Thohir Nur Ilhami sebagai Ilhami as Secretary to the Board of Commissioners of the Company is extended for 2 (two) years of service period, starting from January 1, 2019 to December 31, 2020, without reducing the right of the Board of Commissioners to dismiss him at any time.

Based on the Regulation of the Minister of State-Owned Enterprises Number PER-12/MBU/2012 on the supporting organ of the Board of Commissioners/ Supervisory Board of State-Owned Enterprises,

the Secretary of the Board of Commissioners must understand the management system, supervision and guidance of SOEs, have good integrity, comprehend the function of secretarial, and is able to communicate and coordinate well.

DUTIES OF SECRETARY OF THE BOARD OF COMMISSIONERS

The Secretary of the Board of Commissioners is responsible in carrying out activities to assist the Board of Commissioners in performing their duties in the form of:

- Preparing for meetings, including the Board of Commissioners's briefing sheet;
- Making minutes of meetings of the Board of Commissioners in accordance with the Company's Articles of Association;
- Administrator of the Board of Commissioners document including inbox, outbox, minutes of meeting and other documents;
- Drafting the Work Plan and Budget of the Board of Commissioners;
- Prepare Board of Commissioners' Reports;
- Ensuring that the Board of Commissioners complies with the applicable laws and regulations and applies GCG principles.

CORPORATE SECRETARY

APPOINTMENT AND SERVICE PERIOD

The appointment of Corporate Secretary is performed in order to fulfill the Regulation of the Financial Services Authority Number 35/POJK.04/2014 on the Corporate Secretary of Issuers or Public Companies and the Regulation of the Minister of State-Owned Enterprises Number PER-01/MBUI/2011 on the Implementation of Good Corporate Governance to State-Owned Enterprises, which was last amended by the Regulation of the Ministry of State Owned Enterprises Number PER-09/MBU/2012 on the Amendment to the Regulation of State Minister of State-Owned Enterprises Number PER-01/MBU/2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises. The appointment of the current Corporate Secretary has been executed through the Assignment Letter of PT Perusahaan Gas Negara (Persero) Tbk Number 013400.SKep/KP.02.06/HCGS/2017 dated June 21, 2017. The appointment of the Corporate Secretary has been submitted to the Financial Services Authority through letter Number: 005600.S/KP/PDO/2017 dated July 3, 2017.

FUNCTIONS AND RESPONSIBILITIES OF CORPORATE SECRETARY

Based on Board of Directors Decree Number 030707.K/OT.00/PDO/2018 dated November 22, 2018, the Corporate Secretary is in charge of these tasks:

1. Assisting the Board of Directors and Board of Commissioners in the implementation of Good Corporate Governance, including:
 - a. Disclosure of information (Corporate Secretary is authorized to submit data and/or information to third parties including regulators, in accordance with applicable laws and regulations), including Annual Report and Sustainability Report;
 - b. Submission of Reports to the Financial Services Authority, Indonesia Stock Exchange, and Ministry of State-Owned Enterprises;
 - c. Implementation and documentation of the General Meeting of Shareholders and public expose;
 - d. Implementation and documentation of meetings of the Board of Directors and/or joint meetings of the Board of Directors inviting the Board of Commissioners;
 - e. Coordinating with Secretary of the Board of Commissioners and/or the Secretariat Staff of the Board of Commissioners for documentation implementation of meetings of the Board of Commissioners and/or joint meetings of the Board of Commissioners inviting the Board of Directors;
 - f. Implementation of the Company's orientation program for the Board of Directors and/or Board of Commissioners.
2. Becoming a liaison between the Company and its shareholders, the Financial Services Authority, and other stakeholders.
3. Providing input to the Board of Directors and Board of Commissioners to comply with the provisions of the Capital Market regulations and to follow the developments on the regulations in the Capital Market.
4. Coordinating administrative activities (among others: payment management; report on RKAP realization; employee administration: official travel, proposal of leave, disciplinary violations, proposed training, etc.) for all work units under the President Director.

The Corporate Secretary oversees:

- Legal Division; and
- Investor Relations.

APPOINTMENT AND DISMISSAL OF THE CORPORATE SECRETARY

The Corporate Secretary is appointed and dismissed by the President Director upon the approval of the Board of Commissioners.

CORPORATE SECRETARY 2018 TASKS IMPLEMENTATION

Several activities related to stakeholders that the Corporate Secretary has undertaken throughout 2018 include:

1. Conducting the Annual GMS;
2. Establishing communication with the Ministry of State-Owned Enterprises (SOE), Ministry of Energy and Mineral Resources (EMR), State Secretariat, BPH Migas (Downstream Regulatory Agency for Oil and Gas), Financial Services Authority (OJK), Indonesia Stock Exchange, Indonesian Central Securities Depository, Indonesian Capital Market Electronic Library, Security Administration Bureau, and other related institutions;
3. Coordinating Headings (RDP) with the relevant House of Representation (DPR) Commission and work visit with stakeholders;
4. Attending every Board of Commissioners Meeting and Board of Directors Meeting and performing activities of administering the Minutes of Board of Commissioners Meetings and Board of Directors Meetings
5. Managing information disclosure to the public including the availability of information to Financial Services Authority and Indonesia Stock Exchange as well as availability of information on the Company Website;

6. Ensuring the compilation and submission of the 2018 Annual Report to the public and the relevant Regulatory Authorities.

CORPORATE SECRETARY PROFILE

Starting from July 3, 2017, Rachmat Hutama has been appointed to be Corporate Secretary based on the Resolution of the Board of Directors of PT Perusahaan Gas Negara (Persero) Tbk Number 013400.SKep/KP.02.06/HCGS/2017 dated June 21, 2017. The appointment of the Corporate Secretary has been submitted to the Financial Services Authority through letter Number 005600.S/KP/PDO/2017 dated July 3, 2017.

RACHMAT HUTAMA Corporate Secretary

Indonesian citizen, born in Jakarta on July 13, 1973. He graduated with a law degree from Diponegoro University in 1996. He was appointed as Corporate Secretary since July 3, 2017. He started his career as a Staff of Legal and Public Relations Division and the Division Head of Legal Division from 2014 until he was appointed as the Corporate Secretary.

TRANSPARENCY OF INFORMATION

To fulfill the obligation of disclosure to the public, the Corporate Secretary, along with Legal Division and Investor Relation Division, always reports to the Financial Services Authority and Indonesia Stock Exchange as the capital market authority.

CORPORATE SECRETARY TRAINING PROGRAM

CORPORATE SECRETARY TRAINING PROGRAM

No.	Date	Event	Location	Organizer
1.	July 24, 2018	ICSA Workshop Series Corporate Secretary CG Officer-Batch5	Hotel Meridien, Jakarta	Indonesia Corporate Secretary Association

INTERNAL AUDIT GROUP

APPOINTMENT OF GROUP HEAD INTERNAL AUDIT

The appointment of Internal Audit Group Head is conducted by the Board of Directors and is currently held by Pramono Harjanto, who has been appointed since February 7, 2013 based on the Resolution of the Board of Directors of PT Perusahaan Gas Negara Tbk Number 001600.K/HK.00.01/UT/2013 January 23, 2013.

PRAMONO HARJANTO

Group Head, Internal Audit

He was graduated with Accounting degree in Economics Faculty at Gadjah Mada University, Yogyakarta, in 1996. He started his career as an External Auditor at the Public Accountant Hans Tuanakota & Mustofa (HTM)/Deloitte Touche Tohmatsu International as a Senior Auditor from 1997

to 2001. From 2001, he continued his career in Audit as an Internal Audit Supervisor at Petrochina International Companies until 2005, then as the Senior Manager of Internal Audit at PT Transportasi Gas Indonesia from 2005 to 2013.

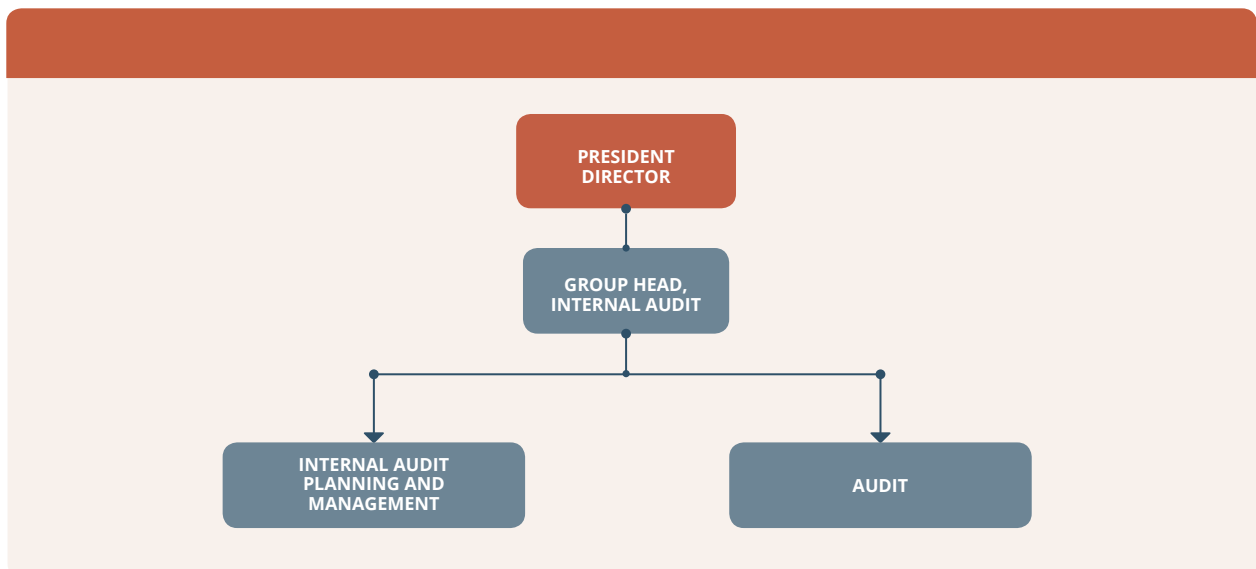
He is also active in the activities of Internal Audit Units Communication Forum (FKSPI) in the Ministry of Energy and Mineral Resources and Central FKSPI.

APPOINTMENT AND DISMISSAL OF THE HEAD OF INTERNAL AUDIT GROUP

In accordance with the provisions of the Financial Services Authority Regulation Number 56/POJK.04/2015 concerning the Establishment and Guidelines for Preparation of Internal Audit Unit Charter, Articles of Association, and the Company's Board Manual, appointment and dismissal of the Internal Audit Unit Head or in this case the Group Head Internal Audit, is conducted by President Director with the approval from the Board of Commissioners.

THE POSITION OF INTERNAL AUDIT GROUP WITHIN THE COMPANY'S STRUCTURE

Internal Audit Group Head is positioned and directly responsible to the President Director.



IMPLEMENTATION OF AUTHORITY, TASKS, AND RESPONSIBILITIES ACCORDING TO INTERNAL AUDIT CHARTER

In performing its tasks and responsibilities, the Internal Audit Group refers to the Internal Audit Guidelines (Audit Charter) with the third revision Number P-001/0.11 as stipulated by the Resolution of the Board of Directors of PT Perusahaan Gas Negara Tbk. Number 034900.K/PW.00/PDO/2018 dated December 27, 2018 concerning Internal Audit Charter Guidelines of Internal Audit Group of PT Perusahaan Gas Negara Tbk. which outlines the Vision, Mission, Aims and Objectives, Scope, Organizational Structure, Authorities, Task and Responsibilities of IAD, Responsibilities and Authorities of the President Directors as well as Code of Ethics of Internal Auditor.

Meanwhile, operationally, Audit is guided by the latest Internal Audit Operation Procedure Number P-003/0.11 as stipulated through the Decree of the Board of Director of PT Perusahaan Gas Negara Tbk. Number: 035000.K/PW.00/PDO/2018 dated December 27, 2018 concerning Internal Audit Procedure for Internal Audit Group of PT Perusahaan Gas Negara Tbk.

Authority of Internal Audit Group

1. Accessing all relevant information about the company in relation to its duties and functions;
2. Conducting direct communication with the Board of Directors, Board of Commissioners, and/or, Audit Committee as well as members of the Board of Directors, Board of Commissioners, and/or Audit Committee;
3. Conducting regular and incidental meetings with the Board of Directors, Board of Commissioners, and/or Audit Committee; and
4. Coordinating with external auditors;
5. In carrying out its duties Internal Audit should be impartial in order to be objective;
6. The Head of the Internal Audit Unit must reject consultancy assignments if the internal auditor does not have the knowledge, skills of all or part of the assignment;
7. The Head of the Internal Audit Group must refuse

the assignment of the Company's operational activities because it causes a distortion of the independence of the organization of the Internal Audit;

8. The Internal Audit Group can provide assurance through audit and consultancy services to Subsidiaries and PGN Group affiliates;
9. Allocating supervisory resources, determining the frequency, determining the object and scope of supervision and applying the supervisory techniques needed in the context of carrying out the functions and duties of the Internal Audit Group;
10. Obtaining the necessary assistance from other business functions/processes within the company as well as specialist services from parties outside of PGN in order to carry out the functions and duties of the Internal Audit Group.

Internal Audit Group's Tasks

1. Develop and implement a risk-based Annual Audit Work Program (PKAT);
2. Test and evaluate the implementation of internal controls in accordance with company policies;
3. Conduct inspection and assessment of efficiency and effectiveness in finance, accounting, operations, human resources, marketing, information technology and other activities;
4. Provide objective suggestions and information for improvement about the activities examined at all levels of management;
5. Make an audit report and submit the report to the President Director, Directors, Commissioners and Audit;
6. Monitor, analyze and report the implementation of recommended improvement follow-up;
7. Cooperating with the Audit Committee;
8. Develop a program to evaluate the quality of the conducted internal audit activities
9. Conduct special checks if necessary;
10. Provide insurance services to internal parties of the organization;
11. Provide consultancy services to the Board of Directors, other work units and subsidiaries;
12. External audit assistance.

Internal Audit Group's Responsibilities

1. The Internal Audit Group is responsible for carrying out the audit process in accordance with the applicable audit standards and code of ethics, allocating audit resources effectively and efficiently, developing auditor professionalism and implementing quality assurance programs in carrying out the tasks and management of the Internal Audit Work Group;
2. The Internal Audit Group is responsible for maintaining the confidentiality of data, documents and information relating to the implementation of audit tasks and reporting of audit results in accordance with the confidentiality policies of company information stipulated by the company and the auditor's Code of Ethics;
3. The Internal Audit Group is obliged to obtain approval from the President Director of the prepared work programs and audit development plans (PKAT);
4. The Internal Audit Group is required to report to the President Director regarding information related to the ongoing audit;
5. The Auditor of the Internal Audit Group is prohibited from carrying out concurrent duties including the executors of the operational activities of the company and its subsidiaries.

THE NUMBER OF INTERNAL AUDIT GROUP'S PERSONNELS

The Internal Audit Group consists of 16 (sixteen) Personnel. In carrying out the functions of Supervision, Internal Audit Group Head is assisted by 12 (twelve) Auditors and 3 (three) personnel in the Internal Audit Planning and Management function.

HUMAN RESOURCES COMPETENCE DEVELOPMENT

In addition to professional certification, to improve competency and professionalism, Internal Audit Group personnel also actively participated in the

National Seminar forum, such as National Internal Auditor Seminar (SNIA), EMR and SOE's FKSPI (Internal Audit Group Communication Forum) seminar, and other non-certification training that supports direct audit competence and managerial development.

INTERNAL AUDIT PROFESSIONAL CERTIFICATION

In carrying out Audit activities, the Internal Audit Group is supported by professional audit personnel equipped with professional certificates in Audit, Fraud and Risk Management, both from International and national institutions as follows:

- 6 (six) Auditors with QIA (Qualified Internal Auditors) certification issued by the Internal Audit Education Foundation, 2 (two) of which are certified as CRMP (Certified Risk Management Professional) issued by the LSPMR (Risk Management Professional Certification Institute) and 1 (one) of them holds a CIA certificate (Certified Internal Auditors) and CRMA (Certification in Risk Management Assurance) issued by The Institute of Internal Auditors, CFE (Certified Fraud Examiner) of the Association of Certified Fraud Examiners.
- 4 (four) Auditors with PIA (Professional Internal Auditors) certificate issued by the Accounting and Finance Development Center (PPA&K).
- 5 (five) Auditors, both new and experienced currently in the QIA certification education process.

INTERNAL AUDIT GROUP'S 2018 ACTIVITIES IMPLEMENTATION

Audit and Assistance Implementation

For the period of 2018, the Internal Audit Group held audits in 4 (four) PGN work units and 3 (three) subsidiaries.

Consultancy

Division Internal Audit also actively provides consultations to other work units in need.

Follow-up on Audit Recommendations

The Internal Audit Group also monitors the completion of the following follow-up measures:

1. Recommendations on internal audit results.
2. Recommendations on the results of external audits (BPK RI and Public Accountant Office for Audit PSA 62)

External Auditor Assistance

In addition to conducting audits, the Internal Audit Group is also active in conducting audit assistance by External Auditors such as Audit PSA 62 by the Tanudiredja, Wibisana, Rintis & Co. Public Accountant Office (a member firm of PricewaterhouseCoopers global network in Indonesia).

INTERNAL CONTROL SYSTEM

INTERNAL CONTROL SYSTEM CONFORMITY

Internal control is a process that involves the Board of Directors, members of management and all other personnel in the Company to provide adequate confidence in the achievement of the Company's objectives related to the Company's operations, reliable financial reporting, and compliance with applicable procedures and regulations.

The purpose of the internal control system is to ensure that the Company avoids failure to achieve objectives, produce reliable financial reports, and ensure that the Company's activities are in accordance with the rules and applicable laws. Internal control systems can also provide information for the basis of evaluating the Company's performance.

In line with Article 26 of the Regulation of the Minister of State-Owned Enterprises Number PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in State-Owned Enterprises, PGN continues to strive to develop an internal control system with reference to the ISO 31000:2018 framework.

INTERNAL CONTROL SYSTEM CONFORMITY WITH ISO 31000:2018

The components of the Internal Control System at PGN referring to ISO 31000:2018 with framework are integrating, designing, implementing, evaluating and increasing Risk Management in all business unit of the Company. All the process achieve based on continuing process framework from the start up to the integration factor include internal and external of the Company.

EVALUATION TOWARDS INTERNAL CONTROL SYSTEM EFFECTIVITY

Evaluation of the effectiveness, efficiency and compliance in the implementation of the internal control system, one of which is carried out through the implementation of an internal audit. To evaluate the implementation of the company's internal control system, an internal audit unit is formed called the Internal Audit Group. The evaluation results from the Internal Audit Group on the implementation of the internal control system, become one of the basic evaluations of Management to determine system improvements and improvements or policies that enable Management to more effectively carry out the Company's operational activities.

RISK MANAGEMENT

TASKS AND FUNCTIONS OF RISK MANAGEMENT AND RCT

PGN recognizes that risks are an important and integral aspect of the Company's overall business operations. Therefore, since 2003, PGN has begun to implement the risk management process with the establishment of Business Analysis and Risk Management Division (ABMR), which implements a Risk Management System based on the AS/NZS 4360: 1999 standards. Furthermore in 2009, the Company assessed the need for the implementation of risk management oriented to the Enterprise-wide concept to provide confidence in achieving PGN's overall goals, leading to the adoption of Enterprise-wide Risk Management (ERM) framework in PGN's Risk Management Guidelines based on Directors Decree Number: 024000.K/SM.02/UT/2009 which was later updated on December 31, 2018 to adopt a change in the risk management framework from COSO to ISO 31000: 2018.

The implementation of Risk Management in PGN refers to the Regulation of the State Minister of State-Owned Enterprises Number: PER-01/MBU/2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises, which was amended into Regulation of the State Minister of State-Owned Enterprises Number: PER-09/MBU/2012 on Amendments to SOE Minister Regulation Number PER-01/MBU/2011 concerning Implementation

of Good Corporate Governance in State-Owned Enterprises, especially in Article 25 concerning Risk Management, namely:

1. The Board of Directors, in any decision-making/action, shall consider business risks
2. The Board of Directors shall build and implement an integrated corporate risk management program that is part of the implementation of the GCG program
3. The implementation of risk management program can be carried out by:
 - a. forming a separate working unit under the Board of Directors; and
 - b. assigning existing and relevant work units to carry out risk management functions.
4. The Board of Directors shall submit a report of risk management profile and its mitigation together with the company's periodical report.

VISIONS AND MISSIONS OF THE COMPANY RISK MANAGEMENT

Based on the Board of Directors' Resolution on PGN Risk Management Guidelines, the Vision and Missions of risk management are:

Management Risk Vision

To be a company that implements risk management in a sustainable manner to enable every management process to be implemented effectively, efficiently and accountably.

Risk Management Mission

- To contribute optimally to the achievement of the Company's objectives;
- To protect the Company from the unpredictable and unexpected events
- To provide reasonable assurance that the Company's risks are well-anticipated and accounted for.

RISK MANAGEMENT'S TASKS

The tasks of Risk Management & GCG Division are related to the Company's Risk Managements function as stated in the Board of Directors Resolution Number 030707.K/OT.00/PDO/2018 on Working Procedures of President Directors' Office, which are:

1. Manage corporate risk assessment and formulate the main risks of the PGN Group;
2. Monitor risk treatment implementation according to the acceptable residual risk level of the PGN Group;
3. Evaluate and develop policies, corporate risk management strategies and risk management tools including information systems, residual risk, risk appetite, techniques and PGN Group approaches;
4. Managing the risk management maturity level including the PGN Group risk culture awareness program.

RCT FUNCTION

The risk owner is assisted by the Risk Management Champion Team (RCT) in carrying out the risk management process. RCTs are personnel whose duty is based on PGN's management decision to carry out the risk management process in each work unit and subsidiary/affiliate.

RCT TASKS

The tasks of RCT are:

1. Carry out the risk management function by coordinating and facilitating risk management activities (identification, analysis, evaluation, assessment, handling, control activities, communication and monitoring) carried out by the risk owner;
2. Monitor the amount of risk control costs (cost of risk) required by the work unit and subsidiaries/affiliates and establish methods for measuring the efficiency and effectiveness of risk control compared to the results achieved;

3. With the approval of the risk owner, report the implementation of risk management in the work units and subsidiaries/affiliates by using the Risk Management Information System (SIMR) application to the RMG Division periodically or at any time;
4. Periodically report monitoring implementation of risk management in work units and subsidiaries/affiliates. The implementations of risk management in the categories 'Low' and 'Low to Moderate' are monitored through routine procedures, while 'Moderate', 'Moderate to High', and 'High' categories are monitored once in every month.

THREE LINES OF DEFENSE MODEL

The application of the Three Lines of Defense Model is implemented by the Company to coordinate various functions to enable specific tasks and authorities that potentially overlap between work units to be managed more efficiently and effectively. This application is also expected to make the Company's resistance to the risks faced much stronger. The explanation of the model is as follows:

- a) First-Line Defense

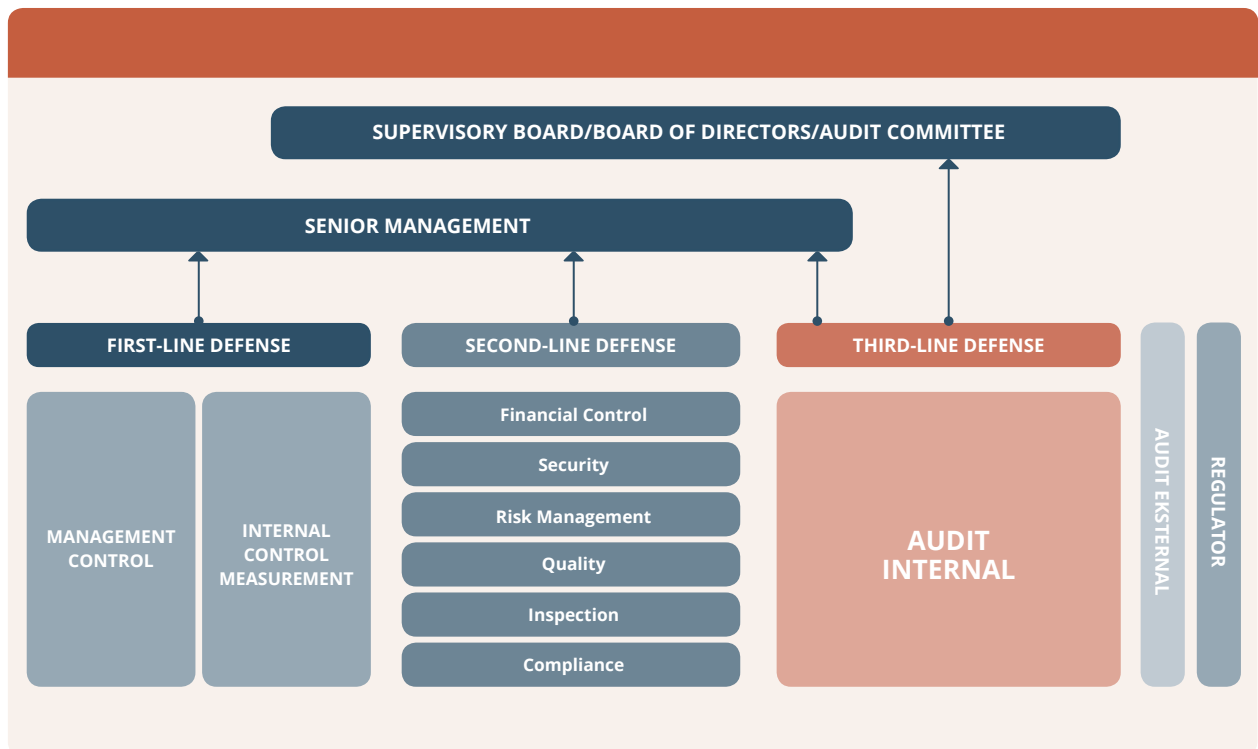
The management at the operational level is the risk owner and therefore, the responsibilities and obligations are to assess, control and mitigate risks while maintaining effective internal control.
- b) Second-Line Defense

Controller functions are carried out by the functions of risk management, compliance and other similar functions facilitating and monitoring the effectiveness of the implementation of risk management carried out by management at the operational level while helping risk owners to adequately report all information regarding these risks to the top or bottom level of the Company.

c) Third-Line Defense

The function of internal audit, through a risk-based approach, is to provide assurance for the effectiveness of governance, risk management and internal control of the management functions in the organization. Management is responsible for how the first-line and second-line defenses are implemented. The responsibility for providing assurance covers all frameworks.

d) External auditors and Regulatory Boards, are outside the scope of the organizational structure and play a role in the overall governance and structure of the Company.



THE BASIS OF FRAMEWORK CHANGE FROM COSO-ERM TO ISO 31000:2018

The risk management process implemented by the Company previously referred to the COSO-ERM Integrated Framework 2004 framework which is common practice in the business and industrial world. The framework consists of 8 (eight) risk management components to help achieve 4 (four) Company objectives, including strategic objectives, operational, reporting and compliance for all levels of the organization, from the top level to the Company's business unit. PGN has previously implemented Enterprise-wide Risk Management (ERM) and has always been contributing to improving the risk awareness culture within the Company.

The company always keeps up with the development and update of concepts, procedures and risk management reporting, not only those implemented by other SOEs but also other companies that are superior in implementing risk management. Referring to the 2018 National Risk Management Survey conducted by the Indonesian Center for Risk Management Studies (CRMS Indonesia), in 2018 67.5% of companies in Indonesia applied ISO 31000 (both 2009 and 2018) followed by COSO-ERM of 15% and other frameworks of 17.5%.

Quoted from the Indonesian CRMS survey, in overall ISO 31000 can be used widely in various industries, this is due to the nature of ISO 31000 which is not specifically intended to uniform implementation of cross-company risk management but to provide supporting standards for reference in implementing risk management to support the achievement of

objectives company. This is the basis for the Company to implement the ISO 31000: 2018 framework in the implementation of risk management for both work units and subsidiaries/affiliates.

Standard	2016	2017	2018
ISO 31000	61.5%	62%	67.5%
COSO ERM	17.84%	19%	15%
Others	20.66%	19%	17.5%

Source: 2018 National Survey on Risk Management by CRMS Indonesia

RISK MANAGEMENT INFORMATION SYSTEM INTEGRATION

On April 29, 2018, Pertamina was appointed by the Government of the Republic of Indonesia as the majority shareholder of PGN with ownership of 56.96%. This makes Pertamina the holding company of PGN. Therefore PGN as a Gas Subholding is expected to be able to harmonize the implementation of risk management with Pertamina, including the use of the Risk Management Information System (SIMR).

SIMR integration used by the Company with Pertamina has been initiated at the end of 2018 and will be completed by mid-2019. This aims to monitor risk monitoring online and in real-time in order to facilitate management decisions on existing risks in operational aspects and the project/investment of the Company and monitoring by Pertamina as the Oil and Gas Holding.

REVISION ON RISK MANAGEMENT GUIDELINES

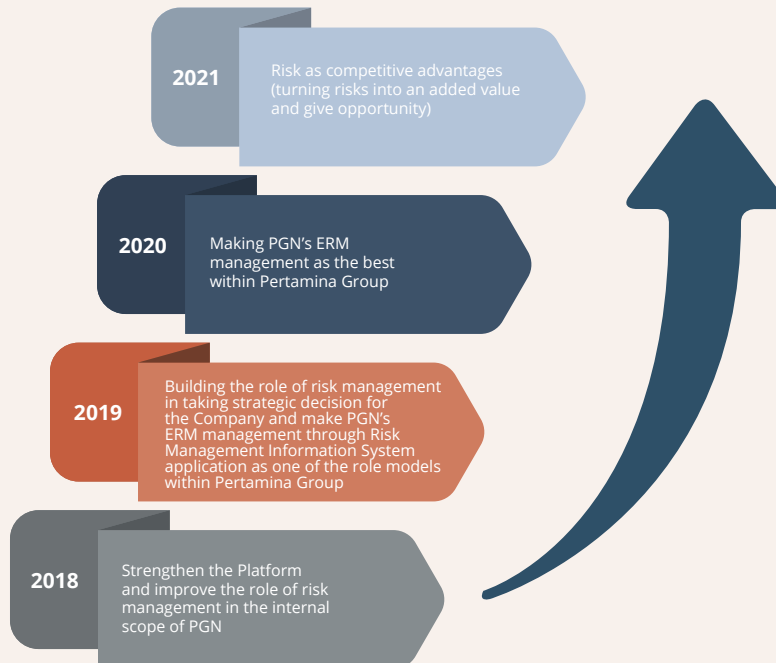
As of December 31, 2018, the RMG Division updated and revised the PGN Risk Management Guidelines based on Directors Decree Number 024000.K/SM.02/UT/2009, in broad outline by making adjustments and changes as follows:

- a. framework from COSO to ISO 31000:2018.
- b. risk assessment criteria, including:
 - risk impact criteria
 - risk possibility criteria
 - risk level criteria
 - risk management priority level
- c. The principles of Risk Management Unit.
- d. Regarding the matters to carry out in implementing Enterprise Risk Management.
- e. writing structure of documents following the 2017 PGN Documentation System.

ROADMAP

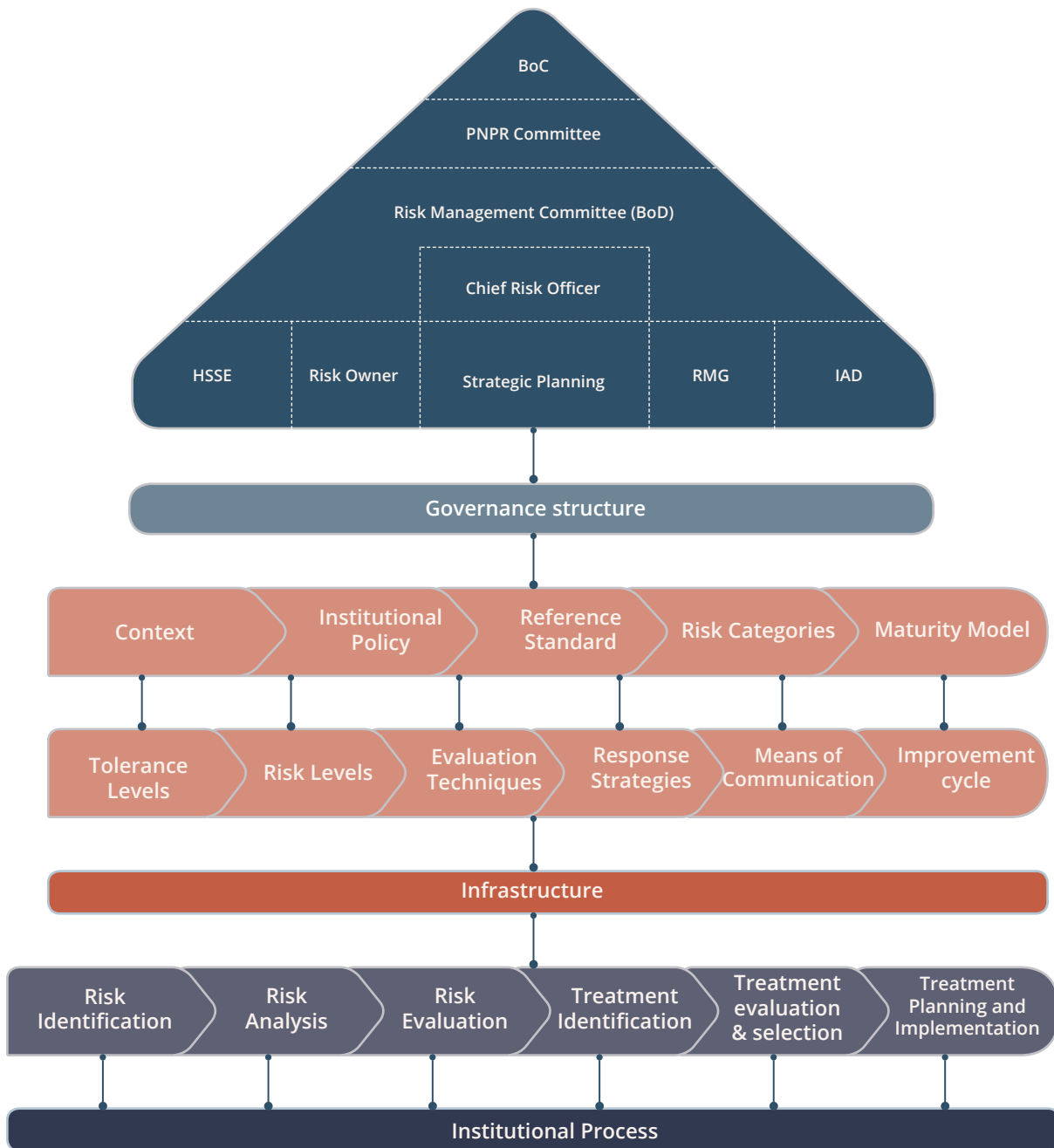
It is expected that the integration and implementation of risk management policies in the Company can reach optimal levels. This cannot be done in the short term but requires a fairly long period of time, especially with Pertamina as Gas Holdings. The RMG Division has developed a roadmap to ensure that work goals and programs can be achieved to the maximum extent possible.

ROADMAP OF INTEGRATION AND IMPLEMENTATION OF RISK MANAGEMENT



GRAND DESIGN OF ENTERPRISE-WIDE RISK MANAGEMENT

Enterprise-wide Risk Management (ERM) can be interpreted as a series of processes carried out by the Board of Directors, as well as management that have a strategic level in the company that is designed to identify potential events that can affect the company, which therefore requires risk management that is in accordance with the established risk appetite. The broad-design ERM grand-design architecture is a combination of periodic processes to decision-making by the Board of Directors and the Board of Commissioners after strengthening at the strategic level of the Company.



ASSESSMENT OF PGN'S RISK MANAGEMENT MATURITY LEVEL

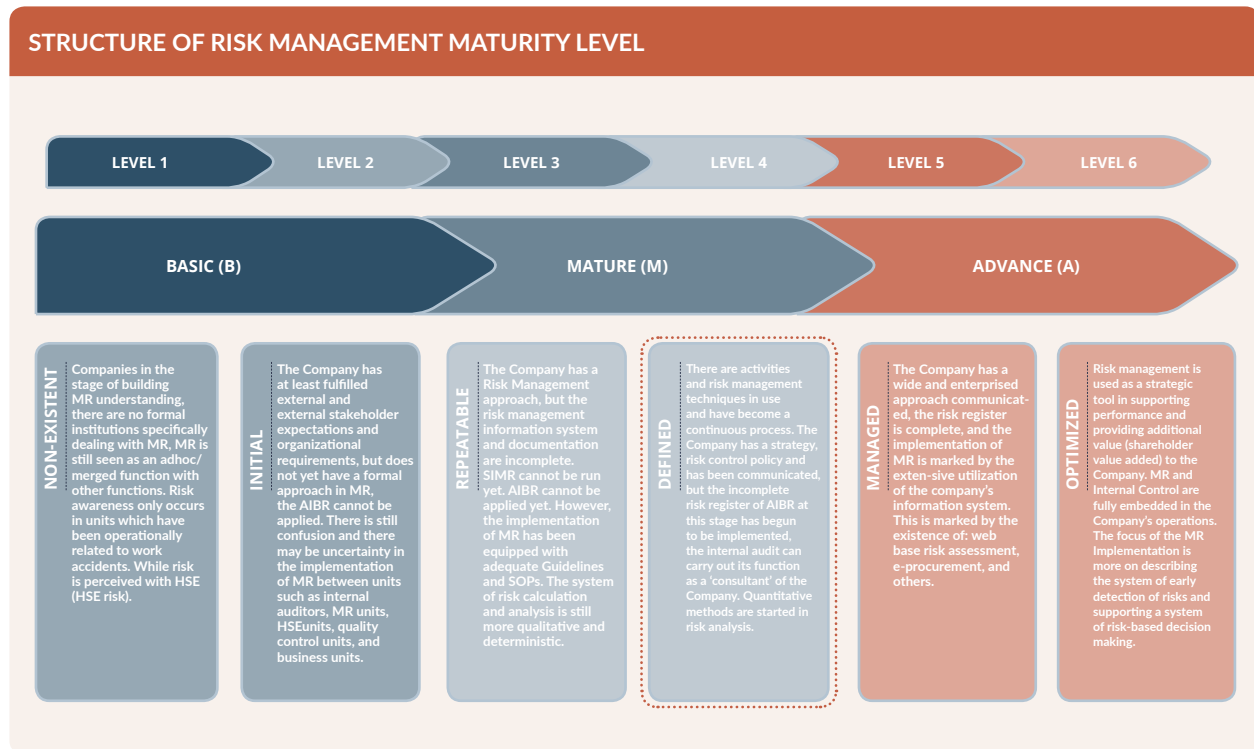
Assessment of maturity level of risk management implementation at PGN for 2018 is carried out for the period of January 2018 to October 2018 using the COSO-ERM Integrated Framework 2004 framework based on 6 (six) levels of risk management implementation that have been adjusted to maturity levels according to the reference of the Financial and Development Supervisory Agency (BPKP), namely Nonexistent, Initial, Repeatable, Defined, Managed and Optimized. Assessment of maturity level is performed by reviewing documents related to the implementation of risk management at PGN and conducting surveys, interviews and group discussion forums (FGD) on 159 selected employees as samples.

Based on the results of assessment carried out by independent agencies, the function of risk management at PGN is currently in the process of alignment and adjustment due to changes in the majority of the Company's ownership to Pertamina. Until the end of the assessment, the RMG Division is still carrying out studies related to the framework, guidelines, procedures, resource requirements, and SIMR to be applied at PGN to be in line with organizational change. Regarding

the ongoing alignment process at PGN, the results of the assessment of the maturity level of PGN's risk management implementation for 2018 are 'Mature - Defined', where at this level there are activities and techniques of risk management being implemented and have become a continuous process. The Company holds a strategy, a risk control policy and it has been communicated to all levels of activities, but it needs to be adjusted according to the current conditions of the Company's organization. The implementation of the Risk Based Internal Audit (AIBR) has begun; the internal audit can carry out its function as a 'consultant' of the Company. The Company began the implementation of Quantitative methods in the risk analysis performed by the RCT in calculating the risk level.

Meanwhile, the assessment results for selected subsidiaries/affiliates are at the 'Mature - Repeatable' level where in this level the subsidiaries/affiliates already have a risk management approach but documentation and SIMR are not yet complete and have not been implemented, AIBR cannot be implemented, thus their risk management refers to the guidelines applicable at PGN and they start using quantitative methods in risk analysis.

The following are 6 (six) phases of the risk management maturity level in use:



Source: Phase of Maturity Level of BPKP Based on 'The Professional Practice Framework - The IIA Research Foundation - 2004'

RESULTS OF RISK MANAGEMENT IMPLEMENTATION REVIEW

Based on the assessment of the risk management maturity level in 2018 above, the RMG Division has the duty and responsibility to improve the risk management maturity level within the scope of PGN as follows:

- Updating risk management policies in accordance with the conditions of the organization and the needs of the Company, including among others guidelines related to risk analysis, risk evaluation and risk response;
- Develop a risk management-related information system (SIMR) that can provide integrated information on risk in a timely manner by developing an application system that has been used and adapts to the current conditions in the Company; and
- Disseminating the implementation of changes to the risk management framework from COSO ERM to ISO 31000: 2018 including communicating with other relevant work units to prepare RCT readiness and upskilling RCT.

As for the increase in the maturity of subsidiaries/ affiliates is as follows:

- a. Develop and update risk management policies and procedures in accordance with the conditions and needs of subsidiaries/affiliates;
- b. The RMG Division provides assistance in developing risk management processes in subsidiaries/affiliates to be aligned, including aligning policies related to risk appetite at the level of subsidiaries/affiliates;
- c. The RMG Division regularly disseminates risk awareness culture in subsidiaries/affiliates in terms of encouraging understanding of the important role of risk management in every aspect of the business process being carried out;
- d. The RMG Division provides debriefing to the risk management team in subsidiaries/affiliates to improve competency in risk management;
- e. Develop periodic monitoring activities on the application of risk management processes to ensure the risk management process has been carried out effectively according to management needs in accordance with the direction of the RMG Division; and
- f. The RMG Division develops SIMR which can provide integrated information on risk in a timely manner.

PERSONNEL CERTIFICATION

In conducting risk profile preparation and monitoring activities, the availability of human resources is needed to understand the risk management process from the identification stage to optimally handling risks. At present the Company has several personnel who have risk management certification, among others:

Name	Position	Certification
Ivanna Laksmi Devi	Division Head, Risk Management & GCG	
Nanny Atika	Sr. Analyst, Risk Management	Certified Risk Professional® by LSP-PM
Armynas Handyas	Analyst, Risk Management	
M Alfianoor	Sr. Analyst, Risk Management	Certified Risk Analyst by Asia Risk Management Institute

COMPANY'S RISKS AND ITS MANAGEMENT

Throughout 2018, the RMG Division has identified several risks with low to extreme impact levels. At the end of 2018 there are 23 (twenty three) extreme risks with details and descriptions as follows:

Risk Category	Number of Extreme Risks
Business Risks	5
Regulation & Taxation Risk	9
Financial & Economic Risk	5
Other Risk	4

Risk Category	Risk Description	Mitigation & Action Plan
Business Risk	1. Extension of gas supply purchase contract from ConocoPhillips (Grissik) Ltd.	1. Discuss and consult with SKK Migas and the Directorate General of Oil and Gas regarding the extension of the Blok Corridor gas allocation
	2. Decreasing gas supply in the eastern part of Java	2. Analyzing the addition of gas supply through the LNG mode for the East Java region
	3. Disruption of production facilities operated by gas suppliers in Eastern Java	3. Optimizing the interference handling team coordinated by PGN Solution
	4. Decreasing sales turnover in the Tangerang Area	4. Perform detailed analysis of the potential for additional gas volumes of customers in the industrial sector that still has equipment with natural gas fuel
	5. Competition with substitution energy in the Medan Area	5. Establishing good cooperation relationships with customers through increasing gas subscription services and becoming a consultant for customers in utilizing natural gas
Regulation & Taxation Risk	1. Lost the appeal of the 2012 tax audit SKPKB objection decision	1. Appoint a tax consultant to become the Company's proxy in the appeal process at the Tax Court
	2. Lost the appeal of the 2013 tax audit SKPKB objection decision	2. Appoint a tax consultant to become the Company's proxy in the appeal process at the Tax Court
	3. Imposition of sanctions for losing the appeal of the 2015 Income Tax inspection SKPKB	3. Appoint a tax consultant to become the Company's tax authority in filing an objection to the ongoing tax audit
	4. Refusal of SKPKB results of the 2014 tax year special examination	4. Appoint a tax consultant to become the Company's tax authority in filing an objection
	5. Refusal of objections to the SKPKB from the 2015 VAT special tax audit results	5. Prepare appeal letters and supporting documents for verification in the hearing
	6. Imposition of sanctions related to filing objections to the SKPKB resulting from the 2013 tax audit of Income Tax Article 4 (2)	6. Using tax consultant advisory services to prepare objection letters
	7. There is no payment for Ship or Pay for KJG's claim to the Kalija pipeline gas shipper	7. Appoint a legal consultant and technical consultant in the arbitration process conducted by KJG
	8. Hampered land use permits and lease agreements with PT KAI	8. Conducted negotiations with PT KAI in order to obtain permission to carry out gas pipeline construction & submit a mediation process through the Ministry of BUMN
	9. Economic price of gas fuel (CNG) in the Jabodetabek region	9. Propose changes in regulations related to CNG economics to the Ministry of Energy and Mineral Resources

Risk Category	Risk Description	Mitigation & Action Plan
Financial & Economic Risk	1. Uncollectible receivables from PGN Solution's subsidiaries	1. Making aging of work partner receivables
	2. Economic development of the South Sesulu WK	2. Coordinate with KKKS (Mubadala) and East-Kal operator pipelines in cooperation with the FSA (Facility Sharing Agreement)
	3. Implications of Kalija pipeline impairments operated by KJG	3. Make and submit stand alone audited financial statements for the process of submitting financing to financial institutions
	4. Obligations for repayment of bonds due to changes in control of PT Saka Energi Indonesia	4. Conduct periodic reviews of the trigger factors for bond repayment obligations
	5. PT Saka Energi Indonesia's asset impairment in the Fasken Block in the United States	5. Conduct a study for the use of appropriate technology in the exploitation wells of Deep Lower Eagle Ford and Austin Chalk
Other Risk	1. Disconnect the submarine fiber optic cable managed by Pgascom	1. Patrol the submarine network and conduct security cooperation with the local government and other utility owners
	2. Work accidents on projects and maintenance of optical fiber	2. Socialize the implementation of HSE that applies to the PGN Group to work partners
	3. Sustainability of oil and gas reserves at WK managed by Saka Energi Indonesia	3. Conduct a study of strategic acquisition plans for oil and gas assets, especially for blocks that have been produced or will be produced
	4. Business processes related to inspection activities carried out by government agencies related to taxation	4. Providing dissemination of tax planning & sharing to various work units and subsidiaries

RISK MANAGEMENT BENCHMARKING

On September 16-21, 2018, RMG Division delegates had the opportunity to take part in the Enterprise Risk Management Workshop program in the USA by conducting work visits to several well-known institutions such as AIG (American Insurance Group), ANSI (American National Standard Institute), IFC (International Finance Corporation) and FDIC (Federal Deposit Insurance Corporation) in collaboration with CRMS Indonesia.

On that occasion, the RMG Division delegation conducted benchmarking and a direct discussion on risk management practices carried out by global companies

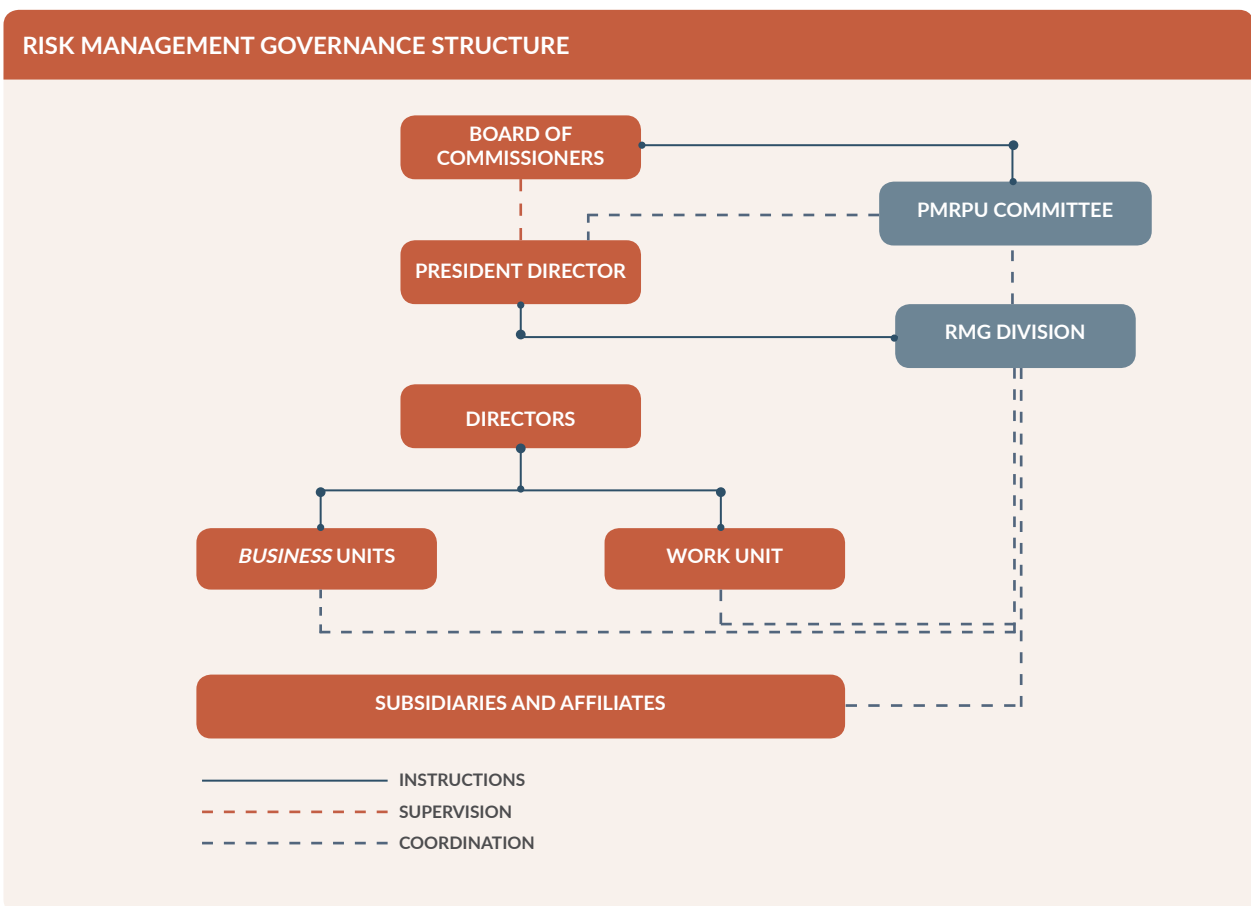
that are considered to have a better risk management maturity level so that they can be used as role models to be applied at PGN with a summary as follows:

- a. AIG (American Insurance Group)
Learning from the AIG experience during the financial crisis triggered by the subprime mortgage scandal in the US, AIG became a very converting organization in implementing GRC (Governance, Risk Management & Compliance). In addition to having a Chief Risk Officer (CRO), AIG also has a Chief Compliance Officer (CCO). Compliance management at AIG Global is carried out by implementing annual compliance risk assessment and monitoring of risk exposures that focus on 15 compliance risks that have been defined and defined previously.

- b. ANSI (American National Standard Institute)
The trend of formally implementing ERM in various organizations in the United States is increasing along with the demands of stakeholders on GCG practices and sustainable management implementation. Apart from the references used by each institution/company using both COSO and ISO 31000, one principle that is upheld in implementing risk management is emphasizing the “create and protect” principle value for the purpose of the institution/company.
- c. IFC (International Finance Corporation)
In measuring the level of maturity in risk management, the importance of an ongoing socialization and education program in the corporate environment is emphasized, both for top management and the management level below.

In addition, the more mature an organization is, the form and content of the organization’s report to their stakeholders is more comprehensive and integrated and becomes an integrated report between financial reports and continuous reports that describe environmental-social-governance elements in an integrated manner.

- d. FDIC (Federal Deposit Insurance Corporation) -
At present there are various committees where the Chief Risk Officer (CRO) or its representatives become members of the committee. One of them is the Risk Management Committee which has a focus on organizational strategic risk, while the other committees focus more on operational risk, both the risks to each department and the inter-departmental risks that affect each other.



PMRPU: Risk Management and Business Development Monitoring Committee

MAJOR LEGAL CASES FACED BY PGN

As of December 31, 2018, there was 1 (one) case or lawsuit of material value against PT Perusahaan Gas Negara Tbk. The case is a continuation of the case or has not been decided and/or has legal force that remained in the previous year. The case is as follows:

PT KALIMANTAN JAWA GAS (KJG)

Declaration of force status in the Kepodang to Tambak Lorok Gas Transport Agreement by PCML

Organization	International Chamber of Commerce (ICC) Hongkong
Parties	KJG (as Plaintiff) Petronas Looking for Muriah Limited (PCML) (as Defendant)
Case Value	USD 461,422,578,396
Case Principal	PCML's inability to fulfill gas volume commitments agreed upon in the Kalija I Gas Transportation Agreement (GTA) between KJG and PCML and PT PLN (Persero) to transport gas from the Kepodang Field to the PT PLN (Persero) Power Plant in Tambak Lorok, resulted in the emergence of ship-or-pay obligation for PCML. In accordance with GTA, since the beginning of 2017, KJG has undertaken deliberation with PCML and mediation involving BPH Migas, but PCML has not shown good faith. On May 11, 2018, KJG has submitted a letter to PCML regarding the notification of Settlement of Disputes through Arbitration.
Case Settlement Status	KJG filed a lawsuit for the fulfillment of 2016-2018 ship-or-pay obligations and ship-or-pay obligations for 2019-2026 to the International Chamber of Commerce (ICC) in Hong Kong.
Impact on Company	Payment of ship-or-pay from PCML will affect the Company's consolidated revenue.



Gas volume measurement is an important matter for PGN and for Customers, therefore PGN always maintains the accuracy and transparency of the measurement method, with regular gas measurements.

INFORMATION ON ADMINISTRATIVE SANCTIONS

During 2018, there were no administrative sanctions imposed by the Capital Market Authority or other authorities to PGN, members of the Board of Commissioners and Board of Directors.

COMPANY CODE OF ETHICS

The Code of Conduct is a manifestation of the Company's commitment to implement and articulate the values of ProCise culture consisting of five core values: **Professionalism, Continuous Improvement, Integrity, Safety, and Excellent Service** into the behavioral interpretations. The Code of Business Ethics and Work Ethics, which have been set by the Board of Directors Decree No. 002600.K/HK.00.01/UT/2013 dated January 25th, 2013 on the Code of Business Ethics and Work Ethics. The purposes of the Code of Business Ethics and Work Ethics are:

- To describe the values and ethical standards aligned with PGN vision and missions;
- To describe the ProCise culture and principles of Good Corporate Governance as the foundation of ethics to be followed by all Company levels in performing their tasks;
- To be a behavioral reference of the whole company in carrying out each duties and responsibilities of with Company's Stakeholder.

In the development of GCG, PGN has formulated various policies concerning the Company's ethics. PGN seeks to apply the best ethical standards in carrying out its business activities in accordance with its vision, missions, and culture through the implementation of Business Ethics and Work Ethics. The Business Ethics and Work Ethics are guidelines of attitudes and behaviors that are required and applicable for all Company level. The Company is fully aware that a good relationship within the stakeholder and the shareholder value enhancement in the long term can only be achieved through business integrity in every corporate business activity as set forth in the Business Ethics and Work Ethics.

PRINCIPLES OF CODE OF ETHICS

Business Ethics and Work Ethics are a set of norms, values and actions that are believed by the Company as an ideal standard of behavior for the Company. The ideal behavior must be developed based on the noble values that are believed by the Company to be the Company's work culture.

1. Business Ethics

PGN develops business ethics guidelines that are the standards of conduct in business and serve as a guideline for Companies as an entity in connecting and interacting with its stakeholders. The application of business ethics is expected to help the Company to improve its performance while taking into account the interests of its stakeholders in an ethical and legal manner. The business ethics guidelines contain the standards of conduct that must be implemented when PGN have to deals with its stakeholders such as information disclosure, equal treatment and stakeholder rights, antitrust, human rights protection, measures against gratification, intellectual property

protection, and others. Some Business Ethics that apply to every PGN employee are:

a. The Ethics between the Company and its Employees

PGN protects the interests of workers in accordance with applicable laws and regulations. PGN considers that workers are one of the most valuable assets in supporting the achievement of PGN's vision and missions.

The ethical behaviors that are expected within workers include:

- Providing equal opportunities in remunerations, promotions, and rewards to workers in accordance with performance, competence, and loyalty;
- Protecting the right of workers to have an option to become members of the Trade Union;
- Creating a work environment that is safe, healthy, conducive, and free from all forms of pressure and intimidation;
- Implementing the Collective Labor Agreement (CLA) in a consistent manner.

b. Company Ethics with Customers

The Company prioritizes excellent service, proactive attitude, and quick response in dealing with customers. Ethical behaviors expected in dealing with customers including:

- Being polite and professional when engaging in customer relations (with excellent service);
- Delivering complete and accurate product information, particularly related to product specifications, services, and safety;
- Being proactive and responsive in understanding and meeting customer needs or expectations.

c. Company Ethics with Providers of Goods and Services

The Company undertakes the procurement of goods and services based on competitive, transparent, fair, reasonable, and accountable principles. Ethical behaviors expected in dealing with the suppliers of goods and services include:

- The determination of the provider of goods and services should be based on product quality, after-sales service, warranty, achievements, and track record with the greatest regard for the interests of the Company;
- Respecting rights and obligations in accordance with the commitment agreements and statutory provisions;
- Establishing open communication during the procurement process until the rights and obligations of the parties are fulfilled;
- Evaluating providers of goods and services and provide firm actions to providers of goods and services who behave unethically.

d. Ethics with Company's Creditors

The Company receives loan funds intended for business purposes and enhancement of the Company's added value. The ethical behaviors that are expected to be applied to its creditors include:

- The selection of creditors is based on the interests of the Company by the benefits, costs, and risks;
- Respect creditors' rights, including the right to obtain information on the use of funds in accordance with the commitment agreements and statutory provisions.

- e. Ethics of the Company with the Government
Regarding the interaction with the central and regional governments, the Company maintains a harmonious, constructive, and mutually respectful relationship. The ethical behaviors expected in dealing with regulators include:
- Fostering good relations and communications with regulators to develop a healthy, competitive business climate that fosters the national economic competitiveness;
 - Fulfilling all business requirements and licensing in a professional manner in accordance with the principle of compliance with prevailing laws
- f. Ethics of the Company with the Society
The Company implements social and community programs to empower local communities and improve the quality of life and creates synergy with Government programs.
- Socializing and optimizing the distribution of the Company assistance programs to the public;
 - Providing opportunities for people who want to know the Company's activities within certain limits and to promote local products in the Company's events;
 - Not taking actions that lead to discrimination based on ethnic, religious, racial, and group differences.
- g. Company Ethics with Shareholders
PGN is committed to enhancing shareholder value in accordance with the provisions of the law. Ethical behaviors in dealing with shareholders include:
- Providing equal (fair) treatment to shareholders and investors in accordance with the amount and type of shares held in order to exercise their rights in accordance with the Company's articles of association and the prevailing laws and regulations;
 - Providing information that has been declared to be open to shareholders in a complete, accurate, timely, and accessible manner according to the provisions of the law conducted through a one door policy;
 - Every investor and shareholder must comply with the Company's Articles of Association and all decisions taken legally in the GMS.
- h. Company Ethics with Suppliers of Natural Gas
PGN realizes that the gas transmission and distribution business is closely related to the availability of natural gas from suppliers. The Company has always made efforts to establish harmonious and mutually beneficial cooperation with natural gas suppliers. The ethical behaviors expected in dealing with gas suppliers include:
- Conducting good, harmonious, and mutually beneficial cooperation in accordance with the provisions of gas sale and purchase agreement and the provisions of law;
 - Prioritizing negotiations for deliberations to achieve consensus in resolving disputes with natural gas suppliers. The measures through the legal system are the last measures of dispute resolution.

2. Work Ethics

Based on the corporate culture values and the principles of good corporate governance, PGN has developed Work Ethics, which is a guide for PGN's personnel to perform their duties and responsibilities. Some Work Ethics that apply to every PGN employee are:

a. Individual Commitment

Every PGN employee is obliged to provide the best ability to support the achievement of PGN's objectives. The commitment is realized through:

- Constantly improve one's competence according to the job requirement;
- Always wholeheartedly work and be responsible for the actions taken;
- Identify and develop opportunities for improvement in order to optimize work processes more effectively and efficiently;
- Starting initiatives to implement changes that have value-added;
- Giving priority to Company interests and avoid action that lead to conflict of interest;
- Adhering to policies, systems, procedures, and other prevailing provisions;
- Maintaining all Company resources in order to maintain continuity of Company's business, health and safety;
- Taking an active role and contribute to improvement of natural environment and social environment around operation areas;
- Providing the best service for internal and external customers;
- Identifying customer needs and maintain good relationships with customers;

- Working professionally and be aware of the costs for optimal performance;
- All officials in the Company who are active and will come into retirement must fill out and deliver the Wealth Report of State Employee (LHKPN) to the Corruption Eradication Commission (KPK).

b. Working Together amongst PGN Employees

- Being honest, polite and orderly towards PGN fellow employees, as well as to respect for any differences in gender, ethnicity, race, and groups;
- Mutual support among workers and among work units to improve Company performance;
- Communicate any new ideas and mutual transfer of knowledge and ability.

c. Compliance with Laws and Regulations

PGN employees are required to adhere to and implement the rules, legislations, and Company's internal regulations. Compliance with laws and regulations is realized through:

- Comply with standards, norms, laws and regulations that are applicable and relevant to Company activities;
- Respect and obey the laws and regulations related to human rights;
- Comply with regulations, systems and procedures applicable in the Company.

d. Conflict of Interest

PGN shall avoid all situations that may lead to conflict of interest between personal interests and interests of the Company.

The behaviors to avoid conflicts of interest are:

- Not having shares/ownership in any companies of partners or competitors to the Company, in the amount that can influence one's decision-making, including his/her spouse and children;
- Not having any businesses directly related to Company's activities, including his/her spouse and children;
- Not to give or receive loan of goods/services from suppliers and customers;
- Not to misuse or abuse his/her authority, facilities, and Company's means for personal gain or any other parties.

e. Reception of Gifts

PGN employees do not receive any gift/souvenir/gratification in any form relating to his/her position and employment, except:

- Receiving a banquet;
- Receiving promotional items that include his/her logo/name.

f. Gift-Giving

PGN Employees can give gifts/souvenirs and entertainment to other parties on the condition that:

- It supports the interests of the Company;
- It is not intended to bribe;
- It is included in the Company budget.

g. PGN Asset Protection

PGN employees are responsible to manage the Company's assets in accordance with the Company's objectives. This is realized through:

- Being responsible for maintaining and securing the Company's assets from loss, damage;

- Making savings/efficiency in the utilization of the Company's assets;
- Being responsible for the management of the Company's assets and avoid its use beyond the interests of the Company.

h. Data Recording and Reporting

PGN personnel are required to manage data, reports, and information as good as possible as a very important input in the decision-making process. This is realized through:

- Preparing reports based on sources of information are trustworthy and accountable;
- Presenting the report in a timely, accurate, and communicative manner;
- Not hiding data and reports that should have been delivered.

i. Corporate Data and Information Confidentiality

PGN personnel utilize the Company's data and information to increase the added value of the Company in the decision-making by:

- Using adequate data security systems;
- Avoiding dissemination of data and information to others who are not of any interest either during or after work hours;
- Submitting all data related to the Company at the time of dismissal;
- Maintain information confidentiality about consumers.

j. Occupational Safety and Health and Environmental Management

The Occupational Safety and Health and Environmental Management (K3PL) are part of the ProCISE culture. The behaviors of PGN employees related to the implementation of K3PL are, including:

- A mandatory to understand the situation and conditions of security, safety, and health of the working environment and to comply with the regulations on occupational health and safety and environmental management;
- Responding to incidents and emergencies caused by security, accident, pollution, natural, and other disasters;
- Participating in creating safe and healthy workplace.

k. Political Activity

The Company gives every employee the opportunity to channel his or her political aspirations, but if workers decide to participate in practical politics then they must comply with the applicable regulations. Ethical behaviors associated with political activity include:

- Not becoming an official in a political party and not using Company facilities for the interests of political parties;
- Not giving any kind of contribution to political parties outside the provisions of applicable laws and regulations.

CODE OF ETHICS APPLICATION TO ENTIRE ORGANIZATION LEVEL

During 2018, PGN's commitment to implement GCG continued to improve, including through the implementation of GCG training, GCG socialization, and periodic Business Ethics and Work Ethics Guidelines.

The Code of Business Ethics and Work Ethics is the foundation by which to conduct the Company's activities. Therefore, in practice, PGN employees are carrying out their duties and responsibilities. Every unit manager/work unit must ensure that the Business Ethics and Work Ethics Guidelines have been well-implemented in the units in which they manage. Therefore, the managers/work units must conduct monitoring on the implementation.

DEPLOYMENT OF THE CODE OF ETHICS

The Good Corporate Governance Guidelines and Code of Business Ethics and Work Ethics have also been published through Company website <http://pgn.co.id> and Company portal <http://portal.pgn.co.id> and can be easily accessed by all PGN Employees.

Work ethics and business ethics shall be carried out consistently by the Board of Commissioners, the Board of Directors, and employees as a work culture in daily operational activities. To support the application of business ethics and work ethics, PGN develops procedures for disseminating and publishing such ethics and procedures for its implementation, reporting, monitoring, and evaluation.

The Company internalizes the Code of Business Ethics and Work Ethics to improve the employees' understanding of the Ethics in accordance with the ProCise culture and GCG principles. The process of communication and internalization aims to provide understanding to PGN workers.

GOOD CORPORATE GOVERNANCE GUIDELINES

Good Corporate Governance Guidelines are established through the Board of Directors Decree Number 006901.K/OT.01/UT/2012 dated March 6, 2012. This guide is a basic guide for PGN to run the business. The guidelines also provide guidance for PGN Employees to apply the principles of good corporate governance within business activities.

Business and Work Ethics Guidelines

The company has already possessed the Code of Business Ethics and Work Ethics, which have been set by the Board of Directors Decree Number 002600.K/HK.00.01/UT/2013 dated January 25, 2013 on the Code of Business Ethics and Work Ethics. These

guidelines serve as a reference for corporate organs and workers in carrying out business activities and dealing with stakeholders.

Board Manual

The Board Manual is a guide for the Board of Directors and Board of Commissioners in performing their duties. In broad strokes, Board Manual contains work relationship guidelines between Board of Directors and Board of Commissioners, including the duties, responsibilities, ethics, authority and rights. The Board Manual is based on the principles of Indonesian corporate law that adopt a two-tiered system and is based on laws and regulations, PGN articles of association, GMS decisions, and best practices in the implementation of Good Corporate Governance.



WHISTLEBLOWING SYSTEM

SUBMISSION OF VIOLATION REPORT

Nowadays, the Company has a Whistleblowing System Guideline established based on the Decree of the PGN Board of Directors Number 066303.K/PW.01/UT/2013 dated December 24, 2013 concerning the Whistleblowing System Guidelines. In line with the Company's commitment to GCG implementation, PGN always pays attention to the interests of each stakeholder based on the principle of fairness and equality in accordance with GCG principles. Whistleblowing System Guideline (Violation Reporting Management Policy) that is legalized through Decree of the Board of Directors Number 066303.K/PW.01/UT/2013 dated December 24, 2013, is a system that can be used as a medium for whistleblower witnesses to convey information about indicated violations occurring within a company that cannot be resolved through the company's normal procedures.

Reporting obtained from the whistleblowing mechanism needs attention and follow-up, including the imposition of appropriate penalties in order to provide a deterrent effect for the offender and also for those who intend to do so.

The purpose of implementing the Company Whistleblowing System is as follows:

1. As an implementation basis or guideline in handling violations report from stakeholders;
2. As a reporting channel on things that cannot be resolved through normal organizational procedures;
3. Ensuring the implementation of a mechanism for the settlement of violations report that is effective in a sufficient period of time by stakeholders;
4. Avoiding negative publications against the Company;
5. Supporting the principle of equality (fairness) in the relationship between the Company and stakeholders as business player and partner of the Company;
6. An effort to disclose various problems that are not in accordance with the applicable ethical standards of the Company.

WHISTLEBLOWING SYSTEM PROCESS

Provisions of Company Violation Report Management consist of:

1. The obligation of the Company to accept and complete the violation report.
In this case, the Company:
 - a. Must accept violation reports from internal and external parties;
 - b. Must accept and complete the violation report either from whistleblower who lists his identity or not (anonymously);
 - c. Provide a channel for managing violation report, namely through the Ethics Committee;
 - d. The Ethics Committee will continue the violation report in accordance with the parties reported.
2. The admission of Violation Report The Company has set the mechanism in receiving violation report, including:
 - a. Violations report is submitted to the Ethics Committee either concerning to the Board of Commissioners, Directors or Employees;
 - b. Violation report can be done during/outside working hours;
 - c. Violation report is submitted through the Company's official channel;
 - d. The Company accepts every violation report submitted by stakeholders and/or stakeholder representatives both verbal and written report;
 - e. The Company provides an explanation of violation report policies and procedures when stakeholders and/or stakeholder representatives submit violation reports;

- f. Report of indicated violation is done in the form of written or verbal report with the following mechanism:
- Through the Company's website www.pgn.co.id, the sub-menu of "Violation Reporting";
 - Through an email at etik@pgn.co.id;
 - Through telephone in the extension "ethics", in which every violation report must be made a phone log with sufficient information about the whistleblower and substance of the report;
 - Through PO BOX, which will be opened periodically with the Official Report and witnessed by at least 2 (two) personnel from the Internal Audit Group and Risk Management and GCG Division;
 - Submitting an official letter addressed to the Company c.q PGN's Ethics Committee, by sending directly or by post to the Company with the address: Ethics Committee of PT PGN Tbk, The Manhattan Square Mid Tower, 26th Floor Internal Audit Group.
- g. Written violation report is suggested to be attached with supporting evidence such as: documents relating to evidence of early indications of violations;
- h. If the written violation report is submitted with the identity of the whistleblower then the Company provides a receipt, and if violation report is not equipped with whistleblower's identity, it will be recorded in the list of violation reporting;
- i. If violation report is submitted by a stakeholder's representative, above are documents that has to be submitted:
- Photocopy of stakeholder and representatives of stakeholder's identity;
 - Power of Attorney from stakeholders to representatives stating that stakeholder gives authority to act for and on behalf of stakeholders; if the stakeholder representative is an institution or legal entity, it must be accompanied by document states that the party submitting the violation report is authorized to represent the institution or legal entity.
- j. The Company must provide receipt of violation report to stakeholders and/or representatives who submit the reports.

THE PROTECTION OF WHISTLEBLOWER

Protection for whistleblowers is also a matter of concern in the Company Whistleblowing System Guidelines. Some things that are regulated as a form of protection for whistleblowers are as follow:

1. The company must give protection to whistleblower
2. Protection of whistleblower aims to encourage bravery in reporting violation.
3. Whistleblower protection consists of:
 - a. A guarantee of confidentiality of whistleblower's identity and the report content;
 - b. A guarantee of whistleblower and their family's safety.
4. A whistleblower will get protection from the company against adverse treatment, such as:
 - a. Unfair dismissal
 - b. Demotion
 - c. Harassment or discrimination in all its forms, and;
 - d. Harm record in personal data files (personal record file)

VIOLATION REPORT HANDLING

The Company has regulated in Chapter III of Whistleblowing System Guidelines regarding the steps in Handling Violation Report including:

The Company has regulated in Chapter III of Whistleblowing System Guidelines regarding the steps in Handling Violation Report including:

1. Recommendations for whether or not an investigation should be conducted based on the verification of the incoming report by the Ethics Committee which is given within a period of 10 (ten) working days;
2. The recommendations of the Ethics Committee are then submitted to the Ethics Board, then later it is decided whether or not an investigation should be conducted on the violations report within a period of 10 (ten) working days;
3. If the results of the verification show that violation report is incorrect and there is no evidence, further processing will not be carried out. In this case, official report is prepared and signed by the Ethics Board;
4. If the verification shows an indication of violation accompanied by sufficient evidence, the Ethics Board decides that the violation report can be processed to the investigation stage;
5. Related to violation report which involving individuals from PGN who need an investigation, must be followed up by conducting an investigation conducted by the Ethics Committee and if needed, it can use the help of other related functions and external parties;
6. The Ethics Committee reports the results of investigations conducted to the Ethics Board;
7. The Ethics Board will decide a follow-up of investigation and determine the status of violation report whether it is closed if not proven or given sanctions, and report to the President Director or the Board of Directors;
8. In the case that the investigations proved are related to PGN personnel, and then the follow-up will be resolved by the Ethics Board without involving the parties involved;
9. In the case that the investigation proved is related to members of the Board of Directors, members of the Board of Commissioners, Supporting Organs of the Board of Commissioners, and members of the Ethics Board, follow-up is completed by the Board of Directors without involving the parties involved;
10. Perpetrators who are proved in doing violations based on the results of the investigation will be processed in accordance with applicable regulations.

DIVISION MANAGES VIOLATION REPORT

The Whistleblowing System Organ which is in charge of managing the Whistleblowing System is an Ethics Committee that is responsible to the Ethics Board.

The Ethics Committee is a function or unit that is independent of the Company's daily operations and has access to the highest leadership in the Company.

These independent functions or units include the Internal Audit Group, assisted by the functions of Legal, GCG and Human Resources if needed.

The division of duties in the Ethics Committee covers 2 (two) divisions:

1. Report Receipt Division

That is a division in charge of receiving violation report, selecting violation reports for further processing by the investigation division without disclosing the identity of the whistleblower. The Report Receipt Division is also responsible for the implementation of the whistleblower protection program, especially aspects of confidentiality and guarantees the whistleblower's safety. For this purpose, officers in this section have access to legal, financial and operational assistance if needed.

2. Investigation Division

That is a division in charge of carrying out further investigations into the substance being reported. This aims to find and gather the evidence needed to ensure that there has been a violation. In the event that there is sufficient evidence, the recommendations for sanctions for violations committed are given to the Ethics Board to decide. However, if insufficient evidence is found, the investigation process is stopped and the violation report is not continued. For the purposes of their duties, officers in this section receive assistance and operational access as well as information on all units investigated.

The Ethics Committee is responsible to the Ethics Board. The Ethics Board is an organ that is directly responsible to the President Director and has the task of deciding the termination of an investigation or ordering an investigation, recommending the status of violation report, giving sanctions and monitoring the follow-up of violation report. The Chairperson and members of the Ethics Board consist of the Board of Directors appointed by the President Director and responsible to the President Director. In the event that the results of a proven investigation concerning a member of the Ethics Board, the reported party can be replaced with one of the members of the Board of Directors through the appointment of the President Director.

THE RESULT OF VIOLATION REPORT HANDLING

Every result of investigation conducted by the Ethics Committee will be reported to the Ethics Board. The Ethics Board will decide on the follow-up of investigation and determine the status of the violation report whether to be closed if not proven or given sanctions, and report to the President Director or the Board of Directors. In the case that the results of investigations that can be proven are related to PGN personnel, then the follow-up will be resolved by the Ethics Board without involving the parties involved. In the case that the results of investigations that can be proven are related to members of the Board of Directors, members of the Board of Commissioners, Supporting Organs of the Board of Commissioners, and members of the Ethics Board, the follow-up is resolved by the Board of Directors involving the parties involved. Perpetrator who is proven in doing violations based on the results of investigation will be processed in accordance with applicable regulations.

THE ORGANIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements are prepared based on the Indonesian Financial Accounting Standards which includes the Statement and Interpretation issued by the Financial Accounting Standards Board of the Indonesian Accountants Association and the Financial Services Authority Regulation Number 29/POJK.04/2016 concerning Emitents or Public Companies Annual Reports. Preparation of financial statements is carried out by Accounting Division. In carrying out the preparation of financial statements, Accounting Division is supported by professional accountants who are equipped with professional certificates in accounting, both from international institutions and national institutions as follows:

- 10 (ten) Accountants are CA (Chartered Accountant) certificate issued by The Indonesian Institute of Accountants;
- 17 (seventeen) accountants are CPMA (Certified Professional Management) issued by The Indonesian Institute of Management Accountants;
- 4 (four) Accountants are CPSAK (Certified Statement of Financial Accounting Standards) issued by The Indonesian Institute of Accountants;
- 5 (five) accountants are CMA (Certified Management Accountant) Australia issued by The Institute of Certified Management Accountants;
- 1 (one) CPA Certified Accountant issued by the CPA Australia;
- 1 (one) PPJK certified Accountant (Customs Expert Certificate) issued by the BPPK (*Badan Pendidikan dan Pelatihan Keuangan*/Financial Education and Training Agency);

- 2 (two) accountants are BKP-A certified (Tax Consultant Certification) issued by The Tax Consultant Certification Committee.
- 7 (seven) accountants are ACPA (ASEAN Chartered Professional Accountants).

In addition to professional certification, to improve competency and professionalism, Accounting Division personnel also actively participate in seminars, congresses, conferences, symposiums and national and international training, such as The International Financial Reporting Standards Seminar held by The Indonesian Institute of Accountants, The Indonesian Institute of Management Accountants and The Ministry of Finance of the Republic of Indonesia, and The Accounting National Congress organized by the Indonesian Institute of Accountants.

EXTERNAL AUDITOR

APPOINTMENT OF EXTERNAL AUDITOR

Based on the Annual General Meeting of Shareholders on April 26, 2018, the Company appointed Tanudireja, Wibisana, Rintis and Partners (member firm of PricewaterhouseCoopers global network in Indonesia) to conduct Financial Audit for fiscal year 2018. Based on the Company's Manual Board, the Board of Commissioners is responsible for proposing to the GMS the Public Accountant Firm that will be assigned to audit the Company's financial statements for the current year and report it to the GMS. The Board of Directors assists the Board of Commissioners in carrying out the procurement of services for the Public Accountant Firm until the audit process is completed in accordance with the specified scope. The process of appointing an external auditor is as follows:

1. The Board of Commissioners is assisted by the Audit Committee to conduct a review of the Public Accounting Firm that will be proposed at the GMS;
2. The Audit Committee proposes candidates for the Public Accountant Firm to the Board of Commissioners;

3. The Board of Commissioners conveys the Determination of the Public Accounting Firm in the Context of the General Audit of PT Perusahaan Gas Negara Tbk for fiscal year 2018;
4. The Board of Commissioners proposes to the GMS to approve the appointment of the Public Accounting Firm that will audit annual financial statements and request delegation of authority and power from the GMS in determining the amount of honorarium for the Public Accountant Firm;
5. If the GMS accepts the proposal of the Board of Commissioners, the GMS determines the Public Accounting Firm proposed by the Board of Commissioners. If the GMS rejects, the GMS will determine the Public Accountant Firm;
6. The Directors carry out the determination of the GMS. Copy contract between the Board of Directors

and the Public Accounting Firm submitted to the Audit Board of The Republic of Indonesia no later than 7 (seven) days after the contract signed.

Based on this appointment, the scope of audit services performed by PricewaterhouseCoopers is:

1. General Audit of the Company Consolidated Financial Statements for fiscal year 2018.
2. General Audit of the Company Financial Statements of Partnership and Community Development Program for fiscal year 2018.
3. Compliance Audit of Legislation and Internal Control for fiscal year 2018.
4. Evaluation of Company Performance for fiscal year 2018 which ends on December 31, 2018 and Key Performance Indicators (KPI) that have been determined by the Board of Commissioners.

Based on the results of the GMS on April 26, 2018, the Board of Commissioners has the authority to be able to determine the amount of audit service fees, add the scope of work required and other requirements, including establishing a replacement of Public Accountant Firm if the appointed Public Accountant Firm cannot complete its work. The total costs for the Audit of the Consolidated Financial Statements for 2018 are Rp 1,897,670,794 (including OPE and VAT).

THE LAST 8 YEARS PGN ACCOUNTANT OFFICE AND PUBLIC ACCOUNTANT FIRM

Fiscal Year	Public Accountant Firm	Accountant
2011	Purwantono, Suherman, Surja member firm Ernst & Young Global Limited	Indrajuwana Komala Widjaja
2012	Purwantono, Suherman, Surja member firm Ernst & Young Global Limited	Indrajuwana Komala Widjaja
2013	Purwantono, Suherman, Surja member firm Ernst & Young Global Limited	Indrajuwana Komala Widjaja
2014	Purwantono, Suherman, Surja member firm Ernst & Young Global Limited	Agung Purwanto
2015	Purwantono, Sungkoro, Surja member firm Ernst & Young Global Limited	Indrajuwana Komala Widjaja
2016	Tanudireja, Wibisana, Rintis and partners member firm of Price WaterhouseCoopers	Yusron Fauzan
2017	Tanudireja, Wibisana, Rintis and partners member firm of Price WaterhouseCoopers	Yusron Fauzan
2018	Tanudireja, Wibisana, Rintis and partners member firm of Price WaterhouseCoopers	Daniel Kohar

OTHER SERVICES

The party appointed by the Company as PGN's External Auditor for fiscal year 2018 has completed its duties independently according to the professional standards of public accountants, work agreements and the stipulated audit scope. The Accounting Office of Tanudireja, Wibisana, Rintis and Partners (member firm of PricewaterhouseCoopers global network in Indonesia) did not provide other consulting services to PGN.



INFORMATION AND DATA ACCESS OF THE COMPANY

In order to provide convenience to stakeholders and fulfill the provisions of Act Number 14 of 2008 concerning Public Information Openness, PGN always updates information submitted to the Public.

As a compliance of information disclosure, PGN always reports material information and facts to capital market authorities either through letters or electronic reporting to the Financial Services Authority and also to the Indonesia Stock Exchange. PGN also actively publishes every corporate action carried out through a press release in two languages, namely Indonesian and English and the publication can be downloaded through the PGN website.

In addition, to provide sufficient information to investors and potential investors, PGN uses various means of communication such as telephone, conference calls, e-mail, and the Company's website. PGN also interacts in the form of direct face-to-face meetings such as one-on-one/group meetings, field trips, non-deal roadshow and conference. Proactively, the company participates in public meeting activities held by government institutions as well as foreign or local securities through conferences, public exposures, and investor summit.

In 2018, PGN through the Investor Relations Division held 100 meetings/conferences/video calls, Non Deal Roadshows, and participated in various investor conferences and summits, such as:

- Mandiri Investment Forum – February 2018
- UBS Indonesia Conference – March 2018
- Citi Indonesia Investor Conference – May 2018
- CIMB 12th Annual Indonesia Conference – July 2018
- Analyst Meeting Integration of Pertagas – July 2018
- Public Expose BEI – August 2018
- DB Access Indonesia Conference – November 2018
- 17th Morgan Stanley Annual Asia Pacific Summit – November 2018

In addition, PGN has also carried out 2 (two) site visits in 2018 to the Pagardewa Station facility in September 2018 and to Muara Bekasi Offtake Station in December 2018. Site visits are needed to introduce and explain operational activities directly and PGN's business development to investors/analysts.

PGN also strives to strengthen the information technology platform to maintain and improve reliability in providing information in an integrated, timely and targeted manner through the www.pgn.co.id website and the ministry of SOE portal. For customers and prospective customers, more information about PGN, can be obtained by sending an email to contact.center@pgn.co.id or contacting the contact center at 1500 645. For investors, analysts and Shareholders can directly contact the Investor Relations Division by sending an email to investor.relations@pgn.co.id or telephone at (6221) 8064 1111.



CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



06

CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



PGN's commitment to implementing the Social and Environmental Responsibility (SER) program for the people of Indonesia is maintained even though the Company faces increasingly challenging business conditions.

CONTRIBUTION TO THE SOCIETY



PGN's commitment to the implementation of social and environmental responsibility programs (CSR) to the citizen of Indonesia is maintained even though the Company faces increasingly challenging business conditions, PGN embodies a corporate social responsibility program in the form of various social activities. This program includes developing competencies and building community welfare on an ongoing basis, as well as improving public health.

As a business entity that participates an active role in the success of Government programs, PGN is obliged to support government programs as an effort to improve the welfare of the community, while preserving nature in accordance with the objectives of the Sustainable Development Goals ("SDGs"). Therefore, in 2018 PGN focused on distributing funds to support the implementation of the Community Development program, especially health facilities, religious facilities and educational facilities.

Indonesia's massive population certainly raises various health problems that are more complex and require special attention. Based on this, the health facilities sector and education sector should be the top priority. With better education for the poor, the society has the opportunity to break away from the cycle of poverty so that their future will be much better. In addition to the health facilities sector and the education sector, PGN also pay great attention to assistance to religious facilities

SOCIAL RESPONSIBILITY

In an effort to achieve the development goals in the SDGs, PGN remains fully committed to supporting the realization of various PCDP activities by providing adequate funds in accordance with applicable regulations. PGN also seeks to improve the quality of management and distribution, so that all activities carried out can run effectively, efficiently and provide optimal benefits for beneficiaries.

PGN also seeks to involve various parties, namely the community, community leaders, local government elements, academics and non-governmental organizations in planning, implementing and evaluating various activities so that the program fits the needs of the beneficiaries. PGN also continues to strive to improve the management and distribution of PKBL program funds, so that more people will receive the benefits, so that the development goals, namely the improvement and equitable distribution of development welfare can be realized immediately.

One of PGN's roles in supporting sustainable development in Indonesia is to contribute directly to developing villages around PGN's operational areas, making these villages progress and independent. The implementation of the Patronage Village Program was conducted at 5 (five) offtake PGN stations. This gas station has a strategic role in maintaining the stability of energy supply in Indonesia, so that PGN must maintain

A strong commitment to caring and sharing is embodied in the corporate social and Environmental Responsibility Program. The main goal of each PGN Social responsibility program is to participate actively and take initiatives in improving the community economy through energy independence and environmental

harmony with the local community. The active participation of PGN is expected to be able to realize the operational reliability of the company as well as the community around the offtake station that is independent and competitive.

The Village Development Program is carried out through several stages, namely:

- a. Social and Stakeholder Mapping,
- b. Survey to PGN Stakeholders around the location,
- c. Program Planning,
- d. Program Implementation,
- e. Program Monitoring and Evaluation,
- f. Exit Strategy (submission of programs to community groups).

The whole stage involves the community and local government officials, so the programs produced are a joint agreement between PGN and the community. In the framework of village independence, each village is encouraged to be able to establish community institutions in the form of Village Owned Enterprises (VOEs) as well as other institutions, with various business units under the community.

PGN always creates programs that benefit the community and the company. The benefits obtained from the PGN Guided Village Program include:

- a. Increased independence and welfare of the local community;
- b. Creating employment opportunities and reducing unemployment in the area;
- c. Increasing awareness and quality of local community health;
- d. Increase Locally-Generated Revenue;
- e. Increase the harmony of relations between PGN and the community and local government, as well as between the community itself;
- f. Reduce operational disruption for companies due to social aspects;
- g. Reduce community dependence on assistance from companies, so that aid funds can be allocated to help communities in other places;
- h. Become the media for the involvement of PGN's work in the company's social activities; and
- i. Become a media for socializing the participation of State Owned Enterprises and PGN in supporting the welfare of the community.

ENVIRONMENT RESPONSIBILITIES



POLICY

PGN's environmental policy is part of a unified policy that concerns safety, health, security, environment and energy aspects, which integrated to the Policy of Occupational Health and Safety, Environmental Safeguard and Management as well as Energy (HSSE). This policy, adopted on October 15, 2018, is a revision of similar policies and has been adjusted to PGN's business development.

This HSSE Policy is implemented through the following efforts:

1. Taking proactive and preventive actions in order to successfully create a healthy, safe, secure, environmentally, and efficient work environment in energy utilization;
2. Making risk management efforts with regards to diseases resulting from work, occupational accident, security interference on assets, and environmental pollution;
3. Complying with legal regulations and other applicable requirements concerning occupational health and safety, environmental safeguard and management as well as energy sectors;
4. Mentoring the workers in order to increase their awareness and competence in occupational health and safety, environmental safeguard and management as well as energy sectors;
5. Making environmental management efforts by using sustainable resources, conserving energy to achieve efficiency, managing the emission of Greenhouse Gas, and protecting biological diversity;
6. Engaging the community within the company's operational areas as an instrument to safeguard and manage environment;
7. Evaluating the HSSE Management System on a regular basis for the purpose of sustainable improvement.

Concern for environmental sustainability is PGN commitment, to create a green sustainable world for future generation

KEBIJAKAN KESELAMATAN & KESEHATAN KERJA, PENGAMANAN, DAN PENGELOLAAN LINGKUNGAN SERTA ENERGI

PT Perusahaan Gas Negara (Persero) Tbk. ("PGN") adalah perusahaan energi yang bergerak dalam kegiatan pemanfaatan gas bumi. Kami berkecand menciptakan lingkungan kerja yang sehat, selamat, aman, dan ramah lingkungan di seluruh wilayah pengelolaan usaha perusahaan, termasuk Entitas Anak / Joint Ventures di bawah kendali operasional PGN dan Penyedia Barang/Jasa yang bekerja atas nama PGN, melalui upaya :

1. Melakukan tindakan proaktif dan preventif agar tercapai lingkungan kerja yang sehat, selamat, aman, ramah lingkungan dan efisien dalam pemanfaatan energi;
2. Melakukan upaya pengelolaan risiko terkait penyakit akibat kerja, kecelakaan kerja, gangguan keamanan terhadap aset, dan pencemaran lingkungan;
3. Mematuhi ketentuan hukum dan persyaratan lain yang berlaku di bidang keselamatan & kesehatan kerja, pengamanan, dan pengelolaan lingkungan serta energi;
4. Melibatkan pekerja melalui kegiatan komunikasi dan konsultasi serta melaksanakan pembinaan kepada pekerja untuk meningkatkan kesadaran dan kompetensi bidang keselamatan & kesehatan kerja, pengamanan, dan pengelolaan lingkungan serta energi;
5. Melakukan upaya perlindungan lingkungan melalui penggunaan sumber daya yang berkelanjutan, konservasi energi untuk mencapai efisiensi, pengelolaan emisi Gas Rumah Kaca (GRK), serta perlindungan keanekaragaman hayati;
6. Melibatkan komunitas di wilayah operasional perusahaan sebagai instrumen pengamanan dan pengelolaan lingkungan;
7. Mengevaluasi Sistem Manajemen Keselamatan & Kesehatan Kerja, Pengamanan, dan Pengelolaan Lingkungan serta Energi secara regular guna perbaikan yang berkesinambungan.

Jakarta, 15 Oktober 2018



Gigh Prakoso
Direktur Utama



PT Perusahaan Gas Negara Tbk

In its implementation, PGN determined the Environmental Transformation Roadmap as a reference for PGN in achieving its business objectives, in addition to being part of the culture of all PGN employees. Through this Roadmap, PGN has achieving success in following targets:

TARGET	2018	2017	2016	2015	2014
PROPER rating Blue	√	√	√	√	√
Development of carbon trace calculations	√	√	√	√	√
Implementation of AMDAL or UKL-UPL and complete environmental permits	√	√	√	√	√
Achieve 100% compliance with environmental regulations	√	√	√	√	
Baseline data on structured environmental management	√	√	√	√	
ISO 14001:2015 Certification	√	√	√		
No environmental pollution (zero pollution)	√	√	√	√	√
ISO 14001:2015 Audit Surveillance was carried out	√	√			

THE UNDERTAKEN ACTIVITIES PROGRAM

In distributing natural gas, the operational activities of PGN never bring a significant negative impact on the environment, but PGN's operational activities continue to meet environmental and sustainability principles. Not only maintaining the reliability of operations, PGN also maintained the quality of the environment by complying the environmental quality standards set by the Government and conducting environmental protection. The form of PGN's commitment to environmental management includes:

a. Use of Material

In building distribution and transmission networks, PGN uses pipes made of steel or PE (Poly Ethylene) plastic with a thickness that has been calculated specifically. Steel pipes are coated with coatings and other protectors that make the pipes anti-rust, durable, and able to be buried underground for long periods of time (around 30 years). The aim is to minimize the impact on the environment.

Other materials that also quite important in the main operational activities are impurities absorbers or filters that are placed in the pipe. This absorbent function is to remove impurities in the form of water vapor or other dissolved substances so that the quality of natural gas is maintained. Absorbent material contained in the pipe is replaced with a new one at any given time period. Replaceable used absorbers are treated as solid waste managed in accordance with applicable regulations so as not to pollute the environment. PGN uses these materials to minimize the impact of its production activities.

In its operational activities, PGN also implements a paper-saving policy, by implementing programs: technology based system to reduce paper use including: mailing system (E-SMS - Electronic Secretariat Management System), payment system (POPAY - Paperless Online Payment System), HSSE system (HOLISTIC - HSSE Online System

and Indicator Performance Center), employee information systems, and others, centralized printing systems to control paper use, double-sided paper use, and paper waste recycling. This system is able to reduce the amount of paper consumption in administrative activities.

PGN also applies a policy that allows other materials that are not useful but can be recycled to be managed by third parties who are competent in the field of recycling. The handling of materials that are not used anymore is carried out in three ways, namely sales, grants and destruction.

b. Waste Treatment

To preserve the environment, PGN has been prioritizing the principle of reduction at source, namely minimizing the emergence of waste. Minimizing can be conducted either on the quantity or resulting impact. Example of the effort: replacing a mercury-containing lamp with an LED lamp to reduce the resulting amount of Hazardous and Toxic Materials waste, minimizing the use of papers through electronic correspondence system and centralized printing system, using both sides of the papers to minimize paper waste, and using drinking glasses and bottles to reduce the consumption of packaged drinking water and also reduce plastic waste.

The following efforts were made when dealing with the resulting waste:

- a) B3 Waste Management B3 waste is managed in accordance with Government Regulation No. 101 Year 2014 and other laws and regulations concerning B3 waste. B3 waste is handled by a third party which possesses the B3 waste management permit. The third party transports all Hazardous and Toxic Materials (B3) waste

from PGN's operational area and then treats the waste in its facility.

- c) Liquid Waste Management
Liquid waste is managed by using the API Separator technology. In the wastewater outlet, monthly monitoring is performed on the wastewater to ensure that the wastewater meets the quality standards set by applicable laws and regulations.
- c) Domestic Waste Management
Domestic waste is managed in cooperation with a third party for its transportation and disposal. In addition, waste utilization is also conducted as follows: composting organic waste which can be used for fertilizer.

c. Energy Efficiency

In line with the Policy on Occupational Health and Safety, Environmental Safeguard and Management as well as Energy (HSSE), PGN has been realizing one of its corporate responsibilities by managing energy consumption.

In 2018, PGN conducted energy audit in cooperation with PT Energy Management Indonesia (Persero). The purposes of this activity are as follows:

- Identifying the overview of energy utilization including the type and quantity of energy consumption, energy intensity, energy consumption load profile, energy equipment performance, and energy balance;
- Identifying the benchmark of energy intensity in order to identify the effectiveness and efficiency levels of energy consumption;
- Evaluating the Implementation of the Energy Management System;
- Identifying the opportunity of energy efficiency;

- Providing recommendations on how to change the method or substitute highenergy equipment with more energy-saving equipment with the same functions, along with the benefits, associated costs, and the implementation action plan.

The Energy Audit Program has a strong legal basis, especially with the issuance of Law No. 30 Year 2007 concerning Energy, particularly Article 25 on Energy Conservation, and Government Regulation No. 70 Year 2009 concerning Energy Conservation.

Based on the results of the 2018 energy audit at Pagardewa Station, the results of the Regional Office Energy Consumption Index (IKE) were 8.18 kWh / m² / month. Control Building was 7.47 kWh / m² / month. Accommodation Building was 6.25 kWh / m² / month, or included in the Very Efficient category based on ESDM Ministerial Regulation Number 13 of 2012 concerning Electricity Usage Saving.

This energy saving can be achieved through the following programs:

- Replacement of lamps to LED-based lamps which save more energy and last longer;
- Rewiring light switches according to needs and functions;
- Window film installation to reduce the use of air conditioning;
- Operational control such as controlling the time for turning on the ACs, lamps, and so on;
- Increasing the awareness of the workers to implement energy efficiency.

d. Use of Environmentally Friendly Energy

PGN's commitment in environmental protection efforts has been realized by, among other things, using environmentally friendly energy through the following programs:

- Using gas fuel for Gas Engine Generator whose function is to generate electricity for operational activities at a number of gas stations.
- Using solar cell for external lighting at gas stations and tower repeaters.
- Providing Mobile Refueling Units for motor vehicles in order to expand the use of natural gas as the choice of energy which is more environmentally friendly, safe, and efficient for the community.
- Building Gas Filling Stations (SPBG) for motor vehicles in order to promote the use of natural gas as environmentally friendly energy for the community.

e. PROPER

PGN's compliance with the regulations can be identified from its participation in the Evaluation of Company's Performance Rating in Environmental Management (PROPER). PROPER Evaluation is based on Regulation of the Minister of Environment Number 3 Year 2014 concerning PROPER, In 2018.

PGN successfully earned Blue rating of PROPER for: Gas Distribution Management Regional I Offtake Station Cimanggis Depok, Gas Distribution Management Regional II East Java, Gas Distribution Management Regional III Offtake Station Panaran Batam, Gas Transmission Management Compressor Station Pagardewa Muara Enim, and Saka Indonesia Pangkah.

The achievement demonstrates PGN's commitment in environmental management, PGN will continue to be committed and make efforts to make continuous improvement in energy efficiency, resources conservation, and natural diversity as well as waste reduction in order to become a green company.

f. Carbon Accounting

A direct effort made by PGN in helping preventing global climate change is to carry out more efficient business operations and limit GRK emission which directly contributes to the increase of the earth's surface temperature, PGN has made structured efforts to reduce carbon emission from its operational activities, PGN's real step in reducing carbon emission was to develop Carbon Accounting (carbon calculator) to standardize the calculation of carbon emission as a basis for formulating an appropriate carbon mitigation policy.

A number of forms of internet-based Carbon Accounting (carbon calculator) have been developed by various organizations. However, carbon calculators which have been distributed on the virtual world tend to be based off of the life pattern, technology, and behaviour in advanced countries, especially countries in Europe and North America. The emission factor used in them is more relevant to the technological development in the said countries. Therefore, many of the features or activities in them are irrelevant or inconsistent with the day-to-day conditions in developing countries.

Carbon calculator developed by PGN is a part of environmental transformation activities which have been conducted by PGN since 2012. The scope of the carbon calculator developed for PGN includes the following:

- Emission of electricity consumed at buildings and stations;
- Emission of fuel consumed for generators;
- Emission of fuel consumed for motor vehicles;
- Emission of fuel consumed for chiller and turbine compressor;
- Emission from natural gas distribution activities;
- Emission of official travel by plane.

PGN's total carbon emission in the year 2018 is as follows:

Aktifitas	Carbon Emission PGN (Ton CO ² eq)				
	2018	2017	2016	2015	2014
Venting	5,413.46	2,505.56	2,564.59	890.88	5,138.42
Instrumentation	3,459.32	3,204.98	2,777.95	915.5	3,186.79
Blowdown	823.85	631.03	506.47	80.27	300.54
Gas Leakage	20,259.01	31,673.15	8.34	1.54	0
Gas Fuel	34,623.80	36,208.25	37,039.48	47,396.94	38,572.77
Generator Fuel	318.04	95.24	973.25	990.26	1,238.67
Vehicle Fuel	1,469.67	1,949.09	1,762.40	1,473.09	2,290.61
Vehicle Gas Fuel	1,057.84	-	498.37	566.81	492.72
Gas For Chiller	1,168.07	1,247.50	314.84	245.29	1,104.18
Total	68,593.06	77,514.80	46,445.68	52,560.58	52,324.7

Activities	Carbon Emission PGN (Ton CO ² eq)				
	2018	2017	2016	2015	2014
Electricity	13,319.93	9,072.98	15,837.03	8,217.58	11,530.07
Flight	699.64	511.46	782.93	625.86	354.86
Total	14,019.57	9,584.44	16,619.96	8,843.44	11,884.93

g. Implementation of AMDAL or UKL-UPL

PGN's main activity is to transmit and distribute natural gas from the suppliers to the customers. Each operational activity performed by PGN must comply with the provisions as set out in the document on Environmental Impact Analysis (*AMDAL*) or document on Environmental Management Efforts – Environmental Monitoring Efforts (*UKL – UPL*) as well as the Environmental Permit. Accordingly, PGN has been able to always anticipate the impact that will occur and manage it in order to minimize the negative impact and optimize the positive impact of its operational activities.

The implementation of environmental management and monitoring activities specified in *AMDAL* or *UKL-UPL* has been reported in each semester

to the relevant agencies, namely the Ministry of Environment and Forests (*KLHK*) and the Environment Service Office.

h. Training

PGN has been continuously organizing various training programs on environment and environmental management, by involving various levels of its employees. Trainings organized in 2018 are as follows:

- Training on Environmental Permit Preparation and Implementation;
- Training on Energy Management System;
- Training on Energy Conservation and Efficiency;
- Training on Energy Monitoring System;
- Training on Energy Manager;
- Training on Life Cycle Assesment.

ENVIRONMENTAL CERTIFICATION AND AWARDS

PGN's principle in managing the environment has been adapted from a clause of Environmental Management System ISO 14001, PGN has been periodically identifying the important environmental aspects and impacts, identifying other regulations and requirements on environmental management which are relevant to its business activities and evaluates its compliance with them, setting purposes and targets Regarding environment, conducting internal audit and external audit on the implementation of the Environmental Management System, and performing management review.

Throughout 2018, PGN has earned the following environmental performance achievements:

1. PROPER Blue

- Gas Distribution Management Regional I Offtake Station Cimanggis Depok;
- Gas Distribution Management Regional II Jawa Bagian Timur;
- Gas Distribution Management Regional III Offtake Station Panaran Batam;
- Gas Transmission Management Stasiun Kompresor Pagardewa Muara Enim;
- Saka Indonesia Pangkah.



2. ISO 14001:2015 Certification

In 2017, PGN has successfully earned ISO 14001:2004 in all of its Operational Areas as a realization of implementation of the Environmental Management System which is integrated with all of the Company's business activities

3. Other Awards

Indonesia Green Awards 2018 for Category Saving Water Resources, Developing Integrated Waste Management, Developing Biodiversity, Developing New and Renewable Energy Technology, Pioneering Pollution Prevention, Engineering Technology in Saving Energy, and Best Indonesia Green Awards 2018.

ACTIVITIES EXPENSES

Expenses spent on the environmental management related activities throughout 2018 are Rp 17,010,660,784.

EMPLOYMENT



POLICIES

The employees are the main capital for PGN, in order to achieve vision and mission Company and therefore PGN is committed to create a safe and enlightening work environment, support the employees to unlock their best potentials, and improve the employees' welfare.

Safe and Enlightening Work Environment

PGN has been making efforts to create a work environment that can provide both physical and spiritual safety. The work environment is expected to also inspire the employees in their activities, work, and innovation.

Employees' Best Potentials

PGN is committed to enable its employees to unlock their best potentials by improving and utilizing the best competence. The assignment and placement of the employees are adjusted with the competence of each employee.

Employees' Welfare

Improving worker welfare is the Company's commitment to workers. With the welfare of workers, it is expected to be an attraction to get the best human resources, motivate workers to produce the best performance and to maintain the best workers in the Company in creating and innovating.

THE UNDERTAKEN ACTIVITIES PROGRAM

Safe and Enlightening Work Environment

a. Good communication with the employees to create the smooth communication between employees, and between the management and the employees, PGN has developed and owns a corporate portal which can be utilized and optimized by all employees to support their communication in day-to day work. The portal has the following features, among others:

- Corporate email application as communication media.
- E-SMS application to manage mail filing.
- EASY (Employee Assistance System) application as a mobile application for the employees to monitor their attendance, apply for leave, update their personal information such as the list of family dependents and the most recent education, download payslips, and download Curriculum Vitae. Besides this EASY application also makes it easy for workers to see the rules, download forms, view videos and events related to HCM. Furthermore, the EASY application can also be said as Application Unity because as a media that can accommodate several applications that are often used by workers namely ASIK and Holistic Gate and in the future Document Records and onSPEED applications will also be added.

Workers are important Company assets. For this reason, PGN Group is committed to creating a work Environment that provides a sense of security both physically and spiritually, as well as improving welfare to motivate workers to produce the best performance in carrying out big tasks as subholding gas

- ASIK (Application System for Information Knowing) application as a mobile application for the employees to submit and ask for information related to Human Capital Management (HCM).
- Knowledge Management Online (KMOOn) application as a means of sharing knowledge and best practices in day to day work.
- PGN Learning Management System application for managing employee trainings.
- INFOKU application for managing employee self-service data.
- CARE (Convenient Application Retiring Employee) application for managing retirement preparation administration
- 24-hour Call Center and PIC from ASO Health Services (Administrative Services Only) that can serve and provide solutions to workers who experience problems in health services.

b. Freedom of Association

PGN as a Public Company guarantees the rights of its employees to associate by forming a labor union. This guarantee is provided because the Management has adopted a paradigm that the relationship between the employees and the employer constitutes an industrial relationship in

which the employees and the employer need each other. The guarantee of the freedom of association for the employees to form a labor union is set forth in Law Number 21 Year 2000 concerning Labor Union.

Workers and trade unions in an industrial relationship have an important function that is to carry out work in accordance with their obligations, maintain order for the continuity of production, channel aspiration democratically, develop their skills and expertise and participate in advancing the company and fighting for the welfare of members and their families.

PGN currently has the Labor Union of PT Perusahaan Gas negara (Persero) Tbk, abbreviated to SP-PGN. The status of this SP is independent and unaffiliated. SP-PGN is registered with the labor agency with Registration Proof Number: 387/III/P/IX/2009 dated September 19, 2009 by the Labor and Transmigration Sub- Service Office – West Jakarta Administrative City. The SP members spread around each PGN's organizational unit and is centralized in the central management association. Membership in the

Labor Union is not mandatory. Relationship with between SP-PGN and PGN has been harmonious and any issues has been able to be resolved by deliberation.

PGN has also formed a Bipartite Cooperation Institution (LKS) whose members are Employee representatives and Company representatives pursuant to the mandate set forth in Law No. 13 Year 2003 concerning Employment, and Decree of the Minister of Labor and Transmigration No. Kep 255/Men/2003 concerning the Procedures for the Formation and Membership Composition of Bipartite LKS. In accordance with the Decree of the Head of the Department of Manpower and Transmigration of West Jakarta City Number 419 of 2018 regarding the management of the Bipartite Cooperation Institute of PT Perusahaan Gas Negara (Persero) Tbk, the management of Bipartite LKS was changed as a form of implementation of harmonious relations between the Company with Serikat Workers. Coordination and sharing of company development and management of workers are carried out with the aim of advancing the Company and the welfare of workers.

The implementation of the Bipartite LKS was held on December 21, 2018 with a discussion including management of workers after the signing of the Cooperation Agreement (CA) between PGN and Pertamina and PGN with Pertamina on October 18, 2018

c. Regulating the Work Hour, Breaktime, and Permission to Leave Work

In order to avoid excessive exploitation of the employees, the company has set the limit of work hours for the employees. The work hours are adjusted with the work area and the nature of the work. PGN applies normal work hours, shift work hours, and special work hours for the performance of work in certain areas.

Work time arrangements, rest periods and permission to leave work are outlined in the Collective Labor Agreement which refers to Law Number 13 of 2003 concerning Labor and has been adjusted to the needs of the Company.

The mechanism for implementing National Holidays and Joint Holidays is conveyed by the Company to workers in accordance with Government decisions and according to the needs of the Company based on the principles of effectiveness and humanitarian factors.

d. Human Rights

PGN respects human rights by implementing nondiscriminating practices based on gender, ethnicity, religion, or political affiliation. This is reflected in the day-to-day work environment and new employee recruitment.

An equal opportunity is given to all people, either man or woman, regardless of the difference of ethnicity, religion, race, class, gender, or physical condition to participate in PGN employee recruitment program. The hiring of potential employees is based on the selection result, evaluation result during probation, and orientation of the employee concerned.

Likewise for workers, PGN provides equal opportunities for all workers, both PGN workers and Subsidiaries & Affiliates, to take part in education and training programs from the executive level to top management. Throughout 2018, PGN has held inhouse and public training to develop technical competencies and managerial competence of workers.

In 2018, one of PGN's subsidiaries provides a working opportunity for two people with disabilities to carry out support workers in the call center function. This shows that the Company believes that the limitations of physical conditions do not prevent a person from working.

PGN complies with the policy on not employing underage children and until this report is prepared, the youngest employee recorded in PGN is 22 years 4 months old. The minimum age for potential employees in the Company is 18 years old. This is in line with the Government's decision to ratify the ILO Convention.

Employee Best Self-Potential Development Facility

a. Competence Management

The basis for the mentoring and development of Human Resources in PGN is competence, both managerial and technical. Mentoring and development are conducted through education, training, special assignment, and transfer and promotion programs. The employees will periodically receive report an illustration regarding competence they have mastered based on the result of assessment process.

PGN has proved its commitment by developing HR organization according to the strategic scope of work, and by forming a special unit to handle talent management in the HCM organization structure, with the following scope of duties and roles:

1. The establishment of competence-based HR sistem which is comprehensive and integrated
2. The availability of competence dictionary and profile in accordance with the business process and organization

3. The identification of competence gap of each employee
4. The establishment of talent management
5. The development of talents as required by the Company
6. The retain of potential employees and to motivate to do the best performance.

In its implementation, competence data is managed by using the model of Competence-Based HR Management (CBHRM) and competence development plan through education, training, special assignment, and transfer and promotion programs. This indicates PGN's seriousness in managing the professionalism of its employees.

b. Employee Education and Training

PGN has continuously been conducting mentoring and development of the employees to meet the required competence and skills. The Education and Training Program is consistently implemented by PGN to maintain and create the best employee competence. The competence development program is prepared in a planned, systematic, and focused manner in accordance with the Company's business development.

PGN has patterns, syllabuses, modules, and facilitator guidance for the education and training program in the technical, operational, and commercial fields which are directly related to PGN's revenue, natural gas distribution reliability, and external customer satisfaction throughout the PGN business scope and Subsidiaries and Affiliates.

c. Performance Management

The work targets given to the employees must refer to the company's Strategic Business Priorities (SBP) and relate to the targets of their respective managers. The company's targets are directly supported by and

adopted into the targets of each director, and so on until the level of staff. This indicates an integral effort to achieve the corporate vision and mission according to the capabilities of each level.

At the beginning of the year, work targets must be set based on the principle of SMART (Specific, Measurable, Achievable, Reasonable, and Timebound), the superior's targets, and the SBP. The employees are also required to prepare an IDP (Individual Development Plan). IDP is the self-development plan of an employee which is prepared in a year. The weight of performance evaluation consists of a number of components such as individual work targets (80%), IDP (10%), and culture (10%).

At the middle of the year, each manager must provide feedback on the performance achievement and perform coaching particularly with regards to the prepared IDP. Even though this can be done at any time, this activity is necessary to ensure whether or not the existing targets are relevant or must be changed according to the current development and to ensure whether or not IDP has been effective.

At the end of the year, evaluation will be conducted on the achievement of individual performance, IDP, and culture, and an evaluation score will be awarded according to the regulation. The score has six categories, namely Outstanding, Very Good, Good Plus, Good, Reasonable, and Unsatisfactory. The evaluation category will be a basis for setting remuneration and career of an employee.

With the implementation of SMKI, all employees are expected to demonstrate the best performance as their performance will contribute towards the company's achievement.

Employee Welfare

a. Remuneration

The current Remuneration System in PGN has been implemented to the three main needs of the Company, namely as follows:

- To attract the best talents;
- To motivate the existing employees so they can give the best contribution for the purpose of achieving the company's vision and mission, and;
- To retain the best talents at PGN

In planning the remuneration system, internal equity and external competitiveness always serve as the primary reference. The purpose is to produce a fair remuneration system. To achieve internal equity, all of the existing positions are evaluated to obtain a position grade. Meanwhile, to maintain external competitiveness, PGN regularly participates in salary surveys to see the position of its compensation package in comparison with similar companies in the market.

b. Benefit Program

Aside from the interesting remuneration program, PGN also offers many interesting benefit programs for the employees and their families, such as healthcare program, medical security, accident insurance, hajj or religious pilgrimage expense assistance, educational scholarship, and so on.

In 2018, several benefit programs have been launched by the management, among others, as follows:

- Employee Assistance Program
Starting from mid-2013, PGN has been providing the Employee Assistance Program (EAP) facility. The EAP Program is an additional health facility for the employees and their families in the form of counseling service. Each employee may directly meet or call the

counselor to consult about their issues, either personal, family, or performance-related.

EAP data is confidential and will not be a part of the employee's medical records or personal data and is only known by the EAP Counselor and the employee concerned. Not only providing curative counseling service, EAP is also complemented with preventive activities such as seminar to remote areas and articles related to mental health. With EAP, the employees will be assisted in solving their issues, and therefore when the issues are solved it is expected that the employee can be more focused on their work. Until the end of 2018, 102 employees within the entire PGN area had taken part in EAP.

- Retirement Program
PGN as a reputable state-owned enterprise (BUMN) truly cares for the maintenance of its employees' health. This program is the outcome of the hard work by the management of PGN who engaged PGN Labor Union as a partner in the preparation of this program. Retirement Program is aimed at responding to and meet the requirements for medical expenses when the employee enters his her retirement age, through a scheme of program management by PGN Retired Employee Welfare Foundation (YKPP).

PGN has revitalized the Foundation as a preparation for uninterrupted management of the Retirement Program and for ensuring transparency and accountability in fund management, on the basis of our spirit, by us, for us. This program is prepared as a realization of the mutual cooperation (gotong royong) principle which has been the

cultural root of Indonesia, as the active employees regularly pay contributions to help PGN retirees who are currently passive, with the principle of "the capable pays for the incapable.

Contributions collected from the active employees are used to pay medical insurance premiums for the retirees to the insurance company. Therefore, through this program, PGN retirees and their spouses whose number is currently about +1,200 participants can enjoy healthcare security in the entire Indonesia territory through medication card issued by the health insurance company.

For the retirees, this is a realization of appreciation given by the active employees and the management of PGN for their services and the services of their predecessors who have expanded and developed PGN until it becomes as it is today.

ACTIVITIES EXPENSES

During 2018, PGN and its Subsidiaries and Affiliates (PGN Group) have held programs to create a safe work environment and support workers to achieve the best potential and to create welfare for workers with remuneration and benefits that match the Company's capabilities and support PGN's business with realization a fee of Rp 1,16 Trillion.

OCCUPATIONAL HEALTH AND SAFETY RESPONSIBILITIES



OHS MANAGEMENT SYSTEM POLICY

Occupational Health and Safety (OHS) management in PGN constitutes a substantial matter as it has a high risk on the business management activities of PGN which engages in the natural gas transmission and distribution business. With good OHS management, all chances of occupational accident or health incident can be minimized or even eliminated.

In line with the Company's Vision to become a world-class gas company in 2020, the Company is particularly focused on OHS management. PGN has implemented the OHS Management System (SMK3) to ensure the work is carried out in a healthy, safe, secure, and environmentally friendly manner.

As a basic form in the implementation of SMK3, PGN affirms OHS Policy which is part of a unified policy in the aspects of safety, health, security, environment and energy, namely Occupational Safety and Health Policy, Environment and Energy Security and

Management Environment and Energy validated on October 15, 2018. It is a revision of similar policies and has been adjusted to PGN's business development.

The company's success in implementing the occupational health and safety management system has been recognized on an international scale, as proved with the receipt of OHSAS 18001:2007 certificate which is the international standard for the implementation of OHS management system and SMK3 certificate from the Department of Labor and Transmigration pursuant to Government Regulation Number 50 Year 2010. The implementation of the OHS management system in all OHS activities in PGN is reinforced with the implementation of the principles of Plan, Do, Check, and Action.

The aspects of environmental management and occupational health and safety with international standards has been PGN's main concern in order to create a healthy and safe work environment for all stakeholder

OHS Commitment

As an effort to sustain and improve the implementation of the OHS management system and to create a healthy, safe, and environment-friendly work environment, PGN continuously evaluates and reinforces its commitment every year.

This is reflected in the increase in targets that are aligned with the development of the Company's business. At the end of each year, PGN has affirmed its Commitment which then will be used as the Company's target in OHS aspect.

	TEAM	TARGET
Category 1	Health	% Pemertuaan Kesehatan berkala (AMCU) 100%
	Safety	% Tidak Langsung Penyelidikan Hasil Pengukuran Lingkungan Kerja 1x/ Tahun
	Security	% Tidak Langsung Penyelidikan Hasil Audit 1x/ Semester
	Environment	% Tidak Langsung Penyelidikan Hasil Audit 100%
Category 2	Health	Fatality / Kecelakaan karena manusia akibat kerja 0
	Safety	Loss Time Injury 0
	Security	Gangguan Keamanan yang mengakibatkan terhentinya kegiatan operasional data/atau korban jiwa 0
	Environment	Pencemaran Lingkungan*** 0

Target HSSE TAHUN 2018

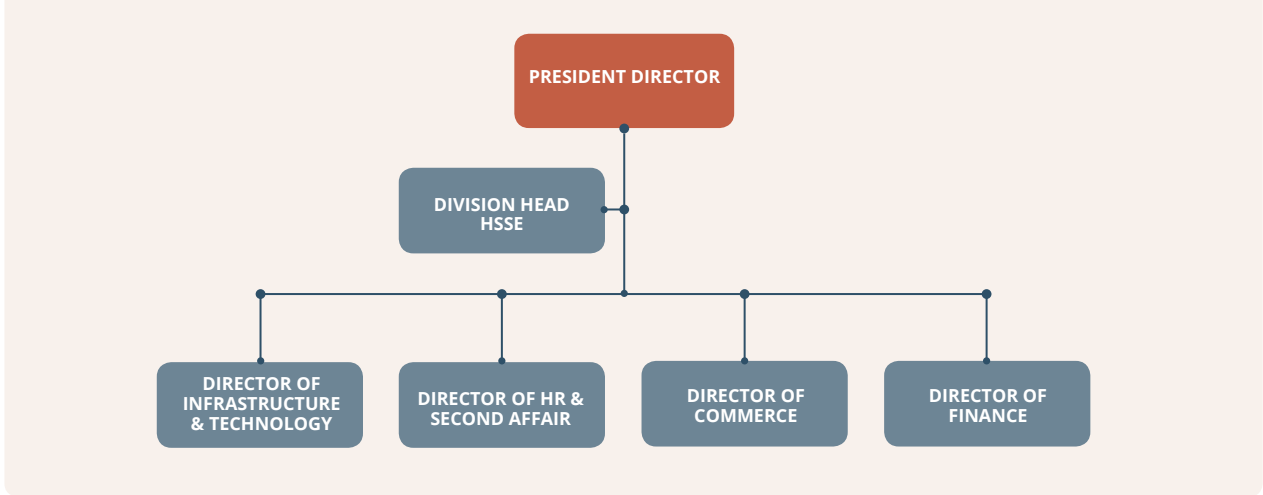
* Jumlah HSSE adalah Audit Perusahaan yang memiliki skor 100% (100% No Defect)
 ** Target yang berlaku berdasarkan kebijakan perusahaan PGN
 *** Jumlah insiden di 100% 100% No Defect

Direktur Utama: [Signature]
 Direktur Operasional dan Produksi: [Signature]
 Direktur Keuangan: [Signature]
 Direktur Marketing: [Signature]
 Direktur HR: [Signature]
 Direktur Legal: [Signature]
 Direktur IT: [Signature]
 Direktur Safety: [Signature]

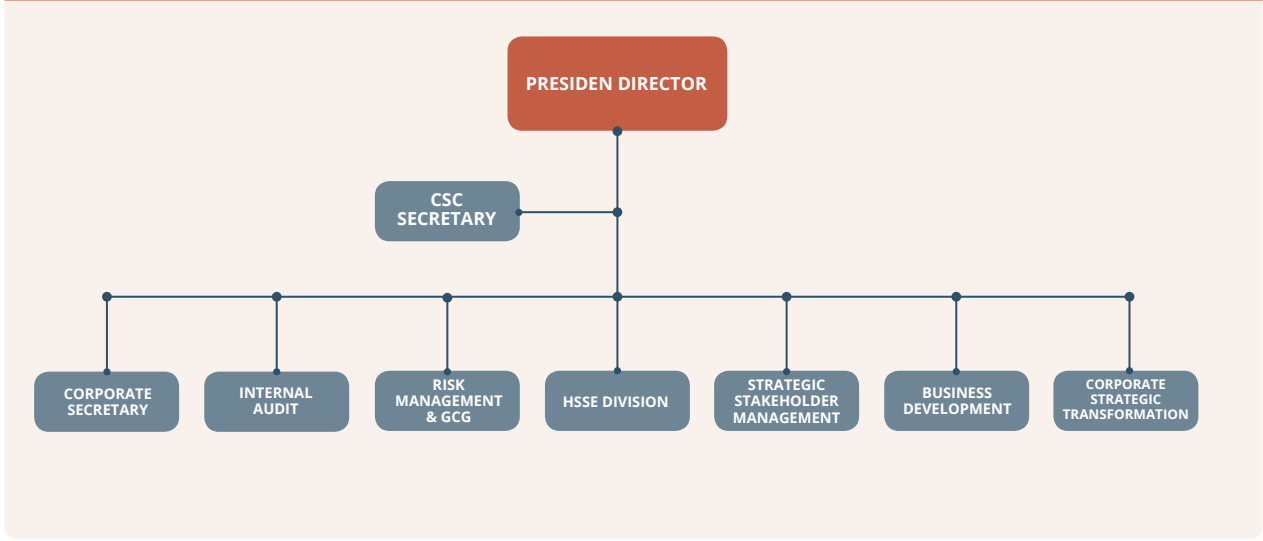
To achieve the target commitments that have been established, PGN monitors the implementation of OHS by forming committees from the Directors level to work units in the form of Executive Central Safety Committees (ECSC) and Central Safety Committee (CSC).

The establishment of the committee is an effort to ensure that strategic policies, implementation, and activities of OHS are carried out in well and comprehensive manners, both by every employee and partners of PGN. The following is the organizational structure of PGN's CSC:

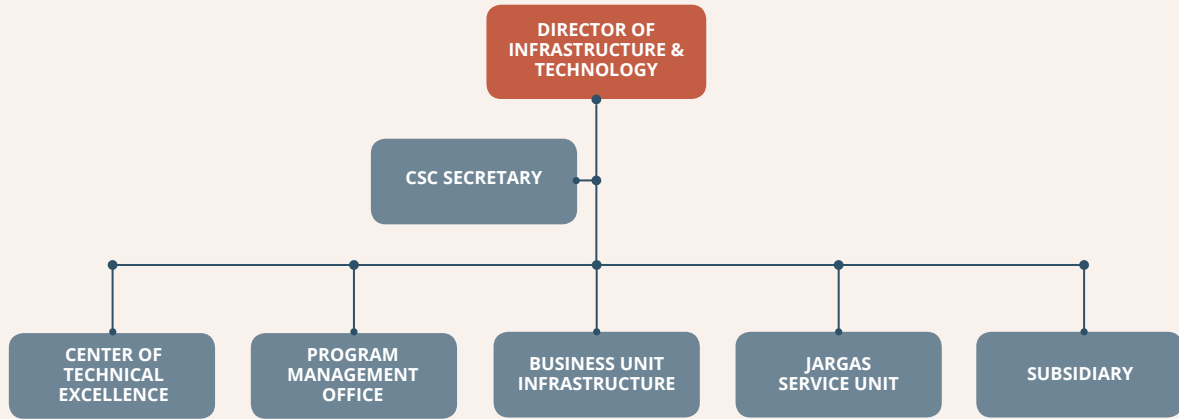
EXECUTIVE CENTRAL SAFETY COMMITTEE



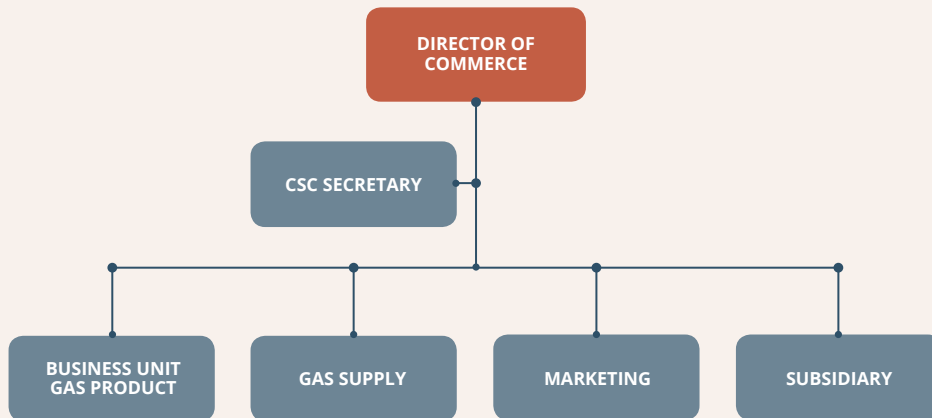
CSC MAIN DIRECTORATE



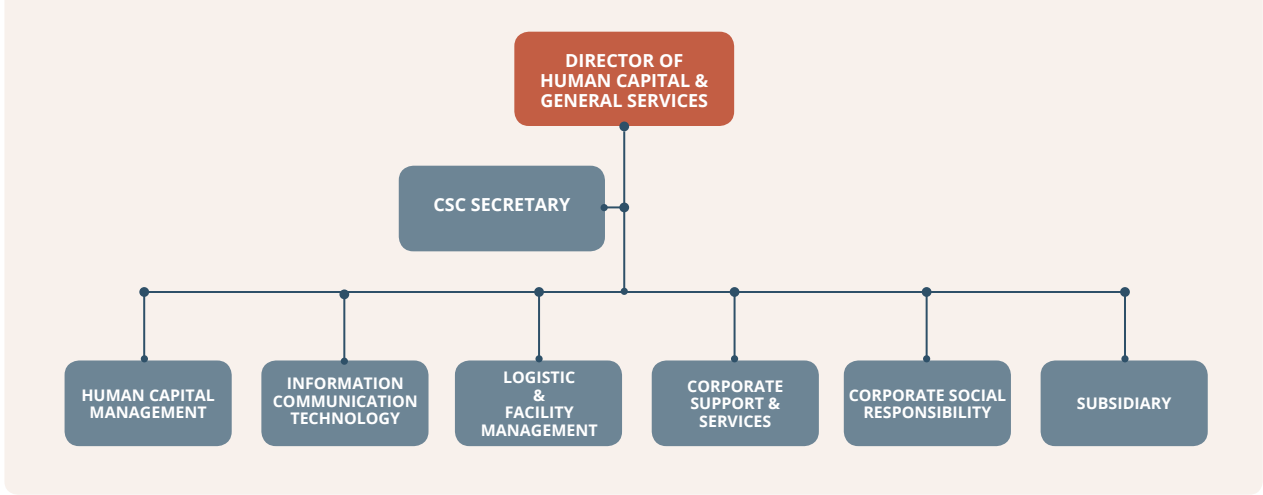
CSC DIRECTORATE OF INFRASTRUCTURE & TECHNOLOGY



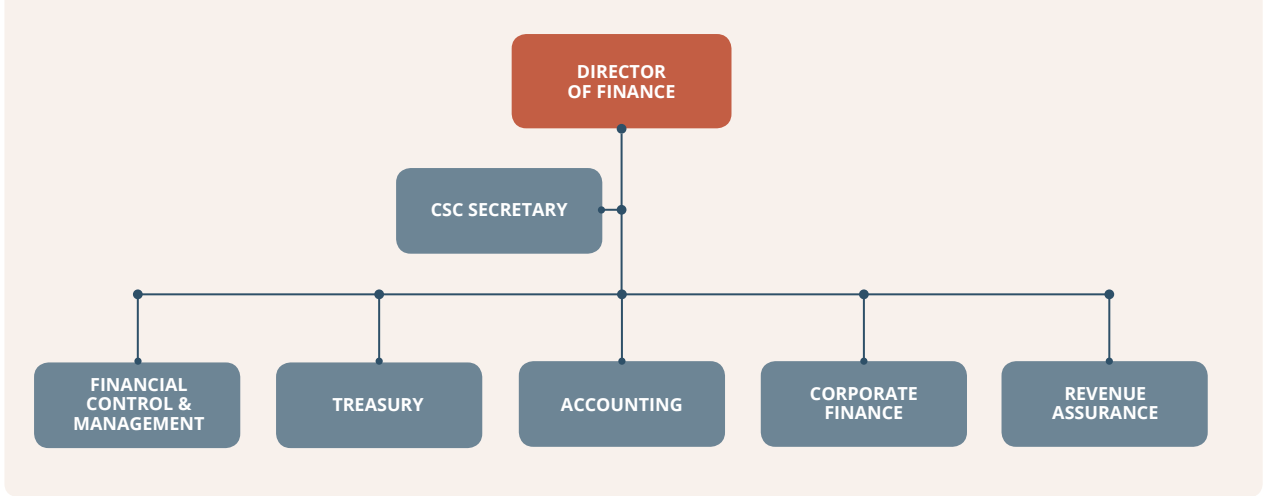
CSC DIRECTORATE OF COMMERCIAL AFFAIRS



CSC DIRECTORATE OF HRD AND COMMERCIAL AFFAIRS



CSC DIRECTORY OF FINANCE



OHS Reporting

PGN regularly submits reports to the regulator. The reports are submitted to the Department of Labor and the Ministry of Manpower every three months and to the Directorate General of Oil and Gas Ministry of Energy and Mineral Resources every month. For healthy at work aspect, PGN submits the report every three months to the Ministry of Health

Safety Metric

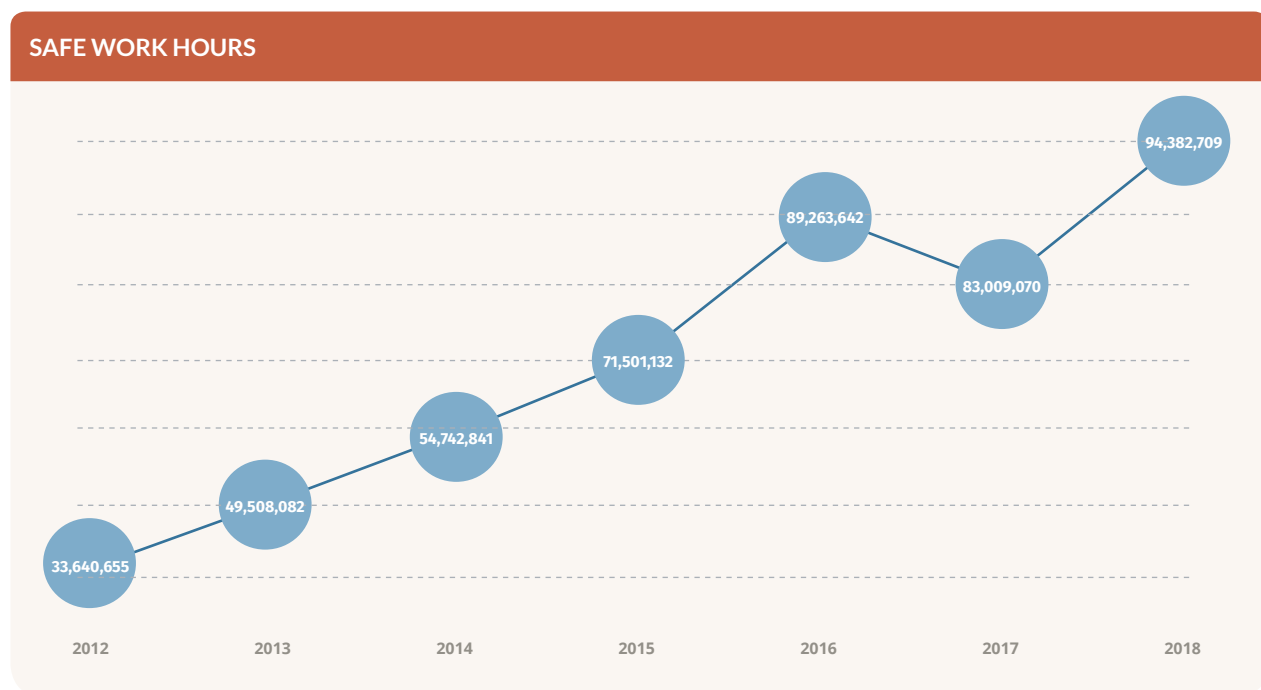
Safety Metric is the performance indicator of each Work Unit in the management and implementation of OHS. Through this metric, PGN monitors, evaluates, and stipulates the improvement measures upon the achievement of OHS performance in each month.

	ITEM	Holding	GDM I	GDM II	GDM III	GTM	PMO Infrastructure	Target
Lagging Indicator	Incident							
	Fatality	0	0	0	0	0	0	0
	Lost Workday Case	0	0	0	0	0	0	0
	Restricted Workday Case	0	0	0	0	0	0	<2
	Medical Treatment Case	0	0	0	0	0	0	Not targeted
	First Aid	3	1	3	1	1	5	Not targeted
	Nearmiss	14	7	5	1	2	13	Not targeted
Health	TSAF	0.37%	0.13%	0.08%	0.07%	0.12%	0.02%	<0.45
	Disease Caused by Work	0	0	0	0	0	0	0
RCA	- % Participation	100%	100%	100%	100%	100%	100%	100%
	- % Follow-up on Severity 4/5	65%	88%	86%	100%	100%	84%	100%
Observasi	- % Participation	66%	100%	92%	100%	100%	79%	100%
Health	% Periodic Check-up (MCU)	100%	100%	100%	100%	1005%	100%	100%
	Work Environment Measurement	100%	100%	100%	100%	100%	100%	100%
Audit	OHSAS 18001:2007 Certification	100%	100%	100%	100%	100%	100%	100%
	SMK3 Certification	100%	100%	100%	100%	100%	100%	100%
	OHSA Audit Implementation	100%	100%	100%	100%	100%	100%	100%
	% Follow-up on the Audit Result Completion	100%	100%	100%	100%	100%	100%	100%
	Safe Work Hours (Hour)	15,316,005	29,459,170	17,481,799	12,897,177	13,845,648	5,382,910	

Safe Work Hours

Safe Work Hours is an indicator that the Company has carried out the work process WITHOUT the Occurrence of Work Accidents in Lost Workday Case and Fatality categories. As of December 2018, PGN's safe work hours has reached 94,382,709 work hours.

SAFE WORK HOURS		
No	Location	Total Safe Hours
1	Holding	15,316,005
2	GDM I	29,459,170
3	GDM II	17,481,799
4	GDM III	12,897,177
5	GTM	13,845,648
6	PMO	5,382,910
Total		94,382,709



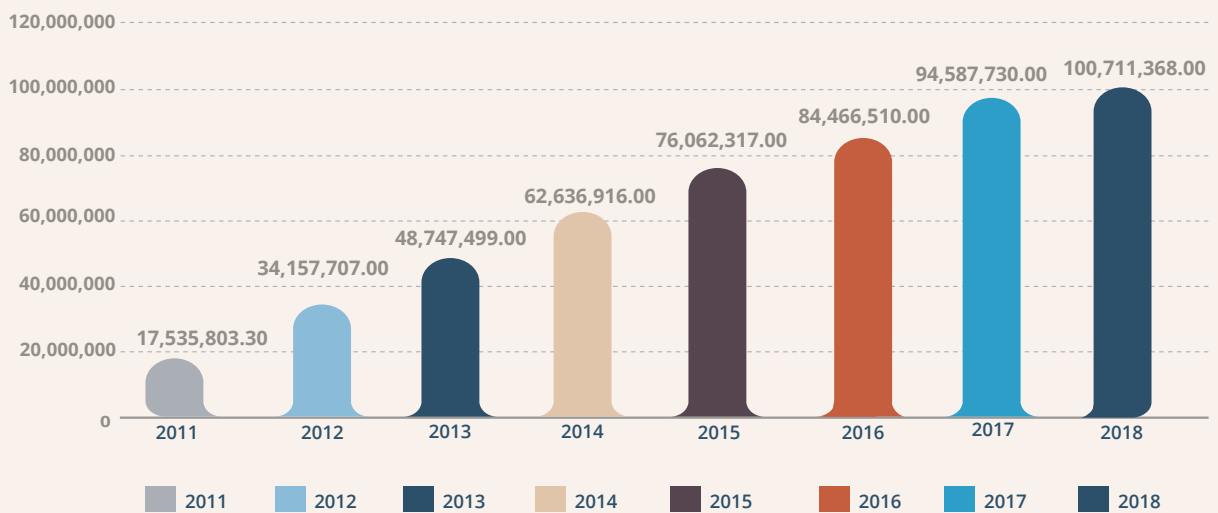
LTI Frequency

Lost Time Injury Frequency (LTIF) is a parameter to measure the level of work accidents that cause a loss of work days per one million hours. PGN's LTI Frequency Performance in 2018 was 0.

Safe Driving Distance

In 2018, there had been no severe accident in PGN in general. The safe driving distance has been continuously improving every year.

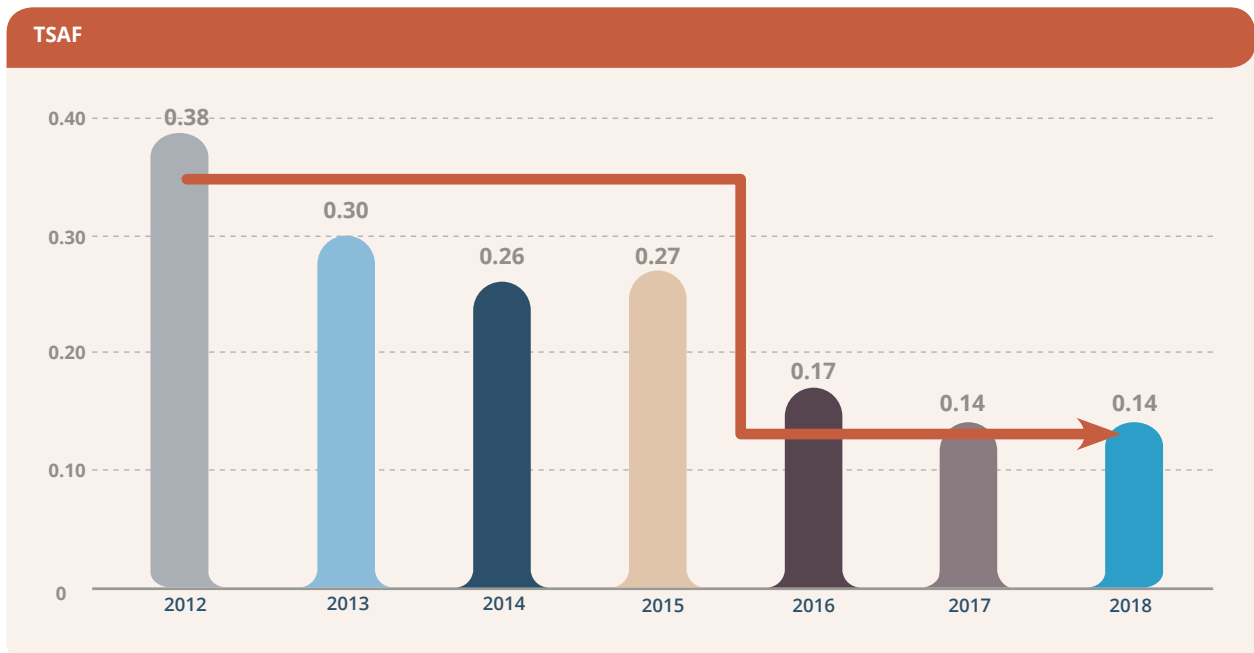
SAFE DISTANCE DRIVING



Total Sickness Absence Frequency (TSAF)

TSAF is a parameter used to measure occupational health levels based on the number of workers who lose work time due to illness. PGN has an interest in improving occupational health, in order to decrease the rate of working hour loss, resulting in increased overall employee productivity.

In addition to this by monitoring workers' sick days, companies through company doctors can monitor and analyze suspected occupational diseases that might occur.



EMPLOYEES HEALTH PROGRAM

The Occupational Health Program has been implemented in accordance with Regulation of the Minister of Labor and Transmigration No: PER.03 MEN/1982 concerning Labor Health Services with focus on creating a healthy work environment in order to prevent diseases due to work. Occupational Health Management prioritized the efforts to promote health, prevent diseases, and prepare first aid at the workplace. PGN has designed and realized various programs to improve its employees' health, and it could be implemented due to full support of the management.

To ensure the ability to work and the identification of diseases due to work or other common diseases, PGN has been conducting periodic health examination every year on 1,285 employees. The types of health examination were adjusted to the potential hazards at the workplace, and the result of MCU examination was taken into consideration in employee placement.

The health examination data is managed using HSSE Information System and Indicator Performance Center (HOLISTIC), a web-based application that enable a real time monitoring by the management. HOLISTIC can be accessed by the employees by using password that maintains the data confidentiality.

Wellness Program is an effort made by PGN to prevent degenerative diseases (Cardiovascular disease, Diabetes Mellitus, Hypertense). In 2018, the Wellness Program was joined by 30 employees who registered voluntarily to increase the commitment of the wellness program participants.

In order to ensure a healthy work environment, a work environment examination was conducted in 2018 and followed by Health Risk Assessment within PGN network and non-network which includes:

- Biological factor (fungus contamination, lygonella contamination, and bacterial contamination);
- Chemical factor (carbon monoxide, carbon dioxide, sulfur dioxide, nitrogen dioxide, ammonia, oxidant, formaldehyde, Total Volatile Organic Compounds (TVOC), etc.);
- Physics factor (noise, lighting, temperature, humidity, air exchange rate, PM10, PM 2.5 ultraviolet, electromagnetic frequency, etc.);
- Ergonomic factor (Nordic Body Map Discomfort and Identifikasi video display terminal)
- Psycho-social factor (survey diagnostic stress, self-reporting questioner, and life event stress questioner)
- Examination on drinking water and clean water.

In order to increase the employees' awareness, PGN conducted a health education program comprised in "SERBA-SERBI HSSE" (HSSE Sundries) event that was routinely conducted in every semester in each of the Company's business area. In the first semester, PGN conducted health education with the material refreshment basic first aid and the Basic Life Support topic, followed by education on healthy living. In the second semester, PGN conducted health education with P2HIV-AIDS and refreshment basic first aid as the material with open wound treatment topic.

Other than the health education conducted in roadshows to all area, there are also health education through the issue of Health Bulletin in every month.

OHS CERTIFICATIONS AND AWARDS IN 2018

PGN has earned various recognitions and awards from independent parties. These awards were earned by PGN for its commitment and accomplishments in implementing operational activities which were free from occupational accidents and in concerning and implementing the occupational health program. These certifications and awards include the following:

1. SPGN Certification

- Occupational Health and Safety Management System;
- Safeguard Management System – Gold Category;
- OHSAS 18001:2007.



2. Awards

- Patra Nirbhaya Karya Utama Adi Nugraha I Award for GDM I;
- Patra Nirbhaya Karya Utama Award for GDM II;
- Patra Nirbhaya Karya Utama Award for GDM III;
- Award of P2-HIV & AIDS Program at Workplace - Platinum Category for PGN;
- Zero Occupational Accidents Award for PGN



ACTIVITIES EXPENSES

Expenses spent on the activities of managing occupational health and safety throughout 2018 are IDR14,679,885,192.

SOCIAL AND COMMUNITY DEVELOPMENT



POLICIES

Making a positive impact on the communities around PGN's operational areas is as important as providing economic benefits to PGN stakeholders. PGN is committed to bring a real positive impact on society, and this goal is realized in integrated policies and programs, referring to ISO 26000 on Social Responsibility.

PGN's CSR program consists of the Community Development Program and the Social and Environmental Responsibility Program (TJSL), which are carried out through stages:

1. Planning, including the preparation of the CSR Roadmap and Social and Stakeholder Mapping;
2. Implementation, including evaluation, surveys, and assistance
3. Periodic reporting

The seven pillars of PGN's CSR are:

1. Assistance for the Victims of Natural Disasters
2. Educational Support
3. Health Improvement Support
4. Infrastructure Development and Public Facility Support
5. Worship Place Support
6. Nature Conservation Support
7. Social Community Support

CSR at PGN is an ongoing concern for the environment, respect for human rights, an obligation to provide a comfortable place and good working relationships with employees, prioritizing the maintenance of occupational health and safety and participating in developing the economy and local community.

PGN's commitment to implementing TJSL is realized in various CSR activities whose realization of its activities is managed and carried out by the Corporate Social Responsibility Division work unit.

By running an environmentally sound business & participating in the Government's efforts to realize the people's prosperity, through the implementation of various environmental, social and community progress, PGN will be able to achieve the sustainable business growth

THE UNDERTAKEN ACTIVITY PROGRAMS

Partnership Program

In 2015, PGN temporary suspended the distribution of funds in the Partnership Program as explained above. In regards to the policy in suspending the fund distribution in the Partnership Program, PGN focuses more on the current receivable returning process by continuing to intensively monitor the implementation of BUMN synergy and the returning of the development partner's receivables in order to increase the level of its collectability. In addition, PGN continues to monitor the business continuity of the development partners which have been developed before the policy is implemented.

PGN has made efforts to drive the community's economy in all of the operational areas and their surrounding areas through the Community Development program in order to decrease the economic gap in economy development. This program is a process in which the members of the community collectively take actions and find solutions to resolve their mutual issues.

Environmental Development Program Natural Disaster Assistance

Throughout 2018, there were several disaster in Indonesia and as a realization of our care and empathy to those who suffered from the disasters, PGN provide assistance, among others, as follows:

- Mount Sinabung eruption disaster relief in North Sumatera
- Flood relief in Batu Serampok Village, Bandar Lampung
- Earthquake disaster relief in Lombok, West Nusa Tenggara
- Healthcare assistance for the victims of earthquake and liquefaction as well as volunteers delegation to Palu, Central Sulawesi.

Educational and/or Training Support

PGN has been paying great attention to education. Education assistance provided by PGN in 2018, among others, as follows:

- a. Building libraries in the Developed Villages in Panaran, Batam, Riau Islands.
PGN built libraries and reading houses in Tembesi Tower Batam in order to raise the Tembesi Tower community's interest in reading. The libraries and

reading houses in Tembesi Tower is expected to arouse the community's interest in reading, especially among the children. In addition, the libraries helps the parents whose children are addicted to gadgets and rarely reading. Through this facility, the community get the access to quality readings, and it is expected to reduce gadget addiction and offer positive activities to the children and teenagers in Tembesi Tower, Panaran, Batam.

- b. Distribution of 659 packages of comic books of Successful People's Biography (BOS) around the business operation area.
- c. Educational Support for college students from 15 public universities in Indonesia.

Referring to the Minister of State-Owned Enterprises Regulation Number PER-09/MBU/07/2015 concerning the State-Owned Enterprise Partnership Program and Community Development Program as lastly amended through the State Minister for State Owned Enterprises Number PER-02/MBU/7/2017 on July 5, 2017, specifically the Education Sector Community Development Program, PGN organizes an educational assistance program to increase the company's added value to PGN stakeholders through internal and external synergies. Internal synergy involves PGN employees between divisions and subsidiaries.

The external synergy is a collaboration with Karya Salemba Empat (KSE) Foundation and Public Universities (PTN). The assistance program which initially only provided tuition assistance (scholarships) was then coupled with the development of the PGN Innovation Camp Program, PGN Greeting, and PGN Leadership Camp.

Cooperation with KSE has been initiated since 2014 in the form of an Education Fee Assistance Program (scholarship and living expenses), which is a living allowance (including tuition fees) for 1 year for underprivileged and outstanding students. Scholarships and living expenses can be extended if they meet the requirements. The number of students receiving PGN-KSE Education Fee Assistance in the period of 2014-2018 is 1,720 students or worth IDR11.86 billion (eleven point eight six billion Rupiah) in 15 PTNs (University of Indonesia, Bandung Institute of Technology, Sepuluh Nopember Institute of Technology, Bogor Agricultural University, Diponegoro University, Gadjah Mada University, University of North Sumatera, Sriwijaya University, University of Lampung, Padjajaran University, Universitas Airlangga, Briwijaya University, State Polytechnic of Sriwijaya, State Polytechnic of Lampung, Tirtayasa University). The benefits of this program are:

1. For students
 - Provides education financial assistance for them to pursue their study.
 - Enables them to focus more on studying and making achievements
 - Expanding social network through KSE Community and KSE Alumni
2. For PGN:
 - Serves as a means of socialization about PGN, building a positive imah for PGN in society, especially among academic community
 - Building PGN Network in college communities, especially for the students who are the future leaders of the Nation.
3. For Communities/Country:
 - Provides positive advantages from various social activities from the college students who are beneficiary of PGN's educational support
 - Improving education quality through the college students' quality enhancement

PGN Innovation Camp, it is a training program in the form of competition among 143 beneficiary students of PGN's educational support with efficient innovative creation and community empowerment activities

In 2015, PGN developed the PGN Innovation Camp Program, namely innovation competition activities accompanied by leadership training, innovation and entrepreneurship, especially for beneficiary students of PGN educational support through KSE. In the period of 2015-2018, 410 students participated and resulted in 98 innovation with the following materials:

- PGN Group Socialization
- Innovative Leadership
- Idea Communication Strategy
- Persuasion Technique for Selling Ideas
- Discipline
- Solidarity
- Innovators Mind Set
- Innovation Presentation
- Visionary Leadership
- Basic Public Speaking

The series of activities are expected to give additional values as follows:

1. For students:
 - knowledge enrichment for the students
 - a means of applying applied science on campus
 - building networks with both fellow students or other parties during the activities
2. For PGN:
 - Capturing ideas/innovations that can be applied or cooperated with PGN
 - Building PGN network with parties involved in the activities (Local Government, Other

Companies, concerned Associations/Communities)

3. For Communities/Country:
 - Collecting fresh ideas/innovations applicable in the community
 - developing creative and innovative young generations

PGN also organized the *PGN Menyapa* program as a form of field implementation from the results of the innovations of the winners of the PGN Innovation Camp for the community. *PGN Menyapa* is a field implementation from the results of the innovations of the winners of the PGN Innovation Camp for the community. It was first held in 2017 in Bantul, Yogyakarta and held again in 2018 in Bojonegara, Serang and Labuhan Maringgai, East Lampung. There were 4 innovations implemented: SRIKANDI (Hybrid System for Monitoring and Swimming Cleaning of Gurame Fish with pH Sensors; ELITRAP (Electric Light Trap, DC High Voltage Based Insect Repellent); SETJEP (Smart Android Jacket for Epilepsy Prevention); TETRA (Mini Stick for Blind People). It was attended by 60 invited guests from district government representatives, principals, farmers, youngsters community (karang taruna); 100 participants from high school students/equivalent. Other benefits:

1. For College Students
 - Expanding the students experience in the community
 - Building network with the local people
2. For PGN:
 - A means of socialization of PGN Group's brand
 - Maintaining the Company's image and networks
3. For Community/Country:
 - Collecting innovations applicable for the community
 - Finding creative and innovative young generations

In 2018, PGN also initiated the PGN Leadership Camp Program, a training activity for beneficiary students of PGN's education assistance to become PGN Group Ambassadors. This activity was attended by 224 participants consisting of 64 beneficiaries of PGN's education assistance who had participated in the PGN Innovation Camp, both as participants and trainees, and 160 beneficiaries of KSE's Non-PGN Education assistance.

The additional benefits of this program are:

- For students, to enrich their knowledge, particularly regarding PGN, leadership, and presentation;
- For PGN, to expand its network with the parties involved, particularly the local government and PTNs;
- For Community/Country, to find tough young generations that are leaders at heart.

- d. Economic Hall Promotion Program in Karangrejo Village Magelang in collaboration with National Film Production Cooperation (PFN).

This program was organized due to the direction of the Ministry of State Owned Enterprise in order to promote the Village Economic Center (Balkondes), improve the Indonesian tourism sector, and educate the community on the value of culture and local wisdom in Indonesia through filmmaking. The promotional film is planned for publication in early 2019.

- e. *Program Siswa Mengenal Nusantara (SMN)*, an exchange activity for high school students to get to know about each other's culture, economy and education in Ambon, Maluku and Riau.

- f. *BUMN Mengajar*

(*BUMN Mengajar*) is a program to commemorate National Education Day to provide inspiration and motivation for students to achieve their aspirations, in addition to bridging State Owned Enterprise with schools that will later become professional resources.

In 2018, PGN participated in State Owned Enterprise Teaching held collectively in May 2, 2018 in 9 (nine) schools:

- SMKN 35 Jakarta by PGN holding
- SMAN 14 Semarang, Central Java by PT Kalimantan Jawa Gas
- SMAN 18 Batam, Riau Islands by PT Transportasi Gas Indonesia
- SMKN 1 Tanjung Jabung Barat, Jambi by PT Transportasi Gas Indonesia
- SMAN 4 Cilegon, Banten by PT PGN LNG Indonesian
- SMAN 1 Ciruas, Serang, Banten by PT Gagah Energi Indonesia
- SMAN 15 Bekasi, West Java by PT PGN Mas
- SMAN 20 Jakarta by PT PGAS Telecommunication
- SMAN 13 Jakarta by PT PGAS Solution

The activity consisted of socialization of State Owned Enterprise in Indonesia delivered by presenters from selected PGN workers. Attended by a total of 1,350 students from the aforementioned schools, this event provides new insights for those students. Their enthusiasm was evidence from the various questions being asked during the event.

- g. Educational Support for the Children of PGN Retirees
One of PGN's efforts to support the development of education while helping the children of PGN's retirees is to provide scholarships through the Educational Support program. The program aims at

reducing the cost of education for PGN employee's children and is given to the children of retirees or posthumous with a certain rank, and former workers who have been working for at least 10 years. PGN funds a maximum of three children per family for posthumous families, and one child for retirees' families.

In the 2018/2019 school year, PGN distributed funds for posthumous children and children of PGN retirees, from the level of Kindergarten to Bachelor degree (Strata 1). The total amount of funds allocated for this Educational Support was IDR1,100,000,000. The educational Support includes registration fees per year and monthly tuition fees, ranging from IDR300,000 to IDR900,000 per month, according to the school grade undertaken.

Medical Facility Support

Healthy is a maximum condition in terms of physical, mental, and social that enables a person to do their activities well, and moreover, to be productive for the community. Public health is the key to efforts to improve the quality of human resources and economic development. For this reason, PGN pays special attention to public health, through the following programs:

- a. Public Health Services through 10 PGN Health Cars consisting of prenatal care, supplements provisions for pregnant women, contraceptive services, general health and basic dental services, toddler growth examination and supplementary food provisions for children and toddlers in PGN's operational areas. This activity was carried out in Medan, Batam, Palembang, Muara Enim, Lampung, Banten Province, DKI Jakarta Province, West Java Province and East Java Province.
- b. The blood donor event of PGN Employees involving 244 people.
- c. Ambulance Car support for the Surakarta City Police on 5 October 2018 and for Kalimanggis Kuningan West Java on 27 November 2018.
- d. The Ceria Mass Circumcision Program in Bojonegara, Banten involving 76 children and Muara Bekasi, West Java involving 122 children.

Infrastructure Development and Public Facility Support

Public facilities and infrastructure are important supporting facilities for community activities. For this reason, PGN also participates in developing infrastructure and/or public facilities, such as:

- Constructing clean water facilities for 6 hamlets in Karang Gading Village, Deli Serdang Regency, North Sumatera
- Assistance and Management of Village Economic Hall (Balkondes) and Homestay in Karangrejo village, Magelang, Central Java
- Clean water and drinking water assistance in the region of East Semarang
- Renovation assistance to public bathing, washing, and toilet (MCK) facilities in Krutut, West Jakarta.

Worship Place Support

In 2018, PGN provided support for worship place facilities as follows:

- Assistance for the construction and renovation of religious facilities and religious support facilities in several regions in Indonesia.
- Religious activities such as financial aid provisions for orphans and underprivileged people as well as assistance regarding other religious days.

- Providing assistance in the form of sacrificial animals in Eid al-Adha 1439 H. It was distributed to the community around PGN's operation area.
- Assistance for collective homecoming program
Homecoming is an anticipated annual activity ahead of Eid al-Fitr. Every year, PGN PGN holds a collective homecoming program, and in 2018 this program was attended by 2,953 participants going to their hometowns using 64 bus fleets dispatched from *Kopassus* Command Center and Ancol to various cities in West Java, Central Java and East Java. The participants of the homecoming program consisted of PGN's big family and their families (office boy/OB, cleaning service officers working in PGN area), PGN's customers and their families, and drivers of bajaj (three-wheeled mini taxi) who are the members of Gas Bajaj Community (Kobagas) as well as their families.

Nature Conservation Support

In nature conservation, PGN provides the following assistances:

- The Arboretum Making Program at Pagar Dewa Station and Biodiversity Park in the Bedegung Waterfall Tourism Area, Muara Enim Regency, South Sumatra Province with PKSPL IPB. This program started in 2017 and is currently in the maintenance phase.
- The program of planting 96,314 various kinds of plants in the Company's several operational areas.
- Watershed Rehabilitation Program in Ogan Komering Ulu Regency, South Sumatra.

This program started in 2016 and is currently in the maintenance phase.

- The amphitheater construction program at RPTRA Warakas, Tanjung Priok, North Jakarta. This program started in 2016 and is currently in the phase of acquiring permits from DKI Jakarta provincial government.
- Assistance in Making Tuah Melayu Park and Murals for Batam city
- Organic Garden Nutrition Planting Program in Medan, North Sumatra and Sidoarjo, East Java
- Mangrove Cultivation Workshop Program in Langsa City, Aceh

Social Community Support for Poverty Alleviation

Poverty alleviation has become a part of Indonesian government's agenda. Throughout 2018, the activities carried out by PGN are:

- Provision of Cheap Food Packages in Banjarnegara, Cianjur and Siak Regency, Riau

In addition, PGN also participated in poverty alleviation through assistance in the formation of developed villages in the operational areas of the company. The amount of funds allocated to develop the villages around the operational areas were IDR1,500,000,000. The developed villages are:

1. Sriminosari Village, Lampung
2. Teluk Terate Village, Banten
3. Pagardewa Village, Muara Enim – South Sumatera
4. Tembesi Sub-district, Panaran – Batam

ACTIVITIES EXPENSES

Funds for the Community Development and TJSJ program were obtained from the company's budget with a total amount of IDR85,922,611,754, - (eighty five billion nine hundred twenty two million six hundred eleven thousand seven hundred fifty four rupiahs), with the following details:

Program	CSR	Community Development Program			TOTAL
		The Company's Cost	Profit Allocation	Total	
Environmental Development Program					
Assistance for the Victims of Natural Disasters	737,595,504	927,756,559	0	927,756,559	1,665,352,063
Educational and / or Training Support	2,084,582,777	13,490,192,480	0	13,490,192,480	15,574,775,257
Medical Facility Support	21,626,008,720	7,717,317,320	0	7,717,317,320	29,343,326,040
infrastructure Development & Public Facility Support	3,276,496,275	6,913,192,383	0	6,913,192,383	10,189,688,658
Worhsip Place Support	984,233,120	20,295,322,501	0	20,295,322,501	21,279,555,621
Nature Conservation Support	374,474,484	2,034,552,900	0	2,034,552,900	2,409,027,394
Poverty Alleviation Support	1,559,811,130	3,901,075,601	0	3,901,075,601	5,460,886,731
Mentoring Assistance for Development Partners		0	0	0	
Total Realization of Environmental Development	30,643,202,010	55,279,409,744	0	55,279,409,744	85,922,611,754

PRODUCTS AND CONSUMERS RESPONSIBILITY



POLICIES

PGN has considered service to be its business spirit since a long time ago. Customer satisfaction which has been explored on a periodic basis has become the basis for PGN's strategic decisions to be the front in business and in its customers' hearts.

Like previous years, PGN has conducted assessment of customer satisfaction in order to win the competition. In 2018, in addition to the customers, PGN has also increased the receipt of feedback from the customers at specific stages such as customers at the sale approach stage (potential customers), sale at the installation stage, or even customers of PGN's competitors. This is in line with the expanding market penetration by PGN and the increasing competition in the gas distribution business in Indonesia.

The unique and dynamic characteristics of the customers have always been PGN's concern to be fulfilled and aligned with PGN's capabilities. A variety of activities have been conducted by PGN to meet the customers' expectation, both in terms of technical aspects and prime service.

ACTIVITIES PROGRAMS IN 2018

Throughout 2018, PGN has conducted the following prime service programs for the customers:

1. PGN Contact Center

PGN has a contact center service which can be accessed by phone number 1500645 and email contact. center@pgn.co.id. The customers and the community can contact this number to get various informations and submit complaints and questions regarding PGN's products and services.

PGN Contact Center operates for 24 hours a day and 7 days a week. Any question regarding general information on PGN will be responded directly by a Contact Center Agent and complaints will be forwarded to the authorized party for follow-up. Overall, both the questions and complaints will be recorded in the Contact Center's database.

In order to implement the company's culture ProCISE in which one of them is Service Excellence, the handling of complaints has a maximum response time of 24 hours since received. Throughout 2018, there were 5,938 complaints and 17,463 information inquiries received by PGN Contact Center.

PGN constantly strives to improve the quality of its services to all customers. This commitment is proven by the continuous measurement of customer satisfaction. The measurement results are used as the basis for various strategic decisions to maintain the quality of PGN's services. The achievement of the customer satisfaction index in 2018 is 5.43 on a scale of 6.00

2. Measurement of Customer Satisfaction

PGN regularly measures customer satisfaction to continue monitoring the consistency of the company's performance at every opportunity with customers and to keep an eye on changes in customer expectations and needs. For 2018, PGN measures customer satisfaction through surveys conducted by independent parties. In 2018, the measurement process found various problems that had arisen so far and customer suggestions and expectations which would be input for PGN to continue to provide the best service and improve its service performance. For 2018, the scale of assessment of customer satisfaction is focused on aspects of satisfaction and loyalty. The customer satisfaction survey is conducted on all customer segments, namely household, commercial and industrial customers. From the results of research conducted in 2018, the Customer Satisfaction Index (CSI) was obtained at 5.43 (with maximum scale of 6).

3. Customer Gathering

In order to establish effective communication, exchange the updated information, provide market education, and establish a tighter sense of family, PGN has also been actively conducting the Customer Gathering activity. This activity was also conducted to better understand and decrease the gap between the customers' needs and PGN's ability to provide services.

In addition to Customer Gathering, PGN through Customer Management Area has been actively visiting the Customers or Potential Customers in order to establish harmony and synergy in the business activities of natural gas distribution. In such visits, PGN actively provided ideas to the Customers and the Potential Customer to improve the efficiency of utilization of their equipments and tried to understand the business situations of the Customers and the Potential Customers, which would be precious ideas or suggestions for their management in making policies on gas subscription.

CUSTOMER GATHERING ACTIVITIES

No	Area	Place	Date
1	Jakarta	Alila Pecenongan Hotel	March 21 th , 2018
		Alila Pecenongan Hotel	March 22 nd , 2018
		Alila Pecenongan Hotel	March 22 nd , 2018
		Grand Mercure Hotel	May 30 th , 2018
2	Tangerang	PGN Office Tangerang Area	February 12 th , 2018
		PGN Office Tangerang Area	February 13 th , 2018
		PGN Office Tangerang Area	February 14 th , 2018
		PGN Office Tangerang Area	February 15 th , 2018
3	Bekasi	Grand Zuri Hotel	March 27 th , 2018
		Holiday Inn Jababeka Hotel	June 4 th , 2018
		Putri Duyung Resort	October 12 th -13 th , 2018
4	Karawang	Resinda Hotel	May 4 th , 2018
5	Bogor	Grand Savero Hotel	March 14 th , 2018
		Bogor Icon Hotel	March 20 th , 2018
		Kluwih Resto	May 30 th , 2018
		Rusunawa Menteng Asri	August 11 th , 2018
		Megamendung	September 14 th -15 th , 2018
6	Cirebon	Santika Hotel	May 31 st , 2018
7	Palembang	Arista Hotel	March 27 th , 2018
		Arista Hotel	May 22 nd , 2018
8	Lampung	Tanjung Putus	November 24 th -25 th , 2018
9	Cilegon	The Royal Krakatau	May 30 th , 2018
		Perum Bumi Panggungrawi Indah	August 24 th , 2018
10	Surabaya	SIER Futsal Field	July 25 th , 2018
		JW Marriott Hotel Ball Room	November 13 th , 2018
		Bukit Darmo Golf Field	November 24 th , 2018
		SIER Futsal Field	November 7 th , 2018
11	Sidoarjo	Sun Hotel	March 21 th , 2018
		Mega Prima Karanganyar Village	September 21 st , 2018

CUSTOMER GATHERING ACTIVITIES

No	Area	Place	Date
12	Pasuruan	Kompleks PIER Complex Futsal Field	August 10 th , 2018
		JW Marriott Hotel Surabaya	November 13 th , 2018
13	Semarang	Tri Lomba Juang Sports Center	October 25 th , 2018
		Suasan Spa & Resort	September 25 th , 2018
14	Medan	Emerald Garden Hotel	October 19 th , 2018
15	Pekanbaru	Grand Zuri Hotel	April 5 th , 2018
		Dumai Restaurant	May 30 th , 2018
		Dumai Restaurant	June 28 th , 2018
16	Batam	Best Western Hotel	March 26 th , 2018
		Pacific Palace Hotel Batam	August 14 th , 2018
		M-United Futsal Fields	September 14 th -16 th , 2018
		Best Western Premiere	November 16 th -17 th , 2018
		Botania Mall 2	Desember 9 th , 2018

4. PGN "Sayang Ibu"

Since 2014 PGN launched the PGN "Sayang Ibu" Program which aims to support government programs in converting dependence on imported fuel oil to gas. In addition, PGN also synergizes with the Ministry of Energy and Mineral Resources to operate gas networks that have been built in previous years. During 2018, the number of household customers served by PGN was 222,343, consisting of 138,813 customers through the PGN "Sayang Ibu" Program and 83,530 customers through the natural gas distribution network in synergy with the Ministry of Energy and Mineral Resources.

5. Promotional Programs

In order to introduce natural gas products and PGN institution to the general public, especially outside the existing areas of PGN/planned areas for new development,

PGN conducted the following promotional activities in 2018:

- Keramika Sponsorship Exhibition;
- Indonesian Electricity Community Sponsorship in the event of the 73rd National Electricity Day Exhibition;
- National Social Solidarity Day and Mother's Day Sponsorships;
- Ilugas Participation Sponsorship;
- Jakarta Great Sale Festival Sponsorship

PGN's ACTIVITY EXPENSES

PGN has been continuously upgrading the Service Excellence standards in order to meet the customers' expectation and delivering prime service for the customers. This is a proof to the seriousness of PGN and all personnels within PGN in delivering satisfaction and creating customer loyalty and preparing themselves to face many business challenges as well as competitors in the future. To drive the improvement of service quality and customer satisfaction, PGN has spent expenses the amount of IDR 5,516,534,722 in 2018.



CONSOLIDATED FINANCIAL STATEMENTS



07

**PT PERUSAHAAN GAS NEGARA TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**LAPORAN KEUANGAN KONSOLIDASIAN/
*CONSOLIDATED FINANCIAL STATEMENTS***

**31 DESEMBER 2018 DAN 2017/
*DECEMBER 31, 2018 AND 2017***



Surat pernyataan direksi tentang tanggung jawab atas laporan keuangan konsolidasian tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017
PT Perusahaan Gas Negara Tbk dan Entitas Anak

Directors statement letter relating to the responsibility on the consolidated financial statements as of December 31, 2018 and 2017 and January 1, 2017
PT Perusahaan Gas Negara Tbk and its Subsidiaries

Atas nama Direksi,
kami yang bertanda tangan dibawah ini:

*On behalf of the Board of Directors,
we the undersigned:*

- | | | | |
|--|--|---|---|
| 1. Nama | : Gigih Prakoso | : | Name 1. |
| Alamat Kantor | : Jl. K.H. Zainul Arifin No.20, Jakarta | : | Address |
| Alamat Domisili (sesuai KTP atau kartu identitas lain) | : Jl. Kemanggisan Utama II/103 RT 002/007, Kemanggisan Palmerah, Jakarta Barat | : | Residential Address
(as in identity card or other qualifier) |
| Nomor Telepon | : +6221 633 9524 | : | Telephone |
| Jabatan | : Direktur Utama/President Director | : | Title |
| 2. Nama | : Said Reza Pahlevy | : | Name 2. |
| Alamat Kantor | : Jl. K.H. Zainul Arifin No.20, Jakarta | : | Address |
| Alamat Domisili (sesuai KTP atau kartu identitas lain) | : Jl. Teluk Bayur II B No 13 RT 011/017, Kel. Duren Sawit Duren Sawit, Jakarta Timur | : | Residential Address
(as in identity card or other qualifier) |
| Nomor Telepon | : +6221 633 9524 | : | Telephone |
| Jabatan | : Direktur Keuangan/Finance Director | : | Title |

Menyatakan bahwa:

Declare that:

- | | |
|--|---|
| 1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian; | 1. <i>We are responsible for the preparation and the presentation of the consolidated financial statements;</i> |
| 2. Laporan keuangan konsolidasian telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia; dan | 2. <i>The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards; and</i> |
| a. Semua informasi dalam laporan keuangan konsolidasian Perusahaan telah dimuat secara lengkap dan benar; | a. <i>All information has been fully and correctly disclosed in the Company's consolidated financial statements;</i> |
| b. Laporan keuangan konsolidasian Perusahaan tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material. | b. <i>The Company's consolidated financial statements do not contain false material information or facts, nor do they omit material information or facts.</i> |
| 3. Bertanggung jawab atas sistem pengendalian intern Perusahaan dan Entitas Anak. | 3. <i>We are responsible for the Company's and Subsidiaries' internal control system.</i> |

Demikian pernyataan ini dibuat dengan sebenarnya.

This is our declaration, which has been made truthfully.

Jakarta, 20 Februari 2019

Direktur Utama/President Director

Direktur Keuangan/Finance Director


Gigih Prakoso



Said Reza Pahlevy



**LAPORAN AUDITOR INDEPENDEN
KEPADA PARA PEMEGANG SAHAM**

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF**

PT PERUSAHAAN GAS NEGARA Tbk.

Kami telah mengaudit laporan keuangan konsolidasian PT Perusahaan Gas Negara Tbk. dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2018, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

We have audited the accompanying consolidated financial statements of PT Perusahaan Gas Negara Tbk. and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Tanggung jawab manajemen atas laporan keuangan konsolidasian

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian ini sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian ini berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian bebas dari kesalahan penyajian material.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan

*WTC 3, Jl. Jend. Sudirman Kav. 29-31, Jakarta 12920 – Indonesia,
T: +62 21 5212901, F: +62 21 52905555 / 52905050, www.pwc.com/id*



Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan konsolidasian. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan konsolidasian, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan konsolidasian entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan konsolidasian secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Perusahaan Gas Negara Tbk. dan entitas anaknya tanggal 31 Desember 2018, serta kinerja keuangan dan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Perusahaan Gas Negara Tbk. and its subsidiaries as at 31 December 2018, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

JAKARTA
20 Februari/February 2019

Daniel Kohar, S.E., CPA
Izin Akuntan Publik/ License of Public Accountant No. AP.1130

**PT PERUSAHAAN GAS NEGARA TBK
DAN ENTITAS ANAK/AND SUBSIDIARIES**

Halaman 1/1 Page

**LAPORAN POSISI KEUANGAN
KONSOLIDASIAN
31 DESEMBER 2018 DAN 2017
DAN 1 JANUARI 2017**

(Dinyatakan dalam Dolar Amerika Serikat,
kecuali nilai nominal dan data saham)

**CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017
AND JANUARY 1, 2017**

(Expressed in United States Dollars,
except for par value and share data)

	Catatan/ Notes	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
ASET					ASSETS
ASET LANCAR					CURRENT ASSETS
Kas dan setara kas	5a	1,315,234,446	1,140,427,367	1,448,616,063	Cash and cash equivalents
Kas yang dibatasi penggunaannya	5b	22,552,159	29,752,000	-	Restricted cash
Investasi jangka pendek	6	63,633,805	70,663,096	68,832,771	Short-term investments
Piutang usaha	7				Trade receivables
- Pihak berelasi		213,642,094	225,405,016	210,453,738	Related parties -
- Pihak ketiga		327,283,272	277,635,399	267,064,366	Third parties -
Piutang lain-lain	8	205,293,468	209,906,206	254,750,257	Other receivables
Aset derivatif	25	403,179	-	-	Derivative assets
Persediaan	9	78,508,478	74,182,101	65,579,497	Inventories
Taksiran tagihan pajak	22a				Estimated claims for tax refund
- Pajak penghasilan		7,164,491	9,159,000	-	Income taxes -
- Pajak lain-lain		161,064,077	98,703,157	122,342,602	Other taxes -
Uang muka	10	50,962,064	69,355,072	97,452,327	Advances
Beban dibayar di muka	11	27,867,213	30,319,103	42,741,632	Prepaid expenses
Total aset lancar		<u>2,473,608,746</u>	<u>2,235,507,517</u>	<u>2,577,833,253</u>	Total current assets
ASET TIDAK LANCAR					NON-CURRENT ASSETS
Kas yang dibatasi penggunaannya	5b	55,424,633	46,564,372	38,920,871	Restricted cash
Piutang usaha	7				Trade receivables
- Pihak berelasi		191,456,835	208,907,752	222,589,494	Related parties -
- Pihak ketiga		12,389	200,775	52,609	Third parties -
Piutang lain-lain jangka panjang	12	95,743,265	249,087,866	273,938,812	Other long-term receivables
Uang muka, bagian tidak lancar	10	44,414,669	41,907,478	60,507,887	Advances, non-current portion
Beban dibayar di muka, bagian tidak lancar	11	67,327,253	66,561,760	35,478,912	Prepaid expenses, non-current portion
Penyertaan saham	13	381,413,453	474,034,008	504,628,474	Investment in shares of stock
Aset tetap	14	2,861,408,876	2,897,063,230	2,989,882,828	Fixed assets
Aset eksplorasi dan evaluasi	15a	97,525,013	76,779,800	52,594,652	Exploration and evaluation assets
Properti minyak dan gas	15b	1,411,127,049	1,594,911,817	1,708,665,674	Oil and gas properties
Goodwill dan aset tak berwujud lainnya	16	4,549,963	4,235,907	4,627,160	Goodwill and other intangible assets
Taksiran tagihan pajak	22a				Estimated claims for tax refund
- Pajak penghasilan		15,548,435	72,334,317	20,779,992	Income taxes -
- Pajak lain-lain		108,365,649	82,818,105	73,485,563	Other taxes -
Aset pajak tangguhan	22d	127,295,543	122,952,561	131,681,646	Deferred tax assets
Lain-lain		4,051,396	9,312,977	6,694,174	Others
Total aset tidak lancar		<u>5,465,664,421</u>	<u>5,947,672,725</u>	<u>6,124,528,748</u>	Total non-current assets
TOTAL ASET		<u>7,939,273,167</u>	<u>8,183,180,242</u>	<u>8,702,362,001</u>	TOTAL ASSETS

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements

**PT PERUSAHAAN GAS NEGARA TBK
DAN ENTITAS ANAK/AND SUBSIDIARIES**

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**LAPORAN POSISI KEUANGAN
KONSOLIDASIAN
31 DESEMBER 2018 DAN 2017
DAN 1 JANUARI 2017**

(Dinyatakan dalam Dolar Amerika Serikat,
kecuali nilai nominal dan data saham)

**CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017
AND JANUARY 1, 2017**

(Expressed in United States Dollars,
except for par value and share data)

	Catatan/ Notes	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
LIABILITAS					LIABILITIES
LIABILITAS JANGKA PENDEK					SHORT-TERM LIABILITIES
Utang usaha	17				<i>Trade payables</i>
- Pihak berelasi		76,191,585	73,734,228	64,865,696	<i>Related parties -</i>
- Pihak ketiga		137,601,321	126,280,860	105,759,662	<i>Third parties -</i>
Utang lain-lain	18	234,892,272	159,893,169	204,691,379	<i>Other payables</i>
Liabilitas yang masih harus dibayar	19	255,315,783	288,803,662	329,911,076	<i>Accrued liabilities</i>
Pinjaman bank jangka pendek	20b	-	-	100,000,000	<i>Short-term bank loans</i>
Bagian jangka pendek dari pinjaman bank jangka panjang	20a	23,316,820	22,857,361	170,987,760	<i>Short-term portion of long-term bank loans</i>
Bagian jangka pendek dari pinjaman dari pemegang saham	20c	53,772,145	76,887,432	79,799,120	<i>Short-term portion of shareholder loan</i>
<i>Promissory notes</i>	20d	691,043,648	-	-	<i>Promissory notes</i>
Utang pajak	22b				<i>Taxes payable</i>
- Pajak penghasilan		24,674,613	26,877,537	37,230,941	<i>Income taxes -</i>
- Pajak lain-lain		24,190,291	11,779,980	14,697,306	<i>Other taxes -</i>
Liabilitas imbalan kerja jangka pendek	23	50,756,038	38,502,551	60,682,548	<i>Short-term employee benefit liabilities</i>
Bagian jangka pendek dari pendapatan yang ditangguhkan		<u>32,769,850</u>	<u>16,329,474</u>	<u>24,307,094</u>	<i>Short-term portion of deferred revenues</i>
Total liabilitas jangka pendek		<u>1,604,524,366</u>	<u>841,946,254</u>	<u>1,192,932,582</u>	<i>Total short-term liabilities</i>

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

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**LAPORAN POSISI KEUANGAN
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**CONSOLIDATED
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(Expressed in United States Dollars,
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	Catatan/ <i>Notes</i>	31 Desember/ <i>December 31,</i> 2018	31 Desember/ <i>December 31,</i> 2017*	1 Januari/ <i>January 1,</i> 2017*	
LIABILITAS JANGKA PANJANG					LONG-TERM LIABILITIES
Utang derivatif	25	-	5,083,381	8,828,746	<i>Derivative payable</i>
Pinjaman bank jangka panjang	20a	496,515,768	413,732,667	1,296,315,710	<i>Long-term bank loans</i>
Pinjaman dari pemegang saham	20c	280,733,036	338,003,599	408,155,069	<i>Shareholder loan</i>
Utang lain-lain jangka panjang	18	26,210,731	-	-	<i>Other long-term payables</i>
Utang obligasi	21	1,958,569,888	1,955,926,183	1,335,343,701	<i>Bonds payable</i>
Liabilitas pajak tangguhan	22d	166,464,732	123,528,183	84,533,340	<i>Deferred tax liabilities</i>
Liabilitas pembongkaran aset dan restorasi area	24	74,479,686	77,284,235	65,227,181	<i>Asset abandonment and site restoration obligations</i>
Liabilitas imbalan pascakerja	23	127,154,291	114,373,717	101,718,971	<i>Post-employment benefit obligation</i>
Pendapatan diterima di muka dan ditangguhkan		<u>2,729,958</u>	<u>2,888,402</u>	<u>23,647,016</u>	<i>Unearned and deferred revenues</i>
Total liabilitas jangka panjang		<u>3,132,858,090</u>	<u>3,030,820,367</u>	<u>3,323,769,734</u>	<i>Total long-term liabilities</i>
TOTAL LIABILITAS		<u>4,737,382,456</u>	<u>3,872,766,621</u>	<u>4,516,702,316</u>	TOTAL LIABILITIES

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

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**LAPORAN POSISI KEUANGAN
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**CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
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(Expressed in United States Dollars,
except for par value and share data)

	Catatan/ <i>Notes</i>	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
EKUITAS					EQUITY
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk					Equity attributable to owners of the parent
Modal saham - nilai nominal Rp100 per saham					Share capital - par value of Rp100 per share
Modal dasar – 70.000.000.000 saham yang terdiri 1 saham Seri A Dwiwarna dan 69.999.999.999 saham Seri B					Authorized - 70,000,000,000 shares consist of 1 Series A Dwiwarna share and 69,999,999,999 Series B shares
Modal ditempatkan dan disetor penuh - 24.241.508.196 saham yang terdiri dari 1 saham Seri A Dwiwarna dan 24.241.508.195 saham Seri B					Issued and fully paid - 24,241,508,196 shares of which consist of 1 Series A Dwiwarna and 24,241,508,195 Series B shares
	26a	344,018,831	344,018,831	344,018,831	
Ekuitas <i>merging entities</i>	4a	-	572,762,252	517,667,730	Equity of merging entities
Tambahan modal disetor	26b	(467,574,628)	284,339,313	284,339,313	Additional paid-in capital
Saldo laba					Retained earnings
- Dicadangkan		2,515,991,774	2,427,854,334	2,576,863,351	Appropriated -
- Tidak dicadangkan		242,607,597	143,146,347	(12,289,093)	Unappropriated -
Komponen ekuitas lainnya		(60,506,174)	(31,207,882)	(29,757,693)	Other components of equity
Total ekuitas yang dapat diatribusikan kepada pemilik entitas induk		<u>2,574,537,400</u>	<u>3,740,913,195</u>	<u>3,680,842,439</u>	Total equity attributable to owners of the parent
Kepentingan nonpengendali	27	<u>627,353,311</u>	<u>569,500,426</u>	<u>504,817,246</u>	Non-controlling interests
TOTAL EKUITAS		<u>3,201,890,711</u>	<u>4,310,413,621</u>	<u>4,185,659,685</u>	TOTAL EQUITY
TOTAL LIABILITAS DAN EKUITAS		<u>7,939,273,167</u>	<u>8,183,180,242</u>	<u>8,702,362,001</u>	TOTAL LIABILITIES AND EQUITY

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

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**PT PERUSAHAAN GAS NEGARA TBK
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**LAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN KONSOLIDASIAN
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA
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(Disajikan dalam Dolar Amerika Serikat,
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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
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(Expressed in United States Dollar,
except earnings per share)

	Catatan/ Notes	2018	2017*	
PENDAPATAN NETO	29	3,870,266,738	3,570,597,761	NET REVENUES
BEBAN POKOK PENDAPATAN	30	<u>(2,560,766,539)</u>	<u>(2,389,088,310)</u>	COST OF REVENUES
LABA BRUTO		<u>1,309,500,199</u>	<u>1,181,509,451</u>	GROSS PROFIT
Beban distribusi dan transmisi	31	(437,777,037)	(456,005,252)	<i>Distribution and transmission expenses</i>
Beban umum dan administrasi (Penurunan)/pemulihan nilai properti minyak dan gas, bersih	32	(251,687,465)	(245,614,539)	<i>General and administrative expenses (Impairment)/impairment reversal of oil and gas properties, net</i>
Beban lain-lain	15b	(26,221,962)	7,031,618	<i>Other expenses</i>
Pendapatan lain-lain	34b	(36,672,208)	(24,463,130)	<i>Other income</i>
	34a	<u>88,167,421</u>	<u>52,441,992</u>	
LABA OPERASI		<u>645,308,948</u>	<u>514,900,140</u>	OPERATING INCOME
Beban keuangan	33a	(153,429,529)	(169,340,745)	<i>Finance costs</i>
Pendapatan keuangan	33b	34,562,801	22,284,831	<i>Finance income</i>
Rugi selisih kurs	34c	(18,833,597)	(9,345,838)	<i>Loss on foreign exchange</i>
Laba/(rugi) perubahan nilai wajar derivatif	25	4,596,145	(2,660,198)	<i>Gain/(loss) on change in fair value of derivatives</i>
Bagian laba dari ventura bersama	13	79,875,917	62,102,708	<i>Share of profit from joint ventures</i>
Penghapusan nilai investasi pada ventura bersama	13	<u>(7,176,400)</u>	<u>-</u>	<i>Write-off joint ventures investment</i>
LABA SEBELUM PAJAK PENGHASILAN		<u>584,904,285</u>	<u>417,940,898</u>	PROFIT BEFORE INCOME TAX
BEBAN PAJAK PENGHASILAN	22c			INCOME TAX EXPENSES
Kini		(181,432,024)	(116,421,799)	<i>Current</i>
Tangguhan		<u>(38,833,601)</u>	<u>(48,230,355)</u>	<i>Deferred</i>
Beban pajak penghasilan		<u>(220,265,625)</u>	<u>(164,652,154)</u>	<i>Income tax expenses</i>
LABA TAHUN BERJALAN		<u>364,638,660</u>	<u>253,288,744</u>	PROFIT FOR THE YEAR
PENGHASILAN KOMPREHENSIF LAIN				OTHER COMPREHENSIVE INCOME
Pos-pos yang tidak akan direklasifikasi ke laba rugi				Items that will not be reclassified to profit or loss
Pengukuran kembali liabilitas imbalan pascakerja		(12,783,469)	(4,878,937)	<i>Remeasurement of post-employment obligation</i>
Pajak penghasilan terkait	22d	<u>240,034</u>	<u>506,427</u>	<i>Related income tax</i>
		<u>(12,543,435)</u>	<u>(4,372,510)</u>	

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

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**PT PERUSAHAAN GAS NEGARA TBK
DAN ENTITAS ANAK/AND SUBSIDIARIES**

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**LAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN KONSOLIDASIAN
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA
31 DESEMBER 2018 DAN 2017**
(Disajikan dalam Dolar Amerika Serikat,
kecuali laba bersih per saham)

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**
(Expressed in United States Dollar,
except earnings per share)

	<u>Catatan/ Notes</u>	<u>2018</u>	<u>2017*</u>	
PENGHASILAN KOMPREHENSIF LAIN (lanjutan)				OTHER COMPREHENSIVE INCOME (continued)
Pos-pos yang akan direklasifikasikan ke laba rugi				Items that will be reclassified to profit or loss
Perubahan nilai wajar investasi jangka pendek	6	(3,177,507)	1,833,180	<i>Changes in fair value of short-term investments</i>
Selisih kurs penjabaran laporan keuangan entitas anak		<u>(12,081,734)</u>	<u>2,221,101</u>	<i>Difference in foreign currency translation of subsidiaries' financial statements</i>
		<u>(15,259,241)</u>	<u>4,054,281</u>	
JUMLAH BEBAN KOMPREHENSIF LAIN		<u>(27,802,676)</u>	<u>(318,229)</u>	TOTAL OTHER COMPREHENSIVE EXPENSE
TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN		<u>336,835,984</u>	<u>252,970,515</u>	TOTAL COMPREHENSIVE INCOME FOR THE YEAR
LABA TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:				PROFIT FOR THE YEAR ATTRIBUTABLE TO:
Pemilik entitas induk		304,991,574	196,904,843	<i>Owners of the parent entity</i>
Kepentingan nonpengendali	27	<u>59,647,086</u>	<u>56,383,901</u>	<i>Non-controlling interests</i>
		<u>364,638,660</u>	<u>253,288,744</u>	
TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:				TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:
Pemilik entitas induk		276,566,961	196,070,225	<i>Owners of the parent entity</i>
Kepentingan nonpengendali	27	<u>60,269,023</u>	<u>56,900,290</u>	<i>Non-controlling interests</i>
		<u>336,835,984</u>	<u>252,970,515</u>	
LABA BERSIH PER SAHAM - DASAR DAN DILUSIAN	35	<u>0.013</u>	<u>0.008</u>	EARNINGS PER SHARE - BASIC AND DILUTED

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

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**PT PERUSAHAAN GAS NEGARA TBK
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**LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA
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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017
(Expressed in United States Dollar)**

	Ekuitas yang dapat diatribusikan kepada pemilik entitas induk/Equity attributable to owners of the parent entity											
	Komponen ekuitas lainnya											
Modal saham ditempatkan dan disetor penuh/ Issued and fully paid capital stock	Ekuitas merger entitas/ Equity of merging entities	Tambahan modal disetor/ Additional paid-in capital	Saldo laba/ Retained earnings		Dibayarkan/ Appropriated	Tidak dicadangkan/ Unappropriated	Selsih kurs penjabaran laporan keuangan entitas anak/ Difference in foreign currency translation of subsidiaries' financial statements			Other components of equity		
			Dicadangkan/ Appropriated	Dicadangkan/ Unappropriated			Perubahan nilai wajar investasi jangka pendek/ Changes in fair value of short-term investments	Perubahan nilai wajar investasi jangka panjang/ Changes in fair value of long-term investments	Penjualan kembali liabilitas imbalan pascakerja/ Remeasurement of post-employment benefit obligation, net of tax	Perubahan nilai wajar investasi jangka pendek/ Changes in fair value of short-term investments	Perubahan nilai wajar investasi jangka panjang/ Changes in fair value of long-term investments	Total komponen ekuitas lainnya/ Total other components of equity
Saldo 1 Januari 2017 (seperti yang dilaporkan sebelumnya)	344,018,831	-	284,339,313	2,576,863,351	(12,289,093)	(18,414,233)	(13,372,265)	2,028,805	(29,757,693)	7,018,625	3,170,193,334	Balance, January 1, 2017 (as previously reported)
Dampak penerapan PSAK 38 "Kombinasi Bisnis Entitas Sepengendali"	-	517,667,730	-	-	-	-	-	-	-	497,798,621	1,015,466,351	Impact of SFAS 38, "Business Combination of Entities under Common Control" implementation
Saldo 1 Januari 2017*)	344,018,831	517,667,730	284,339,313	2,576,863,351	(12,289,093)	(18,414,233)	(13,372,265)	2,028,805	(29,757,693)	504,817,246	4,185,659,685	Balance, January 1, 2017*)
Laba tahun berjalan	-	53,758,496	-	-	143,146,347	-	-	-	-	56,383,901	253,288,744	Profit for the year
Penyertaan saham kepentingan nonpengendali	-	-	-	-	-	-	-	-	-	7,180,689	7,180,689	Capital contribution of non-controlling interest
Pendapatan/(beban) komprehensif lain tahun berjalan	-	615,571	-	-	-	2,461,412	(5,744,781)	1,833,180	(1,450,189)	516,389	(318,229)	Other comprehensive income/(expense) for the year
Pembayaran dividen	-	-	-	-	(136,719,924)	-	-	-	-	(90,000)	(136,809,924)	Payment of dividend
Penyisihan cadangan umum	-	-	-	167,604,497	(167,604,497)	-	-	-	-	-	-	General reserve allocation
Tambahan modal disetor	-	720,455	-	-	-	-	-	-	-	692,201	1,412,656	Additional paid-in capital
Reklasifikasi saldo laba dicadangkan	-	-	-	(316,613,514)	316,613,514	-	-	-	-	-	-	Reclassification of appropriated retained earnings
Saldo 31 Desember 2017*)	344,018,831	572,762,252	284,339,313	2,427,854,334	143,146,347	(15,952,821)	(19,117,046)	3,861,985	(31,207,882)	569,500,426	4,310,413,621	Balance, December 31, 2017*)

*) Disajikan kembali. Lihat Catatan 4a

As restated, refer to Note 4a *)

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LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017
(Expressed in United States Dollar)

	Ekuitas yang dapat diatribusikan kepada pemilik entitas induk/Equity attributable to owners of the parent entity										Jumlah ekuitas/ Total equity					
	Komponen ekuitas lainnya/ Other components of equity															
	Selisih kurs penjabaran laporan keuangan entitas anak/ Difference in foreign currency translation of subsidiaries' financial statements	Pengukuran kembali liabilitas imbalan pascakerja, setelah pajak/ Remeasurement of post- employment benefit obligation, net of tax	Penubahan nilai wajar investasi jangka pendek/ Changes in fair value of short-term investments	Total ekuitas lainnya/ Total other components of equity	Keperngan pengendali/ Non- controlling interests											
	Saldo laba/ Retained earnings	Dicadangkan/ Appropriated	Saldo laba/ Retained earnings	Dicadangkan/ Appropriated	Tambahan modal disetor/ Additional paid-in capital	Ekuitas merging entities/ Equity of merging entities	Modal saham ditempatkan dan disetor penuh/ Issued and fully paid capital stock	Ekuitas merging entities/ Equity of merging entities	Tambahan modal disetor/ Additional paid-in capital	Saldo laba/ Retained earnings	Dicadangkan/ Appropriated	Saldo laba/ Retained earnings	Dicadangkan/ Appropriated	Tambahan modal disetor/ Additional paid-in capital	Ekuitas merging entities/ Equity of merging entities	Modal saham ditempatkan dan disetor penuh/ Issued and fully paid capital stock
Saldo 31 Desember 2017*	344,018,831	572,762,252	284,339,313	2,427,854,334	143,146,347	(15,952,821)	(19,117,046)	3,861,985	(31,207,882)	589,500,426	4,310,413,621	Balance, December 31, 2017*	364,638,660	Profit for the year		
Laba tahun berjalan	-	62,383,977	-	242,607,597	-	-	-	-	-	59,647,086	364,638,660	Profit for the year	-	Loss of control over subsidiary		
Kehilangan pengendalian atas entitas anak	-	-	-	-	-	-	-	-	-	(2,416,137)	(2,416,137)	Loss of control over subsidiary	(2,416,137)	Other comprehensive income/(expense) for the year		
Pendapatan/(beban) komprehensif lain tahun berjalan	-	873,680	-	-	(12,081,734)	(14,039,051)	(3,177,507)	(29,298,292)	621,936	(27,802,676)	(27,802,676)	Other comprehensive income/(expense) for the year	621,936	Payment of dividend		
Pembayaran dividen	-	-	-	(55,008,907)	-	-	-	-	-	-	(55,008,907)	Payment of dividend	(55,008,907)	General reserve allocation		
Penyisihan cadangan umum	-	-	88,137,440	(88,137,440)	-	-	-	-	-	-	-	General reserve allocation	-	Restructuring of entities under common control		
Restrukturisasi entitas pengendali	-	(636,019,909)	(751,913,941)	-	-	-	-	-	-	(1,387,933,850)	(1,387,933,850)	Restructuring of entities under common control	(1,387,933,850)			
Saldo 31 Desember 2018	344,018,831	2,515,991,774	(467,574,628)	2,426,607,597	242,607,597	(28,034,555)	(33,156,097)	684,478	(60,506,174)	627,353,311	3,201,890,711	Balance, December 31, 2018	3,201,890,711			

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dan laporan keuangan konsolidasian ini

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements

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**LAPORAN ARUS KAS KONSOLIDASIAN
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA
31 DESEMBER 2018 DAN 2017**
(Disajikan dalam Dolar Amerika Serikat)

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**
(Expressed in United States Dollar)

	<u>2018</u>	<u>2017*</u>	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan dari pelanggan	3,792,933,047	3,570,353,532	Receipts from customers
Penerimaan dari penghasilan bunga	29,799,985	13,758,153	Receipts from interest income
Pembayaran kepada pemasok	(2,246,443,272)	(2,175,407,783)	Payments to suppliers
Pembayaran untuk pajak penghasilan	(124,854,557)	(218,839,434)	Payments for income taxes
Pembayaran untuk beban usaha dan aktivitas operasi lainnya	(276,630,037)	(205,390,390)	Payments for operating expenses and other operating activities
Pembayaran untuk beban keuangan	(128,440,035)	(133,664,617)	Payments for finance cost
Penempatan pada kas yang dibatasi penggunaannya	(8,860,261)	(7,643,501)	Placement of restricted cash
Pembayaran kepada karyawan	(118,533,637)	(114,548,363)	Payments to employees
Kas neto yang diperoleh dari aktivitas operasi	<u>918,971,233</u>	<u>728,617,597</u>	Net cash generated from operating activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Penerimaan dividen dan pengembalian modal dari ventura bersama	166,723,560	92,697,174	Dividends received and capital repayment from joint ventures
Pembayaran untuk kombinasi entitas sepengendali	(693,966,925)	-	Payment for business combination of entities under common control
Penerimaan/(penempatan) pada kas yang dibatasi penggunaannya	7,199,841	(18,000,000)	Receipt/(placement) of restricted cash
Penempatan bank garansi	-	(11,752,000)	Placement of bank guarantee
Penambahan aset tetap	(233,029,759)	(250,369,415)	Additions of fixed assets
Penambahan properti minyak dan gas	(114,377,375)	(129,521,794)	Additions of oil and gas properties
Penambahan aset eksplorasi dan evaluasi	(20,745,213)	(24,185,148)	Addition of exploration and evaluation assets
Pelepasan investasi jangka pendek	3,448,514	-	Disposal of short-term investment
Penerimaan pengembalian piutang lain-lain jangka panjang	160,722,758	22,348,123	Receipts of other long-term receivables
Kas neto yang digunakan untuk aktivitas investasi	<u>(724,024,599)</u>	<u>(318,783,060)</u>	Net cash used in investing activities
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Pembayaran utang derivatif, neto	(1,402,905)	(6,405,563)	Payments of derivative liabilities, net
Penerbitan obligasi	-	625,000,000	Issuance of bonds payable
Pembayaran pinjaman jangka pendek	-	(100,000,000)	Payments of short-term loans
Pembayaran pinjaman bank jangka panjang	(28,610,302)	(1,029,733,463)	Payments of long-term bank loans
Penerimaan pinjaman bank jangka panjang	100,000,000	-	Receipts of long-term bank loans
Pembayaran pinjaman dari pemegang saham, neto	(25,585,850)	(28,343,070)	Payments of shareholder loan, net
Pembayaran dividen	(55,008,907)	(160,017,900)	Payments of dividend
Kas neto yang digunakan untuk aktivitas pendanaan	<u>(10,607,964)</u>	<u>(699,499,996)</u>	Net cash used in financing activities
KENAIKAN/(PENURUNAN) NETO KAS DAN SETARA KAS	<u>184,338,670</u>	<u>(289,665,459)</u>	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS
Pengaruh perubahan kurs neto dari kas dan setara kas	(9,531,591)	(18,523,237)	Net effects foreign exchange from cash and cash equivalents
KAS DAN SETARA KAS AWAL TAHUN	<u>1,140,427,367</u>	<u>1,448,616,063</u>	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR
KAS DAN SETARA KAS AKHIR TAHUN	<u>1,315,234,446</u>	<u>1,140,427,367</u>	CASH AND CASH EQUIVALENTS AT END OF YEAR

* Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements

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**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017 AND JANUARY 1, 2017

(Expressed in United States Dollars, unless otherwise stated)

1. UMUM

a. Pendirian Perusahaan

PT Perusahaan Gas Negara Tbk ("Perusahaan") pada awalnya bernama Firma L. J. N. Eindhoven & Co. Gravenhage yang didirikan pada tahun 1859. Kemudian, Perusahaan diberi nama NV. Netherland Indische Gaz Maatschapij (NV. NIGM) pada tahun 1950, saat diambil alih oleh Pemerintah Belanda. Pada tahun 1958, saat diambil alih oleh Pemerintah Republik Indonesia, nama Perusahaan diganti menjadi Badan Pengambil Alih Perusahaan-Perusahaan Listrik dan Gas (BP3LG) yang kemudian beralih status menjadi BPU-PLN pada tahun 1961. Pada tanggal 13 Mei 1965, berdasarkan Peraturan Pemerintah No. 19/1965, Perusahaan didirikan sebagai Perusahaan Negara dan dikenal sebagai Perusahaan Negara Gas (PN. Gas). Berdasarkan Peraturan Pemerintah No. 27/1984, PN. Gas diubah menjadi perusahaan umum ("Perum") dengan nama Perusahaan Umum Gas Negara.

Status Perusahaan diubah dari Perum menjadi perusahaan perseroan terbatas yang dimiliki oleh negara (Persero) dan namanya berubah menjadi PT Perusahaan Gas Negara (Persero) berdasarkan Peraturan Pemerintah No. 37/1994 dan Akta Pendirian Perusahaan No. 486 tanggal 30 Mei 1996 yang diaktakan oleh Notaris Adam Kasdarmaji, S.H.. Akta Pendirian telah disahkan oleh Menteri Kehakiman Republik Indonesia dalam Surat Keputusan No. C2-7729HT.01.01.Th.96. tanggal 31 Mei 1996 dan diumumkan dalam Lembaran Berita Negara Republik Indonesia No. 8508 Tambahan Berita Negara No. 80 tanggal 4 Oktober 1996.

Status Perusahaan diubah menjadi perseroan terbatas dan nama Perusahaan berubah menjadi PT Perusahaan Gas Negara Tbk berdasarkan Peraturan Pemerintah No. 6/2018. Perubahan status Perusahaan ini kemudian diikuti dengan perubahan pada Anggaran Dasar Perusahaan berdasarkan Akta Notaris No. 48 oleh Fathiah Helmi, S.H. tanggal 29 Juni 2018. Anggaran Dasar Perusahaan telah mengalami beberapa perubahan. Perubahan terakhir dibuat berdasarkan Akta Notaris No. 34 tanggal 10 September 2018 oleh Fathiah Helmi, S.H. mengenai perubahan struktur Dewan Direksi Perusahaan. Perubahan ini telah dilaporkan kepada dan diterima oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia melalui Surat Penerimaan No. AHU-AH.01.03-0252077 tanggal 12 Oktober 2018.

1. GENERAL

a. The Company's establishment

PT Perusahaan Gas Negara Tbk (the "Company") initially named Firm L. J. N. Eindhoven & Co. Gravenhage, was established in 1859. Then, the Company was named NV. Netherland Indische Gaz Maatschapij (NV. NIGM), when the Dutch Government took control in 1950. In 1958, when the Government of the Republic of Indonesia took over the entity, the Company's name was changed to Badan Pengambil Alih Perusahaan-Perusahaan Listrik dan Gas (BP3LG) and then later became BPU-PLN in 1961. On May 13, 1965, based on Government Regulation No. 19/1965, the Company was established as a state owned company ("Perusahaan Negara") and became known as Perusahaan Negara Gas (PN. Gas). Based on Government Regulation No. 27/1984, PN. Gas was converted into a public service enterprise ("Perum") under the name Perusahaan Umum Gas Negara.

The status of the Company was changed from a Perum to a state owned limited liability company ("Persero") and the name was changed to PT Perusahaan Gas Negara (Persero) based on Government Regulation No. 37/1994 and the Deed of Establishment No. 486 dated May 30, 1996 as notarised by Adam Kasdarmaji, S.H. The Deed of Establishment was approved by Minister of Justice of the Republic of Indonesia in its Decision Letter No. C2-7729HT.01.01.Th.96. dated May 31, 1996 and was published in the State Gazette of the Republic of Indonesia No. 8508 Supplement No. 80 dated October 4, 1996.

The status of the Company was changed to a limited liability company and the Company's name was changed to PT Perusahaan Gas Negara Tbk based on Government Regulation No. 6/2018. The change in the Company's status was followed by amendment to the Company's Articles of Association based on Notarial Deed No. 48 of Fathiah Helmi, S.H. dated June 29, 2018. The Company's Articles of Association have been amended several times. The latest amendment was based on Notarial Deed No. 34 dated September 10, 2018 of Fathiah Helmi, S.H. concerning change in the Company's Board of Directors structure. The amendment was reported to and received by Minister of Law and Human Rights of the Republic of Indonesia through its Acknowledgment Letter No. AHU-AH.01.03-0252077 dated October 12, 2018.

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1. UMUM (lanjutan)

a. Pendirian Perusahaan (lanjutan)

Sesuai dengan Pasal 3 Anggaran Dasar Perusahaan, Perusahaan bertujuan untuk melaksanakan dan menunjang kebijaksanaan dan program Pemerintah di bidang ekonomi dan pembangunan nasional, khususnya di bidang pengembangan pemanfaatan gas bumi untuk kepentingan umum serta penyediaan gas dalam jumlah dan mutu yang memadai untuk melayani kebutuhan masyarakat. Kegiatan Perusahaan dan entitas anak (bersama-sama disebut "Grup") meliputi perencanaan, pembangunan, pengelolaan dan usaha hilir bidang gas bumi yang meliputi kegiatan pengolahan, pengangkutan, penyimpanan dan niaga, perencanaan, pembangunan, pengembangan produksi, penyediaan, penyaluran dan distribusi gas buatan; dan jasa telekomunikasi; serta pengelolaan properti Perusahaan dan penyediaan jasa tenaga kerja. Pada saat ini, usaha utama Perusahaan adalah distribusi dan transmisi gas bumi ke pelanggan industri, komersial dan rumah tangga.

Kantor Pusat Perusahaan berkedudukan di Jl. K.H. Zainul Arifin No. 20, Jakarta. Pemegang saham langsung Perusahaan adalah PT Pertamina (Persero) ("Pertamina") dan pemegang saham utama Perusahaan adalah Pemerintah Republik Indonesia.

b. Penawaran umum efek Grup

Pada tanggal 5 Desember 2003, Perusahaan memperoleh pernyataan efektif dari Badan Pengawas Pasar Modal untuk melakukan penawaran umum saham kepada masyarakat sebanyak 1.296.296.000 saham, yang terdiri dari 475.309.000 saham dari divestasi saham Pemerintah Republik Indonesia, dan 820.987.000 saham baru. Saham Perusahaan dicatatkan di Bursa Efek Indonesia pada tanggal 15 Desember 2003.

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa pada tanggal 13 Juni 2008 yang diaktakan dalam Akta Notaris No. 49 oleh Fathiah Helmi, S.H., tanggal 13 Juni 2008, para pemegang saham menyetujui pemecahan nilai nominal saham Seri A Dwiwarna dan saham Seri B dari Rp500 per saham menjadi Rp100 per saham, sehingga jumlah saham Perusahaan meningkat dari 14 miliar saham menjadi 70 miliar saham dan jumlah saham ditempatkan dan disetor penuh yang semula sebesar 4.593.437.193 saham akan meningkat menjadi 22.967.185.965 saham.

Pada tanggal 12 Mei 2014, Perusahaan menerbitkan dan mencatatkan *Senior Unsecured Fixed Rate Notes* senilai USD1.350.000.000 yang jatuh tempo pada 2024 di *Singapore Exchange Securities Trading Limited* (Catatan 21).

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1. GENERAL (continued)

a. The Company's establishment (continued)

Pursuant to Article 3 of the Company's Articles of Association, the Company's objective is to implement and support the Government's economic and national development programs, particularly in developing uses of natural gas for the benefit of the public as well as in the supply of a sufficient volume and quality of gas for public consumption. The scope of activities of the Company and its subsidiaries (together, the "Group") comprises planning, construction, operating and development of natural gas downstream business which includes processing, transporting, storing and trading, planning, construction, production development, supplying and distribution of processed gas; and telecommunication services; and the Company's property management and manpower service provider. Currently, the Company's principal business is the distribution and transmission of natural gas to industrial, commercial and household users.

The Company's Head Office is located at Jl. K.H. Zainul Arifin No. 20, Jakarta. The Company's immediate parent is PT Pertamina (Persero) ("Pertamina") and the Company's ultimate parent is the Government of Republic of Indonesia.

b. The Group's public offering

On December 5, 2003, the Company obtained the effective statement from Capital Market Supervisory Agency to conduct the public offering of its 1,296,296,000 shares which comprised 475,309,000 shares from the divestment of the Government of Republic of Indonesia's shares, and 820,987,000 new shares. The Company's shares were listed at the Indonesia Stock Exchanges on December 15, 2003.

Based on the Extraordinary General Shareholders Meeting on June 13, 2008 which was notarised in Notarial Deed No. 49 of Fathiah Helmi, S.H., dated June 13, 2008, the shareholders ratified the stock split of the nominal value of Series A Dwiwarna share and Series B shares from Rp500 per share to Rp100 per share resulting increase in the Company's shares number from 14 billion shares to 70 billion shares and increase in the issued and paid-up capital from 4,593,437,193 shares to 22,967,185,965 shares.

On May 12, 2014, the Company issued and listed USD1,350,000,000 Senior Unsecured Fixed Rate Notes due in 2024 at the Singapore Exchange Securities Trading Limited (Note 21).

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1. UMUM (lanjutan)

b. Penawaran umum efek Grup (lanjutan)

Pada tanggal 26 April 2017, PT Saka Energi Indonesia ("SEI"), anak perusahaan, menerbitkan dan mencatatkan *Senior Unsecured Fixed Rate Notes* senilai USD625.000.000 yang jatuh tempo pada 2024 di *Singapore Exchange Securities Trading Limited* (Catatan 21).

c. Penyelesaian laporan keuangan konsolidasian

Laporan keuangan konsolidasian Grup telah disusun dan disetujui oleh Direksi Perusahaan pada tanggal 20 Februari 2019.

d. Entitas anak, pengaturan bersama, dan entitas asosiasi

Pada tanggal 31 Desember 2018 dan 2017, persentase kepemilikan Perusahaan, baik secara langsung maupun tidak langsung dan total aset entitas anak adalah sebagai berikut:

Entitas anak, kegiatan usaha, kedudukan dan tanggal pendirian/ <i>Subsidiaries, business activities, domiciles and date of establishment</i>	Persentase kepemilikan/ <i>Percentage of ownership</i>		Tahun usaha komersial dimulai/Year of commercial operations started	Jumlah aset dalam juta sebelum jurnal eliminasi/Total assets in million before elimination entries	
	2018	2017		2018	2017
Dimiliki langsung oleh Perusahaan/ <i>Held directly by the Company</i>					
PT Saka Energi Indonesia ("SEI") Eksplorasi dan produksi minyak dan gas bumi/ <i>Exploration and production of oil and gas</i> Indonesia, 27 Juni/June 27, 2011	100.00%	100.00%	2011	2,607	2,630
PT PGN LNG Indonesia ("PLI") Pengolahan <i>liquefied natural gas</i> / <i>Processing of liquefied natural gas</i> Indonesia, 26 Juni/June 26, 2012	100.00%	100.00%	2014	326	414
PT Permata Graha Nusantara ("PGN MAS") Pengelolaan dan penyewaan gedung dan peralatan/ <i>Management and leasing buildings and equipment</i> Indonesia, 17 Juni/June 17, 2014	100.00%	100.00%	2014	291	293
PT PGAS Solution ("PGASSOL") Konstruksi/ <i>Construction</i> Indonesia, 6 Agustus/August 6, 2009	99.91%	99.91%	2010	98	113
PT Gagas Energi Indonesia ("GEI") Distribusi gas bumi/ <i>Distribution of natural gas</i> Indonesia, 27 Juni/June 27, 2011	100.00%	100.00%	2012	80	83
PT PGAS Telekomunikasi Nusantara ("PGASKOM") Telekomunikasi/ <i>Telecommunication</i> , Indonesia, 10 Januari/January 10, 2007	99.93%	99.93%	2009	40	35
PT Pertamina Gas ("Pertagas") Distribusi gas bumi/ <i>Distribution of natural gas</i> Indonesia, 23 Februari/February 23, 2007	51.00% ⁶⁾	-	2007	2,057	1,877

1. GENERAL (continued)

b. The Group's public offering (continued)

On April 26, 2017, PT Saka Energi Indonesia ("SEI"), the Company's subsidiary, issued and listed USD625,000,000 Senior Unsecured Fixed Rate Notes due in 2024 at the Singapore Exchange Securities Trading Limited (Note 21).

c. Completion of the consolidated financial statements

The Group's consolidated financial statements were prepared and authorised for issuance by the Company's Directors on February 20, 2019.

d. Subsidiaries, joint arrangements, and associate entities

As at December 31, 2018 and 2017, the percentage of ownership of the Company, either directly or indirectly, and total assets of the subsidiaries are as follows:

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1. UMUM (lanjutan)

1. GENERAL (continued)

d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)

d. Subsidiaries, joint arrangements, and associate entities (continued)

Entitas anak, kegiatan usaha, kedudukan dan tanggal pendirian/ <i>Subsidiaries, business activities, domiciles and date of establishment</i>	Persentase kepemilikan/ <i>Percentage of ownership</i>		Tahun usaha komersial dimulai/Year of commercial operations started	Jumlah aset dalam juta sebelum jurnal eliminasi/Total assets in million before elimination entries	
	2018	2017		2018	2017
Dimiliki melalui Pertamina/ Held through Pertamina					
PT Pertamina Niaga ("PTGN") Perniagaan gas bumi/ <i>Trading of natural gas</i> Indonesia, 23 Maret/March 23, 2010	99.00% ⁶⁾	-	2010	102	98
PT Perta Arun Gas ("PAG") Pengolahan Liquefied Natural Gas ("LNG")/ <i>Processing of Liquefied Natural Gas ("LNG")</i> Indonesia, 18 Maret/March 18, 2013	90.00% ⁶⁾	-	2013	138	134
Dimiliki melalui PGASKOM/ Held through PGASKOM					
PGAS Telecommunications International Pte. Ltd. ("PTI") Jasa telekomunikasi/ <i>Telecommunications services</i> Singapura/Singapore, 24 November/November 24, 2009	100.00%	100.00%	2010	3	2
PT Telemedia Dinamika Sarana ("TDS") Jasa telekomunikasi/ <i>Telecommunications services</i> Indonesia, 2 Oktober/October 2, 2002	100.00%	100.00%	2013	3	2
Dimiliki melalui PGN MAS/ Held through PGN MAS					
PT Kalimantan Jawa Gas ("KJG") Transmisi gas/Gas transmission Indonesia, 23 Juli/July 23, 2013	80.00%	80.00%	2015	270	272
PT Permata Karya Jasa ("Perkasa") Jasa perbengkelan, pembinaan, penyaluran jasa tenaga kerja/ <i>Workshop services, guidance, distribution of labor services</i> Indonesia, 29 April/April 29, 2015	- ³⁾	75.00%	2016	- ³⁾	31
Dimiliki melalui PGASSOL/ Held through PGASSOL					
PT Solusi Energy Nusantara ("Sena") Engineering, konsultasi dan jasa/ <i>Engineering, consultancy and services</i> , Indonesia, 20 April/April 20, 2015	99.90%	99.90%	2016	5	4
Dimiliki melalui GEI/ Held through GEI					
PT Widar Mandipa Nusantara ("Widar") Jasa kelistrikan/ <i>Electricity service</i> Indonesia, 29 Juli/July 29, 2015	99.96%	99.96%	²⁾	3	2
Dimiliki melalui SEI/Held through SEI					
Saka Indonesia Pangkah B.V. ("SIPBV") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Belanda/Netherlands, 3 Agustus/August 3, 2007	100.00%	100.00%	2007	319	303
PT Saka Energi Muara Bakau ("SEMB") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 10 Februari/February 10, 2014	100.00%	100.00%	2017	731	826

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1. UMUM (lanjutan)

1. GENERAL (continued)

d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)

d. Subsidiaries, joint arrangements, and associate entities (continued)

Entitas anak, kegiatan usaha, kedudukan dan tanggal pendirian/ Subsidiaries, business activities, domiciles and date of establishment	Persentase kepemilikan/ Percentage of ownership		Tahun usaha komersial dimulai/Year of commercial operations started	Jumlah aset dalam juta sebelum jurnal eliminasi/Total assets in million before elimination entries	
	2018	2017		2018	2017
Dimiliki melalui SEI/Held through SEI (lanjutan/continued)					
PT Saka Ketapang Perdana ("SKP") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Indonesia, 17 Oktober/October 17, 2012	99.98%	99.98%	2015	172	204
PT Saka Energi Internasional ("SI") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Indonesia, 20 Februari/February 20, 2014	99.99%	99.99%	2014	1)	1)
Saka Energy Overseas Holding B.V. ("SEOHBV") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Belanda/Netherlands, 24 Desember/December 24, 2013	100.00%	100.00%	2)	1)	1)
PT Saka Bangkanai Klemantan ("SBK") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Indonesia, 11 Maret/March 11, 2013	99.50%	99.50%	2016	137	134
PT Saka Energi Sumatera ("SES") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Indonesia, 24 September/September 24, 2012	99.95%	99.95%	2014	23	26
PT Saka Indonesia Sesulu ("SIS") Eksplorasi minyak dan gas/Exploration of oil and gas Indonesia, 7 Maret/March 7, 2013	99.50%	99.50%	2)	106	86
PT Saka Energi Bangkanai Barat ("SEBB") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Indonesia, 12 Mei/May 12, 2014	100.00%	100.00%	2)	7	6
PT Saka Energi Investasi ("SEINVS") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Indonesia, 18 Juli/July 18, 2014	99.99%	99.99%	2)	1)	1)
PT Saka Energi Wokam ("SEW") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Indonesia, 14 September/September 14, 2015	100.00%	100.00%	2)	1)	1)
Dimiliki melalui SEOHBV/ Held through SEOHBV					
Saka Energi Exploration Production, B.V. ("SEEPBV") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Belanda/Netherlands, 24 Desember/December 24, 2013	100.00%	100.00%	2)	40	41

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1. GENERAL (continued)

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d. Subsidiaries, joint arrangements, and associate entities (continued)

Entitas anak, kegiatan usaha, kedudukan dan tanggal pendirian/ Subsidiaries, business activities, domiciles and date of establishment	Persentase kepemilikan/ Percentage of ownership		Tahun usaha komersial dimulai/Year of commercial operations started	Jumlah aset dalam juta sebelum jurnal eliminasi/Total assets in million before elimination entries	
	2018	2017		2018	2017
Dimiliki melalui SEEPBV/ Held through SEEPBV					
Saka Energi Muriah Limited ("SEML") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Kepulauan Virgin Britaria Raya/ British Virgin Islands, 15 Juli/ July 15, 2009	100.00%	100.00%	2015	41	59
Dimiliki melalui SI/Held through SI					
PT Saka Energi Yamdena Barat ("SEYB") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 26 Mei/May 26, 2017	100.00%	100.00%	2)	1)	1)
PT Saka Energi Sepinggan ("SEP") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 1 April/April 1, 2015	100.00%	100.00%	2)	1)	1)
PT Saka Eksplorasi Ventura ("SEV") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 15 Desember/ December 15, 2016	100.00%	100.00%	2)	1	1
PT Saka Eksplorasi Baru ("SEB") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 30 Agustus/ August 30, 2016	100.00%	100.00%	2)	1	1
PT Saka Eksplorasi Timur ("SET") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 15 September/ September 15, 2016	100.00%	100.00%	2)	1	1
PT Saka Energi Asia Pte. Ltd ("SEAPL") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Singapura/Singapore, 15 Juni/ June 15, 2016	100.00%	100.00%	2016	194	131
PT Saka Energi Investama ("SEINV") Eksplorasi dan produksi minyak dan gas/ Exploration and production of oil and gas Indonesia, 9 November/ November 9, 2017	100.00%	100.00%	2)	2)	2)
Saka Energi Sanga CBM Pte. Ltd. ("SESCBM") Eksplorasi minyak dan gas/ Exploration of oil and gas Singapura/Singapore, 28 Desember/ December 28, 2017	100.00%	100.00%	2)	2)	2)
Saka Energy Fasken LLC ("Fasken") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Texas, 25 April/April 25, 2014	100.00%	100.00%	2014	251	235

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1. GENERAL (continued)

d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)

d. Subsidiaries, joint arrangements, and associate entities (continued)

Entitas anak, kegiatan usaha, kedudukan dan tanggal pendirian/ <i>Subsidiaries, business activities, domiciles and date of establishment</i>	Persentase kepemilikan/ <i>Percentage of ownership</i>		Tahun usaha komersial dimulai/ <i>Year of commercial operations started</i>	Jumlah aset dalam juta sebelum jurnal eliminasi/ <i>Total assets in million before elimination entries</i>	
	2018	2017		2018	2017
Dimiliki melalui SIPBV/ Held through SIPBV					
Saka Indonesia Pangkah Limited ("SIPL") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 5 Juli/July 5, 1995	100.00%	100.00%	2007	610	640
Saka Pangkah LLC ("SPLL") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Kepulauan Cayman/Cayman Islands, 12 Juli/July 12, 1995	100.00%	100.00%	2007	83	103
Dimiliki melalui SEAPL/ Held through SEAPL					
Saka Energi East Kalimantan Pte. Ltd. ("SEEKPL") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Singapura/Singapore, 15 Juni/June 15, 2016	100.00%	100.00%	2016	81	39
Saka Energi Sanga Star Pte. Ltd. ("SESSPL") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Singapura/Singapore, 15 Juni/June 15, 2016	100.00%	100.00%	2016	38	38
Dimiliki melalui SEEKPL/ Held through SEEKPL					
Saka Energi Sanga-sanga Limited. ("SESL") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Persemakmuran Bahama/ <i>Commonwealth of The Bahamas</i> , 18 November/November 18, 1983	100.00%	100.00%	1983	83	74
Dimiliki melalui SEINVS/Held through SEINVS					
Saka Energi International Ventures Ltd ("SEIV") Perdagangan minyak dan gas/ <i>Trading of oil and gas</i> Hong Kong, 14 Februari/ <i>February 14</i> , 2018	100.00%	4)	2018	18	4)
Dimiliki melalui SEINVS dan PLI/ Held through SEINVS and PLI					
Bentang Energi Indonesia Ltd ("BEI") Perdagangan minyak dan gas/ <i>Trading of oil and gas</i> Hong Kong, 31 Januari/ <i>January 31</i> , 2018	100.00% 6)	4)	2018	23	4)

Keterangan:

- Total aset di bawah 1 juta Dolar Amerika Serikat ("USD").
- Belum beroperasi komersial.
- Pada tanggal 24 Januari 2018, berdasarkan perubahan Anggaran Dasar Perkasa, Grup tidak lagi mengendalikan Perkasa. Pada tanggal 31 Desember 2018, Grup mengakui investasi pada Perkasa sebagai investasi pada ventura bersama.
- Didirikan pada tahun 2018.
- PLI dan SEINVS masing-masing memiliki saham BEI sebesar 75% dan 25% sehingga kepemilikan efektif Grup atas BEI adalah 100%.
- Diakuisisi oleh Grup pada tanggal 28 Desember 2018 dari PT Pertamina (Persero), pemegang saham utama Perusahaan.

Remarks:

- The total assets is below one million United States Dollars ("USD").
- Not yet started commercial operation.
- As at January 24, 2018, based on amendment of the Article of Association of Perkasa, the Group no longer has control over Perkasa. As at December 31, 2018, the Group recognised investment in Perkasa as investment in joint venture.
- Established in 2018.
- PLI and SEINVS owns 75% and 25% interest in BEI's shares, respectively, therefore the Group effective ownership over BEI is 100%.
- Acquired by the Group on December 28, 2018 from PT Pertamina (Persero), a majority shareholder of the Company.

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d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)

Grup mempunyai kerjasama operasi minyak dan gas atau kontrak jasa/perjanjian partisipasi dan pembagian ekonomi pada tanggal 31 Desember 2018 dan 2017 sebagai berikut:

<u>Kerjasama Operasi/Joint Operation</u>	<u>Negara/Country</u>	<u>2018</u>	<u>2017</u>
Blok/Block Ujung Pangkah	Indonesia	100.00%	100.00%
Blok/Block South Sesulu	Indonesia	100.00%	100.00%
Blok/Block Fasken	Amerika Serikat/ United States of America	36.00%	36.00%
Blok/Block Bangkanai	Indonesia	30.00%	30.00%
Blok/Block Bangkanai Barat	Indonesia	30.00%	30.00%
Blok/Block Muriah	Indonesia	20.00%	20.00%
Blok/Block Ketapang	Indonesia	20.00%	20.00%
Blok/Block Muara Bakau	Indonesia	11.67%	11.67%
Blok/Block South East Sumatera ¹⁾	Indonesia	-	8.91%
Blok/Block Wokam II	Indonesia	100.00%	100.00%
Blok/Block Sanga-sanga ²⁾	Indonesia	-	37.815%
Blok/Block Pekawai	Indonesia	100.00%	-
Blok/Block Yamdena Barat	Indonesia	100.00%	-

Keterangan:

- 1) PSC South East Sumatera telah berakhir pada tanggal 6 September 2018
2) PSC Sanga-sanga telah berakhir pada tanggal 8 Agustus 2018

Remarks:

- 1) PSC South East Sumatera expired on September 6, 2018
2) PSC Sanga-sanga expired on August 8, 2018

Informasi mengenai ventura bersama dan entitas asosiasi yang dimiliki oleh Grup pada tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut:

Information about joint ventures and associate owned by the Group as of December 31, 2018 and 2017 are as follows:

<u>Ventura bersama dan entitas asosiasi/ Joint ventures and associate entities</u>	<u>Persentase kepemilikan/ Percentage of ownership</u>		<u>Tahun usaha komersial dimulai dan domisili/ Commercial operation year started and domicile</u>	<u>Kegiatan usaha/ Business activities</u>
	<u>2018</u>	<u>2017</u>		
Ventura bersama/ Joint ventures				
PT Transportasi Gas Indonesia ("Transgasindo")	59.87%	59.87%	2002, Jakarta	Transportasi gas bumi melalui jaringan pipa transmisi/Transportation of natural gas through transmission pipelines
PT Permata Karya Jasa ("Perkasa")	60.00%	-	2015, Jakarta	Jasa perbengkelan, pembinaan, penyaluran jasa tenaga kerja/Workshop services, guidance, distribution of labor services
PT Nusantara Regas ("Regas")	40.00%	40.00%	2012, Jakarta	Pengelolaan fasilitas Floating Storage Regasification Terminal ("FSRT") termasuk pembelian Liquid Natural Gas ("LNG") dan pemasaran atas hasil pengelolaan fasilitas FSRT/Managing Floating Storage Regasification Terminal ("FSRT") facilities including purchase of Liquid Natural Gas ("LNG") and marketing of output from the operations of FSRT facilities
Unimar	50.00%	50.00%	2001, Delaware	Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas
PT Perta-Samtan Gas ("PSG")	66.00% ³⁾	-	2008, Banyuasin	Pengolahan LPG/LPG processing
PT Perta Daya Gas ("PDG")	65.00% ³⁾	-	2012, Jakarta	Pengolahan LNG dan CNG/LNG and CNG processing
Entitas asosiasi/Associate				
PT Gas Energi Jambi ("GEJ")	40.00%	40.00%	1), Jambi	Transportasi dan distribusi gas bumi/Transportation and distribution of natural gas

Keterangan:

- 1) Belum beroperasi komersial.
2) Pada tanggal 24 Januari 2018, berdasarkan perubahan Anggaran Dasar Perkasa, Grup tidak lagi mengendalikan Perkasa. Pada tanggal 31 Desember 2018, Grup mengakui investasi pada Perkasa sebagai investasi pada ventura bersama.
3) Diakuisisi oleh Grup pada tanggal 28 Desember 2018 dari PT Pertamina (Persero), pemegang saham utama Perusahaan.

Remarks:

- 1) Not yet started commercial operation.
2) As at January 24, 2018, based on amendment of the Article of Association of Perkasa, the Group no longer has control over Perkasa. As at December 31, 2018, the Group recognised investment in Perkasa as investment in joint venture.
3) Acquired by the Group on December 28, 2018 from PT Pertamina (Persero), a majority shareholder of the Company.

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1. UMUM (lanjutan)

e. Dewan Komisaris, Direksi dan karyawan

Pada tanggal 31 Desember 2018, berdasarkan Rapat Umum Pemegang Saham Luar Biasa yang dilaksanakan pada tanggal 10 September 2018, para pemegang saham menyetujui susunan Dewan Komisaris dan Direksi Perusahaan sebagai berikut:

Dewan Komisaris

Komisaris Utama	IGN. Wiratmaja Puja
Komisaris Independen	Paiman Rahardjo
Komisaris Independen	Kiswodarmawan
Komisaris	Hambra
Komisaris	M. Ikhsan

Dewan Direksi

Direktur Utama	Gigih Prakoso
Direktur Keuangan	Said Reza Pahlevy
Direktur Komersial	Danny Praditya
Direktur Infrastruktur dan Teknologi	Dilo Seno Widagdo
Direktur Sumber Daya Manusia dan Umum	Desima Equalita Siahaan

Pada tanggal 31 Desember 2017, susunan Dewan Komisaris dan Direksi Perusahaan sebagai berikut:

Dewan Komisaris

Komisaris Utama	Fajar Harry Sampurno
Komisaris Independen	Paiman Rahardjo
Komisaris Independen	Kiswodarmawan
Komisaris	Hendrika Nora Osloin Sinaga
Komisaris	M. Ikhsan
Komisaris	IGN. Wiratmaja Puja

Dewan Direksi

Direktur Utama	Jobi Triananda Hasjim
Direktur Keuangan	Nusantara Suyono
Direktur Komersial	Danny Praditya
Direktur Infrastruktur dan Teknologi	Dilo Seno Widagdo
Direktur Sumber Daya Manusia dan Umum	Desima Equalita Siahaan

Pada tanggal 31 Desember 2018, susunan Komite Audit Perusahaan adalah sebagai berikut:

Ketua	Paiman Rahardjo
Anggota	Hambra
Anggota	Luki Karunia
Anggota	Kurnia Sari Dewi
Anggota	Nael Brahmana

Pada tanggal 31 Desember 2017, susunan Komite Audit Perusahaan adalah sebagai berikut:

Ketua	Paiman Rahardjo
Anggota	Luki Karunia
Anggota	Yovita Lasti Handini
Anggota	Kurnia Sari Dewi
Anggota	Hendrika Nora Osloin Sinaga

Pada tanggal 31 Desember 2018 dan 2017, jumlah karyawan tetap Grup, termasuk Pertamina dan entitas anaknya, masing-masing adalah 2.804 orang dan 2.793 orang (tidak diaudit).

1. GENERAL (continued)

e. Boards of Commissioners, Directors and employees

As at December 31, 2018, based on the Extraordinary General Meeting of Shareholders on September 10, 2018, the shareholders approved the members of the Company's Boards of Commissioners and Directors as follows:

Board of Commissioners

Chairman of the Board of Commissioners
Independent Commissioner
Independent Commissioner
Commissioner
Commissioner

Board of Directors

Chairman of the Board of Directors
Director of Finance
Director of Commercial
Director of Infrastructure and Technology
Director of Human Resources and General Affairs

As at December 31, 2017, the Company's Boards of Commissioners and Directors as follows:

Board of Commissioners

Chairman of the Board of Commissioners
Independent Commissioner
Independent Commissioner
Commissioner
Commissioner
Commissioner

Board of Directors

Chairman of the Board of Directors
Director of Finance
Director of Commercial
Director of Infrastructure and Technology
Director of Human Resources and General Affairs

As at December 31, 2018, the members of the Company's audit committee are as follows:

Chairman
Member
Member
Member
Member

As at December 31, 2017, the members of the Company's audit committee are as follows:

Chairman
Member
Member
Member
Member

As at December 31, 2018 and 2017, the Group, including Pertamina and its subsidiaries, have a total of 2,804 employees and 2,793 employees, respectively (unaudited).

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN

a. Dasar penyajian laporan keuangan konsolidasian

Laporan keuangan konsolidasian ini telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia, yang mencakup Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK") dan Peraturan-Peraturan serta Pedoman Penyajian dan Pengungkapan Laporan Keuangan yang diterbitkan oleh Otoritas Jasa Keuangan ("OJK").

Laporan keuangan konsolidasian ini disusun berdasarkan konsep harga perolehan, yang dimodifikasi oleh revaluasi aset keuangan tersedia untuk dijual, dan aset dan liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, serta menggunakan dasar akrual kecuali untuk laporan arus kas.

Laporan arus kas disusun menggunakan metode langsung dan arus kas dikelompokkan atas dasar aktivitas operasi, investasi dan pendanaan. Untuk tujuan laporan arus kas konsolidasian, kas dan setara kas mencakup kas kecil, kas pada bank dan deposito berjangka.

Penyusunan laporan keuangan yang sesuai dengan Standar Akuntansi Keuangan di Indonesia memerlukan penggunaan estimasi akuntansi penting tertentu. Penyusunan laporan keuangan juga mengharuskan manajemen untuk menggunakan pertimbangannya dalam proses penerapan kebijakan akuntansi Grup. Area-area yang memerlukan tingkat pertimbangan atau kompleksitas yang tinggi, atau area dimana asumsi dan estimasi merupakan hal yang signifikan dalam laporan keuangan konsolidasian, diungkapkan dalam Catatan 3.

Kecuali dinyatakan di bawah ini, kebijakan akuntansi telah diterapkan secara konsisten dengan laporan keuangan tahunan untuk tahun yang berakhir 31 Desember 2017 yang telah sesuai dengan Standar Akuntansi Keuangan di Indonesia.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation consolidated financial statements

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, including Statements of Financial Accounting Standard ("SFAS") and Interpretations of Financial Accounting Standard ("IFAS") and the Regulations and Guidelines on Financial Statement Presentation and Disclosures issued by Financial Services Authority ("OJK").

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit and loss, and using the accrual basis except for the statement of cash flows.

The statement of cash flows have been prepared based on the direct method, by classifying cash flows on the basis of operating, investing and financing activities. For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, cash in banks and time deposits.

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

Except as described below, the accounting policies applied are consistent with the annual financial statements for the year ended December 31, 2017, which conform to the Indonesian Financial Accounting Standards.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan
konsolidasian (lanjutan)**

Perubahan pada PSAK dan ISAK

Penerapan standar dan interpretasi baru atau revisi berikut ini yang berlaku efektif 1 Januari 2018, tidak memberikan dampak material pada laporan keuangan konsolidasian:

- PSAK No. 2 (Revisi 2016): Laporan Arus Kas

Amandemen PSAK ini mensyaratkan entitas untuk menyediakan pengungkapan yang memungkinkan pengguna laporan keuangan untuk mengevaluasi perubahan pada liabilitas yang timbul dari aktivitas pendanaan, termasuk perubahan yang timbul dari arus kas maupun perubahan nonkas.

- PSAK No. 13: Properti Investasi tentang Pengalihan Properti Investasi

Amendemen ini mengklarifikasi persyaratan transfer ke, atau dari, properti investasi.

- PSAK No. 16 (Revisi 2015): Aset Tetap, untuk paragraf yang terkait dengan aset agrikultur

Amandemen PSAK ini mengklarifikasi bahwa aset biologis yang memenuhi definisi tanaman produktif masuk dalam ruang lingkup PSAK 16. Definisi, pengakuan dan pengukuran tanaman produktif mengikuti persyaratan yang ada dalam PSAK 16.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**a. Basis of preparation consolidated financial
statements (continued)**

Changes to the SFAS and IFAS

The adoption of the following new and revised standards and interpretations effective on January 1, 2018, resulted in immaterial impact on the consolidated financial statements:

- SFAS No. 2 (Revised 2016): Statement of Cash Flows

Amendments to this SFAS requires the entity to provide disclosures that enable the financial statements users to evaluate the changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

- SFAS No. 13: Investment Property, Transfer of Investment Property

The amendment clarifies the requirements on transfers to, or from, investment property.

- SFAS No. 16 (Revised 2015): Property, Plant and Equipment, for the paragraph which relate to agriculture asset

Amendment of this SFAS clarifies that biological assets that meet definition as bearer plants are within the scope of SFAS 16. Definition, recognition and measurement of bearer plants follows requirements determined by SFAS 16.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan
konsolidasian (lanjutan)**

Perubahan pada PSAK dan ISAK (lanjutan)

- PSAK No. 46 (Revisi 2016): Pajak Penghasilan

Perubahan pada PSAK ini adalah sebagai berikut:

- (a) Menambahkan contoh ilustrasi untuk mengklarifikasi bahwa perbedaan temporer yang dapat dikurangkan timbul ketika jumlah tercatat aset instrumen utang yang diukur pada nilai wajar dan nilai wajar lebih kecil dari dasar pengenaan pajaknya, tanpa mempertimbangkan apakah entitas memperkirakan untuk memulihkan jumlah tercatat instrumen utang melalui penjualan atau penggunaan, misalnya dengan memiliki dan menerima arus kas kontraktual, atau gabungan keduanya.

- (b) Mengklarifikasi bahwa untuk menentukan apakah laba kena pajak masa depan yang tersedia cukup agar perbedaan temporer yang dapat dikurangkan dapat dimanfaatkan, maka penilaian perbedaan temporer yang dapat dikurangkan tersebut dilakukan sesuai dengan peraturan pajak.

- (c) Menambahkan bahwa pengurangan pajak yang berasal dari pembalikan aset pajak tangguhan dikecualikan dari estimasi laba kena pajak masa depan. Lalu entitas membandingkan perbedaan temporer yang dapat dikurangkan dengan estimasi laba kena pajak masa depan yang tidak mencakup pengurangan pajak yang dihasilkan dari pembalikan aset pajak tangguhan tersebut untuk menilai apakah entitas memiliki laba kena pajak masa depan yang memadai.

- (d) Estimasi atas kemungkinan besar laba kena pajak masa depan dapat mencakup pemulihan beberapa aset entitas melebihi jumlah tercatatnya jika terdapat bukti yang memadai bahwa kemungkinan besar entitas akan mencapai hal tersebut.

- PSAK No. 53: Klasifikasi dan Pengukuran Transaksi Pembayaran Berbasis Saham

Amendemen ini mengklarifikasi perlakuan akuntansi terkait pengklasifikasian dan pengukuran untuk transaksi berbasis saham.

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POLICIES (continued)**

**a. Basis of preparation consolidated financial
statements (continued)**

Changes to the SFAS and IFAS (continued)

- SFAS No. 46 (Revised 2016): Income Taxes

Amendments of this PSAK consist of the following:

- (a) Provide illustrative examples to clarify that the deductible temporary differences arise when the carrying amount of debt instruments assets measured at fair value and the fair value is less than the taxable base, regardless of whether the entity estimates to recover the carrying amount of a debt instrument through sale or use of, for example, to have and receive contractual cash flows, or a combination of both.

- (b) Clarified that to determine whether the future taxable income will be sufficiently available for the deductible temporary differences can be utilised, the valuation of deductible temporary differences should be in line with tax regulations.

- (c) Adding that the tax reduction from the reversal of deferred tax assets is excluded from the estimated future taxable income. Then the entity compares the deductible temporary differences to the estimated future taxable income that does not include tax reduction resulting from the reversal of deferred tax assets to assess whether the entity has a sufficient future taxable income.

- (d) Estimation of the likelihood that taxable income can include recovery of certain assets of the entity exceeds its carrying amount if there is sufficient evidence that it is likely that the entity will achieve it.

- SFAS No. 53: Classification and Measurement of Share-based Payment Transactions

The amendment clarifies the accounting treatment related to classification and measurement of share-based transactions.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan
konsolidasian (lanjutan)**

Perubahan pada PSAK dan ISAK (lanjutan)

- Amandemen PSAK No. 67: Pengungkapan Kepentingan dalam Entitas Lain

Amandemen tersebut berlaku untuk kepentingan di entitas yang dikategorikan sebagai dimiliki untuk dijual kecuali untuk ringkasan informasi keuangan. Tujuan dari amandemen ini adalah untuk memberikan informasi mengenai sifat dari kepentingan di entitas lain, risiko yang terasosiasi dengan kepentingan dan dampak dari kepentingan tersebut untuk laporan keuangan.

- PSAK No. 69: Agrikultur

PSAK 69 mengatur bahwa aset biologis atau produk agrikultur diakui saat memenuhi beberapa kriteria yang sama dengan kriteria pengakuan aset. Aset tersebut diukur pada saat pengakuan awal dan pada setiap akhir periode pelaporan keuangan pada nilai wajar dikurangi biaya untuk menjual. Selisih yang timbul dari perubahan nilai wajar aset diakui dalam laba rugi. Pengecualian diberikan apabila nilai wajar secara jelas tidak dapat diukur secara andal.

PSAK 69 memberikan pengecualian untuk aset produktif yang dikecualikan dari ruang lingkup. Pengaturan akuntansi aset produktif tersebut mengacu ke PSAK 16. PSAK 69 tidak mengatur tentang pemrosesan produk agrikultur setelah masa panen. Sebagai contoh, pemrosesan buah anggur menjadi minuman anggur dan wol menjadi benang.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**a. Basis of preparation consolidated financial
statements (continued)**

Changes to the SFAS and IFAS (continued)

- *The amendments to SFAS No. 67: Disclosure of Interest in Other Entities*

The amendment is applicable to interests in entities classified as held-for-sale except for summary of financial information. The objective of this amendment was to provide information about the nature of interests in other entities, risks associated with these interests, and the impact of these interests to financial statements.

- *SFAS No. 69: Agriculture*

SFAS 69 regulates that biological assets and agriculture products are recognised if meets several criterias, similar with assets recognition criterias. Those assets are measured at the beginning and ending of reporting period at fair value less cost to sell. Difference incurred from the fair value changes are recognised in profit or loss. Exceptions applied if the fair value clearly cannot be measured reliably.

SFAS 69 provides an exception for productive assets which are excluded from the scope. Accounting treatment applied to productive assets is referring to SFAS 16. SFAS 69 does not regulate the processing of agricultural products after the harvest. For example, processing grapes into wine and wool into yarn.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

a. Dasar penyajian laporan keuangan konsolidasian (lanjutan)

Perubahan pada PSAK dan ISAK (lanjutan)

Standar baru, revisi dan interpretasi yang telah diterbitkan namun belum berlaku efektif pada tahun pelaporan ini adalah sebagai berikut:

- PSAK No. 15: Investasi pada Entitas Asosiasi dan Ventura Bersama tentang Kepentingan Jangka Panjang pada Entitas Asosiasi dan Ventura Bersama

Amandemen PSAK ini mengklarifikasi bahwa Perusahaan memperhitungkan kepentingan jangka panjang pada Entitas Asosiasi dan Ventura Bersama dimana metode ekuitas tidak diterapkan melainkan menggunakan PSAK 71.

- Amendemen PSAK No. 62: Kontrak Asuransi – Menerapkan PSAK No. 71: Instrumen Keuangan dengan PSAK No. 62: Kontrak Asuransi

Amandemen ini merupakan amandemen konsekuensial karena penerbitan PSAK 71. Standar yang diubah ini memberikan panduan bagi entitas yang menerbitkan kontrak asuransi (terutama perusahaan asuransi) mengenai bagaimana menerapkan PSAK 71. Dimana akan ada 2 pendekatan yang dapat dipilih oleh entitas pelaporan, yaitu pendekatan *deferral* dan pendekatan *overlay*.

- PSAK No. 71: Instrumen Keuangan

PSAK 71 akan memberikan dampak material terhadap klasifikasi dan pengukuran instrumen keuangan (terutama aset keuangan), penurunan nilai dan akuntansi lindung nilai.

- Amandemen PSAK No. 71: Instrumen Keuangan – Fitur Percepatan Pelunasan dengan Kompensasi Negatif

Amandemen ini mengatur tentang fitur percepatan pelunasan dengan kompensasi negatif, memungkinkan entitas untuk mengatur aset keuangan yang disebut pembayaran kompensasi negatif pada biaya diamortisasi atau pada nilai wajar melalui pendapatan komprehensif lainnya jika memenuhi syarat tertentu dan bukan pada nilai wajar melalui laba rugi.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation consolidated financial statements (continued)

Changes to the SFAS and IFAS (continued)

New standards, amendments and interpretations issued but not yet effective for the reporting year are as follows:

- *SFAS No. 15: Investment in Associates and Joint Ventures, Long-term Interests in Associates and Joint Ventures*

The amendment of this SFAS clarifies that companies account for long-term interests in an associate or joint venture to which the equity method is not applied, but apply SFAS 71.

- *Amendment SFAS No. 62: Insurance Contracts – Applying SFAS No. 71: Financial Instruments with SFAS No. 62: Insurance Contracts*

This amendment is a consequential amendment due to the issuance of SFAS 71. The amended standard provides guidance for entity who issuing insurance contract (especially insurance company) on how to implementing SFAS 71. There would be 2 approaches that can be chosen by reporting entity which are deferral and overlay approach.

- *SFAS No. 71: Financial Instruments*

SFAS 71 will give material impacts to classification and measurement of financial instruments (especially financial assets), impairments and hedge accounting.

- *Amendments SFAS No. 71: Financial Instruments – Prepayment Features with Negative Compensation*

This amendment provides prepayment features with negative compensation that allows entities to measure particular financial assets which are called negative compensation payments at amortised cost or at fair value through other comprehensive income if a specified condition is met instead of at fair value through profit or loss.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan
konsolidasian (lanjutan)**

Perubahan pada PSAK dan ISAK (lanjutan)

- PSAK No. 24 (Revisi 2019): Imbalan Kerja tentang Amandemen, Kurtailmen, atau Penyelesaian Program

Amandemen PSAK ini mensyaratkan entitas untuk menggunakan asumsi terbaru dalam menentukan biaya jasa dan bunga bersih untuk periode setelah amandemen, kurtailmen, atau penyelesaian program. Amandemen ini juga mensyaratkan entitas untuk mengakui laba atau rugi sebagai bagian dari biaya jasa masa lalu, atau keuntungan atau kerugian penyelesaian, setiap pengurangan surplus, walaupun surplus itu sebelumnya tidak diakui karena dampak dari batas atas aset.

- PSAK No. 22: Kombinasi Bisnis

Amandemen ini mengklarifikasi bahwa memperoleh kendali atas bisnis yang merupakan operasi bersama, adalah kombinasi bisnis yang dicapai secara bertahap. Pengakuisisi harus mengukur kembali kepentingan yang sebelumnya dimiliki dalam operasi bersama pada nilai wajar pada tanggal akuisisi.

- PSAK No. 26: Biaya Pinjaman

Amandemen ini mengklarifikasi bahwa jika suatu pinjaman tertentu tetap ada setelah aset kualifikasi terkait siap untuk digunakan atau dijual, pinjaman tersebut akan menjadi bagian dari pinjaman umum. Amandemen ini diterapkan secara prospektif untuk biaya pinjaman yang timbul ketika atau setelah tanggal efektif.

- PSAK No. 46: Pajak Penghasilan

Amandemen ini mengklarifikasi bahwa konsekuensi pajak penghasilan dari dividen atas instrumen keuangan yang diklasifikasikan sebagai ekuitas harus diakui sesuai dengan transaksi atau peristiwa masa lalu yang menghasilkan laba yang diatribusikan yang diakui. Ketentuan ini berlaku untuk semua konsekuensi pajak penghasilan dari dividen.

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**a. Basis of preparation consolidated financial
statements (continued)**

Changes to the SFAS and IFAS (continued)

- SFAS No. 24 (Revised 2019): Employee Benefits regarding Plan Amendment, Curtailment, or Settlement

Amendments to this SFAS requires entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment, or settlement. It also requires an entity to recognise profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

- SFAS No. 22: Business Combination

The amendment clarifies that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.

- SFAS No. 26: Borrowing Costs

The amendment clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. This amendment is applied prospectively for borrowing costs incurred on or after the effective date.

- SFAS No. 46: Income Taxes

The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

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a. Dasar penyajian laporan keuangan konsolidasian (lanjutan)

Perubahan pada PSAK dan ISAK (lanjutan)

- PSAK No. 66: Pengendalian Bersama

Amandemen ini mengklarifikasi bahwa pihak yang memperoleh pengendalian bersama atas bisnis yang merupakan operasi bersama tidak boleh mengukur kembali kepentingan yang sebelumnya dimiliki dalam operasi bersama.

- PSAK No. 72: Pendapatan dari Kontrak dengan Pelanggan

PSAK ini akan menggantikan standar berikut:

- PSAK 23: Pendapatan;
- PSAK 34: Kontrak Konstruksi;
- ISAK 10: Program Loyalitas Pelanggan;
- ISAK 21: Perjanjian Konstruksi Real Estat; dan
- PSAK 44: Akuntansi aktifitas pengembangan real estat.

Sebagai hasilnya, PSAK ini akan menjadi satu standar untuk pengakuan pendapatan.

- PSAK No. 73: Sewa

PSAK 73 disahkan di September 2017. Hal ini akan berdampak pada hampir seluruh sewa yang diakui di laporan posisi keuangan, karena perbedaan antara sewa operasi dan pembiayaan dihapuskan. Dalam standar yang baru, sebuah aset (hak guna atas barang yang disewakan) dan liabilitas keuangan untuk membayar sewa diakui. Pengecualian hanya terdapat pada sewa jangka pendek.

Perlakuan akuntansi untuk penyewa tidak akan berbeda secara signifikan.

Standar akan berdampak utama kepada perlakuan akuntansi Grup atas sewa operasi. Pada tanggal pelaporan, Grup memiliki komitmen sewa operasi. Grup belum menentukan sejauh mana komitmen yang dimiliki akan berdampak kepada pengakuan asset dan liabilitas untuk pembayaran di masa depan dan bagaimana hal ini akan berdampak kepada laba dan klasifikasi arus kas Grup.

Beberapa komitmen dapat dicakup oleh pengecualian untuk sewa jangka pendek dan beberapa komitmen dapat berhubungan dengan pengaturan yang tidak memenuhi syarat sewa dalam PSAK 73.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation consolidated financial statements (continued)

Changes to the SFAS and IFAS (continued)

- SFAS No. 66: Joint Arrangements

The amendment clarifies that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation.

- SFAS No. 72: Revenue from Contracts with Customers

This SFAS will replace the following standards:

- SFAS 23: Revenue;
- SFAS 34: Construction contracts;
- IFAS 10: Customer loyalty programmes;
- IFAS 21: Agreements for the Construction of Real Estate; and
- SFAS 44: Accounting for real estate development.

As results, this SFAS will become single-standard for revenue recognition.

- SFAS No. 73: Leases

SFAS 73 was issued in September 2017. It will impact on almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exception is short-term leases.

The accounting for lessors will not change significantly.

The standard will primarily affect the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating leases. The Group has not yet determined to what extent these commitments within the Group will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and some commitments may relate to arrangements that will not qualify as leases under SFAS 73.

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a. Dasar penyajian laporan keuangan konsolidasian (lanjutan)

Perubahan pada PSAK dan ISAK (lanjutan)

- ISAK No. 33: Transaksi Valuta Asing dan Imbalan di Muka

Amendemen ini mengklarifikasi penggunaan tanggal transaksi dalam menentukan nilai tukar yang akan digunakan untuk penentuan awal atas aset, biaya atau pendapatan ketika entitas menerima atau membayar uang muka dalam mata uang asing. ISAK 33 ditetapkan untuk berlaku efektif per 1 Januari 2019, dengan opsi penerapan dini diperkenankan

- ISAK No. 34: Ketidakpastian dalam Perlakuan Pajak Penghasilan

ISAK 34 merupakan interpretasi atas PSAK 46: Pajak Penghasilan yang bertujuan untuk mengklarifikasi dan memberikan panduan dalam merefleksikan ketidakpastian perlakuan pajak penghasilan dalam laporan keuangan. ISAK 34 ditetapkan untuk berlaku efektif per 1 Januari 2019, dengan opsi penerapan dini diperkenankan.

PSAK 15, PSAK 71, PSAK 72, PSAK 73 dan Amendemen PSAK 62 yang baru berlaku efektif pada tahun buku dimulai pada atau setelah 1 Januari 2020. Penerapan dini atas standar-standar tersebut diperkenankan, kecuali untuk PSAK 73, dimana penerapan dini hanya diperkenankan bagi entitas yang telah menerapkan PSAK 72.

Pada saat penerbitan laporan keuangan konsolidasian ini, manajemen sedang mempelajari dampak yang mungkin timbul dari penerapan standar baru dan revisi tersebut serta pengaruhnya pada laporan keuangan konsolidasian Grup.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation consolidated financial statements (continued)

Changes to the SFAS and IFAS (continued)

- *IFAS No. 33: Foreign Currency Transactions and Advance Consideration*

This amendment clarifies the use of transaction date in determining the exchange rate to be used for initial recognition of asset, expense or income when the entity receives or pays advance consideration in foreign currency. IFAS 33 is set to become effective as at January 1, 2019, with early adoption is permitted.

- *IFAS No. 34: Uncertainty over Income Tax Treatments*

ISAK 34 is an adoption of SFAS 46: Income Tax which aims to clarify and provide guidance in reflecting the uncertainties of income tax treatment in the financial statements. ISAK 34 is set to become effective as at January 1, 2019, with early adoption is permitted.

SFAS 15, SFAS 71, SFAS 72, SFAS 73 and Amendment SFAS 62 which are effective for the financial year beginning on or after January 1, 2020. Early adoption of the above standards is permitted, but for SFAS 73 early adoption is permitted only for entities that have applied SFAS 72.

As at the authorisation date of these consolidated financial statements, the management is still evaluating the potential impact of these new and revised standards to the consolidated financial statements of the Group.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

b. Prinsip-prinsip konsolidasi

i. Entitas anak

Entitas anak adalah seluruh entitas (termasuk entitas terstruktur) dimana Grup memiliki pengendalian. Grup mengendalikan entitas lain ketika Grup terekspos atas, atau memiliki hak untuk, pengembalian yang bervariasi dari keterlibatannya dengan entitas dan memiliki kemampuan untuk mempengaruhi pengembalian tersebut melalui kekuasaannya atas entitas tersebut. Entitas anak dikonsolidasikan secara penuh sejak tanggal dimana pengendalian dialihkan kepada Grup. Entitas anak tidak dikonsolidasikan lagi sejak tanggal dimana Grup kehilangan pengendalian.

Grup menerapkan metode akuisisi untuk mencatat kombinasi bisnis. Imbalan yang dialihkan untuk akuisisi suatu entitas anak adalah sebesar nilai wajar aset yang dialihkan, liabilitas yang diakui terhadap pemilik pihak yang diakuisi sebelumnya dan kepentingan ekuitas yang diterbitkan oleh Grup. Imbalan yang dialihkan termasuk nilai wajar aset atau liabilitas yang timbul dari kesepakatan imbalan kontinjensi. Aset teridentifikasi yang diperoleh dan liabilitas serta liabilitas kontinjensi yang diambil alih dalam suatu kombinasi bisnis diukur pada awalnya sebesar nilai wajar pada tanggal akuisisi.

Grup mengakui kepentingan nonpengendali pada pihak yang diakuisisi baik sebesar nilai wajar atau sebesar bagian proporsional kepentingan nonpengendali atas aset neto pihak yang diakuisisi. Kepentingan nonpengendali disajikan di ekuitas dalam laporan posisi keuangan konsolidasian, terpisah dari ekuitas diatribusikan kepada pemilik entitas induk.

Biaya yang terkait dengan akuisisi dibebankan pada saat terjadinya.

Jika kombinasi bisnis diperoleh secara bertahap, nilai wajar pada tanggal akuisisi dari kepentingan ekuitas yang sebelumnya dimiliki oleh pihak pengakuisisi pada pihak yang diakuisisi diukur kembali ke nilai wajar tanggal akuisisi melalui laba rugi.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises non-controlling interest in the acquiree on an acquisition, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Non-controlling interest is reported as equity in the consolidated statements of financial position, separate from the equity attributable to the owners of parent entity

Acquisition-related costs are expensed as incurred.

If the business combination achieved in stages, at the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

b. Prinsip-prinsip konsolidasi (lanjutan)

i. Entitas anak (lanjutan)

Imbalan kontinjensi yang masih harus dialihkan oleh Grup diakui sebesar nilai wajar pada tanggal akuisisi. Perubahan selanjutnya atas nilai wajar imbalan kontinjensi yang diakui sebagai aset atau liabilitas dan dicatat sesuai dengan PSAK 55 (Revisi 2014) "Instrumen Keuangan: Pengakuan dan Pengukuran", dalam laba rugi. Imbalan kontinjensi yang diklasifikasikan sebagai ekuitas tidak diukur kembali dan penyelesaian selanjutnya diperhitungkan dalam ekuitas.

Selisih lebih imbalan yang dialihkan, jumlah setiap kepentingan nonpengendali pada pihak diakuisisi dan nilai wajar pada tanggal akuisisi kepentingan ekuitas sebelumnya dimiliki oleh pihak pengakuisisi pada pihak diakuisisi atas nilai wajar aset bersih teridentifikasi yang diperoleh dicatat sebagai goodwill. Jika jumlah imbalan yang dialihkan, kepentingan nonpengendali yang diakui, dan kepentingan yang sebelumnya dimiliki pengakuisisi lebih rendah dari nilai wajar aset bersih entitas anak yang diakuisisi dalam kasus pembelian dengan diskon, selisihnya diakui dalam laba rugi.

Transaksi kombinasi bisnis antara entitas sepengendali dicatat sesuai dengan PSAK 38 (Revisi 2012) "Kombinasi Bisnis Entitas Sepengendali". Selisih harga perolehan yang dibayar dengan nilai tercatat aset neto yang diperoleh disajikan sebagai tambahan modal disetor. Unsur-unsur laporan keuangan dari entitas yang bergabung dikonsolidasi ke dalam laporan keuangan konsolidasian Grup sedemikian rupa seolah-olah penggabungan tersebut telah terjadi sejak awal periode komparatif penyajian pelaporan keuangan, dalam hal ini 1 Januari 2017.

Kombinasi bisnis entitas sepengendali yang terjadi di tahun 2018 dijelaskan di Catatan 4a.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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b. Principles of consolidation (continued)

i. Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFAS 55 (Revised 2014), "Financial Instruments: Recognition and Measurement", in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Business combination transaction between entities under common control is accounted for in accordance with SFAS 38 (Revised 2012) "Business Combination of Entities Under Common Control". The difference between transfer price paid and carrying value of net assets acquired is presented as additional paid-in capital. The financial statement items of the combined entities are consolidated to the Group's consolidated financial statements as if the combination had been occurred from the beginning of the comparative financial reporting period presented in this case January 1, 2017.

Business combination of entities under common control occurred in 2018 is described in Note 4a.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

b. Prinsip-prinsip konsolidasi (lanjutan)

i. Entitas anak (lanjutan)

Transaksi, saldo dan keuntungan antar entitas Grup yang belum direalisasi telah dieliminasi. Kerugian yang belum direalisasi juga dieliminasi. Jika diperlukan, nilai yang dilaporkan oleh entitas anak telah diubah untuk menyesuaikan dengan kebijakan akuntansi yang diadopsi oleh Grup.

Untuk tujuan konsolidasi entitas anak yang memiliki mata uang fungsional selain Dolar AS, aset dan liabilitasnya ditranslasikan dengan kurs tengah Bank Indonesia pada akhir periode pelaporan. Sedangkan pendapatan dan beban ditranslasikan dengan kurs rata-rata dari kurs tengah Bank Indonesia selama tahun pelaporan.

Selisih yang timbul dari penjabaran laporan keuangan entitas anak tersebut ke dalam Dolar AS disajikan dalam akun "Penghasilan komprehensif lain - Selisih kurs penjabaran laporan keuangan entitas anak" sebagai bagian dari komponen ekuitas lainnya pada ekuitas dalam laporan posisi keuangan konsolidasian.

ii. Perubahan kepemilikan tanpa kehilangan pengendalian

Transaksi dengan kepentingan nonpengendali yang tidak mengakibatkan hilangnya pengendalian merupakan transaksi ekuitas. Selisih antara nilai wajar imbalan yang dibayar dan bagian yang diakuisisi atas nilai tercatat aset neto entitas anak dicatat pada ekuitas. Keuntungan atau kerugian pelepasan kepentingan nonpengendali juga dicatat pada ekuitas.

iii. Pelepasan entitas anak

Ketika Grup tidak lagi memiliki pengendalian atau, kepentingan yang masih tersisa atas entitas diukur kembali berdasarkan nilai wajarnya, dan perubahan nilai tercatat diakui dalam laba rugi. Nilai tercatat awal adalah sebesar nilai wajar untuk kepentingan pengukuran kembali kepentingan yang tersisa sebagai entitas asosiasi, ventura bersama atau aset keuangan. Di samping itu, jumlah yang sebelumnya diakui pada pendapatan komprehensif lain sehubungan dengan entitas tersebut dicatat seolah-olah Grup telah melepas aset atau liabilitas terkait. Hal ini dapat berarti bahwa jumlah yang sebelumnya diakui pada penghasilan komprehensif lain direklasifikasi ke laba rugi.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of consolidation (continued)

i. Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

For purposes of consolidating subsidiaries with functional currency other than US Dollar, their assets and liabilities are translated using Bank of Indonesia middle rate at the end of reporting period. While revenue and expenses are translated using average Bank of Indonesia middle rate during the reporting year.

The difference arising from the translation of subsidiaries' financial statements into US Dollar is presented as "Other comprehensive income - Difference in foreign currency translation of subsidiaries' financial statements" account as part of other components of equity in the equity section of the consolidated statements of financial position.

ii. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii. Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when the control is lost, with the change in carrying amount recognised in profit or loss. The initial carrying amount is the fair value for the remeasurement purposes of the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means amounts previously recognised in other comprehensive income might be reclassified to profit or loss.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

b. Prinsip-prinsip konsolidasi (lanjutan)

iv. Entitas asosiasi

Entitas asosiasi adalah seluruh entitas dimana Grup memiliki pengaruh signifikan namun bukan pengendalian, biasanya melalui kepemilikan hak suara antara 20% dan 50%. Investasi entitas asosiasi dicatat dengan metode ekuitas. Sesuai metode ekuitas, investasi pada awalnya dicatat pada biaya, dan nilai tercatat akan meningkat atau menurun untuk mengakui bagian investor atas laba rugi. Investasi Grup pada entitas asosiasi juga termasuk goodwill yang diidentifikasi ketika akuisisi.

Jika kepemilikan kepentingan pada entitas asosiasi berkurang, namun tetap memiliki pengaruh signifikan, hanya suatu bagian proporsional atas jumlah yang telah diakui sebelumnya pada penghasilan komprehensif lain yang direklasifikasikan ke laba rugi.

Bagian Grup atas laba atau rugi entitas asosiasi pasca akuisisi diakui dalam laba rugi dan bagian atas mutasi penghasilan komprehensif lain pasca akuisisi diakui di dalam penghasilan komprehensif lain dan diikuti dengan penyesuaian pada jumlah tercatat investasi. Dividen dari entitas asosiasi diakui sebagai pengurang jumlah tercatat investasi.

Pada setiap tanggal pelaporan, Grup menentukan apakah terdapat bukti objektif bahwa telah terjadi penurunan nilai pada investasi pada entitas asosiasi. Jika demikian, maka Grup menghitung besarnya penurunan nilai sebagai selisih antara jumlah yang terpulihkan dan nilai tercatat atas investasi pada perusahaan asosiasi dan mengakui selisih tersebut pada "bagian laba dari ventura bersama" di laba rugi. Kerugian yang belum direalisasi juga dieliminasi kecuali transaksi tersebut memberikan bukti penurunan nilai atas aset yang ditransfer. Kebijakan akuntansi entitas asosiasi disesuaikan jika diperlukan untuk memastikan konsistensi dengan kebijakan yang diterapkan oleh Grup.

Laba atau rugi yang dihasilkan dari transaksi hulu dan hilir antara Grup dengan entitas asosiasi diakui dalam laporan keuangan Grup hanya sebesar bagian investor lain dalam entitas asosiasi.

Keuntungan dan kerugian dilusi yang timbul pada investasi entitas asosiasi diakui dalam laba rugi.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

b. Principles of consolidation (continued)

iv. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognised in profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Dividends from associates are recognised as reduction in the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the difference to "share of profit from joint ventures" in profit or loss. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only for the portion of other investors' interests in the associates.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

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SIGNIFIKAN (lanjutan)**

b. Prinsip-prinsip konsolidasi (lanjutan)

v. Pengaturan bersama

Menurut PSAK 66, pengaturan bersama diklasifikasikan sebagai operasi bersama atau ventura bersama bergantung pada hak dan kewajiban kontraktual para investor. Pada tanggal pelaporan, Grup memiliki operasi bersama dan ventura bersama.

(1) Operasi bersama

Operasi bersama adalah salah satu jenis pengaturan bersama dimana para pihak yang memiliki pengendalian bersama dalam sebuah pengaturan memiliki hak atas aset, kewajiban atas liabilitas, terkait dengan pengaturan tersebut.

Grup memiliki kepemilikan dalam operasi bersama dimana Grup termasuk salah satu pihak yang memiliki pengendalian bersama (operator bersama), atau pihak yang berpartisipasi tidak memiliki pengendalian bersama atas operasi bersama tersebut.

Sehubungan dengan kepentingannya dalam operasi bersama bagian kepemilikan dalam operasi bersama, Grup mengakui:

- 1) Aset, mencakup bagiannya atas setiap aset yang dimiliki bersama;
- 2) Liabilitas, mencakup bagiannya atas liabilitas yang terjadi bersama;
- 3) Pendapatan dari penjualan bagiannya atas output yang dihasilkan dari operasi bersama;
- 4) Bagiannya atas pendapatan dari penjualan output oleh operasi bersama; dan
- 5) Beban, mencakup bagiannya atas setiap beban yang terjadi secara bersama-sama.

Ketika Grup melakukan transaksi dengan operasi bersama, dimana Grup merupakan salah satu operator bersama, maka Grup mengakui keuntungan dan kerugian yang dihasilkan dari transaksi tersebut hanya sebatas kepentingan para pihak lain dalam operasi bersama tersebut.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

b. Principles of consolidation (continued)

v. Joint arrangements

Under SFAS 66 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. At the reporting date, the Group has joint operations and joint ventures.

(1) Joint operations

A joint operation is a type of joint arrangement whereby the parties own joint control of the arrangement that have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group has interests in several joint operation whereby the Group includes as a party which have joint control of a joint operation (joint operator), or as party that participate in, but do not have joint control of, a joint operation.

In relation to its interests in joint operations, the Group recognises its:

- 1) *Assets, including its share of any assets held jointly;*
- 2) *Liabilities, including its share of any liabilities incurred jointly;*
- 3) *Revenue from the sale of its share of the output arising from the joint operation;*
- 4) *Share of the revenue from the sale of the output by the joint operation; and*
- 5) *Expenses, including its share of any expenses incurred jointly.*

When the Group enters into a transaction with a joint operation in which it is a joint operator, the Group shall recognise gains and losses resulting from such transaction only for the portion of the other parties' interests in the joint operation.

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SIGNIFIKAN (lanjutan)**

b. Prinsip-prinsip konsolidasi (lanjutan)

v. Pengaturan bersama (lanjutan)

(2) Ventura bersama

Ventura bersama dicatat menggunakan metode ekuitas. Dalam metode ekuitas, kepentingan dalam ventura bersama diakui pada biaya perolehan dan disesuaikan selanjutnya untuk mengakui bagian Grup atas laba rugi dan penghasilan komprehensif lain pasca perolehan. Ketika bagian grup atas rugi dalam ventura bersama sama dengan atau melebihi kepentingannya dalam ventura bersama (dimana termasuk kepentingan jangka panjang, dalam substansinya membentuk bagian dari investasi bersih Grup dalam ventura bersama), Grup tidak mengakui kerugian selanjutnya, kecuali telah menjadi kewajiban atau telah melakukan pembayaran atas nama ventura bersama.

Keuntungan yang belum terealisasi atas transaksi antara Grup dan ventura bersama dieliminasi sebesar kepentingan Grup dalam ventura bersama. Kerugian yang belum terealisasi juga dieliminasi kecuali transaksi tersebut memberikan bukti adanya penurunan nilai aset yang dialihkan. Kebijakan akuntansi ventura bersama telah diubah jika diperlukan untuk memastikan konsistensi dari kebijakan yang diterapkan oleh Grup.

c. Transaksi dan saldo dalam mata uang asing

Masing-masing entitas dalam Grup mempertimbangkan indikator utama dan indikator lainnya dalam menentukan mata uang fungsionalnya. Perusahaan menentukan mata uang fungsionalnya adalah Dolar AS dan memutuskan mata uang penyajian laporan keuangan konsolidasian menggunakan Dolar AS.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

b. Principles of consolidation (continued)

v. Joint arrangements (continued)

(2) Joint ventures

Joint ventures are accounted using the equity method. Under the equity method, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated for the portion of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

c. Foreign currency transactions and balances

Each entity within the Group considers the primary indicators and other indicators in determining its functional currency. The Company determined that its functional currency is US Dollar and decided that the presentation currency for these consolidated financial statements is US Dollar.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

**c. Transaksi dan saldo dalam mata uang asing
(lanjutan)**

Transaksi dalam mata uang asing dicatat dalam mata uang fungsional berdasarkan nilai tukar yang berlaku pada saat transaksi dilakukan. Pada tanggal laporan posisi keuangan konsolidasian, aset dan liabilitas moneter dalam mata uang asing disesuaikan untuk mencerminkan kurs yang berlaku pada tanggal tersebut dan laba atau rugi kurs yang timbul dikreditkan atau dibebankan pada laba rugi tahun berjalan, kecuali untuk selisih kurs yang dapat diatribusikan ke aset tertentu dikapitalisasi ke aset dalam pelaksanaan.

Nilai tukar yang digunakan adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	1 Januari/ January 1, 2017	
1 Dolar USD/Rupiah	14,481	13,548	13,436	1 US Dollar/Rupiah
1 Dolar USD/SGD	1.37	1.34	1.44	1 US Dollar/SGD
1 Dolar USD/JPY	108.62	112.64	116.42	1 US Dollar/JPY

d. Aset keuangan

1.1 Klasifikasi

Grup mengklasifikasikan aset keuangan dalam kategori sebagai berikut: (i) aset keuangan diukur pada nilai wajar melalui laba rugi, (ii) pinjaman yang diberikan dan piutang, (iii) tersedia untuk dijual dan (iv) dimiliki hingga jatuh tempo. Klasifikasi ini tergantung pada tujuan saat aset keuangan tersebut diperoleh. Grup menentukan klasifikasi aset keuangan tersebut pada saat pengakuan awal. Pada tanggal 31 Desember 2018 dan 2017, Grup hanya mempunyai aset keuangan yang dikategorikan sebagai (i) pinjaman yang diberikan dan piutang, (ii) tersedia untuk dijual, serta (iii) aset keuangan diukur pada nilai wajar melalui laba rugi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**c. Foreign currency transactions and
balances (continued)**

Transactions involving foreign currencies are recorded in the functional currency at the rates of exchange prevailing at the time the transactions are made. At consolidated statements of financial position date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the prevailing exchange rates at such date and the resulting gains or losses are credited or charged to current year profit or loss, except for foreign exchange differentials that can be attributed to qualifying assets which are capitalised to construction in-progress.

The rates of exchange used were as follows:

d. Financial assets

1.1 Classification

The Group classifies its financial assets into the categories of (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) available-for-sale financial assets and (iv) held to maturity. The classification depends on the purpose for which the financial assets were acquired. The Group determines the classification of its financial assets at initial recognition. As at December 31, 2018 and 2017, the Group only has financial assets classified as (i) loan and receivables, (ii) available-for-sale and (iii) financial assets at fair value through profit or loss.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

d. Aset keuangan (lanjutan)

1.1 Klasifikasi (lanjutan)

(i) Pinjaman yang diberikan dan piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran yang tetap atau dapat ditentukan dan tidak mempunyai kuotasi harga di pasar aktif. Pinjaman yang diberikan dan piutang dimasukkan sebagai aset lancar, kecuali jika jatuh temponya melebihi 12 bulan setelah akhir periode pelaporan maka pinjaman yang diberikan dan piutang ini dimasukkan sebagai aset tidak lancar.

Aset keuangan Grup yang dikategorikan sebagai pinjaman yang diberikan dan piutang Grup terdiri dari kas dan setara kas, piutang usaha, piutang lain-lain, dan aset tidak lancar lainnya pada laporan posisi keuangan.

(ii) Aset keuangan tersedia untuk dijual

Aset keuangan tersedia untuk dijual adalah instrumen non-derivatif yang ditentukan pada kategori ini atau tidak diklasifikasikan pada kategori yang lain. Aset keuangan tersedia untuk dijual dimasukkan sebagai aset tidak lancar kecuali investasinya jatuh tempo atau manajemen bermaksud melepaskannya dalam kurun waktu 12 bulan setelah akhir periode pelaporan.

Pada tanggal 31 Desember 2018 dan 2017, aset keuangan tersedia untuk dijual yang dimiliki Grup adalah instrumen utang dan disajikan sebagai investasi jangka pendek di dalam laporan posisi keuangan.

(iii) Aset keuangan diukur pada nilai wajar melalui laba rugi

Aset keuangan diukur pada nilai wajar melalui laba rugi adalah aset keuangan yang dimiliki untuk diperdagangkan. Aset keuangan diklasifikasikan ke dalam kategori ini jika tujuan utama perolehannya untuk dijual dalam jangka pendek. Derivatif juga dikategorikan sebagai dimiliki untuk diperdagangkan kecuali jika ditetapkan sebagai lindung nilai. Aset pada kategori ini diklasifikasikan sebagai aset lancar jika diharapkan dapat diselesaikan dalam waktu 12 bulan; jika tidak, aset tersebut diklasifikasikan sebagai aset tidak lancar.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

d. Financial assets (continued)

1.1 Classification (continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

The Group's financial assets categorised as loans and receivables comprise cash and cash equivalents, trade receivable, other receivable, and other non-current assets in the statement of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative instruments that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

At December 31, 2018 and 2017, the Group's available-for-sale financial assets are debt instruments and presented as short-term investment in the statement of financial position.

(iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current assets.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

d. Aset keuangan (lanjutan)

1.2 Pengakuan dan pengukuran

Pembelian dan penjualan aset keuangan yang lazim (reguler) diakui pada tanggal perdagangan – tanggal dimana Grup berkomitmen untuk membeli atau menjual aset. Investasi pada awalnya diakui sebesar nilai wajarnya ditambah biaya transaksi untuk seluruh aset keuangan yang tidak diukur pada nilai wajar melalui laba rugi. Aset keuangan yang diukur pada nilai wajar melalui laba rugi pada awalnya dicatat sebesar nilai wajar dan biaya transaksinya dibebankan pada laba rugi.

Aset keuangan dihentikan pengakuannya ketika hak untuk menerima arus kas dari investasi tersebut telah jatuh tempo atau telah ditransfer dan Grup telah mentransfer secara substansial seluruh risiko dan manfaat atas kepemilikan aset.

Aset keuangan tersedia untuk dijual dan aset keuangan yang diukur pada nilai wajar melalui laba rugi selanjutnya dicatat sebesar nilai wajar.

Pinjaman yang diberikan dan piutang dicatat sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Perubahan nilai wajar efek moneter dan non-moneter yang diklasifikasikan sebagai tersedia untuk dijual diakui pada penghasilan komprehensif lain. Ketika efek diklasifikasikan sebagai tersedia untuk dijual telah dijual, akumulasi penyesuaian nilai wajar yang diakui pada ekuitas dimasukkan ke dalam laba rugi sebagai "Pendapatan lain-lain" atau "Beban lain-lain".

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

d. Financial assets (continued)

1.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus the transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of the assets ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in profit or loss as "Other income" or "Other expenses".

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d. Aset keuangan (lanjutan)

1.2 Pengakuan dan pengukuran (lanjutan)

Bunga atas efek yang tersedia untuk dijual dihitung dengan menggunakan metode bunga efektif yang diakui pada laba rugi sebagai "Pendapatan keuangan".

e. Instrumen keuangan disalinghapus

Aset keuangan dan liabilitas keuangan disalinghapuskan dan jumlah netonya dilaporkan pada laporan posisi keuangan konsolidasian ketika terdapat hak yang berkekuatan hukum untuk melakukan salinghapus atas jumlah yang telah diakui tersebut dan adanya niat untuk menyelesaikan secara neto, atau untuk merealisasikan aset dan menyelesaikan liabilitas secara bersamaan.

f. Instrumen keuangan derivatif

Derivatif pada awalnya diakui sebesar nilai wajar pada tanggal kontrak derivatif disepakati dan selanjutnya diukur kembali sebesar nilai wajarnya. Metode untuk mengakui keuntungan atau kerugian yang dihasilkan tergantung apakah derivatif ditetapkan sebagai instrumen lindung nilai, dan jika demikian, sifat item yang dilindung nilai.

Keuntungan atau kerugian yang dihasilkan atas kontrak berjangka valuta asing diakui pada laba rugi sebagai penyesuaian atas laba atau rugi selisih kurs pada periode yang sama dimana kontrak berjangka valuta asing tersebut diselesaikan.

Grup memiliki kontrak *cross currency swap* namun tidak memenuhi kriteria lindung nilai sehingga ditetapkan sebagai aset atau liabilitas keuangan diukur pada nilai wajar melalui laba rugi pada 31 Desember 2018 dan 2017.

g. Penurunan nilai aset keuangan

Pada setiap akhir periode pelaporan, Grup menilai apakah terdapat bukti objektif bahwa aset keuangan atau kelompok aset keuangan telah mengalami penurunan nilai. Aset keuangan atau kelompok aset keuangan diturunkan nilainya dan kerugian penurunan nilai terjadi hanya jika terdapat bukti objektif bahwa penurunan nilai merupakan akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset ("peristiwa kerugian") dan peristiwa kerugian (atau peristiwa) tersebut memiliki dampak pada estimasi arus kas masa datang atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara andal.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

d. Financial assets (continued)

**1.2 Recognition and measurement
(continued)**

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of "Finance income".

e. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

f. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item acting as the hedge.

Gain or loss resulted from forward foreign exchange contracts being recognised in profit or loss as adjustments of the exchange rate differences in the same period in which the forward foreign exchange contracts are settled.

The Group has cross currency swap contract which does not qualify as hedge, as such it is designated as fair value through profit or loss financial assets or liabilities as at December 31, 2018 and 2017.

g. Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that the loss event (or events) have an impact on the estimated future cash flow of the financial asset or group of financial assets that can be reliably estimated.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

g. Penurunan nilai aset keuangan (lanjutan)

- i) Aset dicatat sebesar harga perolehan diamortisasi.

Untuk kategori pinjaman yang diberikan dan piutang, jumlah kerugian diukur sebesar selisih antara nilai tercatat aset dan nilai kini dari estimasi arus kas masa datang diestimasi (tidak termasuk kerugian kredit masa depan yang belum terjadi) yang didiskonto menggunakan suku bunga efektif awal dari aset tersebut. Nilai tercatat aset dikurangi dan jumlah kerugian diakui pada laba rugi. Jika pinjaman yang diberikan memiliki tingkat bunga mengambang, tingkat diskonto yang digunakan untuk mengukur kerugian penurunan nilai adalah tingkat bunga efektif saat ini yang ditentukan dalam kontrak. Untuk alasan praktis, Grup dapat mengukur penurunan nilai berdasarkan nilai wajar instrumen dengan menggunakan harga pasar yang dapat diobservasi.

Jika, pada periode selanjutnya, jumlah penurunan nilai berkurang dan penurunan tersebut dapat dihubungkan secara objektif dengan peristiwa yang terjadi setelah penurunan nilai diakui (misalnya meningkatnya peringkat kredit debitur), pemulihan atas jumlah penurunan nilai yang telah diakui sebelumnya diakui pada laba rugi.

- ii) Aset diklasifikasikan sebagai tersedia untuk dijual

Jika terdapat bukti objektif dari penurunan nilai aset keuangan yang tersedia untuk dijual, kerugian kumulatif diukur sebagai selisih antara biaya perolehan dan nilai wajar saat ini, dikurangi rugi penurunan nilai aset keuangan tersebut yang sebelumnya diakui pada laporan laba rugi – dihapus dari ekuitas dan diakui pada laporan laba rugi. Jika, di periode selanjutnya, nilai wajar instrumen hutang yang diklasifikasikan sebagai tersedia untuk dijual mengalami kenaikan dan kenaikan tersebut dapat dikaitkan secara objektif dengan suatu peristiwa yang terjadi setelah rugi penurunan nilai diakui di laporan laba rugi, rugi penurunan nilai tersebut dibalik melalui laporan laba rugi.

Penurunan nilai atas instrumen ekuitas yang diakui di laporan laba rugi tidak dibalik melalui laporan laba rugi pada periode berikutnya.

h. Kas dan setara kas

Kas dan setara kas mencakup kas kecil, kas pada bank, deposito berjangka dan investasi jangka pendek lainnya dengan jatuh tempo dalam waktu 3 bulan atau kurang.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

g. Impairment of financial assets (continued)

- i) *Assets carried at amortised cost.*

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a floating interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

- ii) *Assets classified as available-for-sale*

If there is objective evidence of impairment for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the reversal of previously recognised impairment loss is recognised through profit or loss.

Impairment losses on equity instruments recognised in profit or loss are not reversed through profit or loss in a subsequent period.

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in bank, time deposits and other short-term highly liquid investments with original maturities of 3 months or less.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

i. Piutang usaha dan piutang lain-lain

Piutang usaha adalah jumlah tagihan dari pelanggan untuk barang atau jasa yang dijual atau diberikan dalam transaksi bisnis pada umumnya. Jika pembayaran piutang diharapkan selesai dalam satu tahun atau kurang, piutang tersebut dikelompokkan sebagai aset lancar. Jika tidak, piutang tersebut disajikan sebagai aset tidak lancar.

Piutang non-usaha dari pihak berelasi merupakan saldo piutang terkait dengan pinjaman yang diberikan kepada pihak berelasi Grup. Sesuai peraturan OJK, piutang lain-lain dari pihak berelasi disajikan sebagai aset tidak lancar kecuali jika ada kondisi tertentu pada piutang lain-lain dari pihak berelasi untuk disajikan sebagai aset lancar.

Piutang usaha dan piutang non-usaha pada awalnya diakui sebesar nilai wajar dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode bunga efektif. Apabila dampak pendiskontoan signifikan, dikurangi provisi atas penurunan nilai.

Kolektibilitas piutang usaha dan piutang non-usaha ditinjau secara berkala. Piutang yang diketahui tidak tertagih, dihapuskan dengan secara langsung mengurangi nilai tercatatnya. Akun penyisihan digunakan ketika terdapat bukti yang objektif bahwa Grup tidak dapat menagih seluruh nilai terutang sesuai dengan persyaratan awal piutang. Kesulitan keuangan signifikan yang dialami debitur, kemungkinan debitur dinyatakan pailit atau melakukan reorganisasi keuangan dan gagal bayar atau menunggak pembayaran merupakan indikator yang dianggap dapat menunjukkan adanya penurunan nilai piutang. Jumlah penurunan nilai piutang adalah sebesar selisih antara nilai tercatat aset dan nilai kini dari estimasi arus kas masa depan pada tingkat suku bunga efektif awal. Arus kas terkait dengan piutang jangka pendek tidak didiskontokan apabila efek diskonto tidak material.

Jumlah kerugian penurunan nilai dibebankan pada laba rugi dan disajikan sebagai "Beban umum dan administrasi". Ketika piutang usaha dan piutang lain-lain, yang rugi penurunan nilainya telah diakui, tidak dapat ditagih pada periode selanjutnya, maka piutang tersebut dihapusbukkan dengan mengurangi akun penyisihan. Jumlah yang selanjutnya dapat ditagih kembali atas piutang yang sebelumnya telah dihapusbukkan, diakui pada "Pendapatan lain-lain" pada laba rugi.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

i. Trade and other receivables

Trade receivables are amounts due from customers for goods and services sold or provided in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Non-trade receivables from related parties are receivables balance reflecting loan given to related parties of the Group. In accordance with OJK regulation, other receivables from related parties are classified as non-current assets unless there are specific circumstances on other receivables from related parties to be presented as current assets.

Trade and non-trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. If the impact of discounting is significant, less any provision for impairment.

Collectibility of trade and non-trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the original effective interest rate. Cash flow relating to short-term receivables is not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is charged to profit or loss as "General and administrative expenses". When a trade and other receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised on "Other income" in profit or loss.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

j. Persediaan

Persediaan dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan dan nilai realisasi neto. Biaya perolehan ditentukan dengan metode rata-rata bergerak. Penyisihan persediaan usang dilakukan atas dasar hasil penelaahan secara periodik terhadap kondisi persediaan.

k. Aset tetap

Aset tetap, kecuali tanah, dinyatakan sebesar biaya perolehan dikurangi akumulasi penyusutan dan rugi penurunan nilai. Biaya perolehan termasuk biaya penggantian bagian aset tetap saat biaya tersebut terjadi, jika memenuhi kriteria pengakuan. Selanjutnya, pada saat inspeksi yang signifikan dilakukan, biaya inspeksi itu diakui ke dalam jumlah nilai tercatat aset tetap sebagai suatu penggantian jika memenuhi kriteria pengakuan. Semua biaya pemeliharaan dan perbaikan yang tidak memenuhi kriteria pengakuan diakui dalam laba rugi pada saat terjadinya.

Aset tetap, kecuali tanah, disusutkan dengan menggunakan metode garis lurus untuk bangunan dan prasarana dan metode saldo menurun ganda untuk seluruh aset tetap lainnya selama umur manfaat aset tetap yang diestimasi sebagai berikut:

	<u>Tahun/Years</u>	<u>Tarif/Rates</u>	
Bangunan dan prasarana	20	5.00%	<i>Buildings and improvements</i>
Mesin dan peralatan	16 - 20	10.00% - 12.50%	<i>Machineries and equipment</i>
Kendaraan bermotor	4 - 8	25.00% - 50.00%	<i>Vehicles</i>
Peralatan kantor	4 - 8	25.00% - 50.00%	<i>Office equipment</i>
Peralatan dan perabot	4 - 8	25.00% - 50.00%	<i>Furnitures and fixtures</i>
Aset belum terpasang	16	12.50%	<i>Uninstalled assets</i>

Tanah dinyatakan sebesar harga perolehan dan tidak diamortisasi karena manajemen berpendapat bahwa besar kemungkinan hak atas tanah tersebut dapat diperbaharui/ diperpanjang pada saat jatuh tempo.

Biaya pengurusan legal hak atas tanah dalam bentuk Hak Guna Bangunan ("HGB") yang dikeluarkan ketika tanah diperoleh pertama kali diakui sebagai bagian dari biaya perolehan tanah pada akun "Aset Tetap" dan tidak diamortisasi. Sementara biaya pengurusan perpanjangan atau pembaruan legal hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hukum hak atau umur ekonomis tanah, mana yang lebih pendek.

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j. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the moving-average method. Allowance for inventories obsolescence is provided based on the periodic review of the condition of the inventories.

k. Fixed assets

Fixed assets, except land, are stated at cost less accumulated depreciation and impairment losses. If the recognition criteria are met, the acquisition cost will include the cost of replacing part of the fixed assets when that cost is incurred. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognised in profit or loss as incurred.

Depreciation of fixed assets, except for land, is computed using the straight-line method for buildings and improvements, and the double declining balance method for other fixed assets over the estimated useful lives of the assets, as follows:

Land is stated at cost and not amortised as the management asserts that it is probable the titles of land rights can be renewed/extended upon expiration.

The legal cost incurred for land rights in the form of Building Usage Rights ("HGB") when the land was acquired are recognised as part of the cost of the land under "Fixed Assets" account and not amortised. Meanwhile the extension or the legal renewal costs of land rights are recognised as intangible assets and amortised over the shorter of the rights' legal life or land's economic life.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

k. Aset tetap (lanjutan)

Jumlah tercatat aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari aset) dimasukkan dalam laba rugi pada tahun aset tersebut dihentikan pengakuannya.

Pada setiap akhir tahun buku, nilai residu, umur manfaat dan metode penyusutan direviu, dan jika sesuai dengan keadaan, disesuaikan secara prospektif.

Aset dalam penyelesaian disajikan dalam "Aset Tetap" dan dinyatakan sebesar biaya perolehan. Akumulasi biaya perolehan untuk aset dalam penyelesaian akan dipindahkan ke masing-masing aset tetap yang bersangkutan pada saat aset tersebut selesai dikerjakan dan siap digunakan sesuai dengan tujuannya.

Aset kerjasama operasi adalah tanah Perusahaan yang digunakan untuk menyelenggarakan kegiatan kerjasama operasi. Bangunan kantor yang diperoleh sebagai kompensasi dalam kerjasama operasi dan pendapatan diterima di muka terkait diakui pada saat aset tersebut selesai dikerjakan dan siap digunakan sesuai dengan tujuannya. Pendapatan diterima di muka diakui selama periode kerjasama operasi.

Aset kerjasama operasi dinyatakan pada nilai dapat diperoleh kembali pada saat kejadian-kejadian atau perubahan-perubahan keadaan mengindikasikan bahwa nilai tercatatnya mungkin tidak dapat diperoleh kembali. Penurunan nilai aset, jika ada, diakui sebagai rugi pada laba rugi.

Biaya pinjaman yang dapat diatribusikan langsung dengan perolehan, pembangunan atau pembuatan aset kualifikasian dikapitalisasi sebagai bagian biaya perolehan aset tersebut. Biaya pinjaman lainnya diakui sebagai beban pada saat terjadi. Biaya pinjaman terdiri dari biaya bunga dan biaya lain yang ditanggung oleh Grup sehubungan dengan peminjaman dana.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Fixed assets (continued)

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted prospectively if appropriate, at each financial year end.

Construction in progress is presented under "Fixed Assets" and is stated at cost. The accumulated cost of the asset constructed is transferred to the appropriate fixed assets account when the construction is completed and the asset is ready for its intended use.

Joint operation assets are the Company's land used to carry out the joint operation activities. Office buildings obtained as compensation in the joint operation and the respective unearned income are recognised when the construction is completed and the asset is ready for its intended use. Unearned income is recognised over the period of the joint operation.

Joint operation assets are stated at the estimated recoverable amount whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Impairment in asset values, if any, is recognised as a loss in profit or loss.

Borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset are capitalised as part of the cost of the related assets. Otherwise, borrowing costs are recognised as expenses when incurred. Borrowing costs consist of interests and other financing charges that the Group incurs in connection with the borrowing of funds.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

k. Aset tetap (lanjutan)

Kapitalisasi biaya pinjaman dimulai pada saat aktivitas yang diperlukan untuk mempersiapkan aset agar dapat digunakan sesuai dengan maksudnya, dan pengeluaran untuk aset kualifikasian dan biaya pinjamannya telah terjadi. Kapitalisasi biaya pinjaman dihentikan pada saat seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian agar dapat digunakan sesuai dengan maksudnya telah selesai secara substansial.

l. Aset eksplorasi dan evaluasi

Grup menerapkan PSAK No. 64, "Aktivitas Eksplorasi dan Evaluasi pada Pertambangan Sumber Daya Mineral", yang menetapkan bahwa beban eksplorasi dan evaluasi termasuk biaya geologi dan geofisika, biaya pengeboran sumur eksplorasi termasuk biaya pengeboran sumur tes stratigrafi tahap eksplorasi dan biaya lainnya yang terkait untuk mengevaluasi kelayakan teknis dan komersialitas dari minyak dan gas yang diekstraksi dikapitalisasi dan disajikan terpisah sebagai akun "Aset Eksplorasi dan Evaluasi" di laporan posisi keuangan konsolidasian.

Biaya eksplorasi dan evaluasi pada suatu *area of interest* dibebankan pada saat terjadinya, kecuali biaya tersebut dapat ditangguhkan pembebanannya apabila izin untuk melakukan eksplorasi di *area of interest* tersebut masih berlaku dan memenuhi salah satu ketentuan berikut ini:

- Kegiatan eksplorasi dan evaluasi pada tanggal laporan keuangan konsolidasian belum mencapai tahap yang dapat menentukan apakah kegiatan tersebut akan dapat dibuktikan dan dapat diperoleh kembali (*recoverable*), serta kegiatan yang aktif dan signifikan dalam *area of interest* terkait masih berlangsung; atau
- Biaya-biaya tersebut diharapkan dapat diperoleh kembali melalui keberhasilan pengembangan dan eksploitasi *area of interest* atau melalui penjualan *area of interest*.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

k. Fixed assets (continued)

Capitalisation of borrowing costs commences when the activities to prepare the qualifying asset for its intended use are in progress and the expenditures for the qualifying asset and the borrowing costs have been incurred. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the qualifying assets for their intended use are substantially completed.

l. Exploration and evaluation assets

The Group adopted SFAS No. 64, "Activity of Exploration and Evaluation of Mineral Resources", which prescribes that the exploration and evaluation expenses, including geological and geophysical costs, costs of drilling exploratory wells, including stratigraphic test well drilling costs of exploration stage and other costs related to evaluating the technical feasibility and commerciality of the extracted oil and gas are capitalised and presented separately as "Exploration and Evaluation Assets" in the consolidated statements of financial position.

Costs of exploration and evaluation in an area of interest are charged as incurred, unless these costs can be deferred if the permission to carry out exploration activities in the area of interest are current and meet one of the following conditions:

- *Exploration and evaluation activities on the consolidated financial statements date has not reached a stage which can determine whether they will be proven and recoverable, also active and significant activities in the related area of interest is still ongoing; or*
- *These costs are expected to be recouped through successful development and exploitation of the area of interest or through a sales of the area of interest.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

l. Aset eksplorasi dan evaluasi (lanjutan)

Aset eksplorasi dan evaluasi yang ditangguhkan terdiri dari biaya-biaya yang terjadi setelah izin eksplorasi diperoleh dan sebelum dimulainya pengembangan lapangan minyak dan gas bumi antara lain mencakup akumulasi biaya yang terkait dengan penyelidikan umum, administrasi dan perizinan, geologi, dan geofisika.

Aset eksplorasi dan evaluasi dinilai untuk penurunannya pada saat terdapat bukti dan keadaan yang menunjukkan bahwa nilai tercatat aset tersebut mungkin melebihi jumlah yang dapat dipulihkan. Aset eksplorasi dan evaluasi direklasifikasi ke properti minyak dan gas pada saat kelayakan teknis dan komersialitas dari minyak dan gas yang diekstraksi tersebut dapat dibuktikan.

m. Properti minyak dan gas

1. Aset pengembangan

Biaya-biaya pengeboran sumur dalam pengembangan termasuk biaya pengeboran sumur pengembangan yang tidak menghasilkan dan sumur pengembangan stratigrafi dikapitalisasi sebagai bagian dari aset dalam penyelesaian sumur pengembangan hingga proses pengeboran selesai. Pada saat pengembangan sumur telah selesai pada lapangan tertentu, maka sumur tersebut akan ditransfer sebagai sumur produksi.

Biaya-biaya sumur eksplorasi dan sumur pengembangan yang menghasilkan (sumur produksi) didepresiasi dengan menggunakan metode unit produksi berdasarkan cadangan terbukti sejak dimulainya produksi komersialnya dari masing-masing lapangan.

2. Aset produksi

Aset produksi merupakan agregasi aset eksplorasi dan evaluasi dan pengeluaran pengembangan yang berhubungan dengan sumur berproduksi. Aset produksi didepresiasi menggunakan metode unit produksi berdasarkan cadangan terbukti (*proved*) dan *probable*.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**l. Exploration and evaluation assets
(continued)**

Exploration and evaluation assets include costs incurred after obtaining the exploration license and prior to commencement of development of the oil and gas field and includes accumulated deferred costs associated with general investigation, administration and licensing, geological and geophysical.

Exploration and evaluation assets are assessed for impairment when there is evidence and circumstances indicate that the carrying amount of the asset may exceed its recoverable amount. Exploration and evaluation assets are reclassified to oil and gas properties at the time of the technical feasibility and commerciality of oil and gas are extracted can be proved.

m. Oil and gas properties

1. Development assets

The costs of drilling development wells including the costs of drilling unsuccessful development wells and development-type stratigraphic wells are capitalised as part of assets under construction of development wells until drilling is completed. When the development well is completed on a specific field, it is transferred to the production wells.

The costs of successful exploration wells and development wells (production wells) are depleted using a units of production method on the basis of proved reserves, from the date of commercial production of the respective field.

2. Production assets

Production assets are aggregated exploration and evaluation assets and development expenditures associated with the producing wells. Production assets are depleted using a unit-of-production method on the basis of proved and probable reserves.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

n. Goodwill

Goodwill yang muncul atas akuisisi entitas anak disertakan dalam aset tak berwujud.

Untuk pengujian penurunan nilai, goodwill yang diperoleh dalam kombinasi bisnis dialokasikan pada setiap unit penghasil kas, atau kelompok unit penghasil kas ("UPK"), yang diharapkan dapat memberikan manfaat dari sinergi kombinasi bisnis tersebut. Setiap unit atau kelompok unit yang memperoleh alokasi goodwill menunjukkan tingkat terendah dalam entitas yang goodwill-nya dipantau untuk tujuan internal manajemen. Goodwill dipantau pada level segmen operasi.

o. Penurunan nilai aset nonkeuangan

Aset yang memiliki masa manfaat yang tidak terbatas – misalnya goodwill atau aset tak berwujud yang belum siap untuk digunakan – tidak diamortisasi namun diuji penurunan nilainya setiap tahun, atau lebih sering apabila terdapat peristiwa atau perubahan pada kondisi yang mengindikasikan kemungkinan penurunan nilai. Aset yang diamortisasi diuji ketika terdapat indikasi bahwa nilai tercatatnya mungkin tidak dapat dipulihkan. Penurunan nilai diakui jika nilai tercatat aset melebihi jumlah terpulihkan. Jumlah terpulihkan adalah yang lebih tinggi antara nilai wajar aset dikurangi biaya untuk menjual dan nilai pakai aset. Dalam menentukan penurunan nilai, aset dikelompokkan pada tingkat yang paling rendah di mana terdapat arus kas yang dapat diidentifikasi (unit penghasil kas). Aset nonkeuangan selain goodwill yang mengalami penurunan nilai diuji setiap tanggal pelaporan untuk menentukan apakah terdapat kemungkinan pemulihan penurunan nilai.

Pemulihan rugi penurunan nilai, untuk aset selain goodwill, diakui jika, dan hanya jika, terdapat perubahan estimasi yang digunakan dalam menentukan jumlah terpulihkan aset sejak pengujian penurunan nilai terakhir kali. Pembalikan rugi penurunan nilai tersebut diakui segera dalam laba rugi, kecuali aset yang disajikan pada jumlah revaluasi sesuai dengan PSAK lain. Rugi penurunan nilai yang diakui atas goodwill tidak dapat dibalik kembali.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

n. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

o. Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortisation but are tested annually for impairment, or more frequent if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow (cash generating units). Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

Reversal on impairment loss for assets other than goodwill would be recognised if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal on impairment losses will be immediately recognised in profit or loss, except for assets measured using the revaluation model as required by other SFAS. Impairment losses relating to goodwill would not be reversed.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

p. Utang usaha dan utang lain-lain

Utang usaha adalah kewajiban untuk membayar atas pembelian gas yang telah diperoleh dari pemasok. Utang lain-lain adalah kewajiban untuk membayar atas barang dan jasa selain pembelian gas yang dilakukan dalam transaksi bisnis pada umumnya. Utang usaha dan utang lain-lain diklasifikasikan sebagai liabilitas jangka pendek apabila pembayaran jatuh tempo dalam waktu satu tahun atau kurang. Jika tidak, utang usaha dan utang lain-lain tersebut disajikan sebagai liabilitas jangka panjang.

Utang usaha dan utang lain-lain pada awalnya diakui pada nilai wajar dan kemudian diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

q. Pinjaman

Pada saat pengakuan awal, pinjaman diakui sebesar nilai wajar, dikurangi dengan biaya-biaya transaksi yang terjadi. Selanjutnya, pinjaman diukur sebesar biaya perolehan diamortisasi; selisih antara penerimaan (dikurangi biaya transaksi) dan nilai pelunasan dicatat pada laba rugi selama periode pinjaman dengan menggunakan metode bunga efektif.

Biaya yang dibayar untuk memperoleh fasilitas pinjaman diakui sebagai biaya transaksi pinjaman sepanjang besar kemungkinan sebagian atau seluruh fasilitas akan ditarik. Dalam hal ini, biaya memperoleh pinjaman ditangguhkan sampai penarikan pinjaman terjadi. Sepanjang tidak terdapat bukti bahwa besar kemungkinan sebagian atau seluruh fasilitas akan ditarik, biaya memperoleh pinjaman dikapitalisasi sebagai pembayaran di muka dan di amortisasi selama periode fasilitas yang terkait.

Biaya pinjaman yang terjadi untuk konstruksi aset kualifikasian, dikapitalisasi selama periode waktu yang dibutuhkan untuk menyelesaikan konstruksi aset dan mempersiapkannya sampai dapat digunakan sesuai tujuan yang dimaksudkan atau untuk dijual. Biaya pinjaman lainnya dibebankan pada laba rugi.

Pinjaman diklasifikasikan sebagai liabilitas jangka pendek kecuali Grup memiliki hak tanpa syarat untuk menunda pembayaran liabilitas selama paling tidak 12 bulan setelah tanggal pelaporan.

p. Trade and other payables

Trade payables are obligations to pay gas purchase from supplier. Other payables are obligation for goods or services other than gas purchase that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as short-term liabilities if payment is due within one year or less. If not, they are presented as long-term liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

q. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid to obtain loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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r. Sewa

Grup mengadakan perjanjian yang mengandung sewa di mana Grup bertindak sebagai *lessee* atau *lessor*. Grup mengevaluasi apakah secara substantial risiko dan manfaat yang terkait dengan kepemilikan aset beralih berdasarkan PSAK No. 30 (Revisi 2011), "Sewa", yang mensyaratkan Grup membuat pertimbangan dan estimasi dari pengalihan risiko dan manfaat terkait dengan aset.

Grup sebagai penyewa

Sewa pembiayaan yang mengalihkan kepada Grup secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset, dikapitalisasi pada awal masa sewa sebesar nilai wajar dari aset sewa pembiayaan atau, jika lebih rendah, sebesar nilai kini dari pembayaran sewa minimum. Pembayaran sewa dipisahkan antara beban keuangan dan pengurangan liabilitas sewa, sedemikian rupa sehingga menghasilkan suatu suku bunga periodik yang konstan atas saldo liabilitas yang tersisa. Beban keuangan dibebankan langsung pada laba rugi.

Suatu aset sewa pembiayaan disusutkan selama masa manfaat dari aset tersebut. Tetapi, jika tidak terdapat kepastian memadai bahwa Grup akan memperoleh kepemilikan di akhir masa sewa, maka aset disusutkan selama mana yang lebih pendek antara taksiran masa manfaat aset dan masa sewa.

Pembayaran sewa operasi diakui sebagai beban usaha dalam laba rugi secara garis lurus selama masa sewa.

Grup sebagai pemberi sewa

Dalam sewa pembiayaan, di mana Grup mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset, Grup mengakui aset berupa piutang sewa pembiayaan dalam laporan posisi keuangan konsolidasian sebesar jumlah yang sama dengan investasi sewa neto.

Grup mengakui laba atau rugi pengalihan sesuai dengan kebijakannya atas pengakuan pendapatan biasa. Selisih antara nilai wajar aset dengan nilai tercatat diakui sebagai laba atau rugi pengalihan.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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r. Leases

The Group has entered into arrangements that contain leases in which the Group is a lessee or lessor. The Group evaluates whether all of the risks and rewards incidental to ownership are substantially transferred based on SFAS No. 30 (Revised 2011), "Leases" which requires the Group to make judgments and estimates of transfer of risks and rewards of the assets.

The Group as lessee

A finance lease that substantially transfers to the Group all the risks and rewards related to the ownership of the leased item, is capitalised at the commencement of the lease at the fair value of the finance lease assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

A finance lease asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

Under finance lease, where the Group transfers substantially all the risks and reward related to the ownership of the leased item, the Group recognises asset held under lease in the consolidated statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease.

The Group recognised gain or loss from such transfer in accordance with the Group's policy for outright sales. The difference between the fair value of the assets and its carrying amount is recognised as gain or loss from such transfer.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

s. Imbalan kerja

i. Imbalan kerja jangka pendek

Imbalan kerja jangka pendek diakui pada saat terutang kepada karyawan.

ii. Imbalan pensiun dan imbalan pascakerja lainnya

Grup memberikan imbalan manfaat pasti sesuai dengan Perjanjian Kerja Bersama ("PKB"), yang jumlahnya lebih besar dibanding dengan imbalan berdasarkan Undang-Undang Ketenagakerjaan No. 13/2003 (UU No. 13/2003). Karena UU Ketenagakerjaan atau PKB menentukan rumus tertentu untuk menghitung jumlah minimal imbalan pensiun, pada dasarnya program pensiun berdasarkan UU Ketenagakerjaan atau PKB adalah program pensiun imbalan pasti.

Liabilitas imbalan pensiun merupakan nilai kini kewajiban imbalan pasti pada tanggal laporan posisi keuangan konsolidasian dikurangi dengan nilai wajar aset program. Kewajiban imbalan pasti dihitung oleh aktuaris independen dengan menggunakan metode *projected unit credit*. Nilai kini kewajiban imbalan pasti ditentukan dengan mendiskontokan estimasi arus kas keluar masa depan dengan menggunakan tingkat bunga obligasi pemerintah (dengan pertimbangan saat ini tidak ada pasar aktif untuk obligasi korporat berkualitas tinggi) dalam mata uang Rupiah sesuai dengan mata uang di mana imbalan tersebut akan dibayarkan dan yang memiliki jangka waktu yang kurang lebih sama dengan waktu jatuh tempo liabilitas imbalan pensiun yang bersangkutan.

Keuntungan dan kerugian aktuarial yang timbul dari penyesuaian dan perubahan dalam asumsi-asumsi aktuarial dibebankan atau dikreditkan ke ekuitas pada pos pendapatan komprehensif lain pada tahun terjadinya.

Biaya jasa lalu diakui secara langsung di laba rugi. Keuntungan dan kerugian dari kurtailmen atau penyelesaian program manfaat pasti diakui di laba rugi ketika pengurangan atau penyelesaian tersebut terjadi.

Grup memberikan imbalan pascakerja lainnya, seperti uang penghargaan, penghargaan pengabdian, dan masa persiapan pensiun. Imbalan ini dihitung dengan menggunakan metodologi yang sama dengan metodologi yang digunakan dalam perhitungan program pensiun imbalan pasti, namun pengukuran kembali atas kewajiban imbalan kerja diakui langsung sebagai beban atau pendapatan pada laba rugi.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are recognised when they accrue to the employees.

ii. Pension benefits and other post-employment benefits

The Group provides defined benefits in accordance with the Collective Labor Agreement ("CLA"), which benefits are higher compared with benefits under Labor Law No. 13/2003 (Law No. 13/2003). Since the Labour Law and the CLA set the formula for determining the minimum amount of benefits, in substance pension plans under the Labour Law or the CLA represent defined benefit plans.

The pension benefit obligation is the present value of the defined benefit obligation at the consolidated statements of financial position date less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering currently there is no deep market for high quality corporate bonds) that are denominated in Rupiah in which the benefits will be paid and that have terms to maturity approximating the terms to the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise.

Past service costs are recognised immediately in profit or loss. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the curtailment or settlement occurs.

The Group also provides other post-employment benefits, such as long service reward, jubilee rewards and prepension reward. These benefits have been accounted for using the same methodology as for the defined benefit pension plan, however, remeasurement on the employee benefit obligation is directly recognised as expenses or income in profit or loss.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

s. Imbalan kerja (lanjutan)

iii. Program imbalan iuran pasti

Grup mempunyai program asuransi pensiun untuk seluruh karyawan tetap yang memenuhi syarat. Pembayaran premi awal sekaligus dan premi periodik ditentukan berdasarkan perhitungan secara periodik yang disetujui oleh Grup dan Dana Pensiun Lembaga Keuangan. Selisih antara premi pertanggung dengan kontribusi karyawan ditanggung oleh Grup.

Grup juga menyediakan tambahan tunjangan kesehatan bagi para pensiunan karyawan berdasarkan perhitungan tertentu yang disetujui oleh Perusahaan dan Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara sebagai pengelola dana.

t. Liabilitas pembongkaran aset dan restorasi area

Grup mengakui liabilitas pembongkaran aset dan restorasi area atas fasilitas produksi minyak dan gas bumi, sumur, pipa dan aset-aset yang terkait sesuai dengan persyaratan dalam *production sharing contract* ("PSC") atau sesuai dengan peraturan yang berlaku.

Estimasi awal biaya pembongkaran aset dan restorasi area properti minyak dan gas bumi diakui sebagai komponen biaya perolehan, yang disusutkan atau didepresiasi dengan menggunakan metode satuan unit produksi.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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s. Employee benefits (continued)

iii. Defined contribution benefit program

The Group has a retirement insurance plan covering all of its qualified permanent employees. One-time initial retirement premium and periodic premium payments are based on periodic calculations agreed between the Group and Financial Institution Pension Fund. The difference between the premium and employee contributions is covered by the Group.

The Group provides additional post-retirement health care benefits to its retired employees based on certain computations agreed between the Company and Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara as the fund manager.

t. Asset abandonment and site restoration obligation

The Group recognises its obligations for future dismantlement of assets and site restoration of oil and gas production facilities, wells, pipelines and related assets in accordance with the provisions in the production sharing contracts ("PSC") or in line with applicable regulations.

The initial estimated costs for dismantlement and site restoration of oil and gas properties are recognised as part of the acquisition costs of the assets and are subsequently depreciated or depleted using the unit-of-production method.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

**t. Liabilitas pembongkaran aset dan restorasi
area (lanjutan)**

Pada umumnya, aktivitas pembongkaran aset dan restorasi area fasilitas produksi minyak dan gas, sumur, pipa saluran dan aset terkait terjadi pada beberapa tahun di masa yang akan datang. Provisi atas liabilitas pembongkaran dan restorasi area di masa yang akan datang adalah berupa estimasi terbaik pada tanggal pelaporan keuangan atas nilai kini dari pengeluaran di masa yang akan datang untuk melaksanakan liabilitas pembongkaran aset dan restorasi area tersebut, sesuai dengan ketentuan hukum yang berlaku pada tanggal pelaporan. Perkiraan liabilitas pembongkaran aset dan restorasi area di masa yang akan datang tersebut melibatkan estimasi manajemen mengenai saat aktivitas tersebut akan dilakukan, sejauh mana aktivitas tersebut harus dilakukan, dan juga teknologi yang akan digunakan di masa depan.

Estimasi tersebut diperiksa setiap periode/tahun dan disesuaikan bila diperlukan. Penyesuaian dicerminkan dalam nilai kini atas provisi liabilitas pembongkaran aset dan restorasi area dan dilakukan penyesuaian dengan jumlah yang sama atas nilai buku aset yang bersangkutan.

Pembalikan dari efek diskonto dalam penghitungan provisi diakui sebagai beban keuangan pada laba rugi.

u. Modal saham

Biaya tambahan yang secara langsung dapat diatribusikan kepada penerbitan saham biasa atau opsi disajikan pada ekuitas sebagai pengurang penerimaan, setelah dikurangi pajak.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**t. Asset abandonment and site restoration
obligation (continued)**

In most instances, the dismantlement of assets and site restoration activities of oil and gas production facilities, wells, pipelines and related assets will occur many years in the future. The provision for future dismantlement of assets and area restoration obligation is the best estimate of the present value of the future expenditures required to undertake the dismantlement of assets and site restoration obligation at the reporting date, based on current legal requirements. The estimate future dismantlement of assets and site restoration obligation, therefore, requires management to make judgements regarding the timing of those activities, the extent of those activities required and future technologies.

Such estimates are reviewed on a periodic/annual basis and adjusted each period/year as required. Adjustments are reflected in the present value of the dismantlement of assets and site restoration obligation provision with a corresponding change in the book value of the associated assets.

The unwinding of the effect of discounting the provision is recognised as a finance cost in profit or loss.

u. Share capital

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

u. Modal saham (lanjutan)

Ketika entitas anak Grup membeli modal saham ekuitas Perusahaan (saham treasury), imbalan yang dibayar, termasuk biaya tambahan yang secara langsung dapat diatribusikan (dikurangi pajak penghasilan) dikurangkan dari ekuitas yang diatribusikan kepada pemilik ekuitas entitas sampai saham tersebut dibatalkan atau diterbitkan kembali. Ketika saham biasa tersebut selanjutnya diterbitkan kembali, imbalan yang diterima, dikurangi biaya tambahan transaksi yang terkait dan dampak pajak penghasilan yang terkait dimasukkan pada ekuitas yang dapat diatribusikan kepada pemilik ekuitas entitas.

v. Pendapatan dan beban

Pendapatan Grup berasal dari kegiatan distribusi gas bumi, jasa transmisi minyak dan gas bumi, penjualan minyak mentah, gas bumi, LPG, *Liquefied Natural Gas* ("LNG") dan jasa lainnya.

Pendapatan dari distribusi gas bumi dan jasa transmisi minyak dan gas bumi diakui pada saat gas atau minyak bumi telah didistribusikan kepada pelanggan berdasarkan pencatatan pada angka meteran.

Pendapatan sehubungan dengan pengoperasian aset dan jaringan pipa transmisi diakui setelah jasa diberikan, dan diukur sebesar satuan gas yang telah diangkut selama suatu periode.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

u. Share capital (continued)

Where any subsidiaries within the Group purchases the Company's equity share capital (treasury stocks), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the entity's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's equity holders.

v. Revenue and expense

Revenue of the Group are earned from natural gas distribution, crude oil and natural gas transmission services, sale of crude oil, natural gas, LPG, Liquefied Natural Gas ("LNG") and other services.

Revenues from natural gas distribution and oil and natural gas transmission services are recognised when the natural gas or crude oil is distributed to the customer based on the meter readings.

Revenue arising from the operation of the aset and pipeline transmission is recognised after the service is rendered and is measured based on the unit of gas which has been transported during such period.

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v. Pendapatan dan beban (lanjutan)

Pendapatan dari produksi minyak mentah, gas bumi, LPG dan LNG diakui berdasarkan metode *provisional entitlements* pada saat *lifting*. Perbedaan *lifting* aktual minyak mentah, gas bumi, LPG dan LNG menghasilkan piutang ketika *entitlements* final melebihi *lifting* minyak mentah, gas bumi, LPG dan LNG (posisi *underlifting*) dan menghasilkan utang ketika *lifting* minyak mentah, gas bumi, LPG dan LNG melebihi *entitlements* final (posisi *overlifting*). Volume *underlifting* dan *overlifting* dinilai berdasarkan harga rata-rata tertimbang tahunan Minyak Mentah Indonesia (untuk minyak mentah) dan harga yang ditetapkan dalam Perjanjian Jual Beli Gas yang bersangkutan (untuk gas bumi, LPG dan LNG).

Pendapatan dari jasa lainnya diakui pada saat jasa diserahkan atau secara signifikan diberikan dan manfaat jasa tersebut telah dinikmati oleh pelanggan.

Beban diakui pada saat terjadinya dengan menggunakan metode akrual.

w. Perpajakan

Beban pajak terdiri dari pajak kini dan pajak tangguhan. Pajak diakui dalam laba rugi, kecuali jika pajak tersebut terkait dengan transaksi atau kejadian yang diakui di pendapatan komprehensif lain atau langsung diakui ke ekuitas. Dalam hal ini, pajak tersebut masing-masing diakui dalam pendapatan komprehensif lain atau ekuitas.

Beban pajak kini dihitung berdasarkan peraturan perpajakan yang berlaku pada tanggal pelaporan keuangan, di negara di mana Perusahaan dan entitas anak beroperasi dan menghasilkan pendapatan kena pajak. Manajemen secara periodik mengevaluasi posisi yang dilaporkan di Surat Pemberitahuan Tahunan ("SPT") sehubungan dengan situasi di mana aturan pajak yang berlaku membutuhkan interpretasi. Jika perlu, manajemen menentukan provisi berdasarkan jumlah yang diharapkan akan dibayar kepada otoritas pajak.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

v. Revenue and expense (continued)

Revenues from the production of crude oil, natural gas, LPG and LNG are recognised on the basis of the provisional entitlement method at the point of lifting. Differences between the actual liftings of crude oil, natural gas, LPG and LNG result in a receivable when final entitlements exceed liftings of crude oil, natural gas, LPG and LNG (underlifting position) and in a payable when lifting of crude oil, natural gas, LPG and LNG exceed final entitlements (overlifting position). Underlifting and overlifting volumes are valued based on the annual weighted average Indonesia Crude Price (for crude oil) and price as determined in the respective Sale and Purchase Contract (for natural gas, LPG and LNG).

Revenues from other services are recognised when the services are rendered or significantly provided and the benefits have been received by the customers.

Expenses are recognised as incurred on an accrual basis.

w. Taxation

The tax expenses comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

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SIGNIFIKAN (lanjutan)**

w. Perpajakan (lanjutan)

Pajak penghasilan tangguhan diakui dengan menggunakan metode *balance sheet liability* untuk semua perbedaan temporer antara dasar pengenaan pajak atas aset dan liabilitas dengan nilai tercatatnya pada laporan posisi keuangan konsolidasian. Namun, liabilitas pajak penghasilan tangguhan tidak diakui jika berasal dari pengakuan awal goodwill atau pada saat pengakuan awal aset dan liabilitas yang timbul dari transaksi selain kombinasi bisnis yang pada saat transaksi tersebut tidak mempengaruhi laba rugi akuntansi dan laba rugi kena pajak. Pajak penghasilan tangguhan ditentukan dengan menggunakan tarif pajak yang telah berlaku atau secara substantif telah berlaku pada akhir periode pelaporan dan diharapkan diterapkan ketika aset pajak penghasilan tangguhan direalisasi atau liabilitas pajak penghasilan tangguhan diselesaikan.

Aset pajak penghasilan tangguhan diakui hanya jika besar kemungkinan jumlah penghasilan kena pajak di masa depan akan memadai untuk dikompensasi dengan perbedaan temporer yang masih dapat dimanfaatkan.

Atas perbedaan temporer dalam investasi pada entitas anak dibentuk pajak penghasilan tangguhan, kecuali untuk liabilitas pajak penghasilan tangguhan dimana saat pembalikan perbedaan temporer dikendalikan oleh Grup dan sangat mungkin perbedaan temporer tersebut tidak akan dibalik di masa mendatang.

Aset dan liabilitas pajak penghasilan tangguhan dapat saling hapus apabila terdapat hak yang berkekuatan hukum untuk melakukan saling hapus antara aset pajak kini dengan liabilitas pajak kini dan apabila aset dan liabilitas pajak penghasilan tangguhan dikenakan oleh otoritas perpajakan yang sama, baik atas entitas kena pajak yang sama ataupun berbeda dan adanya niat untuk melakukan penyelesaian saldo-saldo tersebut secara neto.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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w. Taxation (continued)

Deferred income tax is recognised using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted as at the reporting period and is expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there are legally-enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entities where there is an intention to settle the balances on a net basis.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

w. Perpajakan (lanjutan)

Kekurangan/kelebihan pembayaran pajak penghasilan disajikan sebagai bagian dari "Beban pajak penghasilan - Kini" dalam laba rugi. Grup juga menyajikan bunga/denda, jika ada, sebagai bagian dari "Beban pajak penghasilan - Kini".

Entitas anak yang terlibat dalam kegiatan eksplorasi dan produksi minyak dan gas bumi di Indonesia dikenai tarif pajak penghasilan badan sebesar 44% sampai 48% dan di luar Indonesia dikenai tarif pajak penghasilan badan sebesar 35%. Perusahaan dikenai tarif pajak penghasilan badan sebesar 20% karena lebih dari 40% modal saham Perusahaan terdaftar di Bursa Efek Indonesia.

x. Laba bersih per saham

Laba bersih per saham dihitung dengan membagi laba bersih yang tersedia bagi pemegang saham Grup dengan rata-rata tertimbang jumlah saham biasa yang beredar pada periode yang bersangkutan.

Pada tanggal 31 Desember 2018 dan 2017, tidak ada efek yang berpotensi menjadi saham biasa. Oleh karena itu, laba per saham dilusian sama dengan laba per saham dasar.

y. Dividen

Pembagian dividen kepada pemegang saham Grup diakui sebagai liabilitas dalam laporan posisi keuangan di periode dimana pembagian dividen diumumkan.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Taxation (continued)

The underpayment/overpayment of income tax is presented as part of "Income tax expenses - Current" in profit or loss. The Group also presents interest/penalty, if any, as part of "Income tax expenses - Current".

The subsidiaries involved in oil and gas exploration and production in Indonesia is subject to income tax at rate of 44% to 48% and outside Indonesia is subject to income tax at rate 35%. The Company is subject to corporate income tax rate 20% due to more than 40% of the Company's shares are listed on the Indonesian Stock Exchange.

x. Earnings per share

Basic earnings per share are calculated by dividing net income by the weighted average number of ordinary shares outstanding during the period.

As at December 31, 2018 and 2017, there were no existing instruments which could result in the issue of further ordinary shares. Therefore, diluted earning per share is equivalent to basic earning per share.

y. Dividend

Dividends distributed to the Group's shareholders are recognised as a liability in the Group's statement of financial position in the period in which the dividends are declared.

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SIGNIFIKAN (lanjutan)**

z. Segmen operasi

Sebuah segmen operasi adalah sebuah komponen dari entitas yang:

- a. Terlibat dalam aktivitas bisnis yang mana memperoleh pendapatan dan menimbulkan beban (termasuk pendapatan dan beban terkait dengan transaksi dengan komponen lain dari entitas yang sama);
- b. Hasil operasinya dikaji ulang secara reguler oleh pengambil keputusan operasional untuk membuat keputusan tentang sumber daya yang dialokasikan pada segmen tersebut dan menilai kinerjanya; dan
- c. Tersedia informasi keuangan yang dapat dipisahkan.

Grup melakukan segmentasi pelaporan berdasarkan informasi keuangan yang digunakan oleh pengambil keputusan operasi utama dalam mengevaluasi kinerja segmen dan menentukan alokasi sumber daya yang dimilikinya. Direksi adalah pengambil keputusan operasional Grup. Segmentasi berdasarkan sifat usaha. Seluruh transaksi antar segmen telah dieliminasi.

aa. Transaksi dengan pihak berelasi

Grup mempunyai transaksi dengan pihak berelasi sebagaimana didefinisikan pada PSAK No. 7 (Revisi 2015).

Saldo dan transaksi yang material antara Grup dengan Pemerintah Negara Republik Indonesia dan entitas berelasi dengan Pemerintah diungkapkan dalam catatan atas laporan keuangan konsolidasian yang relevan. Grup memilih untuk mengungkapkan transaksi dengan entitas berelasi dengan Pemerintah dengan menggunakan pengecualian dari persyaratan pengungkapan pihak berelasi.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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z. Operating segment

An operating segment is a component of an entity:

- a. That engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses related to transactions between different components within the same entity);
- b. Whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance; and
- c. For which discrete financial information is available.

The Group segments its financial reporting based on the financial information used by the chief operating decision-maker in evaluating the performance of segments and in the allocation of resources. Directors are the Group's chief operating decision-maker. The segments are based on the nature of business. All transactions between segments have been eliminated.

aa. Transactions with related parties

The Group has transactions with related parties as defined in SFAS No. 7 (Revised 2015).

Significant transactions and balances of the Group with the Government of the Republic of Indonesia and Government-related entities are disclosed in the relevant notes to the consolidated financial statements. The Group elected to disclose the transactions with Government-related entities, using the exemption from general related party disclosure requirements.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ab. Aset tak berwujud

a. Hak atas tanah

Biaya legal awal untuk mendapatkan hak legal diakui sebagai bagian biaya akuisisi tanah, biaya-biaya tersebut tidak didepresiasi. Biaya terkait dengan pembaruan hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hukum hak atas tanah.

b. Perangkat lunak

Biaya pengembangan piranti lunak komputer diakui sebagai aset yang diamortisasi selama estimasi masa manfaat, yang tidak lebih dari tiga tahun.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN

Estimasi dan pertimbangan terus dievaluasi berdasarkan pengalaman historis dan faktor-faktor lain, termasuk ekspektasi peristiwa masa depan yang diyakini wajar berdasarkan kondisi yang ada.

Grup membuat estimasi dan asumsi mengenai masa depan. Estimasi akuntansi yang dihasilkan, menurut definisi, akan jarang sekali sama dengan hasil aktualnya. Estimasi dan asumsi yang secara signifikan berisiko menyebabkan penyesuaian material terhadap hasil keuangan atau posisi keuangan konsolidasian Grup yang dilaporkan dalam tahun-tahun mendatang dipaparkan di bawah ini.

a. Penentuan mata uang fungsional

Mata uang fungsional adalah mata uang dari lingkungan ekonomi primer dimana Grup beroperasi. Manajemen mempertimbangkan mata uang yang paling mempengaruhi pendapatan dan beban dari barang dan jasa yang diberikan serta mempertimbangkan indikator lainnya dalam menentukan mata uang yang paling tepat menggambarkan pengaruh ekonomi dari transaksi, kejadian dan kondisi yang mendasari.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ab. Intangible assets

a. Land rights

Initial legal costs incurred to obtain legal rights are recognised as part of the acquisition cost of the land, and these costs are not depreciated. Costs related to renewal of land rights are recognised as intangible assets and amortised during the period of the land rights.

b. Software

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

3. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTION

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the consolidated financial results or financial position of the Group reported in future years are addressed below.

a. Determination of functional currency

The functional currency is the currency of the primary economic environment in which the Group operates. The management considered the currency that mainly influences the revenue and cost of goods sold and services rendered and other indicators in determining the currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

b. Pengaturan bersama

Pertimbangan diperlukan untuk menentukan kapan Grup memiliki pengendalian bersama terhadap sebuah pengaturan, yang memerlukan penilaian dari aktivitas yang relevan dan apabila keputusan sehubungan dengan aktivitas tersebut mengharuskan persetujuan dengan suara bulat.

Grup menetapkan bahwa aktivitas relevan bagi Grup untuk pengaturan bersama adalah aktivitas yang berhubungan dengan keputusan keuangan, operasional dan modal dari pengaturan tersebut.

Pertimbangan juga diperlukan untuk menentukan klasifikasi suatu pengaturan bersama. Pengklasifikasian tersebut mengharuskan Grup menilai hak dan kewajibannya yang timbul dari pengaturan bersama. Secara khusus, Grup mempertimbangkan:

- (1) Apakah pengaturan bersama dibentuk melalui entitas terpisah
- (2) Ketika pengaturan bersama dibentuk melalui entitas terpisah, Grup juga mempertimbangkan hak dan kewajiban para pihak yang timbul dari:
 - Bentuk hukum dari entitas terpisah
 - Persyaratan pengaturan kontraktual
 - Fakta dan keadaan lainnya, jika relevan.

Penilaian tersebut sering memerlukan pertimbangan yang signifikan. Kesimpulan yang berbeda baik atas kesimpulan mengenai pengendalian bersama dan apakah suatu pengaturan adalah sebuah operasi bersama atau ventura bersama, dapat secara material mempengaruhi perlakuan akuntansinya.

c. Sewa

Grup mengadakan perjanjian sewa di mana Grup bertindak sebagai *lessee* atau *lessor*. Grup mengevaluasi apakah secara substansial risiko dan manfaat yang terkait dengan kepemilikan aset beralih kepada Grup berdasarkan PSAK No. 30 (Revisi 2011), "Sewa", yang mensyaratkan Grup membuat pertimbangan dan estimasi dari pengalihan risiko dan manfaat terkait dengan aset yang disewa.

Sehubungan dengan perjanjian antara PLI dengan PT Hoegh LNG Lampung ("Hoegh Lampung") untuk penggunaan fasilitas FSRU Lampung (Catatan 38d), manajemen mengevaluasi bahwa perjanjian tersebut mengandung sewa dan PLI sebagai *lessee* mengklasifikasikannya sebagai sewa operasi.

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**3. SIGNIFICANT ACCOUNTING JUDGEMENT,
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b. Joint arrangements

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent.

The Group has determined that the relevant activities for its joint arrangements are those relating to the financial, operational and capital decisions of the arrangement.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, the Group considers:

- (1) *Whether the joint arrangement is structured through a separate entity*
- (2) *When the arrangement is structured through a separate entity, the Group also considers the rights and obligations arising from:*
 - *The legal form of the separate entity*
 - *The terms of the contractual arrangement*
 - *Other relevant facts and circumstances.*

This assessment often requires significant judgement. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment.

c. Lease

The Group has entered into lease arrangement in which the Group is a lessee or lessor. The Group evaluates whether all of the risks and rewards incidental to ownership are substantially transferred to the Group based on SFAS No. 30 (Revised 2011), "Leases" which requires the Group to make judgments and estimates of transfer of risks and rewards of the leased assets.

In relation to agreement entered between PLI and PT Hoegh LNG Lampung ("Hoegh Lampung") for the use of Lampung FSRU (Note 38d), management has evaluated that such agreement contains a lease and PLI as a lessee classified it as operating lease.

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c. Sewa (lanjutan)

Sehubungan dengan perjanjian antara KJG dengan PT PLN (Persero) ("PLN") untuk pengangkutan gas dengan menggunakan jaringan pipa bawah laut dan fasilitas penerimaan di darat milik KJG ("GTA Kalija I") (Catatan 38e), manajemen mengevaluasi bahwa perjanjian tersebut mengandung sewa dan KJG sebagai *lessor* mengklasifikasikannya sebagai sewa pembiayaan.

Grup mengevaluasi kolektibilitas piutang sewa pembiayaan yang timbul dari GTA Kalija I (Catatan 38e) dan kasus arbitrase terkait deklarasi keadaan kahar oleh PC Muriah Ltd. ("PCML"), shipper di GTA Kalija I (Catatan 39b).

Kolektibilitas piutang atas sewa pembiayaan bergantung pada keputusan arbitrase yang saat ini sedang berlangsung dan kemampuan keuangan PCML dan PLN untuk memenuhi kewajiban *ship-or-pay* dalam GTA Kalija I. Grup berpendapat bahwa:

- (1) keputusan arbitrase akan berdampak positif ke Grup;
- (2) PCML dan PLN akan dapat memenuhi kewajiban *ship-or-pay* dalam GTA Kalija I; dan
- (3) provisi penurunan nilai piutang atas sewa pembiayaan yang dibuat oleh Grup mencukupi sehubungan dengan keadaan yang dijelaskan di Catatan 39b.

d. Ketidakpastian eksposur perpajakan

Berdasarkan peraturan perpajakan yang berlaku saat ini, manajemen mempertimbangkan apakah jumlah yang tercatat pada akun taksiran tagihan pajak dapat dipulihkan dan direstitusi oleh Kantor Pajak. Lebih lanjut, manajemen mempertimbangkan liabilitas yang mungkin timbul dari hasil pemeriksaan pajak yang masih diajukan keberatannya.

Pertimbangan signifikan dilakukan dalam menentukan provisi atas pajak penghasilan badan maupun pajak lainnya atas transaksi tertentu. Ketidakpastian timbul terkait dengan interpretasi dari peraturan perpajakan yang kompleks dan jumlah dan waktu dari penghasilan kena pajak di masa depan. Grup membuat analisa untuk semua posisi pajak terkait dengan pajak penghasilan untuk menentukan jika liabilitas pajak untuk manfaat pajak yang belum diakui harus diakui.

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**3. SIGNIFICANT ACCOUNTING JUDGEMENT,
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c. Lease (continued)

In relation to agreement entered between KJG and PT PLN (Persero) ("PLN") for gas transportation through the use of KJG's subsea pipeline and onshore receiving facilities ("GTA Kalija I") (Note 38e), management has evaluated that such agreement contains lease and KJG as a lessor classified it as finance lease.

The Group assessed the recoverability of its finance lease receivables in relation to GTA Kalija I (Note 38e) and the arbitration case related to the force majeure condition declared by PC Muriah Ltd. ("PCML"), the shipper in GTA Kalija I (Note 39b).

The collectability of the finance lease receivable depends on the outcome of the ongoing arbitration case and PCML and PLN financial capacity to fulfill the ship-or-pay obligation under the GTA Kalija I. The Group is of the opinion that:

- (1) the result of the arbitration will be favorable to the Group;*
- (2) PCML and PLN will be able to fulfill the ship-or-pay obligation under the GTA Kalija I; and*
- (3) the Group has made sufficient provision for impairment of finance lease receivable in relation to situation explained in Note 39b.*

d. Uncertain tax exposure

Based on the tax regulations currently enacted, the management assessed if the amounts recorded under estimated claim for tax refund are recoverable and refundable by the Tax Office. Further, the management also assessed possible liability that might arise from the tax assessment under objection.

Significant judgment is involved in determining the provision for corporate income tax and other taxes on certain transactions. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Group makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognised tax benefit should be recognised.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

e. Estimasi masa manfaat aset tetap

Grup mengestimasi masa manfaat ekonomis aset tetap berdasarkan utilisasi dari aset yang diharapkan dan didukung dengan rencana dan strategi usaha dan perilaku pasar. Estimasi dari masa manfaat aset tetap adalah berdasarkan penelaahan Grup terhadap praktek industri, evaluasi teknis internal dan pengalaman untuk aset yang sejenis. Estimasi masa manfaat ditelaah minimal setiap akhir periode pelaporan dan diperbarui jika ekspektasi berbeda dari estimasi sebelumnya dikarenakan pemakaian dan kerusakan fisik, keusangan secara teknis atau komersial dan hukum atau pembatasan lain atas penggunaan dari aset. Tetapi, adalah mungkin, hasil di masa depan dari operasi dapat dipengaruhi secara material oleh perubahan-perubahan dalam estimasi yang diakibatkan oleh perubahan faktor-faktor yang disebutkan di atas.

Grup mengestimasi masa manfaat ekonomis aset tetap antara 2 sampai dengan 40 tahun. Ini adalah umur yang secara umum diharapkan dalam industri dimana Grup menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya biaya penyusutan masa depan mungkin direvisi.

f. Aset eksplorasi dan evaluasi

Kebijakan akuntansi Grup untuk biaya eksplorasi dan evaluasi mengakibatkan biaya tertentu dikapitalisasi untuk sebuah wilayah kerja yang dianggap dapat dipulihkan oleh eksploitasi di masa depan atau penjualan atau dimana kegiatan tersebut belum mencapai tahap tertentu yang memungkinkan dilakukan penilaian yang wajar atas keberadaan cadangan. Kebijakan ini mengharuskan manajemen untuk membuat estimasi dan asumsi tertentu atas peristiwa dan keadaan di masa depan, khususnya apakah operasi eksploitasi dapat dilaksanakan secara ekonomis.

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**3. SIGNIFICANT ACCOUNTING JUDGEMENT,
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e. Estimating useful lives of fixed assets

The Group estimates the useful lives of its fixed assets based on expected asset utilisation as supported by business plans and strategies that also consider expected market behavior. The estimation of the useful lives of fixed assets is based on the Group's assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least each financial period-end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates caused by changes in the factors mentioned above.

The Group estimates the useful lives of these fixed assets to be within 2 to 40 years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

f. Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be a recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the reserves existence. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established.

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AKUNTANSI SIGNIFIKAN (lanjutan)**

f. Aset eksplorasi dan evaluasi (lanjutan)

Setiap perkiraan dan asumsi tersebut dapat berubah seiring tersedianya informasi baru. Jika, setelah dilakukan kapitalisasi atas biaya berdasarkan kebijakan ini, suatu pertimbangan dibuat bahwa pemulihan biaya dianggap tidak dimungkinkan, biaya yang telah dikapitalisasi tersebut akan dibebankan ke dalam laba rugi.

Kegiatan pengembangan dimulai setelah dilakukan pengesahan proyek oleh tingkat manajemen yang berwenang. Pertimbangan diterapkan oleh manajemen dalam menentukan kelayakan suatu proyek secara ekonomis. Dalam melakukan pertimbangan ini, manajemen perlu membuat estimasi dan asumsi tertentu yang serupa dengan kapitalisasi biaya eksplorasi dan evaluasi yang dijelaskan di atas.

g. Imbalan kerja

Nilai kini kewajiban pensiun dan imbalan jangka panjang lainnya tergantung pada sejumlah faktor yang ditentukan berdasarkan basis dari aktuarial dengan menggunakan sejumlah asumsi. Asumsi tersebut termasuk tingkat diskonto, kenaikan gaji di masa depan, perubahan remunerasi masa depan, tingkat pengurangan karyawan, tingkat harapan hidup dan periode sisa yang diharapkan dari masa aktif karyawan. Setiap perubahan dalam asumsi-asumsi ini akan berdampak pada nilai tercatat atas kewajiban pensiun dan imbalan jangka panjang lainnya.

Grup menentukan tingkat diskonto yang sesuai pada setiap akhir periode pelaporan. Tingkat suku bunga inilah yang digunakan untuk menentukan nilai kini dari estimasi arus kas keluar masa depan yang akan dibutuhkan untuk memenuhi kewajiban pensiun dan imbalan jangka panjang lainnya. Dalam menentukan tingkat diskonto yang sesuai, Grup menggunakan tingkat suku bunga obligasi pemerintah (dengan pertimbangan saat ini tidak ada pasar aktif untuk obligasi korporat berkualitas tinggi) dalam mata uang yang sama dengan mata uang imbalan yang akan dibayarkan dan memiliki waktu jatuh tempo yang kurang lebih sama dengan waktu jatuh tempo kewajiban pensiun dan imbalan jangka panjang lainnya yang bersangkutan.

**3. SIGNIFICANT ACCOUNTING JUDGEMENT,
ESTIMATES AND ASSUMPTION (continued)**

f. Exploration and evaluation assets (continued)

Any such estimates and assumptions may change when the new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written-off to profit or loss.

Development activities commence after a project is approved by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for the capitalisation of exploration and evaluation expenditure.

g. Employee benefits

The present value of the pension and other long-term benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Those assumptions include discount rate, future salary increase, future remuneration changes, employee attrition rates, life expectancy and expected remaining periods of employees' service. Any changes in these assumptions will have an impact on the carrying amount of the pension and other long-term benefit obligations.

The Group determines the appropriate discount rate at the end of each reporting period. This interest rate should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and other long-term benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds (considering there is no deep market for high quality corporate bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension and other long-term benefit obligations.

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g. Imbalan kerja (lanjutan)

Untuk kenaikan gaji masa depan, Grup mengumpulkan data historis mengenai perubahan gaji dasar pekerja dan menyesuaikannya dengan perencanaan bisnis masa depan.

Asumsi kunci lainnya untuk kewajiban pensiun dan imbalan jangka panjang lainnya didasarkan pada kondisi pasar saat ini.

h. Liabilitas pembongkaran aset dan restorasi area

Grup mengakui provisi untuk liabilitas pembongkaran aset dan restorasi area terkait dengan sumur minyak dan gas, fasilitas dan infrastruktur. Dalam menentukan nilai provisi, asumsi dan estimasi yang diperlukan adalah tingkat diskonto, biaya yang diharapkan untuk membongkar semua peralatan dari daerah pengeboran dan restorasi area, dan waktu pelaksanaan pembongkaran aset serta restorasi area.

i. Pajak penghasilan

Aset pajak tangguhan, termasuk yang timbul dari rugi fiskal, provisi, dan perbedaan temporer, diakui hanya apabila dianggap lebih mungkin daripada tidak bahwa mereka dapat dipulihkan nilainya, dimana hal ini tergantung pada kecukupan laba kena pajak di masa depan. Asumsi pembentukan laba kena pajak di masa depan bergantung pada estimasi manajemen atas arus kas di masa depan. Hal ini bergantung pada estimasi penjualan barang atau jasa, harga, biaya operasi, belanja modal dan transaksi lainnya di masa depan.

**3. SIGNIFICANT ACCOUNTING JUDGEMENT,
ESTIMATES AND ASSUMPTION (continued)**

g. Employee benefits (continued)

For the rate of future salary increases, the Group collects all historical data relating to changes in base salaries and adjusts it with future business plan.

Other key assumptions for pension obligation and other long-term benefits are based on current market conditions.

h. Asset abandonment and site restoration obligations

The Group recognised provision for asset abandonment and site restoration obligations associated with its oil and gas wells, facilities and infrastructures. In determining the amount of provision, the required assumptions and estimates consist of discount rate, the expected cost to dismantle all the structures from the site and restore the site and timing of assets dismantlement and restoration of the area.

i. Income taxes

Deferred tax assets, including those arising from tax losses, provision and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the sufficiency of the future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales of goods and services, prices, operating costs, capital expenditure and other future transactions.

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j. Penurunan nilai aset keuangan

Pada setiap tanggal pelaporan Grup mengevaluasi apakah terdapat bukti yang objektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai. Aset keuangan atau kelompok aset keuangan diturunkan nilainya dan kerugian penurunan nilai telah terjadi, jika dan hanya jika, terdapat bukti yang objektif mengenai penurunan nilai tersebut sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut (peristiwa yang merugikan), dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara andal.

Kriteria yang Grup gunakan untuk menentukan bahwa ada bukti objektif dari suatu penurunan nilai meliputi:

- Kesulitan keuangan signifikan yang dialami penerbit atau pihak meminjam;
- Pelanggaran kontrak, seperti terjadinya wanprestasi atau tunggakan pembayaran pokok;
- Terdapat kemungkinan bahwa debitur akan dinyatakan pailit atau melakukan reorganisasi keuangan lainnya; dan
- Data yang dapat diobservasi mengindikasikan adanya penurunan yang dapat diukur atas estimasi arus kas masa depan, seperti perubahan dalam tunggakan atau kondisi ekonomi yang berkorelasi dengan wanprestasi.

k. Penurunan nilai aset nonkeuangan

Sesuai dengan kebijakan akuntansi Grup, setiap aset atau unit penghasil kas dievaluasi pada setiap periode pelaporan untuk menentukan ada tidaknya indikasi penurunan nilai aset. Jika terdapat indikasi tersebut, akan dilakukan perkiraan atas nilai aset yang dapat terpulihkan dan kerugian akibat penurunan nilai akan diakui sebesar selisih antara nilai tercatat aset dengan nilai yang dapat dipulihkan dari aset tersebut. Jumlah nilai yang dapat dipulihkan kembali dari sebuah aset atau kelompok aset penghasil kas diukur berdasarkan nilai yang lebih tinggi antara nilai wajar dikurangi biaya untuk menjual dan nilai pakai aset.

Aset minyak dan gas bumi yang telah menemukan cadangan terbukti, ditelaah untuk penurunan nilai ketika kejadian dan perubahan keadaan mengindikasikan bahwa nilai tercatat aset tidak dapat dipulihkan. Jika terdapat indikasi tersebut, nilai terpulihkan aset akan diestimasi.

**3. SIGNIFICANT ACCOUNTING JUDGEMENT,
ESTIMATES AND ASSUMPTION (continued)**

j. Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows from the financial asset or group of financial assets that can be reliably estimated.

Criteria that the Group uses to assess whether there is an objective evidence from an impairment, are as follows:

- *Indications that the debtor is experiencing significant financial difficulty;*
- *Breach of contract such as default or delinquency in principal payments;*
- *The probability that the debtor will enter bankruptcy or other financial reorganisation; and*
- *Observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.*

k. Impairment of non-financial assets

In accordance with the Group's accounting policy, each asset or cash generating unit is evaluated on each reporting period to determine whether there are any indications of impairment. If any such indications exists, a formal estimate of the recoverable amount is performed and an impairment loss will be recognised to the extent of the recoverable amount. The recoverable amount of an asset or cash generating unit of a group of assets is measured at the higher of fair value less costs to sell and value in use.

Proven oil and gas properties are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

k. Penurunan nilai aset nonkeuangan (lanjutan)

Penentuan nilai wajar dan nilai pakai mensyaratkan manajemen untuk membuat estimasi dan asumsi atas produksi yang diharapkan dan volume penjualan, harga komoditas (mempertimbangkan harga saat ini dan masa lalu, tren harga dan faktor-faktor terkait), cadangan (lihat "Estimasi Cadangan" di bawah), biaya operasi, biaya pembongkaran dan restorasi serta belanja modal di masa depan. Estimasi dan asumsi ini terpapar risiko dan ketidakpastian, sehingga ada kemungkinan perubahan situasi dapat mengubah proyeksi ini, yang dapat mempengaruhi nilai terpulihkan aset. Dalam keadaan seperti itu, sebagian atau seluruh nilai tercatat aset mungkin akan mengalami penurunan nilai lebih lanjut atau terjadi pengurangan rugi penurunan nilai yang dampaknya akan dicatat dalam laba rugi.

i. Estimasi cadangan

Nilai tercatat untuk deplesi, penyusutan dan untuk amortisasi beserta pemulihan nilai tercatat aset minyak dan gas, yang digunakan untuk memproduksi minyak dan gas tergantung pada estimasi cadangan minyak dan gas. Faktor utama yang mempengaruhi estimasi tersebut adalah penilaian teknis atas kuantitas produksi cadangan minyak dan gas yang ada dan kendala ekonomis seperti ketersediaan pasar komersial atas produksi minyak dan gas bumi maupun asumsi yang terkait dengan antisipasi harga komoditas dan biaya pengembangan dan produksi cadangan tersebut.

Asumsi ekonomi yang digunakan untuk memperkirakan cadangan berubah dari waktu ke waktu dan data geologi bertambah selama masa operasi, oleh karena itu perkiraan cadangan dapat berubah dari waktu ke waktu. Perubahan cadangan yang dilaporkan dapat mempengaruhi hasil dan posisi keuangan Grup dalam berbagai cara diantaranya:

- Nilai tercatat aset dapat terpengaruh akibat perubahan estimasi arus kas masa depan.
- Penyusutan dan amortisasi yang dibebankan ke dalam laba rugi dan penghasilan komprehensif lain konsolidasian dapat berubah apabila beban-beban tersebut ditentukan berdasarkan unit produksi, atau jika masa manfaat ekonomi umur aset berubah.
- Penyisihan untuk aktivitas purna-operasi, restorasi lokasi aset, dan hal-hal yang berkaitan dengan lingkungan dapat berubah apabila terjadi perubahan dalam perkiraan cadangan yang mempengaruhi ekspektasi tentang waktu atau biaya kegiatan ini.

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**3. SIGNIFICANT ACCOUNTING JUDGEMENT,
ESTIMATES AND ASSUMPTION (continued)**

**k. Impairment of non-financial assets
(continued)**

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves (see "Reserve Estimates" below), operating costs, decommissioning and site restoration cost, and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired, or the impairment charge reduced, with the impact recorded in profit or loss.

i. Reserve estimates

The amounts recorded for depletion, depreciation and amortisation as well as the recovery of the carrying value of oil and gas properties involving production of oil and gas reserves depends on estimated reserves of oil and gas. The primary factors affecting these estimates are technical engineering assessments of producible quantities of oil and gas reserves in place and economic constraints such as the availability of commercial markets for oil and gas production as well as assumptions related to anticipated commodity prices and the costs of development and production of the reserves.

The economic assumptions used to estimate reserves change from period to period, and additional geological data is generated during the course of operations, therefore estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- *Asset carrying values may be affected due to changes in estimated future cash flows.*
- *Depreciation and amortisation charged in the consolidated statements of income and other comprehensive income may change where such charges are determined on a units of production basis, or where the useful economic lives of assets change.*
- *Decommissioning, site restoration and environmental provision may change where changes in estimated reserves affect expectations about the timing or cost of these activities.*

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

I. Estimasi cadangan (lanjutan)

- Nilai tercatat aset/liabilitas pajak tangguhan dapat berubah karena perubahan estimasi pemulihan manfaat pajak.

Grup menggunakan ahli pihak ketiga dalam memperkirakan cadangan minyak dan gas untuk blok Pangkah, sementara estimasi cadangan minyak dan gas untuk blok-blok lain dilakukan oleh geologis internal yang memiliki kompetensi dan kualifikasi terkait.

4. AKUISISI

a. Akuisisi Pertagas

Pada tanggal 28 Desember 2018, Perusahaan mengakuisisi 51% kepemilikan saham pada Pertagas dari Pertamina dengan harga pembelian senilai Rp20.183 miliar atau setara dengan USD1.387.933.850.

Transaksi akuisisi ini dibukukan dengan menggunakan metode penyatuan kepemilikan sesuai dengan PSAK 38 "Kombinasi Bisnis Entitas Sepengendali" karena Perusahaan dan Pertagas merupakan entitas sepengendali dibawah Pertamina.

Perbedaan antara jumlah imbalan yang dialihkan dan nilai buku aset bersih Pertagas yang diakuisisi dicatat pada "tambahan modal disetor" dalam ekuitas Grup. Ekuitas dari Pertagas pada tanggal 31 Desember 2017 dan 1 Januari 2017 disajikan sebagai "ekuitas *merging entities*" dalam ekuitas Grup. Perhitungan tambahan modal disetor pada tanggal akuisisi adalah sebagai berikut:

	28 Desember/ December 28, 2018	
Imbalan pembelian yang dialihkan:		<i>Purchase consideration transferred:</i>
- Kas yang dibayarkan	(693,966,925)	<i>Cash paid -</i>
- Penerbitan <i>promissory notes</i> (Catatan 20d)	<u>(693,966,925)</u>	<i>Issuance of promissory notes (Note 20d) -</i>
Jumlah imbalan yang dialihkan	(1,387,933,850)	<i>Total consideration transferred</i>
Nilai buku aset bersih yang diakuisisi (51%)	<u>636,019,909</u>	<i>Book value of net assets acquired (51%)</i>
Tambahan modal disetor dari kombinasi bisnis entitas sepengendali	<u>(751,913,941)</u>	<i>Additional paid-in capital from business combination of entities under common control</i>

Grup menyajikan kembali laporan keuangan konsolidasian sedemikian rupa seolah-olah Pertagas telah dikonsolidasi sejak 1 Januari 2017.

**3. SIGNIFICANT ACCOUNTING JUDGEMENT,
ESTIMATES AND ASSUMPTION (continued)**

I. Reserve estimates (continued)

- The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.

The Group engaged a third party expert to estimate the oil and gas reserves for Pangkah block, while the oil and gas reserves estimate for other blocks performed by internal geologist who have necessary competency and qualification.

4. ACQUISITION

a. Acquisition of Pertagas

On December 28, 2018, the Company acquired 51% of ownership of Pertagas' shares from Pertamina with purchase consideration of Rp20,183 billion or equivalent to USD1,387,933,850.

This acquisition transaction was accounted for using the pooling-of-interests method as required under SFAS 38 "Business Combination of Entities under Common Control" since the Company and Pertagas are entities under common control of Pertamina.

The difference between the purchase consideration and the book value of Pertagas' net assets acquired is recorded in "additional paid-in capital" in the Group's equity. Equity of Pertagas as at December 31, 2017 and January 1, 2017 is presented as "equity of merging entities" in the Group's equity. Calculation of additional paid-in capital at acquisition date is as follows:

The Group has restated the consolidated financial statements as if Pertagas had been consolidated since January 1, 2017.

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4. AKUISISI (lanjutan)

a. Akuisisi Pertamina (lanjutan)

Laporan keuangan konsolidasian Grup pada tanggal 31 Desember 2017 dan 1 Januari 2017 telah disajikan kembali sebagai berikut:

4. ACQUISITION (continued)

a. Acquisition of Pertamina (continued)

The Group's consolidated financial statements as at December 31, 2017 and January 1, 2017 have been restated as follows:

	<u>Sebelum penyajian kembali/ Before restatement</u>	<u>Penyajian kembali/ Restatement</u>	<u>Reklasifikasi/ Reclassification¹⁾</u>	<u>Setelah penyajian kembali/ After restatement</u>	
31 DESEMBER 2017					DECEMBER 31, 2017
Laporan posisi keuangan konsolidasian					Consolidated statements of financial position
Aset lancar	1,808,047,993	380,895,152	46,564,372	2,235,507,517	Current assets
Aset tidak lancar	4,485,080,998	1,462,591,727	-	5,947,672,725	Non-current assets
Liabilitas jangka pendek	466,661,068	375,285,186	-	841,946,254	Short-term liabilities
Liabilitas jangka panjang	2,639,555,044	437,829,695	(46,564,372)	3,030,820,367	Long-term liabilities
Ekuitas	3,186,912,879	1,123,500,742	-	4,310,413,621	Equity
Laporan laba rugi dan penghasilan lain komprehensif konsolidasian					Consolidated statements of profit or loss and other comprehensive income
Pendapatan neto	2,969,591,811	601,005,950	-	3,570,597,761	Net revenues
Laba bruto	797,231,804	384,277,647	-	1,181,509,451	Gross profit
Laba sebelum beban pajak penghasilan	275,550,022	142,390,876	-	417,940,898	Profit before income tax
Laba tahun berjalan	147,784,011	105,504,733	-	253,288,744	Profit for the year
Total penghasilan komprehensif tahun berjalan	146,258,780	106,711,735	-	252,970,515	Total comprehensive income for the year
Laporan arus kas konsolidasian					Consolidated statements of cash flows
Kas neto yang diperoleh dari aktivitas operasi	577,904,469	150,713,128	-	728,617,597	Net cash generated from operating activities
Kas neto yang digunakan untuk aktivitas investasi	(189,377,353)	(129,405,707)	-	(318,783,060)	Net cash used in investing activities
Kas neto yang digunakan untuk aktivitas pendanaan	<u>(647,858,950)</u>	<u>(51,641,046)</u>	-	<u>(699,499,996)</u>	Net cash used in financing activities
Penurunan neto kas dan setara kas	(259,331,834)	(30,333,625)	-	(289,665,459)	Net decrease in cash and cash equivalents
Pengaruh perubahan kurs neto dari kas dan setara kas	(18,382,505)	(140,732)	-	(18,523,237)	Net effects foreign exchange from cash and cash equivalents
Kas dan setara kas pada awal tahun	<u>1,304,043,250</u>	<u>144,572,813</u>	-	<u>1,448,616,063</u>	Cash and cash equivalents at beginning of the year
Kas dan setara kas pada akhir tahun	<u>1,026,328,911</u>	<u>114,098,456</u>	-	<u>1,140,427,367</u>	Cash and cash equivalents at the end of the year
1 JANUARI 2017					JANUARY 1, 2017
Laporan posisi keuangan konsolidasian					Consolidated statements of financial position
Aset lancar	2,124,674,229	414,238,153	38,920,871	2,577,833,253	Current assets
Aset tidak lancar	4,709,478,739	1,415,050,009	-	6,124,528,748	Non-current assets
Liabilitas jangka pendek	815,371,887	377,560,695	-	1,192,932,582	Short-term liabilities
Liabilitas jangka panjang	2,848,587,747	514,102,858	(38,920,871)	3,323,769,734	Long-term liabilities
Ekuitas	3,170,193,334	1,015,466,351	-	4,185,659,685	Equity

Keterangan:

1) Lihat Catatan 46 terkait reklasifikasi akun

Remarks:

1) Refer to Note 46 for reclassification of accounts

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4. AKUISISI (lanjutan)

b. Akuisisi SESL (dahulu British Petroleum East Kalimantan Pte. Ltd, ("BPEK"))

Pada tanggal 17 November 2016, SEI, melalui SEEKPL, telah melakukan akuisisi atas 100% kepemilikan saham pada BPEK dari British Petroleum Plc. Pada tanggal 17 November 2016, BPEK telah berganti nama menjadi SESL. BPEK adalah entitas non-publik yang memiliki sebesar 26,25% bagian partisipasi atas PSC Sanga-sanga.

Pada tanggal akuisisi, Grup telah menempatkan jaminan bank sebesar USD11.752.000 melalui PT Bank Sumitomo Mitsui Indonesia dan membayarkan *Refundable Security Deposit* sebesar USD30.000.000 kepada pemilik lama BPEK dan Unimar.

Di April 2017, Grup mengalokasikan kas yang dibatasi penggunaannya sebesar USD18.000.000 di Bank BNP Paribas yang akan digunakan untuk membayar kepada pemilik lama BPEK dan Unimar apabila Grup mendapatkan perpanjangan PSC Sanga-sanga di tahun 2018.

Tabel berikut merangkum harga perolehan akuisisi SESL, serta jumlah aset yang diperoleh dan liabilitas yang diambil alih pada tanggal akuisisi.

	17 November/ November 17, 2016	
Imbalan pembelian yang dialihkan		<i>Purchase consideration transferred</i>
- Kas yang dibayar	35,725,082	<i>Cash paid -</i>
- Imbalan kontinjensi	1,874,918	<i>Contingent consideration -</i>
Jumlah imbalan yang dialihkan	37,600,000	<i>Total consideration transferred</i>
Jumlah aset dan liabilitas yang diakui:		<i>Recognised amount of assets and liabilities:</i>
Kas dan setara kas	11,928,811	<i>Cash and cash equivalents</i>
Piutang usaha	31,763,666	<i>Trade receivables</i>
Piutang lain-lain	553,477	<i>Other receivables</i>
Persediaan	17,497,393	<i>Inventories</i>
Beban dibayar dimuka	21,320,848	<i>Prepaid expenses</i>
Properti minyak dan gas	35,100,000	<i>Oil and gas properties</i>
Utang lain-lain	(16,495,093)	<i>Other payables</i>
Liabilitas yang masih harus dibayar	(14,574,150)	<i>Accrued expenses</i>
Utang pajak	(21,105,752)	<i>Taxes payable</i>
Liabilitas imbalan pascakerja	(2,479,761)	<i>Post-employment benefit obligation</i>
Liabilitas pajak tangguhan	(10,396,070)	<i>Deferred tax liabilities</i>
Provisi lain-lain	(8,270,000)	<i>Other provisions</i>
Nilai wajar aset neto teridentifikasi	44,843,369	<i>Total identifiable net assets at fair values</i>
Keuntungan pembelian dengan diskon	(7,243,369)	<i>Gain on bargain purchase</i>

PSC Sanga-sanga telah berakhir pada tanggal 8 Agustus 2018 dan tidak mendapatkan perpanjangan dari Pemerintah Indonesia. Sampai diterbitkannya laporan keuangan konsolidasian ini, proses pelepasan atas aset dan liabilitas yang timbul dari PSC Sanga-sanga masih dalam penyelesaian oleh SKK Migas. Grup sedang melakukan penyelesaian untuk memperoleh kembali kas yang dibatasi penggunaannya, jaminan bank, dan *Refundable Security Deposit*. Manajemen beranggapan bahwa pelepasan PSC Sanga-sanga tidak akan memiliki dampak merugikan yang material terhadap posisi keuangan dan arus kas Grup.

4. ACQUISITION (continued)

b. Acquisition of SESL (formerly British Petroleum East Kalimantan Pte. Ltd., ("BPEK"))

On November 17, 2016, SEI, through SEEKPL, acquired 100% ownership share in BPEK from British Petroleum Plc. On November 17, 2016, BPEK's name was changed to SESL. BPEK is an unlisted company with ownership of 26.25% participating interest of Sanga-sanga PSC.

On the acquisition date, the Group placed a bank guarantee of USD11,752,000 at PT Bank Sumitomo Mitsui Indonesia and has paid *Refundable Security Deposits* amounted USD30,000,000 to the former owners of BPEK and Unimar.

In April 2017, the Group has allocated restricted cash in the amount of USD18,000,000 at BNP Paribas Bank which will be used to pay to the former owners of BPEK and Unimar when the Group obtains an extension of Sanga-sanga PSC in 2018.

The following table summarises the consideration paid for acquisition of SESL and the amounts of the assets acquired and liabilities recognised at the acquisition date.

Sanga-sanga PSC expired on August 8, 2018 and was not extended by the Government of Indonesia. Up to the issuance of these consolidated financial statements, the relinquishment of assets and liabilities arising from Sanga-sanga PSC is still in progress by SKK Migas. The Group is in process of releasing the restricted cash, bank guarantee, and Refundable Security Deposit. Management believes that the relinquishment of Sanga-sanga PSC will not have material adverse impact to the Group's financial position and cash flows.

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**5. KAS DAN SETARA KAS DAN KAS YANG
DIBATASI PENGGUNAANNYA**

**5. CASH AND CASH EQUIVALENTS AND
RESTRICTED CASH**

a. Kas dan setara kas

a. Cash and cash equivalents

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Kas kecil (2018: Rp9.014.147.361; 2017: Rp3.682.766.388; 2016: Rp1.766.189.072)	622,481	271,831	131,452	Cash on hand (2018: Rp9,014,147,361; 2017: Rp3,682,766,388; 2016: Rp1,766,189,072)
Kas pada bank Dolar AS				Cash in bank US Dollar
Pihak berelasi				Related parties
PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")	253,219,088	120,233,660	178,082,178	PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")
PT Bank Negara Indonesia (Persero) Tbk ("BNI")	247,563,372	216,900,767	336,583,602	PT Bank Negara Indonesia (Persero) Tbk ("BNI")
PT Bank Mandiri (Persero) Tbk ("Bank Mandiri")	108,966,781	288,950,218	373,941,659	PT Bank Mandiri (Persero) Tbk ("Bank Mandiri")
	<u>609,749,241</u>	<u>626,084,645</u>	<u>888,607,439</u>	
Pihak ketiga				Third parties
PT Bank Sumitomo Mitsui Indonesia	93,643,258	29,242,984	41,164,876	PT Bank Sumitomo Mitsui Indonesia
Citibank N.A., Jakarta	42,118,352	7,884,488	24,149,232	Citibank N.A., Jakarta
JP Morgan Chase, Texas	16,130,495	15,315	3,367,425	JP Morgan Chase, Texas
PT Bank DBS Indonesia	35,559	-	2,014,777	PT Bank DBS Indonesia
PT Bank ANZ Indonesia	30,137	30,279	30,422	PT Bank ANZ Indonesia
PT Bank Mizuho Indonesia	-	836,576	879	PT Bank Mizuho Indonesia
	<u>151,957,801</u>	<u>38,009,642</u>	<u>70,727,611</u>	
Rupiah				Rupiah
Pihak berelasi				Related parties
Bank Mandiri (2018: Rp1.452.925.387.782; 2017: Rp620.778.247.488; 2016: Rp807.967.168.872)	100,333,222	45,820,656	60,134,502	Bank Mandiri (2018: Rp1,452,925,387,782; 2017: Rp620,778,247,488; 2016: Rp807,967,168,872)
BNI (2018: Rp437.689.311.075; 2017: Rp381.763.008.948; 2016: Rp259.088.188.424)	30,225,075	28,178,551	19,283,134	BNI (2018: Rp 437,689,311,075; 2017: Rp381,763,008,948; 2016: Rp259,088,188,424)
BRI (2018: Rp307.699.065.108; 2017: Rp59.519.222.628; 2016: Rp200.681.896.424)	21,248,468	4,393,211	14,936,134	BRI (2018: Rp307,699,065,108; 2017: Rp59,519,222,628; 2016: Rp200,681,896,424)
PT Bank Tabungan Negara (Persero) Tbk ("BTN") (2018: Rp26.015.710.221; 2017: Rp20.673.231.900; 2016: Rp13.990.167.820)	1,796,541	1,525,925	1,041,245	PT Bank Tabungan Negara (Persero) Tbk ("BTN") (2018: Rp26,015,710,221; 2017: Rp20,673,231,900; 2016: Rp13,990,167,820)
PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung (2018: Rp7.492.396.995; 2017: Rp9.081.644.388; 2016: Rp980.411.484)	517,395	670,331	72,969	PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung (2018: Rp7,492,396,995; 2017: Rp9,081,644,388; 2016: Rp980,411,484)
PT Bank Pembangunan Daerah Jambi (2018: Rp1.929.361.554; 2017: Rp5.015.266.380; 2016: Rp346.191.976)	133,234	370,185	25,766	PT Bank Pembangunan Daerah Jambi (2018: Rp1,929,361,554; 2017: Rp5,015,266,380; 2016: Rp346,191,976)
PT Bank Jatim (2018: Rp134.514.009; 2017: Rp82.561.512; 2016: Rp nihil)	9,289	6,094	-	PT Bank Jatim (2018: Rp134,514,009; 2017: Rp82,561,512; 2016: Rp nihil)
	<u>154,263,224</u>	<u>80,964,953</u>	<u>95,493,750</u>	
Pihak ketiga				Third parties
PT Bank Central Asia Tbk (2018: Rp38.704.903.686; 2017: Rp27.954.021.936; 2016: Rp17.875.281.272)	2,672,806	2,063,332	1,330,402	PT Bank Central Asia Tbk (2018: Rp38,704,903,686; 2017: Rp27,954,021,936; 2016: Rp17,875,281,272)
PT Bank MNC (2018: Rp1.090.288.971; 2017: Rp2.361.619.620; 2016: Rp nihil)	75,291	174,315	-	PT Bank MNC (2018: Rp1,090,288,971; 2017: Rp2,361,619,620; 2016: Rp nihil)
PT Bank UOB (2018: Rp9.818.118; 2017: Rp nihil; 2016: Rp nihil)	678	-	-	PT Bank UOB (2018: Rp9,818,118; 2017: Rp nihil; 2016: Rp nihil)
	<u>2,748,775</u>	<u>2,237,647</u>	<u>1,330,402</u>	

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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**5. KAS DAN SETARA KAS DAN KAS YANG
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**5. CASH AND CASH EQUIVALENTS AND
RESTRICTED CASH (continued)**

a. Kas dan setara kas (lanjutan)

a. Cash and cash equivalents (continued)

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Kas pada bank (lanjutan)				<i>Cash in banks (continued)</i>
Yen Jepang				<i>Japanese Yen</i>
Pihak berelasi				Related party
Bank Mandiri				<i>Bank Mandiri</i>
(2018: JPY43.925.602; 2017: JPY44.646.779; 2016: JPY116.425.006)	404,397	396,367	1,000,043	(2018: JPY43,925,602; 2017: JPY44,646,779; 2016: JPY116,425,006)
Pihak ketiga				Third party
PT Bank ANZ Indonesia				<i>PT Bank ANZ Indonesia</i>
(2018: JPY705.717.392; 2017: JPY325.965.629; 2016: JPY326.128.277)	6,497,122	2,893,871	2,801,308	(2018: JPY705,717,392; 2017: JPY325,965,629; 2016: JPY326,128,277)
Dolar Singapura				<i>Singapore Dollar</i>
Pihak ketiga				Third party
Citibank N.A., Jakarta				<i>Citibank N.A., Jakarta</i>
(2018: SGD147.276; 2017: SGD199.994; 2016: SGD1.087.537)	107,501	149,249	755,234	(2018: SGD147,276; 2017: SGD199,994; 2016: SGD1,087,537)
Jumlah kas pada bank	925,728,061	750,736,374	1,060,715,787	Total cash in banks
Deposito berjangka				<i>Time deposits</i>
Dolar AS				<i>US Dollar</i>
Pihak berelasi				Related parties
BRI	99,381,120	219,100,000	114,000,000	<i>BRI</i>
BNI	75,000,000	20,515,447	116,600,000	<i>BNI</i>
Bank Syariah Mandiri	50,000,000	-	-	<i>Bank Syariah Mandiri</i>
BNI Syariah	35,000,000	13,000,000	13,000,000	<i>BNI Syariah</i>
Bank Mandiri	13,000,000	70,500,000	90,000,000	<i>Bank Mandiri</i>
BTN	1,035,851	-	-	<i>BTN</i>
	273,416,971	323,115,447	333,600,000	
Pihak ketiga				Related party
Industrial and Commercial Bank of China ("ICBC")	20,000,000	-	-	<i>Industrial and Commercial Bank of China ("ICBC")</i>
Rupiah				<i>Rupiah</i>
Pihak berelasi				Related parties
BRI				<i>BRI</i>
(2018: Rp762.257.944.728; 2017: Rp183.300.023.352; 2016: Rp175.015.669.936)	52,638,488	13,529,674	13,025,876	(2018: Rp762,257,944,728; 2017: Rp183,300,023,352; 2016: Rp175,015,669,936)
BNI				<i>BNI</i>
(2018: Rp270.498.708.360; 2017: Rp580.330.246.404; 2016: Rp352.568.715.036)	18,679,560	42,835,123	26,240,601	(2018: Rp270,498,708,360; 2017: Rp580,330,246,404; 2016: Rp352,568,715,036)
Bank Mandiri				<i>Bank Mandiri</i>
(2018: Rp89.700.005.844; 2017: Rp131.652.459.684; 2016: Rp163.951.822.608)	6,194,324	9,717,483	12,202,428	(2018: Rp89,700,005,844; 2017: Rp131,652,459,684; 2016: Rp163,951,822,608)
BPD Jateng				<i>BPD Jateng</i>
(2018: Rp9.999.999.360; 2017: Rp3.000.001.380) 2016: Rp nihil)	690,560	221,435	-	(2018: Rp9,999,999,360; 2017: Rp3,000,001,380) 2016: Rp nil)
Bank Syariah Mandiri				<i>Bank Syariah Mandiri</i>
(2018: Rp150.000.004.881; 2017: Rp nihil; 2016: Rp nihil)	10,358,401	-	-	(2018: Rp150,000,004,881; 2017: Rp nil) 2016: Rp nil)
BTN				<i>BTN</i>
(2018: Rp nihil; 2017: Rp nihil; 2016: Rp30.276.118.088)	-	-	2,253,358	(2018: Rp nil; 2017: Rp nil) 2016: Rp30,276,118,088)
	88,561,333	66,303,715	53,722,263	

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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**5. KAS DAN SETARA KAS DAN KAS YANG
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a. Kas dan setara kas (lanjutan)

**5. CASH AND CASH EQUIVALENTS AND
RESTRICTED CASH (continued)**

a. Cash and cash equivalents (continued)

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Pihak ketiga				Third parties
ICBC (2018: Rp99.999.993.600; 2017: Rp nihil; 2016: Rp nihil)	6,905,600	-	-	ICBC (2018: Rp99,999,993,600; 2017: Rp nil; 2016: Rp nil)
PT Bank Tabungan Pensiunan Nasional Tbk (2018: Rp nihil; 2017: Rp nihil; 2016: Rp5.999.993.596)	-	-	446,561	PT Bank Tabungan Pensiunan Nasional Tbk (2018: Rp nil; 2017: Rp nil; 2016: Rp5,999,993,596)
	<u>6,905,600</u>	<u>-</u>	<u>446,561</u>	
Jumlah deposito berjangka	<u>388,883,904</u>	<u>389,419,162</u>	<u>387,768,824</u>	<i>Total time deposits</i>
Jumlah kas dan setara kas	<u>1,315,234,446</u>	<u>1,140,427,367</u>	<u>1,448,616,063</u>	<i>Total cash and cash equivalents</i>

Tingkat bunga tahunan deposito berjangka adalah sebagai berikut:

The annual interest rates of time deposits are as follows:

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Rekening Rupiah	5.30% - 7.80%	4.42% - 5.75%	4.46% - 9.75%	<i>Rupiah Accounts</i>
Rekening Dolar AS	0.50% - 1.90%	0.41% - 1.06%	0.28% - 1.50%	<i>US Dollar Accounts</i>

*) Disajikan kembali, lihat Catatan 4a

*As restated, refer to Note 4a *)*

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**5. KAS DAN SETARA KAS DAN KAS YANG
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**5. CASH AND CASH EQUIVALENTS AND
RESTRICTED CASH (continued)**

b. Kas yang dibatasi penggunaannya

b. Restricted cash

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Dolar AS				US Dollar
Pihak ketiga				Third parties
PT BNP Paribas	18,000,000	18,000,000	-	PT BNP Paribas
PT Bank Sumitomo Mitsui Indonesia	4,552,159	11,752,000	-	PT Bank Sumitomo Mitsui Indonesia
	<u>22,552,159</u>	<u>29,752,000</u>	<u>-</u>	
Pihak berelasi				Related parties
Firm commitment				Firm commitment
BNI	1,500,000	-	-	BNI
Bank Mandiri	1,500,000	-	-	Bank Mandiri
Rekening bersama dengan SKK Migas				Joint accounts with SKK Migas
Bank Mandiri	50,421,982	45,394,288	38,920,871	Bank Mandiri
BNI	2,002,651	1,170,084	-	BNI
	<u>55,424,633</u>	<u>46,564,372</u>	<u>38,920,871</u>	
Jumlah kas yang dibatasi penggunaannya	<u>77,976,792</u>	<u>76,316,372</u>	<u>38,920,871</u>	Total restricted cash
Dikurangi:				Less:
Bagian tidak lancar	<u>(55,424,633)</u>	<u>(46,564,372)</u>	<u>(38,920,871)</u>	Non-current portion
Kas yang dibatasi penggunaannya, bagian lancar	<u>22,552,159</u>	<u>29,752,000</u>	<u>-</u>	Restricted cash, current portion

Kas yang dibatasi penggunaannya yang ditempatkan pada pihak ketiga merupakan dana yang dialokasikan dan/atau penempatan bank garansi oleh SEI terkait dengan akuisisi *participating interest* pada Blok Sanga-sanga (Lihat Catatan 4b).

Restricted cash placed in third parties represents funds allocated and/or placement of bank guarantee by SEI in relation to the acquisition of participating interest in Sanga-sanga Block (See Note 4b).

Pada tanggal 31 Desember 2018, kas yang dibatasi penggunaannya – bagian tidak lancar senilai USD3.000.000 merupakan penempatan bank garansi oleh Grup terkait *firm commitment* pada KKS Pekawai dan KKS Yamdena Barat.

At December 31, 2018, restricted cash - non-current portion of USD3,000,000 represents the placement of bank guarantee by the Group in relation to firm commitment in Pekawai and West Yamdena PSCs.

Rekening bersama dengan SKK Migas merupakan rekening yang ditempatkan di Bank Mandiri untuk mendanai liabilitas pembongkaran aset dan restorasi area sehubungan dengan operasi hulu minyak dan gas.

Joint accounts with SKK Migas represent bank accounts placed in Bank Mandiri for the funding of asset abandonment and site restoration obligations relating to upstream oil and gas operations.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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6. INVESTASI JANGKA PENDEK

Investasi jangka pendek merupakan investasi pada instrumen utang, yang dikategorikan sebagai aset keuangan tersedia untuk dijual. Berikut adalah mutasi aset keuangan Perusahaan yang tersedia untuk dijual:

6. SHORT-TERM INVESTMENTS

Short-term investments represent investment in debt instruments which are categorised as available-for-sale financial assets. The movement of the available-for-sale financial assets of the Company is as follows:

	<u>2018</u>	<u>2017</u>	
Saldo awal	70,663,096	68,832,771	<i>Beginning balance</i>
- Pelepasan	(3,448,514)	-	<i>Disposal -</i>
- (Keugian)/keuntungan belum terealisasi	(3,177,507)	1,833,180	<i>Unrealised (losses)/gain -</i>
- Selisih kurs	(403,270)	(2,855)	<i>Foreign exchange difference -</i>
Saldo akhir	<u>63,633,805</u>	<u>70,663,096</u>	<i>Ending balance</i>

Aset keuangan tersedia untuk dijual terdiri dari: *Available-for-sale financial assets include the following:*

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017</u>	<u>1 Januari/ January 1, 2017</u>	
Dolar AS				<i>US Dollar</i>
Pihak berelasi				<i>Related parties</i>
Pertamina				<i>Pertamina</i>
- Obligasi Pertamina	46,807,362	49,112,536	48,014,051	<i>Pertamina bonds -</i>
Pemerintah Indonesia				<i>The Government of Indonesia</i>
- Obligasi INDON 22	9,903,359	10,321,300	10,085,960	<i>INDON 22 bonds -</i>
- Surat Berharga Syariah Negara	3,886,818	4,053,680	3,950,580	<i>Sharia Government Bonds -</i>
	<u>60,597,539</u>	<u>63,487,516</u>	<u>62,050,591</u>	
Rupiah				<i>Rupiah</i>
Pihak berelasi				<i>Related parties</i>
Lembaga Pembiayaan Ekspor Indonesia				<i>Lembaga Pembiayaan Ekspor Indonesia</i>
- Obligasi Seri C (Nilai nominal: Rp50.000.000.000)	-	3,754,761	3,688,058	<i>Serie C bonds - (Nominal value: Rp50,000,000,000)</i>
PT Antam Tbk.				<i>PT Antam Tbk.</i>
- Obligasi Seri B (Nilai nominal: Rp25.000.000.000)	1,654,881	1,869,741	1,634,953	<i>Serie B bonds - (Nominal value: Rp25,000,000,000)</i>
PT Pegadaian (Persero)				<i>PT Pegadaian (Persero)</i>
- Obligasi PT Pegadaian (Persero) (Nilai nominal: Rp20.000.000.000)	1,381,385	1,551,078	1,459,169	<i>PT Pegadaian (Persero) bonds - (Nominal value: Rp20,000,000,000)</i>
	<u>3,036,266</u>	<u>7,175,580</u>	<u>6,782,180</u>	
Jumlah investasi jangka pendek	<u>63,633,805</u>	<u>70,663,096</u>	<u>68,832,771</u>	<i>Total short-term investments</i>

Aset keuangan di atas belum ada yang jatuh tempo atau mengalami penurunan nilai. Eksposur maksimum atas risiko kredit pada tanggal pelaporan adalah sebesar nilai tercatat instrumen utang diklasifikasikan sebagai tersedia untuk dijual.

None of these financial assets are either overdue or impaired. The maximum exposure to credit risk at the reporting date is the carrying value of the debt instruments classified as available-for-sale.

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7. PIUTANG USAHA

Piutang usaha terdiri dari:

7. TRADE RECEIVABLES

Trade receivables are consist of:

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Pihak berelasi				Related parties
Distribusi gas				Gas distribution
PLN	50,619,414	66,168,902	73,663,532	PLN
PT Krakatau Daya Listrik	8,104,761	4,112,042	957,333	PT Krakatau Daya Listrik
PT Iglas (Persero)	7,120,324	8,592,173	8,604,441	PT Iglas (Persero)
PT Kertas Lececs (Persero)	3,188,117	2,034,605	4,119,744	PT Kertas Lececs (Persero)
PT PLN Batam	1,778,095	1,843,911	2,011,093	PT PLN Batam
Lain-lain (masing-masing di bawah USD1.000.000)	<u>2,248,475</u>	<u>1,342,625</u>	<u>2,996,133</u>	Others (each below USD1,000,000)
	<u>73,059,186</u>	<u>84,094,258</u>	<u>92,352,276</u>	
Piutang sewa guna usaha				Finance lease receivables
PLN	<u>237,072,366</u>	<u>238,541,129</u>	<u>247,326,108</u>	PLN
Minyak dan gas				Oil and gas
PT Pupuk Kalimantan Timur	11,351,833	-	-	PT Pupuk Kalimantan Timur
Pertamina	6,169,785	1,939,152	1,560,055	Pertamina
PLN	4,935,451	16,669,230	19,786,791	PLN
Petrogas Jatim Utama	<u>2,405,301</u>	<u>12,550,686</u>	<u>670,817</u>	Petrogas Jatim Utama
	<u>24,862,370</u>	<u>31,159,068</u>	<u>22,017,663</u>	
Transmisi gas				Gas transmission
PT Pertamina EP	28,899,093	46,325,000	49,379,000	PT Pertamina EP
PLN	33,308,470	25,564,445	18,315,310	PLN
Pertamina	28,420,691	19,051,000	14,908,000	Pertamina
PT Pertamina Hulu Energi	3,838,050	12,091,000	4,558,000	PT Pertamina Hulu Energi
Lain-lain (masing-masing di bawah USD1.000.000)	<u>14,047,124</u>	<u>7,253,846</u>	<u>12,874,678</u>	Others (each below USD1,000,000)
	<u>108,513,428</u>	<u>110,285,291</u>	<u>100,034,988</u>	
Pihak ketiga				Third parties
Distribusi gas	264,527,765	219,370,323	226,961,458	Gas distribution
Minyak dan gas	59,931,810	55,071,165	37,934,665	Oil and gas
Sewa fiber optik dan lain-lain	19,272,480	9,513,366	5,134,610	Fiber optic rental and others
Transmisi gas	<u>2,801,436</u>	<u>1,760,695</u>	<u>2,738,258</u>	Gas transmission
	<u>346,533,491</u>	<u>285,715,549</u>	<u>272,768,991</u>	
Jumlah piutang usaha sebelum cadangan penurunan nilai	<u>790,040,841</u>	<u>749,795,295</u>	<u>734,500,026</u>	Total trade receivables before allowance for impairment
Dikurangi:				Deducted by:
Cadangan penurunan nilai				Allowance for impairment
Pihak berelasi	(38,408,421)	(29,766,978)	(28,687,803)	Related parties
Pihak ketiga	<u>(19,237,830)</u>	<u>(7,879,375)</u>	<u>(5,652,016)</u>	Third parties
	<u>(57,646,251)</u>	<u>(37,646,353)</u>	<u>(34,339,819)</u>	
Jumlah piutang usaha sesudah cadangan penurunan nilai	<u>732,394,590</u>	<u>712,148,942</u>	<u>700,160,207</u>	Total trade receivables after allowance for impairment
Dikurangi:				Deducted by:
Bagian tidak lancar				Non-current portion
Piutang sewa guna usaha	191,456,835	208,907,752	222,589,494	Finance lease receivables
Piutang distribusi gas	<u>12,389</u>	<u>200,775</u>	<u>52,609</u>	Gas distribution receivables
	<u>191,469,224</u>	<u>209,108,527</u>	<u>222,642,103</u>	
Piutang usaha bagian lancar, bersih				Trade receivables current portion, net
Pihak berelasi	213,642,094	225,405,016	210,453,738	Related parties
Pihak ketiga	<u>327,283,272</u>	<u>277,635,399</u>	<u>267,064,366</u>	Third parties
	<u>540,925,366</u>	<u>503,040,415</u>	<u>477,518,104</u>	

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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7. PIUTANG USAHA (lanjutan)

Piutang usaha menurut mata uangnya adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Distribusi gas				Gas distribution
- Dolar AS	304,166,014	247,713,609	269,347,107	US Dollar -
- Rupiah	33,420,937	55,750,972	49,966,627	Rupiah -
Minyak dan gas				Oil and gas
- Dolar AS	84,794,180	86,230,233	59,952,328	US Dollar -
Piutang sewa guna usaha				Financial lease receivables
- Dolar AS	237,072,366	238,541,129	247,326,108	US Dollar -
Transmisi gas				Gas transmission
- Dolar AS	111,314,864	112,045,986	102,773,246	US Dollar -
Sewa fiber optik dan lain-lain				Fiber optic rental and others
- Dolar AS	14,377,589	3,761,659	1,924,614	US Dollar -
- Rupiah	4,894,891	5,751,707	3,209,996	Rupiah -
Jumlah piutang usaha, kotor	<u>790,040,841</u>	<u>749,795,295</u>	<u>734,500,026</u>	Total trade receivables, gross

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, komposisi cadangan kerugian penurunan nilai piutang usaha Grup adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Penurunan individual	55,787,461	37,354,934	19,030,625	Individual impairment
Penurunan kolektif	1,858,790	291,419	15,309,194	Collective impairment
	<u>57,646,251</u>	<u>37,646,353</u>	<u>34,339,819</u>	

Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut:

	2018	2017*	
Saldo awal	37,646,353	34,339,819	Beginning balance
- Kerugian penurunan nilai tahun berjalan	15,804,030	3,803,036	Impairment losses during the year -
- Penghapusan	-	(759,810)	Write-off -
- Dampak selisih kurs	4,195,868	263,308	Foreign exchange impact -
Saldo akhir	<u>57,646,251</u>	<u>37,646,353</u>	Ending Balances

Perhitungan cadangan penurunan nilai piutang secara individual dilakukan untuk pelanggan yang telah mengalami kesulitan pembayaran sesuai dengan periode yang telah ditentukan.

Allowance for impairment for individual receivables is provided for customers that have difficulties in fulfilling their obligations according to the defined period.

Perhitungan cadangan penurunan nilai piutang secara kolektif dilakukan untuk pelanggan yang secara nilai tidak signifikan dan ada kemungkinan gagal bayar. Perhitungan ini mempertimbangkan tren pembayaran piutang yang dilakukan oleh konsumen.

Allowance for impairment for collective receivables is provided for customers that have insignificant balances and with possibilities of payment default. This calculation considers trends of payment made by customers.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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7. PIUTANG USAHA (lanjutan)

Analisis umur piutang usaha dihitung sejak tanggal faktur adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Belum jatuh tempo	676,099,719	623,212,993	613,882,483	Not yet due
Jatuh tempo:				Over due:
> 0 bulan - 3 bulan	25,692,349	47,271,646	59,193,409	> 0 month - 3 months
> 3 bulan - 6 bulan	7,607,390	13,400,071	4,569,011	> 3 months - 6 months
> 6 bulan - 1 tahun	23,702,783	7,265,091	22,507,978	> 6 months - 1 year
> 1 tahun	56,938,600	58,645,494	34,347,145	> 1 year
	<u>790,040,841</u>	<u>749,795,295</u>	<u>734,500,026</u>	

Piutang usaha, selain piutang sewa guna usaha, tidak dikenakan bunga dan umumnya dikenakan syarat pembayaran selambat-lambatnya tanggal 20 di bulan penagihan.

Pada tanggal 31 December 2018, piutang usaha yang telah jatuh tempo senilai USD60.802.000 (2017: USD78.420.000; 1 Januari 2017: USD77.340.000) adalah piutang usaha Pertagas dari PT Pertamina EP dan PT Pertamina (Persero). Manajemen tidak melakukan pencadangan dan berpendapat bahwa tidak ada risiko kredit atas piutang-piutang ini. Penyelesaian piutang ini dilakukan dengan meng-offset dana operasional yang diberikan oleh Pertamina kepada Pertagas dan dividen Pertagas ke Pertamina.

77% (31 Desember 2017: 77%; 1 Januari 2017: 65%) dari piutang usaha yang telah jatuh tempo lebih dari satu tahun merupakan piutang usaha dari entitas berelasi dengan pemerintah, yaitu masing-masing 56% (31 Desember 2017: 49%; 1 Januari 2017: 0%) dari PLN, 14% (31 Desember 2017: 22%; 1 Januari 2017: 44%) dari PT Iglas (Persero), dan 6% (31 Desember 2017: 5%; 1 Januari 2017: 21%) dari PT Kertas Lece (Persero). Manajemen terus berupaya melakukan langkah-langkah negosiasi untuk mengusahakan penagihan terkait dengan piutang-piutang usaha tersebut.

Nilai tercatat dari piutang usaha sama dengan nilai wajarnya.

*) Disajikan kembali, lihat Catatan 4a

7. TRADE RECEIVABLES (continued)

The aging analysis of trade receivables based on invoice dates are as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Belum jatuh tempo	676,099,719	623,212,993	613,882,483	Not yet due
Jatuh tempo:				Over due:
> 0 bulan - 3 bulan	25,692,349	47,271,646	59,193,409	> 0 month - 3 months
> 3 bulan - 6 bulan	7,607,390	13,400,071	4,569,011	> 3 months - 6 months
> 6 bulan - 1 tahun	23,702,783	7,265,091	22,507,978	> 6 months - 1 year
> 1 tahun	56,938,600	58,645,494	34,347,145	> 1 year
	<u>790,040,841</u>	<u>749,795,295</u>	<u>734,500,026</u>	

Trade receivables, other than finance lease receivables, are non-interest bearing and generally will subject to the terms of payment at no later than the 20th of the billing month.

At 31 December 2018, overdue trade receivables of USD60,802,000 (2017: USD78,420,000; January 1, 2017: USD77,340,000) were Pertagas' trade receivables from PT Pertamina EP and PT Pertamina (Persero). The management did not provide allowance and is of the opinion that there is no credit risk on these receivables. The settlement of these receivables are conducted through offset with operational funds dropping from Pertamina to Pertagas and Pertagas' dividends to Pertamina.

77% (December 31, 2017: 77%; January 1, 2017: 65%) of the trade receivables that are past due more than one year represent amount due from government-related entities, comprised 56% (December 31, 2017: 49%; January 1, 2017: 0%) from PLN, 14% (December 31, 2017: 22%; January 1, 2017: 44%) from PT Iglas (Persero) and 6% (December 31, 2017: 5%; January 1, 2017: 21%) from PT Kertas Lece (Persero). Management continuously taking negotiation steps to pursue the collection of those receivables.

Trade receivables carrying value is the same with their fair value.

As restated, refer to Note 4a *)

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7. PIUTANG USAHA (lanjutan)

Grup mengevaluasi kolektabilitas piutang sewa pembiayaan yang timbul dari GTA Kalija I (Catatan 38e) dan kasus arbitrase terkait deklarasi keadaan kahar oleh PC Muriah Ltd. ("PCML"), *shipper* di GTA Kalija I (Catatan 39b).

Kolektibilitas piutang atas sewa pembiayaan bergantung pada keputusan arbitrase yang saat ini sedang berlangsung dan kemampuan keuangan PCML dan PLN untuk memenuhi kewajiban *ship-or-pay* dalam GTA Kalija I. Grup berpendapat bahwa:

- (1) keputusan arbitrase akan berdampak positif ke Grup;
- (2) PCML dan PLN akan dapat memenuhi kewajiban *ship-or-pay* dalam GTA Kalija I; dan
- (3) provisi penurunan nilai piutang atas sewa pembiayaan yang dibuat oleh Grup mencukupi sehubungan dengan keadaan yang dijelaskan di Catatan 39b.

Manajemen Grup berpendapat bahwa cadangan penurunan nilai adalah cukup untuk menutupi kemungkinan atas tidak tertagihnya piutang usaha.

8. PIUTANG LAIN-LAIN

Piutang lain-lain terdiri dari :

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Pihak berelasi				Related parties
Piutang jasa transportasi gas bumi melalui pipa Kepodang - Tambak Lorok				Receivables from natural gas transportation services through Kepodang - Tambak Lorok pipeline
- PLN	4,225,632	5,549,375	4,754,199	PLN -
Piutang dari ventura bersama				Receivables from joint ventures
- Transgasindo	3,765,660	3,778,165	3,778,165	Transgasindo -
- Regas	275,593	19,616	19,616	Regas -
Piutang bunga dari investasi jangka pendek	<u>1,308,269</u>	<u>1,396,674</u>	<u>1,397,765</u>	Interest receivable from short-term investments
Jumlah piutang lain-lain dari pihak berelasi	<u>9,575,154</u>	<u>10,743,830</u>	<u>9,949,745</u>	Total other receivables from related parties
Pihak ketiga				Third parties
Piutang dari operasi bersama Panjar dinas	19,354,715	24,848,797	51,056,647	Joint operation receivables
Piutang PPN atas impor mesin dan peralatan dari PT Hoegh LNG Lampung	9,037,603	5,424,244	7,569,947	Advances to employees
Lain-lain	449,113	10,489,193	11,648,303	Receivable due to VAT import of machinery and supplies from PT Hoegh LNG Lampung
	<u>25,688,602</u>	<u>14,596,520</u>	<u>7,747,599</u>	Others
Jumlah piutang lain-lain dari pihak ketiga	<u>54,530,033</u>	<u>55,358,754</u>	<u>78,022,496</u>	Total other receivables from third parties
Ditambah dengan:				Added with:
Bagian jangka pendek piutang lain-lain jangka panjang (Catatan 12)	<u>142,491,000</u>	<u>145,106,341</u>	<u>168,080,735</u>	Short-term portion of other long-term receivables (Note 12)
Cadangan kerugian penurunan nilai	<u>(1,302,719)</u>	<u>(1,302,719)</u>	<u>(1,302,719)</u>	Allowance for impairment losses
Jumlah piutang lain-lain, bersih	<u>205,293,468</u>	<u>209,906,206</u>	<u>254,750,257</u>	Total other receivables, net

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

7. TRADE RECEIVABLES (continued)

The Group assessed the recoverability of its finance lease receivables in relation to GTA Kalija I (Note 38e) and the arbitration case related to the force majeure condition declared by PC Muriah Ltd. ("PCML"), the shipper in GTA Kalija I (Note 39b).

The collectability of the finance lease receivable depends on the outcome of the ongoing arbitration case and PCML and PLN financial capacity to fulfill the ship-or-pay obligation under the GTA Kalija I. The Group is of the opinion that:

- (1) the result of the arbitration will be favorable to the Group;
- (2) PCML and PLN will be able to fulfill the ship-or-pay obligation under the GTA Kalija I; and
- (3) the Group has made sufficient provision for impairment of finance lease receivable in relation to situation explained in Note 39b.

The management of the Group is of the opinion that the allowance for impairment is adequate to cover any loss from uncollectible accounts.

8. OTHER RECEIVABLES

Other receivables consists of the following:

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8. PIUTANG LAIN-LAIN (lanjutan)

Piutang lain-lain dari pihak berelasi disajikan sebagai bagian dari aset lancar karena berdasarkan perjanjian kontraktual, pembayaran piutang lain-lainnya dari pihak berelasi dijadwalkan selesai dalam atau kurang dari satu tahun.

Analisa umur piutang lain-lain dihitung berdasarkan tanggal pengakuan adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Belum jatuh tempo	142,491,000	145,407,481	181,670,403	Not yet due
Jatuh tempo:				Over due:
0 - 3 bulan	59,614,821	51,514,470	54,376,099	0 - 3 months
> 3 bulan - 1 tahun	4,041,253	3,797,781	4,553,781	> 3 months - 1 year
> 1 tahun	449,113	10,489,193	15,452,693	> 1 year
	<u>206,596,187</u>	<u>211,208,925</u>	<u>256,052,976</u>	

95% (31 Desember 2017: 97%; 1 Januari 2017: 97%) dari piutang lain-lain pihak ketiga merupakan piutang dengan pihak-pihak yang memiliki hubungan bisnis dengan Grup yang belum pernah mengalami gagal bayar, yaitu: operator blok migas, PT Hoegh LNG Lampung dan pemasok lainnya. Selain yang disebutkan sebelumnya, piutang lain-lain berasal dari uang muka yang diberikan kepada karyawan. Jumlah piutang bersih yang disajikan di atas seluruhnya merupakan piutang dari pihak-pihak yang belum pernah mengalami gagal bayar dan/atau wanprestasi dari hubungan bisnis dengan Grup, termasuk untuk panjar dinas karyawan.

Lihat Catatan 12 untuk analisis risiko kredit dari piutang lain-lain jangka panjang, baik porsi lancar maupun porsi tidak lancar.

Manajemen Grup berpendapat bahwa cadangan penurunan nilai adalah cukup untuk menutupi kemungkinan kerugian atas tidak tertagihnya piutang lain-lain.

*) Disajikan kembali, lihat Catatan 4a

8. OTHER RECEIVABLES (continued)

Other receivables from related parties are classified as current assets because according to the contractual agreements, the repayment of other receivables from related parties are expected within one year or less.

The aging analysis of other receivables based on recognition dates is as follows:

	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Belum jatuh tempo	145,407,481	181,670,403	Not yet due
Jatuh tempo:			Over due:
0 - 3 bulan	51,514,470	54,376,099	0 - 3 months
> 3 bulan - 1 tahun	3,797,781	4,553,781	> 3 months - 1 year
> 1 tahun	10,489,193	15,452,693	> 1 year
	<u>211,208,925</u>	<u>256,052,976</u>	

95% (December 31, 2017: 97%; January 1, 2017: 97%) of other receivables from third parties represents receivable from parties that engaged in business relation with the Group that have no history of default, which are oil and gas block operators, PT Hoegh LNG Lampung and other suppliers. Other than those receivables, other receivables represents advances paid to employees. Net receivables amount presented above consist of receivables from parties that have never been experiencing default and/or breach of business relation with the Group, including for advances to employees.

See Note 12 for the analysis of credit risk from other long-term receivables, both current and non-current portions.

Management of the Group believes that the allowance for impairment losses is adequate to cover any loss from uncollectible of other receivables.

As restated, refer to Note 4a *)

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9. PERSEDIAAN

Persediaan terdiri dari:

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>
Suku cadang minyak dan gas, perlengkapan sumur dan lainnya	56,734,430	53,323,283	56,907,241
Gas alam dan LNG	11,942,910	15,839,300	4,862,691
Suku cadang	<u>10,618,853</u>	<u>5,737,456</u>	<u>4,959,589</u>
Jumlah persediaan, kotor	<u>79,296,193</u>	<u>74,900,039</u>	<u>66,729,521</u>
Dikurangi dengan:			
- Provisi penurunan nilai persediaan	<u>(787,715)</u>	<u>(717,938)</u>	<u>(1,150,024)</u>
Jumlah persediaan, bersih	<u>78,508,478</u>	<u>74,182,101</u>	<u>65,579,497</u>

Mutasi provisi untuk penurunan nilai persediaan adalah sebagai berikut:

	<u>2018</u>	<u>2017*</u>
Saldo awal	717,938	1,150,024
Perubahan selama periode berjalan:		
- Penambahan	69,777	-
- Pemulihan	<u>-</u>	<u>(432,086)</u>
Saldo akhir	<u>787,715</u>	<u>717,938</u>

Persediaan tidak dijadikan jaminan dan telah diasuransikan terhadap risiko kebakaran dan risiko lainnya berdasarkan suatu paket polis tertentu dengan jumlah pertanggungan sebesar Rp87.161.623.990 (setara dengan USD6.019.033). Manajemen berpendapat bahwa jumlah pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian tersebut.

Berdasarkan hasil penelaahan pada tanggal pelaporan, manajemen berkeyakinan bahwa provisi tersebut di atas cukup untuk menutupi kemungkinan kerugian dari penurunan nilai.

*) Disajikan kembali, lihat Catatan 4a

9. INVENTORIES

Inventories consist of the following:

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>
Oil and gas spareparts, well supplies and others	56,734,430	53,323,283	56,907,241
Natural gas and LNG	11,942,910	15,839,300	4,862,691
Spareparts	<u>10,618,853</u>	<u>5,737,456</u>	<u>4,959,589</u>
Total inventories, gross	<u>79,296,193</u>	<u>74,900,039</u>	<u>66,729,521</u>
Deducted by:			
Provision for impairment - of inventories	<u>(787,715)</u>	<u>(717,938)</u>	<u>(1,150,024)</u>
Total inventories, net	<u>78,508,478</u>	<u>74,182,101</u>	<u>65,579,497</u>

Movement of provision for impairment of inventories is as follows:

	<u>2018</u>	<u>2017*</u>
Beginning balance	717,938	1,150,024
Movement during the period:		
Additions -	69,777	-
Reversal -	<u>-</u>	<u>(432,086)</u>
Ending balance	<u>787,715</u>	<u>717,938</u>

Inventories are not pledged and are insured against losses from fire and other risks under blanket policies for Rp87,161,623,990 (equivalent to USD6,019,033). Management believes that the insurance coverage is adequate to cover possible losses from such risks.

Based on a review at the reporting dates, management believes that the above provision is adequate to cover possible losses from impairment of inventories.

*As restated, refer to Note 4a *)*

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10. UANG MUKA

10. ADVANCES

Saldo uang muka terdiri dari:

Advances consist of the following:

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Pihak berelasi				Related parties
Pembelian gas bumi				<i>Purchase of natural gas</i>
- PT Pertamina Hulu Energi	1,934,614	-	-	<i>PT Pertamina Hulu Energi -</i>
- PT Pertamina EP	-	11,480,466	57,217,064	<i>PT Pertamina EP -</i>
Jumlah uang muka pada pihak berelasi	<u>1,934,614</u>	<u>11,480,466</u>	<u>57,217,064</u>	<i>Total advances to related parties</i>
Pihak ketiga				Third parties
<i>Refundable security deposit (Catatan 4b)</i>	30,000,000	30,000,000	30,000,000	<i>Refundable security deposit (Note 4b)</i>
Uang muka bangunan Kerja Sama Operasi	21,160,511	19,529,339	16,885,595	<i>Advance for Joint Operation building</i>
Pembelian gas bumi				<i>Purchase of natural gas</i>
- PT Inti Alasindo Energi	15,000,000	15,000,000	-	<i>PT Inti Alasindo Energi -</i>
- PT Sadikun Niagamas Raya	4,989,003	10,792,517	22,451,335	<i>PT Sadikun Niagamas Raya -</i>
- ConocoPhillips (Grissik) Ltd.	3,121,763	-	699,030	<i>ConocoPhillips (Grissik) Ltd. -</i>
- Husky CNOOC	1,646,539	-	-	<i>Husky CNOOC -</i>
- PT Walinusa Energi	-	8,747,487	16,631,818	<i>PT Walinusa Energi -</i>
- Santos	-	-	486,834	<i>Santos -</i>
- Gas Supply Pte. Ltd.	-	-	37,845	<i>Gas Supply Pte. Ltd. -</i>
Pembelian barang dan jasa	15,467,911	12,178,482	6,563,787	<i>Purchase of goods and services</i>
Uang muka proyek	804,927	877,498	6,153,843	<i>Advance for projects</i>
Lain-lain	1,251,465	2,656,761	833,063	<i>Others</i>
Jumlah uang muka pada pihak ketiga	<u>93,442,119</u>	<u>99,782,084</u>	<u>100,743,150</u>	<i>Total advances to third parties</i>
Jumlah uang muka, kotor	<u>95,376,733</u>	<u>111,262,550</u>	<u>157,960,214</u>	<i>Total advances, gross</i>
Dikurangi:				<i>Less:</i>
Bagian tidak lancar				<i>Non-current portion</i>
- Uang muka bangunan				<i>Advance for Joint</i>
Kerja Sama Operasi	(21,160,511)	(19,529,339)	(16,885,595)	<i>Operation building -</i>
- Pembelian gas bumi	(18,121,763)	(18,328,770)	(43,456,977)	<i>Purchase of natural gas -</i>
- Pembelian barang dan jasa	(5,132,395)	(4,049,369)	(165,315)	<i>Purchase of goods and services -</i>
	<u>(44,414,669)</u>	<u>(41,907,478)</u>	<u>(60,507,887)</u>	
Uang muka, bagian lancar, bersih	<u>50,962,064</u>	<u>69,355,072</u>	<u>97,452,327</u>	<i>Advances, current portion, net</i>

Uang muka pembelian gas bumi merupakan pembayaran yang dilakukan sesuai dengan kesepakatan "Make-Up Gas" untuk selisih jumlah gas yang dialirkan dengan jumlah kuantitas pembelian gas minimum seperti yang tertera dalam Perjanjian Jual Beli Gas ("PJBG"). Uang muka tersebut akan dikreditkan dengan kelebihan kuantitas gas yang dialirkan dengan jumlah kuantitas pembelian gas bumi minimum yang terjadi setelahnya.

The advances for purchase of natural gas represents payments made under the Make-Up Gas arrangements for the difference between the delivered quantity and the minimum purchase quantity of natural gas as stated in the Gas Sale and Purchase Agreements ("GSPA"). Such advances will be applied against future deliveries of quantities over the minimum specified purchase of natural gas.

Manajemen berpendapat bahwa seluruh uang muka tersebut dapat dipulihkan.

The management is of the opinion that all of such advances can be recovered.

*) Disajikan kembali, lihat Catatan 4a

*As restated, refer to Note 4a *)*

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11. BEBAN DIBAYAR DI MUKA

Beban dibayar di muka terdiri dari:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Sewa	75,593,005	73,940,000	43,956,984	<i>Rent</i>
<i>Joint interest billing</i> dari aktivitas minyak dan gas	17,408,753	21,378,706	28,254,806	<i>Joint interest billing from oil and gas activities</i>
Lain-lain	2,192,708	1,562,157	6,008,754	<i>Others</i>
Jumlah beban dibayar di muka	95,194,466	96,880,863	78,220,544	<i>Total prepaid expenses</i>
Dikurangi:				<i>Less:</i>
Bagian tidak lancar	(67,327,253)	(66,561,760)	(35,478,912)	<i>Non-current portion</i>
Beban dibayar dimuka, bagian lancar	27,867,213	30,319,103	42,741,632	<i>Prepaid expenses, current</i>

11. PREPAID EXPENSES

Prepaid expenses consist of:

12. PIUTANG LAIN-LAIN JANGKA PANJANG

Piutang lain-lain jangka panjang terdiri dari:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Piutang <i>carry</i> dari Neptune Energy Muara Bakau B.V.	107,009,649	241,446,560	246,469,834	<i>Carry receivables from Neptune Energy Muara Bakau B.V.</i>
PPN yang dapat ditagihkan	69,014,090	75,356,135	92,584,504	<i>Reimbursable VAT</i>
Piutang <i>carry</i> dari Ophir Indonesia (Bangkanai) Ltd.	35,600,000	35,600,000	35,600,000	<i>Carry receivables from Ophir Indonesia (Bangkanai) Ltd.</i>
Piutang pinjaman ke PDG	21,115,916	31,186,179	46,792,429	<i>Loan receivable to PDG</i>
Piutang pinjaman ke PSG	-	9,920,551	19,841,838	<i>Loan receivable to PSG</i>
Piutang dari KUFPEC	7,771,788	7,724,776	7,771,788	<i>Receivables from KUFPEC</i>
Sub-total	240,511,443	401,234,201	449,060,393	<i>Sub-total</i>
Penyesuaian nilai wajar	(2,277,178)	(7,039,994)	(7,040,846)	<i>Fair value adjustment</i>
Saldo akhir	238,234,265	394,194,207	442,019,547	<i>Ending balance</i>
Dikurangi:				<i>Less:</i>
Bagian jangka pendek piutang lain-lain jangka panjang	(142,491,000)	(145,106,341)	(168,080,735)	<i>Short-term portion of other long-term receivables</i>
Bagian jangka panjang piutang lain-lain jangka panjang	95,743,265	249,087,866	273,938,812	<i>Long-term portion of other long-term receivables</i>

Pada tanggal 12 Februari 2014, SEMB, entitas anak, melakukan perjanjian jual beli 11,67% *participating interest* di Muara Bakau PSC dengan Neptune Energy Muara Bakau B.V. Berdasarkan *Carry Agreement*, Muara Bakau PSC tertanggal 12 Februari 2014, SEMB memberikan pinjaman *carried cost* senilai USD250.000.000 kepada Neptune Energy Muara Bakau B.V. atas biaya pengembangan sumur Jangkrik. Muara Bakau PSC telah mulai berproduksi sejak bulan Juni 2017. Saldo piutang *carry* ini pada tanggal 31 Desember 2018 adalah sebesar USD107.009.649.

On February 12, 2014, SEMB, a subsidiary, entered into a sale purchase agreement of 11.67% participating interest in Muara Bakau PSC with Neptune Energy Muara Bakau B.V. Based on Carry Agreement of Muara Bakau PSC dated February 12, 2014, SEMB provided loan amounting to USD250,000,000 for carried cost to Neptune Energy Muara Bakau B.V. for Jangkrik well development. Muara Bakau PSC commenced production since June 2017. The balance of this carry receivable at December 31, 2018 is USD107,009,649.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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12. PIUTANG LAIN-LAIN JANGKA PANJANG
(lanjutan)

Berdasarkan perjanjian *Farm Out* Bangkanai PSC tanggal 11 Maret 2013, SBK, entitas anak, akan melakukan pembayaran *carry* kepada Ophir Indonesia (Bangkanai) Limited atas biaya pengembangan sebesar USD30.000.000, biaya pengeboran di sumur West Kerendan-1 sebesar USD5.600.000, dan biaya pengeboran sumur eksplorasi berikutnya sebesar USD1.500.000 di blok tersebut. SBK dapat memulihkan biaya pengembangan dan pengeboran tersebut di tahun 2019, dengan nilai maksimum sebesar jumlah tersebut di atas. Pada tanggal 31 Desember 2018, biaya pengembangan dan pengeboran yang akan dipulihkan adalah sebesar USD35.600.000.

Piutang dari KUFPEC merupakan beban pajak yang terutang di SIPBV, entitas anak, yang ditanggung oleh KUFPEC sesuai dengan Perjanjian Jual Beli KUFPEC Indonesia Pangkah B.V. antara SEI dengan KUFPEC tanggal 24 April 2013.

Berdasarkan perjanjian pinjaman antara Pertagas dan PDG tanggal 26 November 2015, Pertagas bersedia memberikan pinjaman kepada PDG dengan nilai fasilitas sebesar USD33.784.269 untuk membiayai pembangunan fasilitas pengolahan gas PDG. Pinjaman tersebut dikenakan tingkat bunga tetap sebesar 6,5% per tahun. Saldo piutang pinjaman, termasuk bunga pinjaman yang belum dibayar, pada tanggal 31 Desember 2018 adalah sebesar USD21.115.916.

Pada tanggal 17 Februari 2011, Pertagas memberikan pinjaman kepada PSG dengan nilai fasilitas sebesar USD89.232.990 untuk membiayai pembangunan fasilitas pengolahan gas PSG. Pinjaman tersebut dikenakan tingkat bunga tiga bulan LIBOR dengan margin sebesar 4% per tahun. Piutang pinjaman ini telah dilunasi oleh PSG di tahun 2018.

Seluruh nilai piutang lain-lain jangka panjang merupakan piutang yang belum jatuh tempo pada tanggal 31 Desember 2018. 71% (31 Desember 2017: 81% dan 1 Januari 2017: 79%) dari piutang lain-lain jangka panjang merupakan piutang dengan pihak-pihak yang memiliki hubungan bisnis dengan Grup dan belum pernah mengalami gagal bayar ataupun wanprestasi dari hubungan bisnis dengan Grup. Sisa saldo piutang lain-lain adalah PPN yang dapat ditagihkan yang timbul dari aktivitas hulu.

Nilai wajar piutang lain-lain jangka panjang pada tanggal 31 Desember 2018 mendekati nilai nominalnya. Nilai wajar tersebut dihitung dengan menggunakan metode arus kas terdiskonto. Perhitungan nilai wajar ini diklasifikasikan sebagai tingkat tiga dalam hirarki nilai wajar.

Grup berpendapat bahwa saldo seluruh piutang tersebut dapat ditagih sehingga tidak diperlukan cadangan kerugian penurunan nilai.

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12. OTHER LONG-TERM RECEIVABLES (continued)

Based on Farm Out Agreement of Bangkanai PSC dated March 11, 2013, SBK, a subsidiary, will pay carry to Ophir Indonesia (Bangkanai) Limited amounting to USD30,000,000 for development costs, USD5,600,000 for drilling cost in West Kerendan-1 Well and USD1,500,000 for the following exploration drilling cost in such block. SBK can recover the development and drilling cost in 2019, to a maximum of the above amounts. As at December 31, 2018 the development and drilling cost which will be recovered during the production activities amounted USD35,600,000.

Receivables from KUFPEC represent tax obligation of SIPBV, a subsidiary, which will be borne by KUFPEC based on Sales Purchase Agreement of KUFPEC Indonesia Pangkah B.V. between SEI with KUFPEC dated April 24, 2013.

Based on loan agreement between Pertagas and PDG dated November 26, 2015, Pertagas agreed to provide loan to PDG with total facility of USD33,784,269 to finance PDG's construction of its gas processing facilities. The loan bears fixed interest rate at 6.5% per annum. The balance of this loan, including unpaid loan interest at December 31, 2018 is USD21,115,916.

On February 17, 2011, Pertagas provided a loan to PSG with total facility of USD89,232,990 to finance PSG's construction of its gas processing facilities. The loan bears interest rate at three month LIBOR plus margin 4% per annum. The loan receivables have been settled by PSG in 2018.

The amount of all other long-term receivables is not yet overdue as at December 31, 2018. 71% (December 31, 2017: 81% and January 1, 2017: 79%) of other long-term receivables, represents receivable from parties that already have business relation with the Group and have never been experiencing default and/or breach of business relation with the Group. The remaining balance of other receivables is VAT reimbursable arising from the upstream operations.

The fair value of other long-term receivables as at December 31, 2018 are approaching its nominal value. The fair value of other long-term receivables are calculated using discounted cash flow method. This fair value measurement is within level three of the fair value hierarchy.

The Group believes that all of the receivables are collectible. Hence, no allowance for impairment losses has been provided.

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13. PENYERTAAN SAHAM

Jumlah yang diakui pada laporan keuangan konsolidasian adalah sebagai berikut:

13. INVESTMENT IN SHARES OF STOCK

The amounts recognised in the consolidated financial statements are as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Investasi saham	2,718	2,718	2,718	Investments in shares
	2,718	2,718	2,718	
Investasi pada ventura bersama				Investments in joint ventures
Transgasindo	202,742,742	281,699,338	281,166,783	Transgasindo
Regas	86,662,503	94,307,680	101,199,808	Regas
Unimar	-	10,392,507	45,069,506	Unimar
Perkasa	3,585,775	-	-	Perkasa
PSG	86,840,673	88,469,655	77,449,945	PSG
PDG	1,579,042	(837,890)	(260,286)	PDG
	381,410,735	474,031,290	504,625,756	
Jumlah penyertaan saham	381,413,453	474,034,008	504,628,474	Total investment in shares of stock

Investasi pada ventura bersama

Investment in joint ventures

	2018	2017*	
Pada awal periode	474,031,290	504,625,756	At beginning of period
Pengakuan awal akibat hilangnya pengendalian atas Perkasa	2,416,137	-	Initial recognition due to loss of control over Perkasa
Bagian laba	79,875,917	62,102,708	Share of profit
Penghapusan	(7,176,400)	-	Write-off
Beban komprehensif lainnya dari ventura bersama	(1,012,649)	-	Other comprehensive expense from joint venture
Dividen dan pengembalian modal	(166,723,560)	(92,697,174)	Dividend and capital repayment
Pada akhir periode	381,410,735	474,031,290	At the end of the period

Investasi pada ventura bersama yang dimiliki Grup adalah sebagai berikut:

Investments in joint ventures owned by the Group are as follows:

<u>Nama entitas/ Name of entity</u>	<u>Kedudukan usaha/ Domicilies</u>	<u>Persentase kepemilikan/ % of ownership</u>	<u>Sifat hubungan/ Nature of relationship</u>	<u>Metode pengukuran/ Measurement method</u>
Transgasindo	Jakarta, Indonesia	59.87%	Catatan/Note 1	Ekuitas/Equity
Regas	Jakarta, Indonesia	40.00%	Catatan/Note 2	Ekuitas/Equity
Unimar	Delaware, Amerika Serikat/ United States	50.00%	Catatan/Note 3	Ekuitas/Equity
Perkasa	Jakarta, Indonesia	60.00%	Catatan/Note 4	Ekuitas/Equity
PSG	Banyuasin, Indonesia	66.00%	Catatan/Note 5	Ekuitas/Equity
PDG	Jakarta, Indonesia	65.00%	Catatan/Note 6	Ekuitas/Equity

Catatan:

- Transgasindo bergerak di bidang transportasi gas dan memiliki infrastruktur pipa gas jaringan pipa Transmisi Grissik – Duri dan Grissik – Singapura.
- Regas didirikan untuk pengelolaan fasilitas FSRT termasuk pembelian LNG dan pemasaran atas hasil pengelolaan fasilitas FSRT.
- Unimar bergerak dibidang eksplorasi dan produksi minyak dan gas. Unimar sebelumnya memiliki 11,25% kepemilikan efektif dari Blok Sanga-sanga sebelum blok tersebut berakhir pada tanggal 8 Agustus 2018 (Catatan 4b).
- Perkasa bergerak dalam bidang jasa perbengkelan, pembinaan dan penyaluran jasa tenaga kerja.
- PSG bergerak dalam bidang pengolahan gas serta menyediakan layanan jasa dan infrastruktur terkait pemrosesan gas.
- PDG bergerak dalam bidang LNG dan gas pengangkutan/transportasi LNG, penyimpanan dan regasifikasi.

Note:

- Transgasindo engaged in gas transportation and owns Grissik – Duri pipeline and Grissik – Singapore pipeline.
- Regas was established to manage FSRT facilities including purchase of LNG and marketing of products arising from the operations of FSRT facilities.
- Unimar engaged in exploration and production of oil and gas. Unimar effectively had 11.25% interest in Sanga-sanga Block prior to the expiration of the block on August 8, 2018 (Note 4b).
- Perkasa engaged in workshop services, development and distribution of labor services.
- PSG engaged in the business of gas processing and providing service and infrastructure for gas processing.
- PDG engaged in LNG and gas transportation, storage and regasification.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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13. PENYERTAAN SAHAM (lanjutan)

13. INVESTMENT IN SHARES OF STOCK (continued)

Investasi pada ventura bersama (lanjutan)

Investment in joint ventures (continued)

Berikut ini merupakan ringkasan informasi keuangan dari ventura bersama yang dicatat dengan menggunakan metode ekuitas.

Set out below are the summarised financial information of the joint ventures which is accounted using the equity method.

(1) Transgasindo

(1) Transgasindo

Ringkasan informasi keuangan Transgasindo adalah sebagai berikut:

Summarised financial information for Transgasindo is as follows:

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017</u>	<u>1 Januari/ January 1, 2017</u>	
Laporan posisi keuangan				Statement of financial position
Kas dan setara kas	65,095,226	129,877,000	147,908,012	Cash and cash equivalents
Aset lancar lainnya	53,805,556	50,688,945	28,243,778	Other current assets
Aset tidak lancar lainnya	316,128,317	377,309,391	442,478,171	Other non-current assets
Liabilitas keuangan				
jangka pendek	(14,937,590)	(13,221,710)	(93,052,244)	Short-term financial liabilities
Liabilitas jangka pendek lainnya	(31,393,890)	(7,723,518)	(7,972,119)	Other short-term liabilities
Liabilitas keuangan				
jangka panjang	(22,657,003)	(28,229,713)	(4,323,014)	Long-term financial liabilities
Liabilitas jangka panjang lainnya	<u>(27,402,330)</u>	<u>(38,182,042)</u>	<u>(43,653,750)</u>	Other long-term liabilities
Aset bersih	<u>338,638,286</u>	<u>470,518,353</u>	<u>469,628,834</u>	Net assets
	2018	2017		
Laporan laba rugi				Statement of profit or loss
Pendapatan	153,413,066	151,624,975		Revenue
Depresiasi dan amortisasi	(61,085,884)	(60,845,813)		Depreciation and amortisation
Pendapatan keuangan	693,677	169,016		Finance income
Beban keuangan	<u>-</u>	<u>(2,640,777)</u>		Finance costs
Laba sebelum pajak				
penghasilan	62,600,275	58,671,368		Profit before income taxes
Beban pajak penghasilan	<u>(16,142,248)</u>	<u>(15,123,640)</u>		Income tax expense
Laba tahun berjalan	<u>46,458,027</u>	<u>43,547,728</u>		Profit for the year
Beban komprehensif lainnya	<u>(1,691,413)</u>	<u>-</u>		Other comprehensive expense
	<u>44,766,614</u>	<u>43,547,728</u>		
Dividen yang dibayarkan	<u>176,646,681</u>	<u>42,658,207</u>		Dividends paid

Transgasindo merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham Transgasindo.

Transgasindo is an unlisted private company and there is no quoted market price available for its shares.

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

	<u>2018</u>	<u>2017</u>	
Aset bersih pada awal tahun	281,699,338	281,166,783	Net assets at the beginning of the year
Penerimaan dividen	(105,758,368)	(25,539,470)	Dividends received
Bagian laba diserap tahun berjalan	27,814,421	26,072,025	Share of profit for the year
Bagian atas beban komprehensif lainnya dari ventura bersama	<u>(1,012,649)</u>	<u>-</u>	Share of other comprehensive expense from joint venture
Aset bersih pada akhir tahun	<u>202,742,742</u>	<u>281,699,338</u>	Net assets at the end of the year

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13. PENYERTAAN SAHAM (lanjutan)

13. INVESTMENT IN SHARES OF STOCK (continued)

Investasi pada ventura bersama (lanjutan)

Investment in joint ventures (continued)

(2) Regas

(2) Regas

Ringkasan informasi keuangan Regas adalah sebagai berikut:

Summarised financial information for Regas is as follows:

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017</u>	<u>1 Januari/ January 1, 2017</u>	
Laporan posisi keuangan				Statement of financial position
Kas dan setara kas	128,425,970	157,165,294	158,998,685	Cash and cash equivalents
Aset lancar lainnya	52,915,618	58,431,700	57,806,275	Other current assets
Aset tidak lancar lainnya	57,606,940	60,127,209	54,257,269	Other non-current assets
Liabilitas keuangan jangka pendek	(6,524,390)	(25,436,414)	(3,314,256)	Short-term financial liabilities
Liabilitas jangka pendek lainnya	(2,121,539)	(1,818,466)	(3,425,096)	Other short-term liabilities
Liabilitas jangka panjang lainnya	<u>(13,646,341)</u>	<u>(12,700,123)</u>	<u>(11,323,358)</u>	Other long-term liabilities
Aset bersih	<u>216,656,258</u>	<u>235,769,200</u>	<u>252,999,519</u>	Net assets
	2018	2017		
Laporan laba rugi				Statement of profit or loss
Pendapatan	682,115,615	568,663,752		Revenue
Depresiasi dan amortisasi	-	-		Depreciation and amortisation
Pendapatan keuangan	3,679,518	2,982,254		Finance income
Beban keuangan	<u>(551,174)</u>	<u>(435,732)</u>		Finance costs
Laba sebelum pajak penghasilan	71,571,191	64,980,619		Profit before income taxes
Beban pajak penghasilan	<u>(17,802,501)</u>	<u>(16,066,679)</u>		Income tax expense
Laba tahun berjalan	<u>53,768,690</u>	<u>48,913,940</u>		Profit for the year
Dividen yang dibayarkan	<u>72,881,632</u>	<u>66,144,260</u>		Dividends paid

Regas merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham Regas.

Regas is an unlisted private company and there is no quoted market price available for its shares.

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

	<u>2018</u>	<u>2017</u>	
Aset bersih pada awal tahun	94,307,680	101,199,808	Net assets at the beginning of the year
Penerimaan dividen	(29,152,653)	(26,457,704)	Dividends received
Bagian laba diserap tahun berjalan	<u>21,507,476</u>	<u>19,565,576</u>	Share of profit for the year
Aset bersih pada akhir tahun	<u>86,662,503</u>	<u>94,307,680</u>	Net assets at the end of the year

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13. PENYERTAAN SAHAM (lanjutan)

13. INVESTMENT IN SHARES OF STOCK (continued)

Investasi pada ventura bersama (lanjutan)

Investment in joint ventures (continued)

(3) Unimar

(3) Unimar

Ringkasan informasi keuangan Unimar adalah sebagai berikut:

Summarised financial information for Unimar is as follows:

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017</u>	<u>1 Januari/ January 1, 2017</u>	
Laporan posisi keuangan				Statement of financial position
Kas dan setara kas	7,546,655	2,118,829	31,287,435	Cash and cash equivalents
Aset lancar lainnya	22,364,982	42,386,043	49,951,310	Other current assets
Aset tidak lancar lainnya	3,828,628	4,865,954	28,493,885	Other non-current assets
Liabilitas keuangan				
jangka pendek	(15,983,093)	(29,683,830)	(22,644,190)	Short-term financial liabilities
Liabilitas jangka pendek lainnya	(73,836)	(1,966,071)	(270,616)	Other short-term liabilities
Liabilitas jangka panjang lainnya	<u>(3,330,536)</u>	<u>(249,503)</u>	<u>(4,355,024)</u>	Other long-term liabilities
Aset bersih	<u>14,352,800</u>	<u>17,471,422</u>	<u>82,462,800</u>	Net assets
	2018	2017		
Laporan laba rugi				Statement of profit or loss
Pendapatan	43,917,621	62,993,154		Revenue
Depresiasi dan amortisasi	(20,554,092)	(66,817,281)		Depreciation and amortisation
Beban keuangan	(386,733)	(87,851)		Finance costs
Pendapatan keuangan	<u>-</u>	<u>508,352</u>		Finance income
Laba sebelum pajak				
penghasilan	22,976,797	(4,304,625)		Profit before income taxes
Beban pajak penghasilan	<u>(9,095,421)</u>	<u>(5,686,753)</u>		Income tax expense
Laba/(rugi) tahun berjalan	<u>13,881,376</u>	<u>(9,991,378)</u>		Profit/(loss) for the year
Pengembalian modal	<u>(17,000,000)</u>	<u>(55,000,000)</u>		Capital repayment

Unimar merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham Unimar.

Unimar is an unlisted private company and there is no quoted market price available for its shares.

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

	<u>2018</u>	<u>2017</u>	
Aset bersih pada awal tahun	10,392,507	45,069,506	Net asset at the beginning of the year
Pengembalian modal	(8,500,000)	(27,500,000)	Capital repayments
Bagian laba/(rugi) tahun berjalan			Share of profit/(loss) for the year
- Amortisasi kenaikan nilai wajar	(1,656,795)	(2,181,310)	Amortisation of fair value uplift -
- Laba/(rugi)	6,940,688	(4,995,689)	Profit/(loss) -
- Penghapusan	<u>(7,176,400)</u>	<u>-</u>	Write off -
Aset bersih pada akhir tahun	<u>-</u>	<u>10,392,507</u>	Net assets at the end of the year

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13. PENYERTAAN SAHAM (lanjutan)

13. INVESTMENT IN SHARES OF STOCK (continued)

Investasi pada ventura bersama (lanjutan)

Investment in joint ventures (continued)

(3) Unimar (lanjutan)

(3) Unimar (continued)

Rekonsiliasi aset bersih atas nilai tercatat investasi Grup di Unimar adalah sebagai berikut:

Net asset reconciliation for the Group's investment in Unimar is as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	1 Januari/ January 1, 2017	
Kepentingan pada ventura ventura bersama (50%)	7,176,400	8,735,711	41,231,400	Interest in joint venture (50%)
Kenaikan nilai wajar	-	1,656,796	3,838,106	Fair value uplift
Penghapusan	(7,176,400)	-	-	Write-off
Pada akhir tahun	-	10,392,507	45,069,506	At the end of the year

(4) Perkasa

(4) Perkasa

Rekonsiliasi dari nilai investasi pada Perkasa adalah sebagai berikut:

Reconciliation of investment in Perkasa is as follows:

	2018	2017	
Pengakuan awal akibat hilangnya pengendalian atas Perkasa	2,416,137	-	Initial recognition due to loss of control over Perkasa
Dividen	(212,539)	-	Dividends
Laba periode berjalan	1,382,177	-	Profit for the period
Nilai pada akhir tahun	3,585,775	-	Balance at the end of the year

Perkasa merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham Perkasa.

Perkasa is an unlisted private company and there is no quoted market price available for its shares.

(5) PSG

(5) PSG

Ringkasan informasi keuangan PSG adalah sebagai berikut:

Summarised financial information for PSG is as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Laporan posisi keuangan				Statement of financial position
Kas dan setara kas	35,146,051	28,707,774	23,503,498	Cash and cash equivalents
Aset lancar lainnya	38,560,085	38,436,296	29,518,929	Other current assets
Aset tidak lancar lainnya	94,745,373	108,933,093	123,338,191	Other non-current assets
Liabilitas keuangan jangka pendek	(14,069,859)	(25,957,788)	(23,637,416)	Short-term financial liabilities
Liabilitas jangka pendek lainnya	(7,717,810)	(2,570,982)	(500,014)	Other short-term liabilities
Liabilitas keuangan jangka panjang	(14,457,107)	-	(15,032,533)	Long-term financial liabilities
Liabilitas jangka panjang lainnya	(1,040,169)	(13,503,462)	(8,908,270)	Other long-term liabilities
Aset bersih	131,166,564	134,044,931	128,282,385	Net assets
Laporan laba rugi				Statement of profit or loss
Pendapatan	121,801,630	106,950,314	73,616,918	Revenue
Depresiasi dan amortisasi	(18,933)	(14,854,634)	(17,573,567)	Depreciation and amortisation
Pendapatan keuangan	661,542	321,240	176,677	Finance income
Beban keuangan	(434,329)	(1,394,623)	(2,011,334)	Finance costs
Laba sebelum pajak penghasilan	43,875,680	34,516,011	2,753,154	Profit before income taxes
Beban pajak penghasilan	(11,343,834)	(8,753,465)	599,015	Income tax expense
Laba tahun berjalan	32,531,846	25,762,546	3,352,169	Profit for the year
Dividen yang dibayarkan	35,000,000	20,000,000	5,300,000	Dividends paid

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13. PENYERTAAN SAHAM (lanjutan)

13. INVESTMENT IN SHARES OF STOCK (continued)

Investasi pada ventura bersama (lanjutan)

Investment in joint ventures (continued)

(5) PSG (lanjutan)

(5) PSG (continued)

PSG merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham PSG.

PSG is an unlisted private company and there is no quoted market price available for its shares.

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

	<u>2018</u>	<u>2017*</u>	
Aset bersih pada awal tahun	88,469,655	77,449,944	<i>Net assets at the beginning of the year</i>
Penerimaan dividen	(23,100,000)	(13,200,000)	<i>Dividends received</i>
Realisasi <i>subscription premium</i>	-	7,216,430	<i>Realisation of subscription premium</i>
Bagian laba tahun berjalan	<u>21,471,018</u>	<u>17,003,281</u>	<i>Share of profit for the year</i>
Aset bersih pada akhir tahun	<u>86,840,673</u>	<u>88,469,655</u>	<i>Net assets at the end of the tahun</i>

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follow:

	<u>2018</u>	<u>2017*</u>	<u>2016*</u>	
Kepentingan pada ventura bersama (66%)	88,840,673	88,469,655	84,666,374	<i>Interest in joint venture (66%)</i>
<i>Subscription premium</i>	<u>-</u>	<u>-</u>	<u>(7,216,430)</u>	<i>Subscription premium</i>
	<u>88,840,673</u>	<u>88,469,655</u>	<u>77,449,944</u>	

(6) PDG

(6) PDG

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

	<u>2018</u>	<u>2017*</u>	
Aset bersih pada awal tahun	(837,890)	(260,286)	<i>Net assets at the beginning of the year</i>
Laba tahun berjalan	<u>2,416,932</u>	<u>(577,604)</u>	<i>Profit for the year</i>
Aset bersih pada akhir tahun	<u>1,579,042</u>	<u>(837,890)</u>	<i>Net asset at the end of the year</i>

PDG merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham PDG.

PDG is an unlisted private company and there is no quoted market price available for its shares.

*) Disajikan kembali, lihat Catatan 4a

*As restated, refer to Note 4a *)*

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14. ASET TETAP

Jumlah berikut merupakan saldo buku aset tetap dengan rincian sebagai berikut:

14. FIXED ASSETS

This amount represents fixed assets with the details as follows:

		2018				
	Saldo awal/ Beginning balance	Penambahan/ Addition	Pengurangan dan transfer/ Disposals and transfers	Saldo akhir/ Ending balance		
Nilai tercatat					Carrying value	
Tanah	92,284,291	379	3,808,146	96,092,816	Land	
Bangunan dan prasarana	177,927,953	1,510,683	16,736,112	196,174,748	Building and improvements	
Mesin dan peralatan	3,929,233,687	10,525,215	71,587,497	4,011,346,399	Machineries and equipment	
Kendaraan bermotor	7,098,773	243,231	(759,165)	6,582,839	Vehicle	
Peralatan kantor	19,127,297	2,008,066	32,251	21,167,614	Office equipment	
Peralatan dan perabot	11,339,253	96,915	-	11,436,168	Furnitures and fixtures	
Aset belum terpasang	9,271,736	1,527,403	(1,941,216)	8,857,923	Uninstalled assets	
Aset dalam pelaksanaan	553,790,293	209,176,518	(96,358,957)	666,607,854	Construction in progress	
Aset kerjasama operasi					Joint operation assets	
- Tanah	2,120,223	-	(169,373)	1,950,850	Land -	
Total nilai tercatat	4,802,193,506	225,088,410	(7,064,705)	5,020,217,211	Total carrying value	
Akumulasi penyusutan					Accumulated depreciation	
Bangunan dan prasarana	69,937,478	8,800,755	(9,183)	78,729,050	Building and improvements	
Mesin dan peralatan	1,802,067,501	243,655,917	(3,086,663)	2,042,636,755	Machineries and equipment	
Kendaraan bermotor	4,240,861	1,366,847	(474,268)	5,133,440	Vehicle	
Peralatan kantor	13,946,085	2,878,751	(163,042)	16,661,794	Office equipment	
Peralatan dan perabot	10,537,686	345,471	-	10,883,157	Furnitures and fixtures	
Aset belum terpasang	4,400,665	1,083,843	(720,369)	4,764,139	Uninstalled assets	
Total akumulasi penyusutan	1,905,130,276	258,131,584	(4,453,525)	2,158,808,335	Total accumulated depreciation	
Nilai buku bersih	2,897,063,230			2,861,408,876	Net book value	
		2017*				
	Saldo awal/ Beginning balance	Penambahan/ Addition	Pengurangan dan transfer/ Disposals and transfers	Saldo akhir/ Ending balance		
Nilai tercatat					Carrying value	
Tanah	90,127,501	8,157	2,148,633	92,284,291	Land	
Bangunan dan prasarana	165,184,589	436,002	12,307,362	177,927,953	Building and improvements	
Mesin dan peralatan	3,316,209,223	4,257,454	608,767,010	3,929,233,687	Machineries and equipment	
Kendaraan bermotor	4,941,311	2,679,066	(521,604)	7,098,773	Vehicle	
Peralatan kantor	15,883,213	3,408,291	(164,207)	19,127,297	Office equipment	
Peralatan dan perabot	11,178,787	327,313	(166,847)	11,339,253	Furnitures and fixtures	
Aset belum terpasang	10,241,835	559,120	(1,529,219)	9,271,736	Uninstalled assets	
Aset dalam pelaksanaan	970,681,606	207,680,360	(624,571,673)	553,790,293	Construction in progress	
Aset kerjasama operasi					Joint operation assets	
- Tanah	2,120,223	-	-	2,120,223	Land -	
Total nilai tercatat	4,586,568,288	219,355,763	(3,730,545)	4,802,193,506	Total carrying value	
Akumulasi penyusutan					Accumulated depreciation	
Bangunan dan prasarana	61,165,181	8,855,336	(83,039)	69,937,478	Building and improvements	
Mesin dan peralatan	1,506,151,763	295,924,365	(8,627)	1,802,067,501	Machineries and equipment	
Kendaraan bermotor	3,235,459	1,055,709	(50,307)	4,240,861	Vehicle	
Peralatan kantor	11,876,248	2,180,748	(110,911)	13,946,085	Office equipment	
Peralatan dan perabot	10,112,048	592,485	(166,847)	10,537,686	Furnitures and fixtures	
Aset belum terpasang	4,144,761	922,922	(667,018)	4,400,665	Uninstalled assets	
Total akumulasi penyusutan	1,596,685,460	309,531,565	(1,086,749)	1,905,130,276	Total accumulated depreciation	
Nilai buku bersih	2,989,882,828			2,897,063,230	Net book value	

* Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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14. ASET TETAP (lanjutan)

Penyusutan dibebankan ke:

	<u>2018</u>	<u>2017*</u>
Beban pokok pendapatan	22,857,681	18,119,137
Beban distribusi dan transmisi	227,067,395	278,016,856
Beban umum dan administrasi	<u>8,206,508</u>	<u>13,395,572</u>
	<u>258,131,584</u>	<u>309,531,565</u>

Aset kerjasama operasi merupakan tanah milik Perusahaan di Surabaya yang digunakan oleh PT Citraagung Tirta Jatim untuk pembangunan pusat perbelanjaan dan tanah di Kantor Pusat Jakarta yang akan digunakan oleh PT Winatek Sinergi Mitra Bersama untuk pembangunan pusat perbelanjaan, fasilitas parkir dan fasilitas pendukung lainnya.

Jangka waktu hak atas tanah (Hak Guna Bangunan) yang dimiliki oleh Grup akan berakhir pada berbagai tanggal mulai dari Mei 2022 sampai Maret 2044 dan dapat diperpanjang.

Pada tanggal 31 Desember 2018, aset tetap Perusahaan diasuransikan terhadap kerugian akibat kebakaran dan risiko lain berdasarkan suatu paket polis tertentu dengan total nilai pertanggungan untuk pipa *onshore* sebesar USD50.000.000 untuk setiap kejadian kerugian atas nilai pertanggungan sebesar USD907.088.919 dan pipa *offshore* sebesar USD386.926.673 untuk setiap kejadian kerugian dan USD39.908.354 dan Rp9.535.615.097.551 untuk aset lainnya. Aset tetap entitas anak diasuransikan terhadap kerugian akibat kebakaran dan risiko lain berdasarkan suatu paket polis tertentu dengan total nilai pertanggungan untuk fasilitas pendukung FSRU Lampung sebesar USD262.242.923 untuk setiap kejadian kerugian, aset SPBG GEI sebesar Rp222.357.479.546, aset Pertagas sebesar USD995.995.000 dan aset KJG sebesar USD267.570.793.

Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungkan.

Pada tanggal 31 Desember 2018 dan 2017, jumlah harga perolehan aset tetap Grup yang telah disusutkan penuh tetapi masih digunakan dalam kegiatan operasional adalah masing-masing sebesar USD142.962.423 dan USD138.856.972.

14. FIXED ASSETS (continued)

Depreciation was charged to:

	<u>2018</u>	<u>2017*</u>
	22,857,681	18,119,137
	227,067,395	278,016,856
	<u>8,206,508</u>	<u>13,395,572</u>
	<u>258,131,584</u>	<u>309,531,565</u>

Joint operation assets represent the Company's land in Surabaya which is used by PT Citraagung Tirta Jatim for shopping center construction and Head Office's land in Jakarta which is used by PT Winatek Sinergi Mitra Bersama for construction of shopping center, parking facility and other supporting facilities.

The terms of the landrights ("Hak Guna Bangunan") owned by the Group will be expired in various dates from May 2022 to March 2044 and extendable.

As of December 31, 2018, the Company's fixed assets are covered by insurance against losses from fire and other risks under certain blanket policies with sum insured for onshore pipeline of USD50,000,000 for any one accident or occurrence of sum insured totaling USD907,088,919 and offshore pipeline of USD386,926,673 for any one accident or occurrence and USD39,908,354 and Rp9,535,615,097,551 for other assets. The fixed assets of the subsidiaries are covered by insurance against losses from fire and other risks under certain blanket policies for with sum insured for support facilities Lampung FSRU for each occurrence of losses of USD262,242,923, SPBG GEI asset for Rp222,357,479,546, Pertagas' assets for USD995,995,000 and KJG for USD267,570,793.

Management believes that the amount insured are adequate to cover possible losses from insured assets.

As of December 31, 2018 and 2017, the cost of the Group's fixed assets which has been fully depreciated but are still used in the operational activities amounted to USD142,962,423 and USD138,856,972, respectively.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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14. ASET TETAP (lanjutan)

Pada tanggal 31 Desember 2018 dan 2017, nilai wajar aset mesin dan peralatan Perusahaan masing-masing adalah sekitar sebesar USD4.458.027.897 dan USD2.054.603.655. Nilai wajar aset tetap diatas berdasarkan hirarki nilai wajar Tingkat 3. Penilaian atas nilai wajar tersebut berdasarkan hasil pendiskontoan arus kas masa depan yang akan dihasilkan aset tersebut dimasa depan. Input yang digunakan dalam perhitungan nilai wajar adalah kuantitas dan harga penjualan gas, serta kuantitas dan harga beli gas yang telah disepakati dalam kontrak penjualan dan pembelian jangka panjang. Berdasarkan penilaian manajemen, tidak ada perbedaan signifikan antara nilai wajar dan nilai tercatat aset Grup pada kelas aset selain mesin dan peralatan yang dimiliki Perusahaan.

Berdasarkan penilaian manajemen Grup, tidak ada indikasi penurunan nilai terhadap aset tetap pada tanggal 31 Desember 2018 dan 2017.

Aset dalam penyelesaian merupakan proyek yang masih belum selesai pada tanggal laporan keuangan konsolidasian. Rincian aset dalam penyelesaian signifikan adalah sebagai berikut:

14. FIXED ASSETS (continued)

As of December 31, 2018 and 2017, the fair values of the Company's machinery and equipment assets are approximately USD4,458,027,897 and USD2,054,603,655, respectively. The fair values of fixed assets based on the fair value hierarchy Level 3. The valuation to determine the fair value is based on discounted future cash flow generated by the assets in the future period. Input to the fair value calculation are quantity and selling price of gas, and quantity and purchase price of gas, that have been agreed in long term sales and purchase agreements. Based on management assessment, there are no significant differences between the fair value and the carrying value of the Group's assets on classes of assets other than the Company's machinery and equipment.

Based on the assessment of management of the Group, there is no impairment indicator identified to the fixed assets at December 31, 2018 and 2017.

Construction in progress represents projects that have not been completed at the date of consolidated financial statements. The list of significant construction in progress is as follows:

31 Desember/December 31, 2018			
Aset dalam pelaksanaan/ Construction in progress	Persentase penyelesaian/ Percentage of completion	Akumulasi biaya/ Accumulated costs	Estimasi tanggal penyelesaian/ Estimated completion date
Pekerjaan pembangunan pipa transmisi gas dari Gresik – Semarang/Construction project of gas pipeline transmission from Gresik - Semarang	98.00%	220,769,528	Juli/July 2019
Pekerjaan pembangunan pipa gas Grissik/ Construction project of Grissik gas pipeline	99.00%	117,520,655	Februari/February 2019
Pekerjaan pembangunan pipa gas Duri - Dumai/ Construction project of Duri - Dumai gas pipeline	99.00%	61,197,273	Februari/February 2019
Pekerjaan penyaluran gas ke calon pelanggan area Jakarta dan fasilitasnya/Project of gas distribution to potential customer in Jakarta and facilities	88.35%	3,627,533	Maret/March 2019
Pekerjaan penyaluran gas ke calon pelanggan industri tahap 2 area Pasuruan/Project of gas distribution to potential industrial customer phase 2 in Pasuruan	98.44%	3,273,113	Maret/March 2019
Pekerjaan pemasangan pipa cabang ke calon pelanggan area Jakarta/Project of pipeline installation for potential customer in Jakarta	99.98%	2,665,023	Januari/January 2019
Pekerjaan pemasangan pipa cabang ke calon pelanggan area Bekasi/Project of pipeline installation for potential customer in Bekasi	74.25%	2,602,257	April/April 2019

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14. ASET TETAP (lanjutan)

14. FIXED ASSETS (continued)

31 Desember/December 31, 2017*			
Aset dalam pelaksanaan/ <i>Construction in progress</i>	Persentase penyelesaian/ <i>Percentage of completion</i>	Akumulasi biaya/ <i>Accumulated costs</i>	Estimasi tanggal penyelesaian/ <i>Estimated completion date</i>
Pekerjaan pembangunan pipa transmisi gas dari Gresik – Semarang/ <i>Construction project of gas pipeline transmission from Gresik - Semarang</i>	81.00%	179,168,224	Juli/July 2019
Pekerjaan pembangunan pipa gas Grissik/ <i>Construction project of Grissik gas pipeline</i>	49.00%	68,502,848	Februari/February 2019
Pipa, instalasi dan kilang regasifikasi Pertagas/ <i>Pertagas' pipelines, installation and a regasification plant</i>	9.00%	340,774,772	Juli/July 2019
Pengembangan jaringan distribusi Dumai/ <i>Dumai distribution pipeline extension</i>	89.00%	18,711,954	Juli/July 2018
Pengembangan Jawa Bagian Barat/ <i>West Java pipeline development</i>	80.86%	9,875,772	April/April 2018
Pemasangan pipa sambungan pelanggan rumah tangga di Jakarta, Bekasi, Cirebon, Palembang, dan Tangerang/ <i>Installation of household customer attachment at Jakarta, Bekasi, Cirebon, Palembang, and Tangerang</i>	99.00%	1,989,774	Februari/February 2018
Pemasangan pipa sambungan pelanggan Wilayah I/ <i>Installation of customer attachment pipeline Area I</i>	80.39%	910,701	Maret/March 2018

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

Selain dari aset dalam penyelesaian yang dinyatakan di atas, Grup masih memiliki aset dalam penyelesaian yang terdiri dari pengembangan jaringan dan infrastruktur untuk perusahaan kecil dan perumahan dalam jalur distribusi gas Grup.

Outside of the construction in progress stated above, the Group still has assets in construction progress which consists of the development of networks and infrastructure for small companies and housing within the Group's gas distribution lines.

15. ASET MINYAK DAN GAS

15. OIL AND GAS ASSETS

a. Aset eksplorasi dan evaluasi

a. Exploration and evaluation assets

Pergerakan aset eksplorasi dan evaluasi adalah sebagai berikut:

Movements of exploration and evaluation assets are as follows:

	2018		
	Saldo awal/ <i>Beginning balance</i>	Penambahan/ <i>Addition</i>	Saldo akhir/ <i>Ending balance</i>
Blok/Lokasi			
- Sesulu, Kalimantan Timur	73,557,864	15,937,699	89,495,563
- Bangkanai Barat, Kalimantan Tengah	2,596,509	980,440	3,576,949
- Wokam II, Papua Barat	625,427	2,705,375	3,330,802
- Pekawai, Kalimantan Timur	-	503,410	503,410
- Yamdena Barat, Maluku	-	618,289	618,289
	<u>76,779,800</u>	<u>20,745,213</u>	<u>97,525,013</u>

Block/Location
Sesulu, East Kalimantan -
West Bangkanai, -
Central Kalimantan
Wokam II, West Papua -
Pekawai, East Kalimantan -
West Yamdena, Maluku -

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15. ASET MINYAK DAN GAS (lanjutan)

15. OIL AND GAS ASSETS (continued)

a. Aset eksplorasi dan evaluasi (lanjutan)

**a. Exploration and evaluation assets
(continued)**

	2017		
	Saldo awal/ Beginning balance	Penambahan/ Addition	Saldo akhir/ Ending balance
Blok/Lokasi			
- Sesulu, Kalimantan Timur	50,475,164	23,082,700	73,557,864
- Bangkanai Barat, Kalimantan Tengah	1,786,943	809,566	2,596,509
- Wokam II, Papua Barat	332,545	292,882	625,427
	<u>52,594,652</u>	<u>24,185,148</u>	<u>76,779,800</u>

Block/Location
Sesulu, East Kalimantan -
West Bangkanai, -
Central Kalimantan
Wokam II, West Papua -

b. Properti minyak dan gas

b. Oil and gas properties

Pergerakan properti minyak dan gas adalah sebagai berikut:

Movement of oil and gas properties is as follows:

	2018			
	Saldo awal/ Beginning balance	Penambahan/ Addition	Pengurangan/ Deduction	Saldo akhir/ Ending balance
Harga perolehan				Cost
- Ketapang, Jawa Timur	265,166,790	6,023,046	-	271,189,836
- Bangkanai, Kalimantan Tengah	93,082,842	1,706,182	-	94,789,024
- Pangkah, Jawa Timur	1,041,182,037	49,953,080	-	1,091,135,117
- Fasken, Texas	303,640,628	32,489,012	-	336,129,640
- Muriah, Jawa Tengah	118,555,140	-	(108,236)	118,446,904
- Southeast Sumatera, Sumatera	57,799,202	-	(267,744)	57,531,458
- Sanga-sanga, Kalimantan Timur	37,200,602	-	(819,420)	36,381,182
- Muara Bakau, Kalimantan	537,335,156	19,589,602	-	556,924,758
	<u>2,453,962,397</u>	<u>109,760,922</u>	<u>(1,195,400)</u>	<u>2,562,527,919</u>
Akumulasi penyusutan, deplesi, dan amortisasi				Accumulated depreciation, depletion and amortisation
- Ketapang, Jawa Timur	(103,649,291)	(53,534,794)	-	(157,184,085)
- Bangkanai, Kalimantan Tengah	(3,823,652)	(4,893,392)	-	(8,717,044)
- Pangkah, Jawa Timur	(381,920,618)	(66,077,595)	-	(447,998,213)
- Fasken, Texas	(76,565,239)	(32,411,262)	-	(108,976,501)
- Muriah, Jawa Tengah	(49,589,099)	(15,559,826)	-	(65,148,925)
- Southeast Sumatera, Sumatera	(26,451,970)	(5,573,092)	-	(32,025,062)
- Sanga-sanga, Kalimantan Timur	(25,723,110)	(10,646,931)	-	(36,370,041)
- Muara Bakau, Kalimantan	(26,965,951)	(77,431,436)	-	(104,397,387)
	<u>(694,688,930)</u>	<u>(266,128,328)</u>	<u>-</u>	<u>(960,817,258)</u>
Akumulasi penurunan nilai				Accumulated impairment
- Ketapang, Jawa Timur	(15,000,478)	-	-	(15,000,478)
- Pangkah, Jawa Timur	(87,625,481)	(26,221,962)	-	(113,847,443)
- Muriah, Jawa Tengah	(36,229,295)	-	-	(36,229,295)
- Southeast Sumatera, Sumatera	(25,506,396)	-	-	(25,506,396)
	<u>(164,361,650)</u>	<u>(26,221,962)</u>	<u>-</u>	<u>(190,583,612)</u>
Nilai buku bersih	<u>1,594,911,817</u>	<u>-</u>	<u>-</u>	<u>1,411,127,049</u>
				Net book amount

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15. ASET MINYAK DAN GAS (lanjutan)

15. OIL AND GAS ASSETS (continued)

b. Properti minyak dan gas (lanjutan)

b. Oil and gas properties (continued)

	2017				Saldo akhir/ Ending balance	
	Saldo awal/ Beginning balance	Penambahan/ Addition	Pembalikan/ Reversal	Pengurangan/ Deduction		
Harga perolehan						Cost
- Ketapang, Jawa Timur	256,699,007	8,467,783	-	-	265,166,790	Ketapang, East Java -
- Bangkanai,						Bangkanai, -
Kalimantan Tengah	86,890,345	6,192,497	-	-	93,082,842	Central Kalimantan
- Pangkah, Jawa Timur	1,020,843,293	20,338,744	-	-	1,041,182,037	Pangkah, East Java -
- Fasken, Texas	277,426,712	26,213,916	-	-	303,640,628	Fasken, Texas -
- Muriah, Jawa Tengah	118,406,449	148,691	-	-	118,555,140	Muriah, Central Java -
- Southeast Sumatera,						Southeast Sumatera, -
Sumatera	57,942,621	-	-	(143,419)	57,799,202	Sumatera
- Sanga-sanga,						Sanga-sanga, -
Kalimantan Timur	34,516,964	2,683,638	-	-	37,200,602	East Kalimantan
- Muara Bakau,						Muara Bakau, -
Kalimantan	462,632,891	74,702,265	-	-	537,335,156	Kalimantan
	<u>2,315,358,282</u>	<u>138,747,534</u>	<u>-</u>	<u>(143,419)</u>	<u>2,453,962,397</u>	
						Accumulated
Akumulasi penyusutan,						depreciation,
delesi,						depletion
dan amortisasi						and amortisation
- Ketapang, Jawa Timur	(51,210,471)	(52,438,820)	-	-	(103,649,291)	Ketapang, East Java -
- Bangkanai,						Bangkanai, -
Kalimantan Tengah	(88,930)	(3,734,722)	-	-	(3,823,652)	Central Kalimantan
- Pangkah, Jawa Timur	(300,682,378)	(81,238,240)	-	-	(381,920,618)	Pangkah, East Java -
- Fasken, Texas	(46,720,937)	(29,844,302)	-	-	(76,565,239)	Fasken, Texas -
- Muriah, Jawa Tengah	(12,578,812)	(37,010,287)	-	-	(49,589,099)	Muriah, Central Java -
- Southeast Sumatera,						Southeast Sumatera, -
Sumatera	(19,934,692)	(6,517,278)	-	-	(26,451,970)	Sumatera
- Sanga-sanga,						Sanga-sanga, -
Kalimantan Timur	(4,083,120)	(21,639,990)	-	-	(25,723,110)	East Kalimantan
- Muara Bakau,						Muara Bakau, -
Kalimantan	-	(26,965,951)	-	-	(26,965,951)	Kalimantan
	<u>(435,299,340)</u>	<u>(259,389,590)</u>	<u>-</u>	<u>-</u>	<u>(694,688,930)</u>	
						Accumulated
Akumulasi						impairment
penurunan nilai						
- Ketapang, Jawa Timur	(15,000,478)	-	-	-	(15,000,478)	Ketapang, East Java -
- Pangkah, Jawa Timur	(119,818,298)	-	32,192,817	-	(87,625,481)	Pangkah, East Java -
- Fasken, Texas	(11,068,096)	-	11,068,096	-	-	Fasken, Texas -
- Southeast Sumatera,						Southeast Sumatera, -
Sumatera	(25,506,396)	-	-	-	(25,506,396)	Sumatera
- Muriah, Jawa Tengah	-	(36,229,295)	-	-	(36,229,295)	Muriah, Central Java -
	<u>(171,393,268)</u>	<u>(36,229,295)</u>	<u>43,260,913</u>	<u>-</u>	<u>(164,361,650)</u>	
Nilai buku bersih	<u>1,708,665,674</u>				<u>1,594,911,817</u>	Net book amount

Pada tahun 2018 dan 2017 terdapat penyesuaian biaya pembongkaran masing-masing sebesar USD4.616.453 (berkurang) dan USD5.800.534 (bertambah) akibat perubahan estimasi proyeksi biaya yang dicatat sebagai penambahan biaya perolehan.

Pada tanggal 31 Desember 2018, seluruh sumur, perlengkapan dan fasilitas terkait diasuransikan dengan nilai pertanggungan sebesar USD1.346.866.448.

In 2018 and 2017, there were adjustments to the dismantling cost of USD4,616,453 (reduction) and USD5,800,534 (addition), respectively, due to the change in estimation of projected cost which was recorded as additions to cost.

As of December 31, 2018, all wells and related equipment and facilities were insured amounted to USD1,346,866,448.

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15. ASET MINYAK DAN GAS (lanjutan)

b. Properti minyak dan gas (lanjutan)

PSC Sanga-sanga, dimana SESSL memiliki *participating interest*, telah berakhir pada tanggal 8 Agustus 2018 dan dikembalikan kepada Pemerintah Republik Indonesia. PSC *South East Sumatera* ("SES"), dimana SES memiliki *participating interest*, telah berakhir pada tanggal 6 September 2018 dan dikembalikan kepada Pemerintah Republik Indonesia.

Pada 14 Desember 2018, PSC South East Sumatera telah menerima pembayaran atas modal kerja dan biaya investasi dari SKK Migas sebesar USD7.004.672. Atas proses pengembalian blok ini Grup mencatat rugi atas pengembalian blok sebesar USD2.921.201.

Pada saat penerbitan laporan keuangan konsolidasian Grup, proses pelepasan PSC Sanga-sanga masih dalam penyelesaian SKK Migas. Manajemen berpendapat bahwa pelepasan PSC Sanga-sanga tidak akan memiliki dampak merugikan material terhadap posisi keuangan dan arus kas Grup karena sesuai dengan Peraturan Menteri Energi dan Sumber Daya Mineral ("ESDM") No. 47/2017, kontraktor baru wajib mengembalikan biaya investasi yang belum dikembalikan (*unrecovered cost*) kepada kontraktor lama.

Di tahun 2018, penurunan nilai properti minyak dan gas disebabkan oleh penurunan harga minyak. Di tahun 2017, penurunan nilai properti minyak dan gas disebabkan oleh penurunan cadangan gas di blok Muriah selama 2017.

Di tahun 2017, Grup membalik provisi penurunan nilai atas properti minyak dan gas di blok Pangkah dan Fasken sebesar USD32.192.817 dan USD11.068.096. Pembalikan penurunan nilai ini disajikan pada laba rugi sebagai "Pembalikan rugi penurunan nilai properti minyak dan gas". Pembalikan atas properti minyak dan gas di blok Pangkah dan Fasken terutama disebabkan oleh kenaikan harga minyak dan profil produksi akibat dari penemuan cadangan minyak dan gas yang ada di blok Pangkah dan Fasken berdasarkan hasil pengeboran.

Pengujian penurunan nilai atas properti minyak dan gas dilakukan ketika terdapat suatu indikasi bahwa nilai tercatat properti minyak dan gas tersebut mengalami penurunan. Dalam hal ini, manajemen Grup menentukan hak kepemilikan pada masing-masing blok sebagai satu UPK.

Jumlah terpulihkan UPK dinilai dengan menggunakan proyeksi arus kas berdasarkan pendapatan yang akan diterima dari kegiatan produksi minyak dan gas dengan periode proyeksi hingga akhir masa PSC. Rencana produksi pada proyeksi arus kas ini tidak melampaui cadangan minyak dan gas atau akhir masa PSC.

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15. OIL AND GAS ASSETS (continued)

b. Oil and gas properties (continued)

PSC Sanga-sanga, which SESSL owns *participating interest*, expired on August 8, 2018 and had been returned to the Government of Republic of Indonesia. PSC *South East Sumatera* ("SES"), in which SES has *participating interest*, expired on September 6, 2018 and had been returned to Government of Republic Indonesia.

On December 14, 2018, South East Sumatera PSC has received disbursement for working capital and cost of investment from SKK Migas amounting to USD7,004,672 upon this relinquishment process. The Group recorded loss from relinquishment of the block amounting to USD2,921,201.

As at the date of issuance of the consolidated financial statements of the Group, the relinquishment process of PSC Sanga-sanga is still in process by SKK Migas. Management believes that the relinquishment of PSC Sanga-sanga will not have material adverse impact to the Group's financial position and cash flows because pursuant to Minister of Energy and Mineral Resources ("EMR") Regulation No. 47/2017, the new contractor is obligated to repay to the old contractor of their unrecovered cost.

In 2018, impairment in oil and gas properties was triggered by the decrease in oil price. In 2017, impairment in oil and gas properties was triggered by the decrease in gas reserves of Muriah block during 2017.

In 2017, the Group recognised the reversal of impairment on oil and gas properties in Pangkah and Fasken blocks of USD32,192,817 and USD11,068,096. This reversal was presented as "Reversal of impairment losses of oil and gas properties". The reversal of impairment losses on oil and gas properties in Pangkah and Fasken blocks was mainly due to increase in oil price and production profile that driven by discovery of oil and gas reserves at Pangkah and Fasken blocks based on the results of drilling activities.

Impairment test on oil and gas properties is performed when there is an indication that oil and gas properties carrying value may have impaired. In this matter, the management of the Group determined the participating interests in the respective blocks as a CGU.

The recoverable amount of the CGUs is determined using cash flow projections based on revenue generated from oil and gas production and projections until the end of PSC. Production plan used in the cashflow projection, do not exceed oil and gas reserves or the end of the period of PSC.

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15. ASET MINYAK DAN GAS (lanjutan)

b. Properti minyak dan gas (lanjutan)

Perhitungan arus kas diskontoan yang digunakan meliputi proyeksi arus kas di masa depan dan mendiskontokannya menjadi nilai kini. Proses pendiskontoan menggunakan tingkat pengembalian yang sesuai dengan risiko terkait dengan bisnis atau aset dan nilai waktu uang.

Manajemen menentukan asumsi utama berdasarkan kombinasi pengalaman masa lalu dan sumber eksternal.

Asumsi utama yang digunakan dan nilai terpulihkan pada 31 Desember 2018 dan 2017 adalah sebagai berikut:

	31 Desember/ December 31, 2018
Harga minyak Periode 1-3 tahun Di atas 3 tahun	USD69.60 – USD72.00 USD71.60
Harga gas	Sesuai kontrak penjualan/ Based on sales agreement
Tingkat diskonto	-
Blok Muriah	- ¹⁾
Blok Ketapang	7.89%
Blok Pangkah	7.89%
Blok Fasken	-
Blok Muara Bakau	7.89%
Periode arus kas	-
Blok Muriah	-
Blok Ketapang	sampai/until 2028
Blok Pangkah	sampai/until 2026
Blok Fasken	-
Blok Muara Bakau	sampai/until 2032
Nilai terpulihkan	-
Blok Muriah	-
Blok Ketapang	USD126,180,908
Blok Pangkah	USD530,219,668
Blok Fasken	-
Blok Muara Bakau	USD578,719,963

Keterangan:

- Pada tanggal 31 Desember 2018, tidak ada indikasi penurunan nilai untuk Blok Muriah
- Pada tanggal 31 Desember 2017, tidak ada indikasi penurunan nilai untuk Blok Ketapang
- Grup melakukan pemulihan penurunan nilai untuk blok Pangkah dan Fasken pada tahun yang berakhir 31 Desember 2017. Tidak ada indikasi penurunan nilai di Blok Fasken pada tanggal 31 Desember 2018
- Pada tanggal 31 Desember 2017, tidak ada indikasi penurunan nilai untuk Blok Muara Bakau

Asumsi lain yang digunakan oleh manajemen adalah *lifting*, beban operasi, dan modal. *Lifting* tahunan dan beban operasi dan modal diproyeksikan berdasarkan rencana bisnis manajemen dengan mempertimbangkan kondisi saat ini dan ekspektasi masa depan.

Sensitivitas nilai terpulihkan terhadap perubahan asumsi utama adalah sebagai berikut:

	Perubahan asumsi/ Change in assumptions
31 Desember 2018	
Tingkat diskonto	kenaikan/increase by 1%
Harga minyak	kenaikan/increase by 10% penurunan/decrease by 10%
31 Desember 2017	
Tingkat diskonto	kenaikan/increase by 1%
Harga minyak	kenaikan/increase by 10% penurunan/decrease by 10%

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15. OIL AND GAS ASSETS (continued)

b. Oil and gas properties (continued)

A discounted cash flow calculation used involve projecting cash flows and discounting them back to present value. The discounting process uses a rate of return that is commensurate with the risk associated with the business or asset and the time value of money.

Management determined the key assumptions based on a combination of past experience and external sources.

The key assumptions used and recoverable amounts as at December 31, 2018 and 2017 are as follows:

	31 Desember/ December 31, 2017	
	USD64.47 – USD75.54 USD75.54	Oil prices 1 - 3 years period Above 3 years
	Sesuai kontrak penjualan/ Based on sales agreement	Gas prices
	-	Discount rate
	6.00%	Muriah Block
	-	Ketapang Block
	6.00% ³⁾	Pangkah Block
	6.50% ³⁾	Fasken Block
	-	Muara Bakau Block
	-	Cashflows period
	sampai/until 2020	Muriah Block
	-	Ketapang Block
	sampai/until 2026 ³⁾	Pangkah Block
	sampai/until 2040 ³⁾	Fasken Block
	-	Muara Bakau Block
	-	Recoverable amount
	USD31,778,001	Muriah Block
	-	Ketapang Block
	USD572,584,682 ³⁾	Pangkah Block
	USD238,362,283 ³⁾	Fasken Block
	-	Muara Bakau Block

Remarks:

- As at December 31, 2018, there was no impairment indicator for Muriah Block
- As at December 31, 2017, there were no impairment indicator for Ketapang Block
- The Group reversed provision for impairment for Pangkah and Fasken block during the year ended 31 December 2017. There was no impairment indicator in Fasken Block as at December 31, 2018
- As at December 31, 2017, there was no impairment indicator for Muara Bakau Block

Other assumptions used by management are *lifting*, operating expenditures, and capital expenditures. The projected annual *lifting* and operating and capital expenditures are based on management business plan which consider the current conditions and future expectations.

Sensitivity of the recoverable amount to changes in the key assumptions is as follows:

	Dampak terhadap nilai terpulihkan/ Impact on recoverable amount	
31 Desember 2018		December 31, 2018
Tingkat diskonto	turun/decrease by USD19 juta/million	Discount rate
Harga minyak	turun/decrease by USD20 juta/million turun/decrease by USD64 juta/million	Oil prices
31 Desember 2017		December 31, 2017
Tingkat diskonto	turun/decrease by USD34 juta/million	Discount rate
Harga minyak	turun/decrease by USD5 juta/million turun/decrease by USD30 juta/million	Oil prices

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16. GOODWILL DAN ASET TAK BERWUJUD LAINNYA

Perubahan dalam akun goodwill dan aset tak berwujud lainnya untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut:

16. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in goodwill and other intangible assets account for the years ended December 31, 2018 and 2017 are as follows:

	2018			Saldo akhir/ Ending balance	
	Saldo awal/ Beginning balance	Penambahan/ Addition	Pengurangan/ Deduction		
Harga perolehan					Cost
Goodwill	88,058,404	-	-	88,058,404	Goodwill
Piranti lunak	4,601,054	1,230,885	-	5,831,939	Software
Hak atas tanah	2,061,621	308,839	-	2,370,460	Land rights
	<u>94,721,079</u>	<u>1,539,724</u>	<u>-</u>	<u>96,260,803</u>	
Akumulasi amortisasi					Accumulated amortisation
Piranti lunak	(1,927,443)	(1,170,787)	-	(3,098,230)	Software
Hak atas tanah	(554,701)	(54,881)	-	(609,582)	Land rights
	<u>(2,482,144)</u>	<u>(1,225,668)</u>	<u>-</u>	<u>(3,707,812)</u>	
Akumulasi penurunan nilai					Accumulated impairment
Goodwill	(88,003,028)	-	-	(88,003,028)	Goodwill
Nilai buku bersih	<u>4,235,907</u>			<u>4,549,963</u>	Net book value
	2017				
	Saldo awal/ Beginning balance	Penambahan/ Addition	Pengurangan/ Deduction	Saldo akhir/ Ending balance	
Harga perolehan					Cost
Goodwill	88,058,404	-	-	88,058,404	Goodwill
Piranti lunak	4,303,140	297,914	-	4,601,054	Software
Hak atas tanah	1,922,048	139,573	-	2,061,621	Land rights
	<u>94,283,592</u>	<u>437,487</u>	<u>-</u>	<u>94,721,079</u>	
Akumulasi amortisasi					Accumulated amortisation
Piranti lunak	(1,164,896)	(762,547)	-	(1,927,443)	Software
Hak atas tanah	(488,508)	(66,193)	-	(554,701)	Land rights
	<u>(1,653,404)</u>	<u>(828,740)</u>	<u>-</u>	<u>(2,482,144)</u>	
Akumulasi penurunan nilai					Accumulated impairment
Goodwill	(88,003,028)	-	-	(88,003,028)	Goodwill
Nilai buku bersih	<u>4,627,160</u>			<u>4,235,907</u>	Net book value

Goodwill merupakan saldo yang timbul karena akuisisi kepemilikan atas SIPBV, SIPL, SPLLC dan TDS sebagai akibat dari pengukuran nilai wajar aset dan liabilitas milik SIPBV, SIPL, SPLLC dan TDS pada tanggal akuisisi.

Goodwill represents balance arising from acquisition of ownership in SIPBV, SIPL, SPLLC and TDS as a result of fair value measurement of assets and liabilities owned by SIPBV, SIPL, SPLLC and TDS at acquisition date.

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17. UTANG USAHA

17. TRADE PAYABLES

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Pihak berelasi				Related parties
PT Pertamina EP	32,472,183	36,223,751	24,535,883	PT Pertamina EP
PT Pertamina Hulu Energi	11,376,247	8,599,156	6,893,177	PT Pertamina Hulu Energi
PT Pertamina Drilling Service	6,957,325	3,370,000	-	PT Pertamina Drilling Service
PT Pertamina Training & Consulting	2,928,315	4,414,000	3,949,000	PT Pertamina Training & Consulting
PT Pertamina Trans Kontinental	2,050,293	3,788,000	1,093,000	PT Pertamina Trans Kontinental
PT Bina Bangun Wibawa Mukti	2,270,530	3,784,239	7,448,536	PT Bina Bangun Wibawa Mukti
PT Prima Sarana Gemilang	3,987,663	5,890,722	6,103,555	PT Prima Sarana Gemilang
PT Pertamina Patra Niaga	1,245,300	688,000	2,310,000	PT Pertamina Patra Niaga
Tugu Pratama	1,039,743	-	-	Tugu Pratama
PT Elnusa Tbk	620,346	-	3,191,000	PT Elnusa Tbk
Pertamina	83,622	2,977,000	2,007,000	Pertamina
Lain-lain (masing-masing dibawah USD1.000.000)	11,160,018	3,999,360	7,334,545	Others (each below USD1,000,000)
	<u>76,191,585</u>	<u>73,734,228</u>	<u>64,865,696</u>	
Pihak ketiga	<u>137,601,321</u>	<u>126,280,860</u>	<u>105,759,662</u>	Third parties
Jumlah utang usaha	<u>213,792,906</u>	<u>200,015,088</u>	<u>170,625,358</u>	Total trade payables

Tidak terdapat utang kepada pihak ketiga yang nilainya memerlukan penyajian terpisah. Semua utang usaha berstatus lancar. Karena sifatnya yang jangka pendek, nilai wajar utang usaha diperkirakan sama dengan nilai tercatatnya.

There are no payables to third parties which meet the threshold for separate disclosure. All trade payables are current. Due to their short-term nature, their fair value is equal to their carrying amount.

18. UTANG LAIN-LAIN

18. OTHER PAYABLES

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Pihak berelasi				Related parties
Pertamina	75,206,755	51,013,701	89,627,000	Pertamina
Lembaga Manajemen Aset Negara ("LMAN")	32,391,808	-	-	Lembaga Manajemen Aset Negara ("LMAN")
Transgasindo	2,288,349	2,040,727	1,677,249	Transgasindo
	<u>109,886,912</u>	<u>53,054,428</u>	<u>91,304,249</u>	
Pihak ketiga				Third parties
Liabilitas kepada kontraktor dan pemasok	78,503,797	35,785,809	68,080,688	Liabilities to contractors and suppliers
Pendapatan diterima di muka dari pelanggan	22,880,038	21,450,115	-	Unearned revenue from customers
Jaminan gas	14,199,518	14,258,454	18,041,679	Gas guarantee deposits
Utang cash call	21,672,986	10,473,370	14,990,967	Cash call payable
Lain-lain	13,959,752	24,870,993	12,273,796	Others
	<u>151,216,091</u>	<u>106,838,741</u>	<u>113,387,130</u>	
Jumlah utang lain-lain	<u>261,103,003</u>	<u>159,893,169</u>	<u>204,691,379</u>	Total other payables
Utang lain-lain jangka pendek	234,892,272	159,893,169	204,691,379	Other short-term payables
Utang lain-lain jangka panjang	26,210,731	-	-	Other long-term payables

Utang lain-lain ke Pertamina adalah utang bunga atas pinjaman jangka panjang Pertagas (Catatan 20).

Other payables to Pertamina represents interest payable for Pertagas' long-term loan (Note 20).

Utang lain-lain jangka panjang kepada LMAN merupakan utang sewa pembiayaan terkait Perjanjian Kerja Sama Operasional Kilang LNG Arun antara PAG dan LMAN. Perjanjian tersebut telah ditandatangani pada tanggal 28 Desember 2018 dan akan berakhir pada tanggal 31 Desember 2020.

Other long-term payables to LMAN represents finance lease payable related to Operational Cooperation Agreement of Arun LNG Plant between PAG and LMAN. The agreement was signed on December 28, 2018 and will expire on December 31, 2020.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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18. UTANG LAIN-LAIN (lanjutan)

Liabilitas kepada kontraktor dan pemasok sebagian besar merupakan liabilitas sehubungan dengan pembangunan proyek-proyek oleh Divisi *Program Management Office* ("PMO") beserta liabilitas kepada kontraktor terkait aktivitas hulu minyak dan gas.

Utang jaminan gas merupakan uang jaminan gas yang diterima oleh Perusahaan dari pelanggan dalam rangka transaksi penjualan gas.

Utang *cash call* merupakan utang kepada operator yang berkaitan dengan kegiatan operasional di blok minyak dan gas.

Pendapatan diterima di muka dari pelanggan merupakan kas yang diterima dari pelanggan terkait penjualan minyak mentah dan gas bumi yang akan terealisasi dengan penjualan di kemudian hari.

18. OTHER PAYABLES (continued)

Liabilities to contractors and suppliers primarily represent liabilities related to the construction of projects by Program Management Office ("PMO") and liabilities to contractors related to upstream oil and gas activities.

Gas guarantee deposits payable represents gas deposits received by the Company from customers in relation to gas sales transactions.

Cash call payables represent payables to operator related to operational activities in oil and gas blocks.

Unearned revenue from customers represents cash received from customers from sales of crude oil and natural gas that will be realized through future sales.

19. LIABILITAS YANG MASIH HARUS DIBAYAR

19. ACCRUED LIABILITIES

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Liabilitas kepada kontraktor dan pemasok	172,529,334	146,666,422	182,279,632	<i>Liabilities to contractors and suppliers</i>
Liabilitas atas aktivitas minyak dan gas	61,171,648	123,579,526	130,507,563	<i>Liabilities for oil and gas activities</i>
Bunga	16,759,268	15,889,391	15,197,196	<i>Interests</i>
Lain-lain	4,855,533	2,668,323	1,926,685	<i>Others</i>
	<u>255,315,783</u>	<u>288,803,662</u>	<u>329,911,076</u>	<i>Total accrued liabilities</i>

Liabilitas atas aktivitas minyak dan gas merupakan liabilitas yang berkaitan dengan aktivitas eksplorasi dan produksi minyak dan gas.

Liabilitas kepada kontraktor dan pemasok merupakan liabilitas dimana tagihan atas liabilitas tersebut belum diterima Grup.

Biaya bunga yang masih harus dibayar terdiri dari biaya bunga pinjaman bank jangka panjang dan bunga obligasi.

Liabilities for oil and gas activities represent liabilities relating to oil and gas exploration and production activities.

Liabilities to contractors and suppliers represent liabilities for which the related invoices for such amount have not been received by the Group.

Accrued interest consists of interest from long-term bank borrowings and interest from bonds.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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20. PINJAMAN

20. LOANS

a. Pinjaman bank jangka panjang

a. Long-term bank loans

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	1 Januari/ January 1, 2017	
Pihak berelasi				Related party
BNI	-	-	18,750,000	BNI
Two-step loans				Two-step loans
Japan Bank for International Cooperation ("JBIC")	352,970,866	360,034,489	362,177,702	Japan Bank for International Cooperation ("JBIC")
International Bank for Reconstruction and Development ("IBRD")	36,008,068	39,995,756	43,815,759	International Bank for Reconstruction and Development ("IBRD")
European Investment Bank ("EIB")	7,126,010	11,876,683	16,627,357	European Investment Bank ("EIB")
	<u>396,104,944</u>	<u>411,906,928</u>	<u>422,620,818</u>	
Pihak ketiga				Third parties
Pinjaman sindikasi	125,000,000	25,000,000	1,036,250,000	Syndicated loan
Biaya transaksi yang belum diamortisasi	(1,272,356)	(316,900)	(10,317,348)	Unamortised transactions costs
Jumlah pinjaman	<u>519,832,588</u>	<u>436,590,028</u>	<u>1,467,303,470</u>	Total loans
Bagian jangka pendek	23,316,820	22,857,361	170,987,760	Short-term portion
Bagian jangka panjang	496,515,768	413,732,667	1,296,315,710	Long-term portion

Two-step loans merupakan pinjaman jangka panjang yang diorganisir oleh Pemerintah Republik Indonesia dan diteruskan ke Grup.

Two-step loans represent long-term loans organised by the Government of the Republic of Indonesia and passed through to the Group.

Beberapa informasi lain yang signifikan terkait dengan pinjaman bank pada tanggal 31 Desember 2018 adalah sebagai berikut:

Other significant information related to bank loans as of December 31, 2018 is as follows:

Kreditur/ Creditor	Mata uang/ Currency	Jumlah fasilitas/ Total facility (mata uang asal/original currency)	Periode pinjaman/ Loan term	Periode pembayaran bunga/ Interest payment period	Tingkat suku bunga per tahun/Annual interest rate	Pembatasan pinjaman/ Debt covenants
JBIC	Yen Jepang/ Japanese Yen	Principal I: 44,702,000,000 Principal II: 4,386,000,000	28 Mei/ May 2003 - 20 Maret/ March 2014	Setengah tahunan/ Semiannually, (20 Maret/March dan/and 15 September)	Principal I: 1.45% Principal II: 1.25%	Tidak ada/None
IBRD	Dolar AS/ US Dollar	Principal I: 41,709,099 Principal II: 20,055,983	3 April/ April 2006 - 15 Februari/ February 2026	Setengah tahunan/ Semiannually, (15 Februari/February dan/and 15 Agustus/ August)	Principal I: 5.48% Principal II: LIBOR + 1%	Tidak ada/None

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20. PINJAMAN (lanjutan)

20. LOANS (continued)

a. Pinjaman bank jangka panjang (lanjutan)

a. Long-term bank loans (continued)

Kreditur/ Creditor	Mata uang/ Currency	Jumlah fasilitas/ Total facility (mata uang asal/original currency)	Periode pinjaman/ Loan term	Periode pembayaran/ Payment period	Tingkat suku bunga per tahun/Annual interest rate	Pembatasan pinjaman/ Debt covenants
EIB	Dolar AS/ US Dollar	Principal I: 44,317,411 Principal II: 10,315,337 Setara dengan/ Equivalent to EUR70,000,000	15 September 2000 - 15 Juni/ June 2020	Setengah tahunan/ Semiannually, (15 Juni/June dan/and 15 Desember/ December	Principal I: 4.95% Principal II: 5.297%	Debt to equity ratio: 2:1
Sindikasi/ Syndicated (Citigroup Global Market Singapore Pte.Ltd., PT Bank DBS Indonesia (juga bertindak sebagai agen), Sumitomo Mitsui Banking Corporation, Singapore Branch, HSBC, Singapore Branch, Mizuho Bank Ltd., PT Bank Mizuho Indonesia, BNP Paribas)	Dolar AS/ US Dollar	250,000,000	2 Desember/ December 2015 - 2 Desember/ December 2020	Pokok/Principal: Triwulanan/ Quarterly dengan masa tenggang 26 bulan/ with 26 months grace period Bunga/Interest: Triwulanan/ Quarterly	LIBOR +1.43% untuk porsi Onshore/For Onshore portion, LIBOR +1.28% untuk porsi Offshore/For Offshore portion	1. Gross debt to equity ratio: 65:35 2. Interest service coverage ratio: 4:1 3. Debt to EBITDA ratio: 4.5:1 (untuk 2 tahun sejak tanggal efektif pinjaman/ for 2 years after loan effective date) dan/and 3.5:1 (untuk periode setelahnya/for period thereafter)

1. JBIC (Perjanjian No. SLA-1156/DP3/2003)

Pada tanggal 27 Maret 2003, JBIC menyetujui untuk memberikan pinjaman kepada Pemerintah dengan jumlah keseluruhan setara dengan JPY49.088.000.000 untuk membantu Pemerintah dalam membiayai pembangunan jaringan pipa transmisi gas dari Sumatera Selatan sampai Jawa Barat dan jaringan pipa distribusi di Jawa Barat.

Pada tanggal 28 Mei 2003, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman No. SLA-1156/DP3/2003, dimana Pemerintah meneruskan pinjaman dari JBIC ini dengan jumlah tidak melebihi JPY49.088.000.000 kepada Perusahaan.

Selama tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017, Perusahaan telah membayar angsuran masing-masing sebesar JPY1.591.118.000 dan JPY1.591.118.000.

1. JBIC (Agreement No. SLA-1156/DP3/2003)

On March 27, 2003, JBIC agreed to provide a loan to the Government for a total aggregate amount equivalent to JPY49,088,000,000 to assist the Government in financing the development of a gas transmission pipeline from South Sumatera to West Java and a distribution pipeline in West Java.

On May 28, 2003, the Company and the Government entered into a Subsidiary Loan Agreement No. SLA-1156/DP3/2003, which provides for the Government's relending of the JBIC loan proceeds not exceeding JPY49,088,000,000 to the Company.

During the years ended December 31, 2018 and 2017, the Company made installment payments of JPY1,591,118,000 and JPY1,591,118,000, respectively.

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20. PINJAMAN (lanjutan)

a. Pinjaman bank jangka panjang (lanjutan)

2. IBRD (Perjanjian No. SLA-1201/DP3/2006)

Berdasarkan perjanjian pinjaman tanggal 7 Februari 2006, IBRD menyetujui memberikan fasilitas pinjaman kepada Pemerintah dengan jumlah keseluruhan setara dengan USD80.000.000 untuk membantu Pemerintah dalam membiayai Proyek Pengembangan Pasar Gas Domestik.

Pada tanggal 3 April 2006, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman, dimana Pemerintah meneruskan hasil pinjaman dari IBRD sebesar USD80.000.000 kepada Perusahaan yang akan melaksanakan Proyek. Pada bulan Desember 2011, jumlah fasilitas pinjaman diubah menjadi USD69.381.312.

Pada tanggal 14 November 2013, Perusahaan mendapatkan Surat No. 5-786/PU/2013 dari Direktorat Jenderal Pengelolaan Utang, Kementerian Keuangan Republik Indonesia, mengenai persetujuan pembatalan sisa fasilitas pinjaman sebesar USD7.616.230 terhitung mulai pada tanggal 1 Februari 2013.

Selama tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017, Perusahaan telah membayar angsuran di masing-masing periode sebesar USD3.987.688 dan USD3.820.003.

3. EIB (Perjanjian No. SLA-1139/DP3/2000)

Pada tanggal 15 September 2000, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman, dimana Pemerintah meneruskan pinjaman dari EIB (dalam mata uang Dolar AS) dengan jumlah tidak melebihi dari EUR70.000.000 kepada Perusahaan sebagai bagian dari pembiayaan Proyek Distribusi dan Transmisi Gas Tahap II.

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

Selama tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017, Perusahaan telah membayar angsuran di masing-masing periode sebesar USD4.750.673.

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20. LOANS (continued)

a. Long-term bank loans (continued)

2. IBRD (Agreement No. SLA-1201/DP3/2006)

Based on the loan agreement dated February 7, 2006, IBRD agreed to provide lending facility to the Government an aggregate amount equivalent to USD80,000,000 to assist the Government in financing the Domestic Gas Market Development Project.

On April 3, 2006, the Company and the Government entered into the a Subsidiary Loan Agreement, which provides for the Government's relending of the IBRD loan proceeds of USD80,000,000 to the Company, which shall undertake the Project. In December 2011, the total facilities were amended to USD69,381,312.

On November 14, 2013, the Company obtained Letter No. 5-786/PU/2013 from Directorate General of Debt Management, Ministry of Finance of the Republic of Indonesia, regarding the approval for the cancellation of the remaining loan facility amounting to USD7,616,230 starting on February 1, 2013.

During the years ended December 31, 2018 and 2017, the Company has made installment payments of USD3,987,688 and USD3,820,003, respectively.

3. EIB (Agreement No. SLA-1139/DP3/2000)

On September 15, 2000, the Company and the Government entered into a Subsidiary Loan Agreement, which provides for the Government's relending of the EIB loan (in US Dollar) proceeds not exceeding EUR70,000,000 to the Company as part of the financing of the Gas Transmission and Distribution Project Phase II.

As of December 31, 2018 and 2017 and January 1, 2017 the Group has complied with all financial ratios required to be maintained under the loan agreements.

During the years ended December 31, 2018 and 2017, the Company made installment payments of USD4,750,673, respectively.

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20. PINJAMAN (lanjutan)

a. Pinjaman bank jangka panjang (lanjutan)

4. Pinjaman sindikasi - SEI

Pada tanggal 2 Desember 2015, SEI memperoleh fasilitas pinjaman sindikasi sebesar USD600.000.000 dengan jumlah porsi *Onshore* adalah sebesar USD321.375.000 dan porsi *Offshore* sebesar USD278.625.000. Bank yang bertindak sebagai Agen adalah Sumitomo Mitsui Banking Corporation, Singapore Branch.

Di bulan Agustus 2017, SEI mendapatkan persetujuan dari kreditur untuk mengubah persyaratan pinjaman mengenai pembatasan pinjaman *Gross Debt to Equity ratio* menjadi *Net Debt to Equity ratio* sebesar maksimum 65:35.

Pada tanggal 2 November 2017, perjanjian ini diamandemen sehingga fasilitasnya menjadi senilai USD250.000.000. Perjanjian ini akan berakhir pada bulan Desember 2020 dengan tingkat bunga sebesar LIBOR ditambah 1,43% untuk porsi *onshore* dan LIBOR ditambah 1,28% untuk porsi *offshore*.

Sampai dengan tanggal 31 Desember 2018, jumlah fasilitas yang telah dicairkan adalah sebesar USD125.000.000. Pinjaman ini memiliki jangka waktu 3 tahun dengan masa tenggang selama 1 tahun.

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

5. Pinjaman sindikasi - Perusahaan

Pada tanggal 28 Agustus 2014, Perusahaan memperoleh fasilitas pinjaman sindikasi sebesar USD650.000.000 dengan jumlah porsi *Onshore* adalah sebesar USD590.000.000 dan porsi *Offshore* sebesar USD60.000.000.

Di tahun 2017, Perusahaan membayar penuh seluruh pinjaman, yaitu USD487.750.000 untuk porsi *onshore* dan USD49.500.000 untuk porsi *offshore*. Seluruh biaya terkait pelunasan pinjaman ini telah diakui sebagai beban dalam laba rugi tahun 2017.

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20. LOANS (continued)

a. Long-term bank loans (continued)

4. Syndicated loans - SEI

On December 2, 2015, SEI obtained a syndicated loan facility amounting USD600,000,000 with Onshore portion USD321,375,000 and Offshore portion of USD278,625,000. Bank acting as Mandated Lead Arrangers is Sumitomo Mitsui Banking Corporation, Singapore Branch.

In August 2017, SEI obtained approval from the lender to change the debt covenant regarding *Gross Debt to Equity ratio* become *Net Debt to Equity ratio* of maximum 65:35.

On November 2, 2017, this agreement was amended so the facility changed to USD250,000,000. This loan will be due in December 2020 and bears interest of LIBOR plus 1.43% for the onshore portion and LIBOR plus 1.28% for the offshore portion.

As of December 31, 2018, the amount of facility that have been withdrawn is amounting to USD125,000,000. The loan has a period term of 3 years with one year grace period.

As of December 31, 2018 and 2017 and January 1, 2017, the Group has complied with all financial ratios required to be maintained under the loan agreements.

5. Syndicated loans - the Company

On August 28, 2014, the Company obtained a syndicated loan facility amounting USD650,000,000 with Onshore portion USD590,000,000 and Offshore portion of USD60,000,000.

In 2017, the Company has fully paid the loans, which consist of USD487,750,000 for the onshore portion and USD49,500,000 for the offshore portion. All expenses related with the settlement of the loans are recognised as expenses in 2017 profit or loss.

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20. PINJAMAN (lanjutan)

a. Pinjaman bank jangka panjang (lanjutan)

6. BNI (Perjanjian No. 058/KPI/PK/2007)

Berdasarkan perjanjian pinjaman tanggal 17 September 2007, BNI menyetujui untuk memberikan pinjaman kepada Perusahaan dengan jumlah keseluruhan setara dengan USD150.000.000 untuk keperluan pembiayaan penyelesaian proyek Jaringan Pipa Transmisi Gas Bumi Sumatera Selatan – Jawa Barat ("Proyek SSWJ") dan Jaringan Pipa Distribusi Gas Jawa Barat.

Di tahun 2017, Perusahaan telah melunasi seluruh pinjaman dari fasilitas ini.

b. Pinjaman bank jangka pendek

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	1 Januari/ January 1, 2017
Pihak ketiga			
PT Bank DBS Indonesia	-	-	50,000,000
PT Bank Sumitomo Mitsui Indonesia	-	-	50,000,000
	-	-	100,000,000

1. PT Bank DBS Indonesia

Berdasarkan perjanjian pinjaman tanggal 14 Juni 2016, PT Bank DBS Indonesia menyetujui untuk memberikan pinjaman jangka pendek kepada SEI senilai USD50.000.000 untuk mendukung modal kerja. Jangka waktu fasilitas kredit adalah 11 bulan sejak tanggal 14 Juni 2016 yang kemudian diperpanjang hingga 13 Mei 2018 dan dikenakan tingkat suku bunga LIBOR tiga bulan ditambah margin sebesar 1,6% per tahun. Pada tanggal 20 Juli 2017, SEI telah melunasi seluruh pinjaman dari fasilitas ini.

2. PT Bank Sumitomo Mitsui Indonesia

Berdasarkan perjanjian pinjaman tanggal 27 Juli 2016, PT Bank Sumitomo Mitsui Indonesia memberikan pinjaman jangka pendek kepada SEI senilai USD100.000.000 untuk mendukung modal kerja dan fasilitas bank garansi sebesar USD54.000.000. Jangka waktu fasilitas kredit adalah 12 bulan sejak tanggal 27 Juli 2016 sampai dengan 31 Juli 2017 dan dikenakan tingkat suku bunga LIBOR tiga bulan ditambah margin sebesar 1,65% per tahun.

20. LOANS (continued)

a. Long-term bank loans (continued)

6. BNI (Agreement No. 058/KPI/PK/2007)

Based on the loan agreement dated September 17, 2007, BNI agreed to provide loan to the Company at an aggregate amount equivalent to USD150,000,000 to finance the South Sumatera-West Java Pipeline Gas Transmission Project ("SSWJ Project") and West Java Pipeline Distribution.

In 2017, the Company has fully repaid the loans from this facility.

b. Short-term bank loan

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	1 Januari/ January 1, 2017	
Third parties				
PT Bank DBS Indonesia	-	-	50,000,000	PT Bank DBS Indonesia
PT Bank Sumitomo Mitsui Indonesia	-	-	50,000,000	PT Bank Sumitomo Mitsui Indonesia
	-	-	100,000,000	

1. PT Bank DBS Indonesia

Based on the loan agreement dated June 14, 2016, PT Bank DBS Indonesia agreed to provide short-term loan to SEI amounting to USD50,000,000 to support working capital purposes. The term of the credit facility is valid for 11 months since June 14, 2016 which was extended until May 13, 2018 and subject to three months LIBOR interest rate plus margin of 1.6% per annum. On July 20, 2017, SEI has fully repaid the loans from this facility.

2. PT Bank Sumitomo Mitsui Indonesia

Based on the loan agreement dated July 27, 2016, PT Bank Sumitomo Mitsui Indonesia provided short-term loan to SEI amounting to USD100,000,000 to support working capital purposes and bank guarantee facility amounting to USD54,000,000. The term of the credit facility is valid for 12 months since July 27, 2016 until July 31, 2017 and subject to three months LIBOR interest rate plus margin of 1.65% per annum.

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20. PINJAMAN (lanjutan)

20. LOANS (continued)

c. Pinjaman pemegang saham

c. Shareholder loan

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Pihak berelasi				Related party
Bagian jangka pendek	53,772,145	76,887,432	79,799,120	Short term portion
Bagian jangka panjang	280,733,036	338,003,599	408,155,069	Long-term portion
	<u>334,505,181</u>	<u>414,891,031</u>	<u>487,954,189</u>	

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

Pada tanggal 28 Desember 2012, Pertagas dan Pertamina menandatangani perjanjian pinjaman untuk pendanaan belanja modal. Perjanjian pinjaman tersebut berlaku efektif sejak 1 Januari 2012. Penambahan pinjaman dilakukan melalui mekanisme *dropping* dana.

On December 28, 2012, Pertagas, and Pertamina entered into a loan agreement for capital expenditures. The loan agreement was effective as at January 1, 2012. Additional drawdowns of the loan are performed through a cash calls mechanism.

Pembebanan bunga kepada Pertagas oleh Pertamina dihitung setiap bulan berdasarkan tingkat bunga yang berlaku di pasar.

Interest charged to Pertagas by Pertamina is calculated on a monthly basis based on market rates.

d. Promissory notes

d. Promissory notes

Sesuai dengan Amandemen dan Pernyataan Kembali Perjanjian Jual Beli Saham antara Perusahaan dan Pertamina tanggal 28 Desember 2018 untuk mengalihkan 51% kepemilikan saham di Pertagas, sebagai bagian dari imbalan yang dialihkan, Perusahaan menerbitkan *promissory notes* kepada Pertamina dalam mata uang Rupiah senilai Rp10.091 miliar dengan jangka waktu 6 bulan dan bunga sebesar 8,41% per tahun. Pada tanggal 31 Desember 2018, saldo *promissory notes* ke Pertamina adalah setara dengan USD691.043.648.

In accordance with Amended and Restated Shares Purchase Agreement between the Company and Pertamina dated December 28, 2018 to acquire 51% ownership of shares in Pertagas, as part of the consideration transferred, the Company issued promissory notes of Rp10,091 billion denominated in Rupiah to Pertamina with 6 months loan period and interest rate of 8.41% per annum. As at December 31, 2018, balance of promissory notes to Pertamina is equivalent to USD691,043,648.

e. Fasilitas yang belum digunakan

e. Unused facilities

Berikut ini adalah fasilitas yang belum digunakan pada tanggal 31 Desember 2018:

Below are unused facilities as at 31 December 2018:

Bank	Jenis fasilitas/Types of Facilities	Akhir periode/ End of period	Pembatasan/ Covenants	Jumlah fasilitas/ Total facilities	Sisa fasilitas/ Remaining facilities
Bank Mandiri	Standby Letter of Credit ("SBLC"), Bank Garansi ("BG"), Surat Kredit Berdokumen Dalam Negeri ("SKBDN"), dan Letter of Credit ("LC")	26 Agustus 2019/ August 26, 2019	Debt service ratio: 130% Debt to equity ratio: 300%	120,000,000	44,697,647
BRI	SBLC, BG dan Penanguhan Jaminan Impor ("PJI")/SBLC, BG and Penanguhan Jaminan Impor ("PJI")	5 April 2019/ April 5, 2019	Tidak ada/None	400,000,000	239,712,890
BNI	SBLC, BG, SKBDN, dan/and L/C	18 Desember 2019/ December 18, 2019	Current ratio: 100% Debt to equity ratio: 300% EBITDA to interest: 200%	140,000,000	123,651,759
PT Bank Sumitomo Mitsui Indonesia	Cash Loan	31 Oktober 2019/ October 31, 2019	Tidak ada/None	120,000,000	120,000,000
Bank Mandiri	Treasury Line	26 Agustus 2019/ August 26, 2019	Tidak ada/None	100,000,000	100,000,000
PT Bank ANZ Indonesia	BG dan modal kerja jangka pendek ("Working Capital")/BG and short-term working capital ("Working Capital")	28 Februari 2019/ February 28, 2019	Current ratio: 100% Debt to equity ratio: 300% EBITDA to interest: 200%	BG:100,000,000 Working capital: 82,000,000	57,339,468 82,000,000
Citibank	SBLC dan/and BG	5 Desember 2019/ December 5, 2019	Tidak ada/None	50,000,000	35,924,540

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21. UTANG OBLIGASI

21. BONDS PAYABLES

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Senior Unsecured Fixed Rate Notes				Senior Unsecured Fixed Rate Notes
Nilai nominal	1,350,000,000	1,350,000,000	1,350,000,000	Nominal value
Diskonto	(13,000,500)	(13,000,500)	(13,000,500)	Discount
Biaya penerbitan	(5,647,211)	(5,647,211)	(5,647,211)	Issuance cost
Amortisasi diskonto dan biaya penerbitan	7,347,590	5,659,948	3,991,412	Amortisation of discount and issuance cost
	<u>1,338,699,879</u>	<u>1,337,012,237</u>	<u>1,335,343,701</u>	
SEI Senior Unsecured Fixed Rate Notes				SEI Senior Unsecured Fixed Rate Notes
Nilai nominal	625,000,000	625,000,000	-	Nominal value
Biaya penerbitan	(6,731,010)	(6,731,010)	-	Issuance cost
Amortisasi biaya penerbitan	1,601,019	644,956	-	Amortisation of issuance cost
	<u>619,870,009</u>	<u>618,913,946</u>	<u>-</u>	
Jumlah utang obligasi	<u>1,958,569,888</u>	<u>1,955,926,183</u>	<u>1,335,343,701</u>	Total bonds payable

a. Senior Unsecured Fixed Rate Notes

Pada tanggal 12 Mei 2014, Perusahaan menerbitkan USD1.350.000.000 Senior Unsecured Fixed Rate Notes, yang akan jatuh tempo pada tanggal 16 Mei 2024, dengan harga penerbitan sebesar 99,037%. Wali amanat atas obligasi ini adalah The Bank of New York Mellon. Obligasi ini dikenakan bunga sebesar 5,125% per tahun yang terhutang setengah tahunan setiap tanggal 16 Mei dan 16 November, dimulai pada tanggal 16 November 2014. Obligasi ini dicatatkan pada *Singapore Exchange Securities Trading Limited*. Dana dari obligasi diterima pada tanggal 16 Mei 2014 dan dipergunakan untuk penambahan modal kerja dan keperluan umum lainnya. Berdasarkan Moody's Investors Services, Standard & Poor (S&P) dan Fitch Rating, peringkat dari obligasi tersebut masing-masing adalah Baa3, BB+ dan BBB-.

Sehubungan dengan obligasi ini, Perusahaan dibatasi dalam melakukan konsolidasi, penggabungan usaha, mengalihkan, menyewakan, atau menjual semua atau sebagian besar asetnya.

Nilai wajar dari utang obligasi pada tanggal 31 Desember 2018 dan 2017 masing-masing adalah USD1.349.352.311 dan USD1.337.012.236. Nilai wajar ini dihitung menggunakan harga penawaran dan merupakan level 1 pada hirarki nilai wajar.

a. Senior Unsecured Fixed Rate Notes

On May 12, 2014, the Company issued USD1,350,000,000 Senior Unsecured Fixed Rate Notes, which will be due on May 16, 2024, with an issue price of 99.037%. The trustee of these bonds is The Bank of New York Mellon. These bonds bear interest rate of 5.125% per annum payable semiannually on May 16 and November 16, starting on November 16, 2014. These bonds were listed on the Singapore Exchange Securities Trading Limited. The bonds proceeds were received by the Company on May 16, 2014 and were used for additional working capital and other general corporate purposes. Based on Moody's Investors Services, Standard & Poor (S&P) and Fitch Rating, the bonds were rated at Baa3, BB+ and BBB-, respectively.

In relation to these bonds, the Company is restricted in conducting consolidation, merger, transfer, lease or disposal of all or substantially all of its assets.

The fair value of the bonds payable as at December 31, 2018 and 2017 was USD1,349,352,311 and USD1,337,012,236, respectively. The fair value is calculated using bid price and within level 1 of the fair value hierarchy.

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21. UTANG OBLIGASI (lanjutan)

b. SEI Senior Unsecured Fixed Rate Notes

Pada tanggal 26 April 2017, SEI menerbitkan USD625.000.000 *Senior Unsecured Fixed Rate Notes*, yang akan jatuh tempo pada tanggal 5 Mei 2024, dengan harga penerbitan sebesar 100%. Wali amanat atas obligasi ini adalah Citicorp International Limited. Obligasi ini dikenakan bunga sebesar 4,45% per tahun yang terhutang setengah tahunan setiap tanggal 5 Mei dan 5 November, dimulai pada tanggal 5 November 2017. Obligasi ini dicatatkan pada *Singapore Exchange Securities Trading Limited*. Dana dari obligasi diterima pada tanggal 5 Mei 2017 dan dipergunakan untuk melunasi pinjaman sindikasi, mendanai belanja modal dan aktivitas akuisisi, penambahan modal kerja dan keperluan umum lainnya. Total biaya penerbitan adalah sebesar USD6.731.010. Berdasarkan Moody's Investors Services, Standard & Poor (S&P) dan Fitch Rating, peringkat dari obligasi tersebut masing-masing adalah Ba2, BB+ dan BB+ pada tanggal 31 Desember 2018.

SEI tidak diharuskan melakukan pembentukan dana (*sinking fund*) untuk pelunasan utang obligasi ini.

Nilai wajar dari utang obligasi pada tanggal 31 Desember 2018 dan 2017 masing-masing adalah USD574.906.250 dan USD636.750.000. Nilai wajar ini dihitung menggunakan harga penawaran dan merupakan level 1 pada hirarki nilai wajar.

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21. BONDS PAYABLES (continued)

b. SEI Senior Unsecured Fixed Rate Notes

On April 26, 2017 SEI issued USD625,000,000 *Senior Unsecured Fixed Rate Notes*, which will be due on May 5, 2024, with issue price of 100%. The trustee of these bonds is Citicorp International Limited. These bonds bear interest of 4.45% per annum payable semiannually on May 5 and November 5, starting on November 5, 2017. These bonds were listed on the *Singapore Exchange Securities Trading Limited*. The bonds proceeds were received on May 5, 2017 and were used for refinancing syndicated loan, to finance capital expenditures and acquisition activities, to fund working capital requirement and other general corporate purposes. Total transaction cost amounted to USD6,731,010. Based on Moody's Investor Service, Standard & Poor (S&P) and Fitch Rating, as at December 31, 2018 the bonds were rated at Ba2, BB+ and BB+, respectively.

SEI is not required to make sinking fund payment with respect to these bonds.

The fair value of the bonds payable as at December 31, 2018 and 2017 were USD574,906,250 and USD 636,750,000, respectively. The fair value is calculated using bid price and within level 1 of the fair value hierarchy.

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22. PERPAJAKAN

22. TAXATION

a. Taksiran tagihan pajak

a. Estimated claims for tax refund

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Pajak Penghasilan:				<i>Income Taxes:</i>
Pasal 28a	22,712,926	72,216,202	20,084,510	<i>Article 28a</i>
Pasal 25	-	130,009	695,482	<i>Article 25</i>
Restitusi pajak penghasilan badan	-	9,147,106	-	<i>Corporate income tax restitution</i>
	<u>22,712,926</u>	<u>81,493,317</u>	<u>20,779,992</u>	
Pajak lainnya:				<i>Other Taxes:</i>
Pajak Pertambahan Nilai ("PPN")	187,933,277	118,454,328	134,240,462	<i>Value Added Taxes ("VAT")</i>
Pasal 4 (2)	59,412,007	60,724,332	61,230,518	<i>Article 4 (2)</i>
Pasal 26	16,100,484	-	-	<i>Article 26</i>
Pasal 23	5,547,357	2,334,743	122,206	<i>Article 23</i>
Pasal 21	406,447	-	-	<i>Article 21</i>
Pasal 22	30,154	7,859	234,979	<i>Article 22</i>
	<u>269,429,726</u>	<u>181,521,262</u>	<u>195,828,165</u>	
	<u>292,142,652</u>	<u>263,014,579</u>	<u>216,608,157</u>	
Bagian lancar	168,228,568	107,862,157	122,342,602	<i>Current portion</i>
Bagian tidak lancar	123,914,084	155,152,422	94,265,555	<i>Non-current portion</i>

b. Utang pajak

b. Taxes payable

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Pajak Penghasilan:				<i>Income Taxes:</i>
Pasal 29	19,323,141	15,364,717	30,972,339	<i>Article 29</i>
Kurang bayar Pasal 29 untuk tahun pajak sebelumnya	4,095,900	6,468,092	5,527,440	<i>Underpayment of Article 29 for previous fiscal years</i>
Pasal 25	1,255,572	5,044,728	731,162	<i>Article 25</i>
	<u>24,674,613</u>	<u>26,877,537</u>	<u>37,230,941</u>	
Pajak lainnya:				<i>Other Taxes:</i>
PPN	15,698,973	1,893,648	8,320,993	<i>VAT</i>
Pasal 23	5,412,396	7,004,868	4,010,879	<i>Article 23</i>
Pasal 21	2,946,996	1,802,006	1,901,311	<i>Article 21</i>
Pasal 22	131,926	102,957	230,811	<i>Article 22</i>
Pasal 4(2)	-	976,501	233,312	<i>Article 4(2)</i>
	<u>24,190,291</u>	<u>11,779,980</u>	<u>14,697,306</u>	
	<u>48,864,904</u>	<u>38,657,517</u>	<u>51,928,247</u>	

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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22. PERPAJAKAN (lanjutan)

22. TAXATION (continued)

c. Beban pajak penghasilan

c. Income tax expenses

	<u>2018</u>	<u>2017*</u>	
Kini			<i>Current</i>
Perusahaan	67,252,525	44,704,359	<i>The Company</i>
Entitas anak	68,562,865	65,249,348	<i>Subsidiaries</i>
Penyesuaian tahun sebelumnya	<u>45,616,634</u>	<u>6,468,092</u>	<i>Prior year adjustment</i>
	<u>181,432,024</u>	<u>116,421,799</u>	
Tangguhan			<i>Deferred</i>
Perusahaan	(7,985,023)	7,271,958	<i>The Company</i>
Entitas anak	<u>46,818,624</u>	<u>40,958,397</u>	<i>Subsidiaries</i>
	<u>38,833,601</u>	<u>48,230,355</u>	
Beban pajak penghasilan	<u>220,265,625</u>	<u>164,652,154</u>	<i>Income tax expenses</i>

Pajak atas laba sebelum pajak Grup berbeda dari nilai teoritis yang mungkin muncul apabila menggunakan rata-rata tertimbang tarif pajak terhadap laba pada entitas konsolidasian dalam jumlah sebagai berikut:

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits on the consolidated entities as follows:

	<u>2018</u>	<u>2017*</u>	
Laba konsolidasian sebelum pajak penghasilan	584,904,285	417,940,898	<i>Consolidated profit before income tax</i>
Pajak dihitung dengan tarif pajak yang berlaku	163,118,327	90,352,041	<i>Tax calculated at applicable tax rate</i>
Dampak pajak penghasilan dari:			<i>Income tax effect from:</i>
- Pendapatan dividen	(28,899,925)	(13,991,129)	<i>Dividend income -</i>
- Penghasilan tidak kena pajak	(23,031,902)	(15,795,506)	<i>Income not subject to tax -</i>
- Beban yang tidak dapat dikurangkan	91,751,719	43,510,016	<i>Non-deductible expenses -</i>
- Perubahan aset pajak tangguhan yang tidak diakui	<u>17,327,406</u>	<u>60,576,732</u>	<i>Changes in unrecognised - deferred tax assets</i>
Beban pajak penghasilan konsolidasian	<u>220,265,625</u>	<u>164,652,154</u>	<i>Consolidated income tax expense</i>

*) Disajikan kembali, lihat Catatan 4a

*As restated, refer to Note 4a *)*

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22. PERPAJAKAN (lanjutan)

22. TAXATION (continued)

c. Beban pajak penghasilan (lanjutan)

c. Income tax expenses (continued)

Rekonsiliasi antara laba sebelum beban pajak, seperti yang tercantum dalam laba rugi dan estimasi laba kena pajak adalah sebagai berikut:

The reconciliation between profit before tax expense, as shown in profit or loss and estimated taxable income is as follows:

	<u>2018</u>	<u>2017*</u>	
Laba konsolidasian sebelum pajak penghasilan	584,904,285	417,940,898	Consolidated profit before income tax
Dikurangi:			Deducted by:
(Laba)/rugi sebelum pajak entitas anak	(285,419,869)	(160,129,915)	(Profit)/loss before tax of subsidiaries
Penyesuaian konsolidasian	<u>89,325,547</u>	<u>33,856,674</u>	Consolidation adjustments
Laba sebelum beban pajak Perusahaan	<u>388,809,963</u>	<u>291,667,657</u>	Income before tax expense of the Company
Koreksi fiskal:			Fiscal corrections:
Imbalan pascakerja dan jangka panjang lainnya	(100,452)	1,948,885	Post-employment and other long-term benefits
Penyisihan penurunan nilai piutang	3,985,795	2,238,412	Provision for impairment of receivables
Akrua atas gaji dan bonus karyawan	14,198,104	(10,288,759)	Accrued employees' salaries and bonus
Gaji dan kesejahteraan karyawan	14,912,655	13,798,665	Salaries and other employees' benefits
Beban yang tak dapat dikurangkan	58,139,219	6,215,226	Non-deductible expenses
Representasi dan jamuan	2,417,275	2,237,209	Representation and entertainment
Pajak dan perizinan	17,252,198	395,776	Taxes and licenses
Pendapatan dividen	(144,499,623)	(80,446,589)	Dividend income
Penghasilan yang dikenakan pajak final	<u>(18,852,509)</u>	<u>(4,244,687)</u>	Income subject to final tax
Estimasi laba kena pajak	<u>336,262,625</u>	<u>223,521,795</u>	Estimated taxable income
Beban pajak kini - Perusahaan	<u>67,252,525</u>	<u>44,704,359</u>	Current tax expense - the Company
Dikurangi pembayaran pajak dimuka - Perusahaan			Less prepaid taxes - Company
Pasal 23	(8,779,032)	(8,292,957)	Article 23
Pasal 22	(10,028,300)	-	Article 22
Pasal 25	<u>(39,848,956)</u>	<u>(60,939,034)</u>	Article 25
Kurang/(lebih) bayar pajak penghasilan badan - Perusahaan	<u>8,596,237</u>	<u>(24,527,632)</u>	Underpayment/(overpayment) of corporate income tax - the Company
Kurang/(lebih) bayar pajak penghasilan badan - Entitas anak	11,982,476	(13,833,624)	Underpayment/(overpayment) of corporate income tax - Subsidiaries
Kurang/(lebih) bayar pajak penghasilan badan tahun lalu - Konsolidasian	<u>4,095,900</u>	<u>(43,132,061)</u>	Prior year underpayment/(overpayment) of corporate income tax - Consolidated
Kurang/(lebih) bayar pajak penghasilan - Konsolidasian	<u>24,674,613</u>	<u>(81,493,317)</u>	Underpayment/(overpayment) of corporate income tax - Consolidated

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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22. PERPAJAKAN (lanjutan)

c. Beban pajak penghasilan (lanjutan)

Berdasarkan Peraturan Pemerintah No. 81 tahun 2007 ("PP 81/2007"), tanggal 28 Desember 2007, tentang Penurunan Tarif Pajak Penghasilan bagi Wajib Pajak Badan Dalam Negeri yang Berbentuk Perseroan Terbuka yang berlaku efektif tanggal 1 Januari 2008 dan Peraturan Menteri Keuangan No. 238/PMK.03/2008 tanggal 30 Desember 2008 tentang Tata Cara Pelaksanaan dan Pengawasan Pemberian Penurunan Tarif Bagi Wajib Pajak Badan Dalam Negeri yang berbentuk Perseroan Terbuka, perseroan terbuka dalam negeri di Indonesia dapat memperoleh penurunan tarif Pajak Penghasilan sebesar 5% lebih rendah dari tarif tertinggi Pajak Penghasilan sebagaimana diatur dalam Pasal 17 ayat 1b Undang-undang Pajak Penghasilan, dengan memenuhi kriteria-kriteria yang ditentukan, yaitu perseroan yang saham atau efek bersifat ekuitas lainnya tercatat di Bursa Efek Indonesia yang jumlah kepemilikan saham publiknya 40% atau lebih dari keseluruhan saham yang disetor dan saham tersebut dimiliki paling sedikit oleh 300 pihak, masing-masing pihak hanya boleh memiliki saham kurang dari 5% dari keseluruhan saham yang disetor.

Pada tanggal 5 Januari 2018 dan 5 Januari 2017, Perusahaan telah mendapatkan surat keterangan dari Biro Administrasi Efek atas pemenuhan kriteria-kriteria di atas untuk tahun pajak 2018 dan 2017.

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22. TAXATION (continued)

c. Income tax expenses (continued)

Based on Government Regulation No. 81/2007 ("Gov. Reg. 81/2007"), dated December 28, 2007, on regarding Reduction of the Rate of Income Tax on Resident Corporate Taxpayers in the Form of Publicly-listed Companies which became effective on January 1, 2008 and Ministry of Finance Rule No. 238/PMK.03/2008 dated December 30, 2008 regarding the Guidelines on the Implementation and Supervision on the Tariff Reduction for Domestic Tax Payers in the Form of Publicly-listed Companies, resident publicly-listed companies in Indonesia can obtain the reduced income tax rate of 5% lower than the highest income tax rate under Article 17 paragraph 1b of the Income Tax Law, if they meet the prescribed criterias, which are companies whose shares or other equity instruments are listed in the Indonesia Stock Exchange, whose shares owned by the public is 40% or more of the total paid shares and such shares are owned by at least 300 parties, each party owning less than 5% of the total paid up shares.

On January 5, 2018 and January 5, 2017, the Company has obtained the notification letter from Securities Administration Agency regarding the fulfillment of such criterias for fiscal year 2018 and 2017.

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22. PERPAJAKAN (lanjutan)

22. TAXATION (continued)

d. Pajak tangguhan

Pengaruh pajak atas beda temporer yang signifikan antara pelaporan komersial dan pajak adalah sebagai berikut:

d. Deferred tax

The tax effects of significant temporary differences between commercial and tax reporting are as follows:

	1 Januari/ January 1, 2018	Dibebankan/ (dikreditkan) pada laporan laba-rugi konsolidasian/ Charged/ (credited) to consolidated statements of profit or loss	Dibebankan/ (dikreditkan) pada penghasilan komprehensif lain/Charged/ (credited) to other comprehensive income	31 Desember/ December 31, 2018	
Perusahaan					The Company
Aset pajak tangguhan					Deferred tax assets
Imbalan pascakerja					Post-employment and other
dan jangka panjang lainnya	17,862,723	(20,090)	455,199	18,297,832	long-term benefits
Gaji dan bonus	3,954,882	2,839,621	-	6,794,503	Salaries and bonus
Cadangan kerugian					Allowance for
penurunan nilai	7,279,914	797,159	-	8,077,073	impairment losses
Cadangan kerugian					Allowance for
penurunan nilai persediaan	95,411	-	-	95,411	inventory obsolescence
Penyisihan aset pajak					Allowance for deferred
tangguhan	(12,979,308)	4,368,333	-	(8,610,975)	tax assets
Aset pajak tangguhan	16,213,622	7,985,023	455,199	24,653,844	Deferred tax assets
Entitas anak					Subsidiaries
PERTAGAS					PERTAGAS
Aset pajak tangguhan					Deferred tax assets
Aset tetap	58,438,835	10,722,580	-	69,161,415	Fixed assets
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	1,241,335	(8,372)	-	1,232,963	other long-term benefits
Aset pajak tangguhan	59,680,170	10,714,208	-	70,394,378	Deferred tax assets
PGASKOM					PGASKOM
Aset pajak tangguhan					Deferred tax assets
Gaji dan bonus	502,086	(362,285)	-	139,801	Salaries and bonus
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	295,974	(217,476)	(105,984)	72,514	other long-term benefits
Aset tetap	(84,273)	960,928	-	776,655	Fixed assets
Aset pajak tangguhan	713,787	381,167	(105,984)	988,970	Deferred tax assets
PGASSOL					PGASSOL
Aset pajak tangguhan					Deferred tax assets
Aset tetap	(95,152)	(258,033)	-	(353,185)	Fixed assets
Gaji dan bonus	37,253	108,815	(57,123)	88,945	Salaries and bonus
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	44,497	293,593	-	338,090	other long-term benefits
Aset pajak tangguhan	(13,402)	144,375	(57,123)	73,850	Deferred tax assets
GEI					GEI
Aset pajak tangguhan					Deferred tax assets
Gaji dan bonus	274,232	560,067	-	834,299	Salaries and bonus
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	407,296	(282,519)	(52,058)	72,719	other long-term benefits
Cadangan kerugian					Allowance for
penurunan nilai persediaan	150,441	268,477	-	418,918	inventory obsolescence
Aset pajak tangguhan	831,969	546,025	(52,058)	1,325,936	Deferred tax assets
PLI					PLI
Aset pajak tangguhan					Deferred tax assets
Rugi fiskal	13,402,474	(7,811,812)	-	5,590,662	Fiscal loss
Liabilitas pembongkaran					Asset abandonment and
aset dan restorasi area					restoration obligations
dan provisi lain-lain	1,525,275	(195,114)	-	1,330,161	and other provisions
Aset tetap	(3,443,923)	(915,965)	-	(4,359,888)	Fixed assets
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	108,169	162,958	-	271,127	other long-term benefits
Aset pajak tangguhan	11,591,995	(8,759,933)	-	2,832,062	Deferred tax assets

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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22. PERPAJAKAN (lanjutan)

22. TAXATION (continued)

d. Pajak tangguhan (lanjutan)

d. Deferred tax (continued)

	1 Januari/ January 1, 2018	Dibebankan/ (dikreditkan) pada laporan laba-rugi konsolidasian/ Charged/ (credited) to consolidated statements of profit or loss	-	Dibebankan/ (dikreditkan) pada penghasilan komprehensif lain/Charged/ (credited) to other comprehensive income	31 Desember/ December 31, 2018	
PGN MAS dan entitas anaknya						PGN MAS and its subsidiary
Aset pajak tangguhan						Deferred tax assets
Aset tetap	497,726	106,580	-	-	604,306	Fixed assets
Gaji dan bonus	104,068	(65,038)	-	-	39,030	Salaries and bonus
Aset pajak tangguhan	601,794	41,542	-	-	643,336	Deferred tax assets
Liabilitas pajak tangguhan						Deferred tax liabilities
Implementasi akuntansi sewa pembiayaan	(2,620,584)	1,861,020	-	-	(759,564)	Implementation of finance lease accounting
Aset tetap	(63,702)	(1,564,951)	-	-	(1,628,653)	Fixed assets
Gaji dan bonus	163,805	293,225	-	-	457,030	Salaries and bonus
Liabilitas pajak tangguhan	(2,520,481)	589,294	-	-	(1,931,187)	Deferred tax liabilities
SEI dan entitas anaknya						SEI and its subsidiaries
Aset pajak tangguhan						Deferred tax assets
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	3,201,655	(342,667)	-	-	2,858,988	Asset abandonment and restoration obligations and other provisions
Unrecovered cost	65,070,138	(26,450,120)	-	-	38,620,018	Unrecovered cost
Properti minyak dan gas	(34,939,167)	19,843,328	-	-	(15,095,839)	Oil and gas properties
Aset pajak tangguhan	33,332,626	(6,949,459)	-	-	26,383,167	Deferred tax assets
Liabilitas pajak tangguhan						Deferred tax liabilities
Imbalan pascakerja dan jangka panjang lainnya	903,372	751,036	-	-	1,654,408	Post-employment and other long-term benefits
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	6,627,864	(2,473,513)	-	-	4,154,351	Asset abandonment and restoration obligations and other provisions
Unrecovered cost	217,981,415	(65,341,295)	-	-	152,640,120	Unrecovered cost
Cadangan kerugian penurunan persediaan	105,989	30,701	-	-	136,690	Allowance for inventory obsolescence
Properti minyak dan gas	(346,626,342)	23,507,228	-	-	(323,119,114)	Oil and gas properties
Liabilitas pajak tangguhan	(121,007,702)	(43,525,843)	-	-	(164,533,545)	Deferred tax liabilities
(Beban)/manfaat pajak tangguhan konsolidasian	-	(38,833,601)	240,034	-	-	Consolidated deferred tax (expense)/benefit
Aset pajak tangguhan konsolidasian	122,952,561				127,295,543	Consolidated deferred tax assets
Liabilitas pajak tangguhan konsolidasian	(123,528,183)				(166,464,732)	Consolidated deferred tax liabilities

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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22. PERPAJAKAN (lanjutan)

22. TAXATION (continued)

d. Pajak tangguhan (lanjutan)

d. Deferred tax (continued)

	1 Januari/ January 1, 2017*	Dibebankan/ (dikreditkan) pada laporan laba-rugi konsolidasian/ Charged/ (credited) to consolidated statements of profit or loss	Dibebankan/ (dikreditkan) pada penghasilan komprehensif lain/Charged/ (credited) to other comprehensive income	31 Desember/ December 31, 2017*	
Perusahaan					The Company
Aset pajak tangguhan					Deferred tax assets
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	16,647,753	389,777	825,193	17,862,723	other long-term benefits
Gaji dan bonus	6,012,634	(2,057,752)	-	3,954,882	Salaries and bonus
Cadangan kerugian					Allowance for
penurunan nilai	6,832,232	447,682	-	7,279,914	impairment losses
Cadangan kerugian					Allowance for
penurunan nilai persediaan	95,411	-	-	95,411	inventory obsolescence
Penyisihan aset pajak					Allowance for deferred
tangguhan	(6,927,643)	(6,051,665)	-	(12,979,308)	tax assets
Aset pajak tangguhan	<u>22,660,387</u>	<u>(7,271,958)</u>	<u>825,193</u>	<u>16,213,622</u>	Deferred tax assets
Entitas anak					Subsidiaries
PERTAGAS					PERTAGAS
Aset pajak tangguhan					Deferred tax assets
Aset tetap	52,292,746	6,146,089	-	58,438,835	Fixed Assets
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	2,338,335	(1,097,000)	-	1,241,335	other long-term benefits
Aset pajak tangguhan	<u>54,631,081</u>	<u>5,049,089</u>	<u>-</u>	<u>59,680,170</u>	Deferred tax assets
PGASKOM					PGASKOM
Aset pajak tangguhan					Deferred tax assets
Gaji dan bonus	254,133	247,953	-	502,086	Salaries and bonus
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	61,579	560,788	(326,393)	295,974	other long-term benefits
Cadangan kerugian					Allowance for
penurunan nilai persediaan	24,012	16,890	-	40,902	inventory obsolescence
Aset tetap	(99,495)	(25,680)	-	(125,175)	Fixed assets
Aset pajak tangguhan	<u>240,229</u>	<u>799,951</u>	<u>(326,393)</u>	<u>713,787</u>	Deferred tax assets
PGASSOL					PGASSOL
Aset pajak tangguhan					Deferred tax assets
Aset tetap	84,178	(179,330)	-	(95,152)	Fixed assets
Gaji dan bonus	1,239,620	(1,202,367)	-	37,253	Salaries and bonus
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	82,151	(39,157)	1,503	44,497	other long-term benefits
Aset pajak tangguhan	<u>1,405,949</u>	<u>(1,420,854)</u>	<u>1,503</u>	<u>(13,402)</u>	Deferred tax assets
GEI					GEI
Aset pajak tangguhan					Deferred tax assets
Gaji dan bonus	124,075	150,157	-	274,232	Salaries and bonus
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	67,675	333,420	6,201	407,296	other long-term benefits
Cadangan kerugian					Allowance for
penurunan nilai persediaan	25,387	125,054	-	150,441	inventory obsolescence
Aset pajak tangguhan	<u>217,137</u>	<u>608,631</u>	<u>6,201</u>	<u>831,969</u>	Deferred tax assets
PLI					PLI
Aset pajak tangguhan					Deferred tax assets
Rugi fiskal	25,639,612	(12,237,138)	-	13,402,474	Fiscal loss
Liabilitas pembongkaran					Asset abandonment and
aset dan restorasi area					restoration obligations
dan provisi lain-lain	1,458,064	67,211	-	1,525,275	and other provisions
Aset tetap	(2,874,242)	(569,681)	-	(3,443,923)	Fixed assets
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	83,641	24,605	(77)	108,169	other long-term benefits
Aset pajak tangguhan	<u>24,307,075</u>	<u>(12,715,003)</u>	<u>(77)</u>	<u>11,591,995</u>	Deferred tax assets
PGN MAS dan entitas anaknya					PGN MAS and its subsidiary
Aset pajak tangguhan					Deferred tax assets
Aset tetap	375,047	122,679	-	497,726	Fixed assets
Gaji dan bonus	124,772	(20,704)	-	104,068	Salaries and bonus
Aset pajak tangguhan	<u>499,819</u>	<u>101,975</u>	<u>-</u>	<u>601,794</u>	Deferred tax assets
Liabilitas pajak tangguhan					Deferred tax liabilities
Implementasi akuntansi					Implementation of
sewa pembiayaan	(645,234)	(1,975,350)	-	(2,620,584)	finance lease accounting
Aset tetap	(64,233)	531	-	(63,702)	Fixed assets
Gaji dan bonus	163,805	-	-	163,805	Salaries and bonus
Liabilitas pajak tangguhan	<u>(545,662)</u>	<u>(1,974,819)</u>	<u>-</u>	<u>(2,520,481)</u>	Deferred tax liabilities

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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22. PERPAJAKAN (lanjutan)

22. TAXATION (continued)

d. Pajak tangguhan (lanjutan)

d. Deferred tax (continued)

	1 Januari/ January 1, 2017*	Dibebankan/ (dikreditkan) pada laporan laba-rugi konsolidasian/ Charged/ (credited) to consolidated statements of profit or loss	Dibebankan/ (dikreditkan) pada penghasilan komprehensif lain/Charged/ (credited) to other comprehensive income	31 Desember/ December 31, 2017*	
SEI dan entitas anaknya					SEI and its subsidiaries
Aset pajak tangguhan					Deferred tax assets
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	2,477,938	723,717	-	3,201,655	Asset abandonment and restoration obligations and other provisions
Unrecovered cost	70,327,620	(5,257,482)	-	65,070,138	Unrecovered cost
Properti minyak dan gas	(45,085,589)	10,146,422	-	(34,939,167)	Oil and gas properties
Aset pajak tangguhan	27,719,969	5,612,657	-	33,332,626	Deferred tax assets
Liabilitas pajak tangguhan					Deferred tax liabilities
Imbalan pascakerja dan jangka panjang lainnya	1,212,920	(309,548)	-	903,372	Post-employment and other long-term benefits
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	5,268,297	1,359,567	-	6,627,864	Asset abandonment and restoration obligations and other provisions
Unrecovered cost	151,710,027	66,271,388	-	217,981,415	Unrecovered cost
Cadangan kerugian penurunan persediaan	65,629	40,360	-	105,989	Allowance for inventory obsolescence
Properti minyak dan gas	(242,357,058)	(104,269,284)	-	(346,626,342)	Oil and gas properties
Liabilitas pajak tangguhan	(84,100,185)	(36,907,517)	-	(121,007,702)	Deferred tax liabilities
(Beban)/manfaat pajak tangguhan konsolidasian	-	(48,230,355)	506,427	-	Consolidated deferred tax (expense)/benefit
Aset pajak tangguhan konsolidasian	131,681,646			122,952,561	Consolidated deferred tax assets
Liabilitas pajak tangguhan konsolidasian	(84,645,847)			(123,528,183)	Consolidated deferred tax liabilities

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

e. Rugi pajak

e. Tax losses

Entitas anak Grup memiliki rugi pajak yang dapat digunakan sebagai pengurang dari penghasilan kena pajak masa depan. Perusahaan tidak memiliki rugi pajak. Berikut ini adalah informasi mengenai rugi pajak Grup.

Subsidiaries of the Group had tax losses that can be used as deductions from future taxable income. The Company has no tax losses. Below information regarding the Group's tax losses.

31 Desember/December 31, 2018

Tahun terjadi/ Year incurred	Tahun kadaluarsa/ Year expired	Rugi pajak entitas anak/ Subsidiaries' tax losses	Aset pajak tangguhan dari rugi pajak/ Deferred tax assets from tax losses	Aset pajak tangguhan yang tidak diakui/ Unrecognised deferred tax assets	Kompensasi kerugian fiskal/ Utilisation of tax losses carryforward	Aset pajak tangguhan yang diakui/ Deferred tax assets recognised
PLI						
2015	2020	88,968,040	22,242,011	(12,514,795)	(4,658,170)	5,069,046
2016	2021	2,086,462	521,616	-	-	521,616
SEI						
2015	2020	14,752,294	3,688,074	(3,688,074)	-	-
2016	2021	28,461,812	7,115,453	(7,115,453)	-	-
2017	2022	50,417,696	12,604,424	(12,604,424)	-	-
2018	2023	51,325,631	12,831,408	(12,831,408)	-	-
		236,011,935	59,002,985	(48,754,154)	(4,658,170)	5,590,662

Rugi fiskal dapat dikompensasikan dengan laba fiskal pada masa lima tahun mendatang sejak kerugian fiskal terjadi. SEI memperkirakan bahwa akumulasi kerugian fiskal tidak dapat dikompensasikan dengan laba fiskal di masa mendatang.

The fiscal loss can be utilised against the taxable income for a period of five years subsequent to the year the fiscal loss was incurred. SEI believes that it is not probable future taxable profits will be available to utilise accumulated fiscal losses.

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22. PERPAJAKAN (lanjutan)

22. TAXATION (continued)

f. Surat Ketetapan Pajak ("SKP")

f. Tax Assessment Letters ("SKP")

Perusahaan

The Company

Perusahaan menerima Surat Ketetapan Pajak Kurang Bayar ("SKPKB") sebagai berikut:

The Company received Tax Underpayment Decision Letter ("SKPKB") as follows:

<u>Beban pajak terkait/ Related tax expense</u>	<u>Tahun pajak/ Fiscal year</u>	<u>Surat yang diterima/ Letter received</u>	<u>Periode surat diterima/ Period of letter received</u>	<u>Jumlah kurang bayar termasuk sanksi (dalam jutaan Rupiah)/ Amount of underpayment including penalty (in million Rupiah)</u>	<u>Jumlah kurang bayar termasuk sanksi (dalam Dolar AS)/ Amount of underpayment including penalty (in USD)</u>	<u>Status/Status</u>
PPN atas penjualan gas bumi/VAT for gas sales	2012	SKPKB	Januari/ January 2017	3,260,812	225,178,663	Banding/Appeal
PPN WAPU/ VAT WAPU	2012	SKPKB	Januari/ January 2017	9,172	633,400	Banding/Appeal
PPN atas jasa luar negeri/VAT for foreign services	2012	SKPKB	Januari/ January 2017	1,384	95,635	Banding/Appeal
PPN atas penjualan gas bumi/VAT for gas sales	2013	SKPKB	Februari/ February 2017	894,491	61,769,989	Banding/Appeal
PPH Pasal 29/ Income tax article 29	2013	SKPKB	Februari/ February 2017	280,251	19,353,025	Keberatan/Objection
PPN WAPU/ VAT WAPU	2013	SKPKB	Februari/ February 2017	72,608	5,014,030	Banding/Appeal
PPH Pasal 22/ Income tax article 22	2013	SKPKB	Februari/ February 2017	23,956	1,654,355	Banding/Appeal
PPH Pasal 21/ Income tax article 21	2013	SKPKB	Februari/ February 2017	18,598	1,284,334	Keberatan/Objection
PPH Pasal 4(2)/ Income tax article 4(2)	2013	SKPKB	Februari/ February 2017	1,727	119,253	Banding/Appeal
PPN atas jasa luar negeri/VAT for foreign services	2013	SKPKB	Februari/ February 2017	1,402	96,826	Banding/Appeal
PPH Pasal 26/ Income tax article 26	2013	SKPKB	Februari/ February 2017	146	10,076	Banding/Appeal
PPN atas penjualan gas bumi/VAT for gas sales	2014	SKPKB	Februari/ February 2018	886,456	61,215,105	Keberatan/Objection
PPN atas penjualan gas bumi/VAT for gas sales	2015	SKPKB	Februari/ February 2018	853,303	58,925,742	Keberatan/Objection
PPH Pasal 29/ Income tax article 29	2015	SKPKB	April 2017	400,646	27,667,021	Keberatan/Objection
PPN atas penjualan gas bumi/VAT for gas sales	2016	SKPKB	Oktober/ October 2018	1,035,956	71,539,005	Keberatan/Objection
PPN WAPU/ VAT WAPU	2016	SKPKB	Oktober/ October 2018	14,494	1,000,883	Keberatan/Objection
PPN atas jasa luar negeri/VAT for foreign services	2016	SKPKB	Oktober/ October 2018	139,995	9,667,443	Keberatan/Objection

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22. PERPAJAKAN (lanjutan)

22. TAXATION (continued)

**f. Surat Ketetapan Pajak ("SKP") (lanjutan)
Perusahaan (lanjutan)**

**f. Tax Assessment Letters ("SKP") (continued)
The Company (continued)**

Beban pajak terkait/ Related tax expense	Tahun pajak/ Fiscal year	Surat yang diterima/ Letter received	Periode surat diterima/ Period of letter received	Jumlah kurang bayar termasuk sanksi (dalam jutaan Rupiah)/ Amount of underpayment including penalty (in million Rupiah)	Jumlah kurang bayar termasuk sanksi (dalam Dolar AS)/ Amount of underpayment including penalty (in USD)	Status/Status
PPh Pasal 4(2)/ Income tax article 4(2)	2016	SKPKB	Oktober/ October 2018	3	205	Keberatan/Objection
PPN atas penjualan gas bumi/VAT for gas sales	2017	SKPKB	Desember/ December 2018	1,219,135	84,189	Keberatan/Objection

Perusahaan tidak menyetujui semua SKPKB di atas. Terhadap kasus PPN penjualan atas gas bumi, Perusahaan berpendapat bahwa penjualan gas bumi yang dilakukan Perusahaan bukan merupakan objek PPN, dimana telah dikonfirmasi berdasarkan surat dari Kantor Pelayanan Pajak Badan Usaha Milik Negara No. S-470/WPJ.19/KP.0307/2009 tertanggal 19 Agustus 2009, yang menyatakan bahwa gas bumi merupakan salah satu jenis barang hasil pertambangan atau hasil pengeboran yang diambil langsung dari sumbernya yang masuk dalam kelompok bukan objek PPN.

The Company does not agree with all of SKPKBs above. On VAT for gas sales case, the Company is of the opinion that gas sales is not a VAT object which was confirmed based on a letter from Kantor Pelayanan Pajak Badan Usaha Milik Negara No. S-470/WPJ.19/KP.0307/2009 dated August 19, 2009 which stated that gas is included as a mining or drilling commodity that directly obtained from its sources therefore it is not a VAT object.

SEI

SEI melalui anak perusahaannya menerima beberapa SKPKB sebagai berikut:

SEI

SEI through its subsidiaries received several SKPKBs as follows:

Perusahaan/ Company	Beban pajak terkait/ Related tax expense	Tahun pajak/ Fiscal year	Surat yang diterima/ Letter received	Periode surat diterima/ Period of Disputed letter received	Jumlah yang disengketakan termasuk sanksi (dalam dolar AS)/ including penalty (in USD)	Status/ Status
SIPBV	PPh Pasal 26 (4)/ Income tax Article 26 (4)	2013	SKPKB	18 Nov/Nov 2015	35,282,679	Banding/Appeal
SIPBV	PPh Pasal 4 (2)/ Income tax Article 4 (2)	2013	SKPKB	27 Agt/Aug 2014	14,028,308 ¹⁾	2)
SIPL	PPh Pasal 26 (4)/ Income tax Article 26 (4)	2014	SKPKB	18 Nov/Nov 2015	127,720,367	Banding/Appeal
SIPL	PPh Pasal 4 (2)/ Income tax Article 4 (2)	2014	SKPKB	3 Des/Dec 2014	38,457,052 ¹⁾	2)
SPLLC	PPh Pasal 26 (4)/ Income tax Article 26 (4)	2014	SKPKB	18 Nov/Nov 2015	19,842,169	Banding/Appeal
SPLLC	PPh Pasal 4(2)/ Income tax Article 4 (2)	2014	SKPKB	3 Des/Dec 2014	4,326,548 ¹⁾	Banding/Appeal
SEML	PPh Pasal 26 (4)/ Income tax Article 26 (4)	2014	SKPKB	14 Mei/May 2017	3,739,422 ¹⁾	Banding/Appeal
SEI	Pajak penghasilan/ Corporate income tax	2013/2014	SKPKB	6 dan 28 Des/ Dec 6 and 28 2018	3,773,089 ¹⁾	Banding/Appeal
SEI	Pajak lainnya/ Various taxes	2013/2014	SKPKB	6 dan 28 Des/ Dec 6 and 28 2018	465,973 ¹⁾	Banding/Appeal
SESSL	PPh Pasal 26 (4)/ Income tax Article 26 (4)	2016	SKPKB	19 Des/Dec 2018	2,342,530	Banding/Appeal

Keterangan:

1) Mata uang asli dalam Rupiah

2) Grup telah memenangkan sengketa pajak berdasarkan putusan Pengadilan Pajak dan saat ini sedang dalam proses pengajuan Peninjauan Kembali oleh Kantor Pajak.

Remarks:

1) Original currency in Rupiah

2) The Group obtained favorable decisions on these tax disputes based on Tax Court Decision and currently still waiting in the process of Judicial Review by Tax Office.

Manajemen berkeyakinan bahwa hasil akhir dari SKPKB diatas tidak akan memberikan dampak merugikan yang signifikan terhadap posisi keuangan dan arus kas Grup.

Management is of the opinion that the outcome of SKPKBs above will not have a material adverse impact on the Group's operations and cash flows.

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23. IMBALAN KERJA

23. EMPLOYEE BENEFITS

a. Akrual gaji dan bonus karyawan

a. *Employees' salaries and bonuses accruals*

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Gaji dan bonus karyawan				Employees' salaries and bonus
(2018: Rp666.596.589.057; 2017: Rp433.364.062.332; 2016: Rp637.106.098.240)	<u>46.032.497</u>	<u>31.987.309</u>	<u>47.417.840</u>	(2018: Rp 666,596,589,057; 2017: Rp433,364,062,332; 2016: Rp637,106,098,240)

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

Pada tanggal 31 Desember 2018 dan 2017, akrual gaji dan bonus untuk karyawan masing-masing adalah sebesar Rp434.351.643.309 dan Rp267.903.733.026 untuk Perusahaan dan masing-masing sebesar Rp232.244.945.748 dan Rp165.460.329.306 untuk entitas anak.

As at December 31, 2018 and 2017, accrued salaries and bonuses for employees were Rp434,351,643,309 and Rp267,903,733,026, respectively for the Company and Rp232,244,945,748 and Rp165,460,329,306 respectively, for the subsidiaries.

b. Tunjangan kesehatan hari tua

b. *Post-retirement health care benefits*

Perusahaan juga menyediakan tambahan tunjangan kesehatan hari tua bagi seluruh karyawan tetap, para pensiunan dan mantan direksi yang ditetapkan oleh perjanjian bersama dengan Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara (YKPP Gas Negara). Sumber dana program pensiun berasal dari kontribusi karyawan/anggota direksi dan Perusahaan masing-masing sebesar 3% dan 5% dari penghasilan dasar. Pada tahun 2018 dan 2017, beban pensiun yang dibebankan pada operasi adalah masing-masing sebesar USD1.584.346 dan USD711.916.

The Company also provides additional post-retirement health care benefits for its eligible permanent employees, retired employees and ex member of directors, as covered in a cooperative agreement with Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara (YKPP Gas Negara). The fund is contributed by both employees/member of directors and the Company with contribution of 3% and 5% from the basic income. In 2018 and 2017, pension expense charged to operations amounted to USD1,584,346 and USD711,916, respectively.

c. Imbalan pensiun iuran pasti

c. *Defined contribution pension plan*

Sejak Februari 2009, Perusahaan menyelenggarakan program pensiun iuran pasti untuk seluruh karyawan tetapnya yang memenuhi syarat yang dananya dikelola oleh Dana Pensiun Lembaga Keuangan BNI, Manulife Indonesia dan Bringin Jiwa Sejahtera yang didirikan berdasarkan Surat Keputusan Direksi No. 002000.K/KP.05/UM/2009 tanggal 6 Februari 2009. Dana pensiun ini didirikan berdasarkan persetujuan dari Menteri Keuangan masing-masing dalam Surat Keputusannya No. KEP.1100/KM.17/1998, No. KEP.231/KM.17/1994 dan No. KEP.184/KM.17/1995. Sumber dana program pensiun berasal dari kontribusi karyawan dan Perusahaan masing-masing sebesar 5% dan 15% dari penghasilan dasar pensiun. Pada tahun 2018 dan 2017, beban pensiun yang dibebankan pada operasi adalah masing-masing sebesar USD1.797.252 dan USD1.844.970.

Since February 2009, the Company established a defined contribution plan for all of its eligible permanent employees which is managed by Dana Pensiun Lembaga Keuangan BNI, Manulife Indonesia and Bringin Jiwa Sejahtera, the establishment of which was approved based on Director's Decision Letter No. 002000.K/KP.05/UM/2009, dated February 6, 2009. Both the Pension Plan was established based on the approval from the Ministry of Finance in its Decision Letter No. KEP.1100/KM.17/1998, No. KEP.231/KM.17/1994 and No. KEP.184/KM.17/1995. The fund is contributed by both employees and the Company with contribution of 5% and 15%, respectively, of the basic pension income. In 2018 and 2017, pension expense charged to operations amounted to USD1,797,252 and USD1,844,970, respectively.

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23. IMBALAN KERJA (lanjutan)

d. Imbalan kerja jangka panjang

Grup memberikan imbalan kerja jangka panjang kepada karyawan sesuai dengan Perjanjian Kerja Bersama yang dibandingkan dengan imbalan berdasarkan Undang-undang Ketenagakerjaan No. 13/2003 (UU No. 13/2003), mana yang lebih tinggi. Imbalan tersebut tidak didanai.

Liabilitas imbalan pascakerja Perusahaan dan entitas anak, kecuali Pertamina dan entitas anaknya, pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017 dihitung oleh PT Mercer Indonesia, aktuaris independen melalui laporannya tertanggal 30 Januari 2019, 29 Januari 2018 dan 24 Januari 2017. Liabilitas imbalan pascakerja Pertamina dan entitas anaknya pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017 dihitung oleh PT Dayamandiri Dharmakonsilindo melalui laporannya tertanggal 2 Januari 2019, 5 Januari 2018 dan 6 Januari 2017.

Saldo kewajiban imbalan kerja yang diakui pada laporan posisi keuangan konsolidasian adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*
Imbalan pascakerja	106,830,108	97,949,411	98,299,456
Imbalan kerja jangka panjang lainnya	<u>25,047,724</u>	<u>22,939,548</u>	<u>16,684,223</u>
	<u>131,877,832</u>	<u>120,888,959</u>	<u>114,983,679</u>
Dikurangi:			
Bagian jangka pendek	<u>(4,723,541)</u>	<u>(6,515,242)</u>	<u>(13,264,708)</u>
Bagian jangka panjang	<u>127,154,291</u>	<u>114,373,717</u>	<u>101,718,971</u>

Beban imbalan kerja yang diakui pada laporan laba rugi adalah sebagai berikut:

	2018	2017*
Imbalan pascakerja	6,899,749	13,308,652
Imbalan kerja jangka panjang lainnya	<u>4,336,800</u>	<u>7,892,342</u>
	<u>11,236,549</u>	<u>21,200,994</u>

Pengukuran kembali kewajiban imbalan kerja yang diakui sebagai penghasilan komprehensif lainnya adalah sebagai berikut:

	2018	2017*
Imbalan pascakerja	<u>11,770,820</u>	<u>4,878,937</u>

*) Disajikan kembali, lihat Catatan 4a

23. EMPLOYEE BENEFITS (continued)

d. Long-term employees' benefits

The Group provides long-term employees' benefits to its employee in accordance with the Collective Labor Agreement as compared with benefits under Labor Law No. 13/2003 (Law No. 13/2003), and provide whichever is higher. The benefits are unfunded.

The post-employment benefits obligation of the Company and its subsidiaries, except for Pertamina and its subsidiaries, at December 31, 2018 and 2017 and January 1, 2017 were calculated by PT Mercer Indonesia, an independent actuary, as set out in their reports dated January 30, 2019, January 29, 2018 and January 24, 2017. The post-employment benefits obligation of Pertamina and its subsidiaries, at December 31, 2018 and 2017 and January 1, 2017 were calculated by PT Dayamandiri Dharmakonsilindo, as set out in their reports dated January 2, 2019, January 5, 2018 and January 6, 2017.

The balances of employee benefits obligation recognised in the consolidated statements of financial position are as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*
Imbalan pascakerja	106,830,108	97,949,411	98,299,456
Imbalan kerja jangka panjang lainnya	<u>25,047,724</u>	<u>22,939,548</u>	<u>16,684,223</u>
	<u>131,877,832</u>	<u>120,888,959</u>	<u>114,983,679</u>
Deducted by:			
Short-term portion	<u>(4,723,541)</u>	<u>(6,515,242)</u>	<u>(13,264,708)</u>
Long-term portion	<u>127,154,291</u>	<u>114,373,717</u>	<u>101,718,971</u>

Employee benefits expenses recognised in the statements of profit or loss are as follows:

	2018	2017*
Imbalan pascakerja	6,899,749	13,308,652
Imbalan kerja jangka panjang lainnya	<u>4,336,800</u>	<u>7,892,342</u>
	<u>11,236,549</u>	<u>21,200,994</u>

Remeasurement of employee benefit obligation recognised as other comprehensive income are as follows:

	2018	2017*
Imbalan pascakerja	<u>11,770,820</u>	<u>4,878,937</u>

As restated, refer to Note 4a *)

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23. IMBALAN KERJA (lanjutan)

d. Imbalan kerja jangka panjang (lanjutan)

i. Imbalan pascakerja

Mutasi kewajiban imbalan pasti selama tahun berjalan adalah sebagai berikut:

23. EMPLOYEE BENEFITS (continued)

d. Long-term employees' benefits (continued)

i. Post-employment benefit

The movement in the post-employment benefit over the year is as follows:

	Nilai kini kewajiban/ Present value obligation	Nilai wajar aset program/ Fair value of plan assets	Jumlah/ Total	Dampak atas persyaratan pendanaan pembatasan aset/ Impact of minimum funding requirement assets ceiling	Jumlah/ Total	
Per 1 Januari 2017*)	<u>100,826,122</u>	<u>(2,526,666)</u>	<u>98,299,456</u>	-	<u>98,299,456</u>	As at January 1, 2017*)
Diakui pada laba rugi:						Recognised in the profit or loss:
- Biaya jasa kini	7,276,374	-	7,276,374	-	7,276,374	Current service cost -
- Biaya jasa lalu	(1,061,285)	-	(1,061,285)	-	(1,061,285)	Past service cost -
- Rugi/(laba) selisih kurs	(859,361)	36,117	(823,244)	-	(823,244)	Foreign exchange loss/(gain)
- Hasil dari aset program	-	691,496	691,496	-	691,496	Return on plan assets
- Biaya bunga	7,417,045	(191,734)	7,225,311	-	7,225,311	Interest expense -
	<u>12,772,773</u>	<u>535,879</u>	<u>13,308,652</u>	-	<u>13,308,652</u>	
Pengukuran kembali diakui sebagai pendapatan komprehensif lainnya, akibat:						Remeasurement recognised as other comprehensive income, due to:
- Perubahan asumsi keuangan	7,571,653	117,218	7,688,871	-	7,688,871	Changes in - financial assumptions
- Penyesuaian pengalaman	(2,809,934)	-	(2,809,934)	-	(2,809,934)	Experience - adjustment
	<u>4,761,719</u>	<u>117,218</u>	<u>4,878,937</u>	-	<u>4,878,937</u>	
Pembayaran manfaat oleh:						Benefit paid by:
- Grup	(16,432,424)	-	(16,432,424)	-	(16,432,424)	The Group -
- Aset program	(230,710)	230,710	-	-	-	Plan assets -
	<u>(16,663,134)</u>	<u>230,710</u>	<u>(16,432,424)</u>	-	<u>(16,432,424)</u>	
Kontribusi	-	(2,105,210)	(2,105,210)	-	(2,105,210)	Contribution
Per 31 Desember 2017*)	<u>101,697,480</u>	<u>(3,748,069)</u>	<u>97,949,411</u>	-	<u>97,949,411</u>	At December 31, 2017*)
Diakui pada laba rugi:						Recognised in the profit or loss:
- Biaya jasa kini	6,144,103	-	6,144,103	-	6,144,103	Current service cost -
- Rugi/(laba) selisih kurs	(6,857,297)	260,868	(6,596,429)	-	(6,596,429)	Foreign exchange - loss/(gain)
- Biaya bunga	7,618,642	(266,567)	7,352,075	-	7,352,075	Interest expense -
	<u>6,905,448</u>	<u>(5,699)</u>	<u>6,899,749</u>	-	<u>6,899,749</u>	
Pengukuran kembali diakui sebagai pendapatan komprehensif lainnya, akibat:						Remeasurement recognised as other comprehensive income, due to:
- Perubahan asumsi keuangan	(8,187,362)	32,016	(8,155,346)	-	(8,155,346)	Changes in - financial assumptions
- Penyesuaian pengalaman	17,616,946	-	17,616,946	-	17,616,946	Experience - adjustment
- Penyesuaian asumsi demografis	2,309,220	-	2,309,220	-	2,309,220	Demographic - assumptions adjustment
	<u>11,738,804</u>	<u>32,016</u>	<u>11,770,820</u>	-	<u>11,770,820</u>	
Pembayaran manfaat oleh:						Benefit paid by:
- Grup	(8,631,789)	326,262	(8,305,527)	-	(8,305,527)	The Group -
- Aset program	(251,655)	251,655	-	-	-	Plan assets -
	<u>(8,883,444)</u>	<u>577,917</u>	<u>(8,305,527)</u>	-	<u>(8,305,527)</u>	
Kontribusi	-	(1,484,345)	(1,484,345)	-	(1,484,345)	Contribution
Per 31 Desember 2018	<u>111,458,288</u>	<u>(4,628,180)</u>	<u>106,830,108</u>	-	<u>106,830,108</u>	At December 31, 2018

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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23. IMBALAN KERJA (lanjutan)

d. Imbalan kerja jangka panjang (lanjutan)

i. Imbalan pascakerja (lanjutan)

Berikut asumsi utama aktuari yang digunakan:

	<u>31 Desember/ December 31, 2018</u>
Tingkat bunga aktuarial	8.50% per tahun/ <i>per annum</i> TM I 2011
Tingkat kematian (mortalitas) Kenaikan gaji dan upah	13% di tahun pertama dan 8% di tahun berikutnya/ <i>13% in the first year and 8% in the following years</i>
Umur pensiun	56 tahun/years
Tingkat cacat	10% dari tingkat kematian/ <i>mortality rate</i>

Sensitivitas liabilitas pensiun secara keseluruhan terhadap perubahan asumsi tingkat diskonto dan tingkat pertumbuhan gaji adalah sebagai berikut:

	<u>Perubahan asumsi/ Change in assumptions</u>
31 Desember 2018	
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%
31 Desember 2017	
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%

Analisa sensitivitas didasarkan pada perubahan atas satu asumsi aktuarial dimana asumsi lainnya dianggap konstan. Dalam prakteknya, hal ini jarang terjadi dan perubahan beberapa asumsi mungkin saling berkorelasi. Dalam perhitungan sensitivitas kewajiban imbalan pascakerja atas asumsi aktuarial utama, metode yang sama (perhitungan nilai kini kewajiban imbalan pascakerja) telah diterapkan seperti dalam perhitungan kewajiban pensiun yang diakui dalam laporan posisi keuangan konsolidasian.

23. EMPLOYEE BENEFITS (continued)

d. Long-term employees' benefits (continued)

i. Post-employment benefit (continued)

Below are the key actuary assumptions used:

	<u>31 Desember/ December 31, 2017</u>	
Tingkat bunga aktuarial	7.25% per tahun/ <i>per annum</i> TM I 2011	<i>Actuarial discount rate</i>
Tingkat kematian (mortalitas) Kenaikan gaji dan upah	8.00% per tahun/ <i>per annum</i>	<i>Mortality rate Wages and salaries increase</i>
Umur pensiun	56 tahun/years	<i>Retirement age</i>
Tingkat cacat	10% dari tingkat kematian/ <i>mortality rate</i>	<i>Disability rate</i>

Sensitivity of the overall pension liability to changes in the discount rate and salary increase rate assumptions is as follows:

	<u>Dampak terhadap liabilitas secara keseluruhan/Impact on overall liability</u>	
December 31, 2018		
Tingkat diskonto	turun/decrease by USD119 juta/million naik/increase by USD100 juta/million	<i>Discount rate</i>
Tingkat pertumbuhan gaji	naik/increase by USD119 juta/million turun/decrease by USD99 juta/million	<i>Salary increase rate</i>
December 31, 2017		
Tingkat diskonto	turun/decrease by USD91 juta/million naik/increase by USD110 juta/million	<i>Discount rate</i>
Tingkat pertumbuhan gaji	naik/increase by USD109 juta/million turun/decrease by USD91 juta/million	<i>Salary increase rate</i>

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions maybe correlated. When calculating the sensitivity of the post-employment benefit obligation to significant actuarial assumptions, the same method (present value of the post-employment benefit obligation) has been applied as when calculating the pension liability recognised within the consolidated statements of financial position.

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23. IMBALAN KERJA (lanjutan)

d. Imbalan kerja jangka panjang (lanjutan)

ii. Imbalan jangka panjang lainnya

Mutasi kewajiban imbalan jangka panjang lainnya selama tahun berjalan adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*
Saldo awal	<u>22,939,548</u>	<u>16,684,223</u>
Beban diakui		
pada laporan laba rugi:		
- Biaya jasa kini	1,935,679	1,622,532
- Biaya jasa lalu	-	71,927
- Biaya bunga	1,704,912	1,459,695
- Rugi/(laba) selisih kurs	(1,542,489)	(216,300)
- Pengukuran kembali		
Perubahan asumsi demografis	89,493	-
Perubahan asumsi keuangan	(1,692,673)	1,577,293
Penyesuaian pengalaman	<u>3,841,878</u>	<u>3,377,195</u>
	<u>4,336,800</u>	<u>7,892,342</u>
Perubahan karena		
perpindahan karyawan	(217,665)	182,929
Pembayaran manfaat oleh Grup	<u>(2,010,959)</u>	<u>(1,819,946)</u>
Saldo akhir	<u>25,047,724</u>	<u>22,939,548</u>

*) Disajikan kembali, lihat Catatan 4a

Asumsi utama aktuarial yang digunakan sama dengan asumsi penghitungan liabilitas imbalan pascakerja.

Sensitivitas imbalan jangka panjang lainnya secara keseluruhan terhadap perubahan asumsi tingkat diskonto dan tingkat pertumbuhan gaji adalah sebagai berikut:

	Perubahan asumsi/ Change in assumptions	Dampak terhadap liabilitas secara keseluruhan/Impact on overall liability	
31 Desember 2018			December 31, 2018
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%	turun/decrease by USD27 juta/million naik/increase by USD24 juta/million	Discount rate
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%	naik/increase by USD27 juta/million turun/decrease by USD24 juta/million	Salary increase rate
31 Desember 2017			December 31, 2017
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%	turun/decrease by USD21 juta/million naik/increase by USD25 juta/million	Discount rate
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%	naik/increase by USD25 juta/million turun/decrease by USD22 juta/million	Salary increase rate

Metode perhitungan analisa sensitivitas atas imbalan jangka panjang lainnya sama dengan analisa sensitivitas atas imbalan pascakerja.

Beban terkait imbalan kerja karyawan jangka panjang Grup disajikan sebagai akun "Beban umum dan administrasi – gaji, imbalan pascakerja dan jangka panjang lainnya" pada laba rugi.

23. EMPLOYEE BENEFITS (continued)

d. Long-term employees' benefits (continued)

ii. Other long-term benefit

The movement in the other long-term benefit over the year is as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	
Saldo awal	<u>22,939,548</u>	<u>16,684,223</u>	Beginning balance
Beban diakui			Expenses recognised
pada laporan laba rugi:			in profit or loss:
- Biaya jasa kini	1,935,679	1,622,532	Current service cost -
- Biaya jasa lalu	-	71,927	Past service cost -
- Biaya bunga	1,704,912	1,459,695	Interest expense -
- Rugi/(laba) selisih kurs	(1,542,489)	(216,300)	Foreign exchange loss/(gain) -
- Pengukuran kembali			Remeasurement -
Perubahan asumsi demografis	89,493	-	Changes in demographic assumptions
Perubahan asumsi keuangan	(1,692,673)	1,577,293	Changes in financial assumptions
Penyesuaian pengalaman	<u>3,841,878</u>	<u>3,377,195</u>	Experience adjustment
	<u>4,336,800</u>	<u>7,892,342</u>	
Perubahan karena			Changes due to
perpindahan karyawan	(217,665)	182,929	employee transfer
Pembayaran manfaat oleh Grup	<u>(2,010,959)</u>	<u>(1,819,946)</u>	Benefits paid by the Group
Saldo akhir	<u>25,047,724</u>	<u>22,939,548</u>	Ending balance

As restated, refer to Note 4a *)

The actuarial assumptions used are the same as the calculation of post-employment benefit obligation.

Sensitivity of the overall other long-term benefit to changes in the discount rate and salary increase rate assumptions is as follows:

	Perubahan asumsi/ Change in assumptions	Dampak terhadap liabilitas secara keseluruhan/Impact on overall liability	
31 Desember 2018			December 31, 2018
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%	turun/decrease by USD27 juta/million naik/increase by USD24 juta/million	Discount rate
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%	naik/increase by USD27 juta/million turun/decrease by USD24 juta/million	Salary increase rate
31 Desember 2017			December 31, 2017
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%	turun/decrease by USD21 juta/million naik/increase by USD25 juta/million	Discount rate
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%	naik/increase by USD25 juta/million turun/decrease by USD22 juta/million	Salary increase rate

Method for calculating the sensitivity analysis on other long-term benefit is same with method for calculating the sensitivity analysis on post-employment benefit.

Expenses related to long-term employee benefits of the Group are presented as "General and administrative expenses – salaries, post-employment and other long-term benefits" account in profit or loss.

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23. IMBALAN KERJA (lanjutan)

- e. Manajemen risiko terkait program imbalan kerja

Grup terekspos dengan beberapa risiko melalui program imbalan pascakerja dan imbalan jangka panjang lainnya. Risiko yang paling signifikan adalah sebagai berikut:

Volatilitas aset

Dalam memenuhi kewajiban imbalan kerja, Grup menggunakan dana yang dihasilkan dari kegiatan operasi dan investasi pada instrumen obligasi Negara dan obligasi korporasi yang terdaftar di Bursa Efek Indonesia. Grup juga selalu menjaga kecukupan dana untuk melindungi kepastian Grup dalam memenuhi kewajiban manfaat karyawan di masa depan.

Perubahan imbal hasil obligasi

Penurunan imbal hasil obligasi korporasi akan meningkatkan liabilitas program, walaupun hal ini akan saling hapus secara sebagian dengan kenaikan dari nilai obligasi Perusahaan yang dimiliki.

Analisis jatuh tempo pembayaran imbalan

Analisa jatuh tempo yang diharapkan dari imbalan pascakerja dan imbalan jangka panjang lainnya yang tidak terdiskonto adalah sebagai berikut:

	Kurang dari 1 tahun/ <i>Less than one year</i>	1 sampai 5 tahun/ <i>Between 1 - 5 years</i>	Lebih dari 5 tahun/ <i>More than 5 years</i>	
Imbalan pascakerja	7,405,666	34,768,981	575,953,615	<i>Post-employment benefit</i>
Imbalan jangka panjang lainnya	<u>2,945,544</u>	<u>12,484,019</u>	<u>71,926,894</u>	<i>Other long-term benefit</i>
Jumlah	<u>10,351,210</u>	<u>47,253,000</u>	<u>647,880,509</u>	<i>Total</i>

Rata-rata tertimbang durasi program

Rata-rata tertimbang durasi kewajiban untuk manfaat imbalan pascakerja dan imbalan jangka panjang lainnya adalah 9,5 tahun.

23. EMPLOYEE BENEFITS (continued)

- e. Risk management related to employee benefit program

The Group is exposed to a number of risks through its post-employment benefit and other long-term benefits. The most significant risks are as follows:

Asset volatility

In order to fulfill the Group's employment benefit obligations, the Group uses its fund generated from its operations and invested in government and corporate bonds listed in Indonesian Stock Exchange. The Group also maintains fund sufficiency to prevent the Group from default in fulfilling its obligation to employee in the future.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the Company's bond holdings.

Benefit payment maturity analysis

Expected maturity analysis of undiscounted post-employment benefit and other long-term benefits, is as follows:

Weighted average program duration

The weighted average duration of the post-employment benefits and other long-term benefits is 9.5 years.

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23. IMBALAN KERJA (lanjutan)

- e. Manajemen risiko terkait program imbalan kerja (lanjutan)

Penyesuaian pengalaman atas nilai kini kewajiban imbalan pasti

Rincian penyesuaian pengalaman dari nilai kini kewajiban imbalan pasti untuk tahun yang berakhir 31 Desember 2018 dan empat periode tahunan sebelumnya adalah sebagai berikut:

31 Desember/ December 31, 2014	31 Desember/ December 31, 2015	31 Desember/ December 31, 2016	31 Desember/ December 31, 2017	31 Desember/ December 31, 2018
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Penyesuaian pengalaman pada liabilitas program

(2,632,292) (4,487,823) (7,464,220) 567,261 21,458,824

Experience adjustment on plan liabilities

Tidak ada penyesuaian pengalaman atas nilai wajar aset program karena aset program ditempatkan pada deposito berjangka.

23. EMPLOYEE BENEFITS (continued)

- e. Risk management related to employee benefit program (continued)

Experience adjustments to define benefit obligation

Details of experience adjustments to the present value of the defined benefit obligation for the year ended December 31, 2018 and the previous four annual periods are as follows:

There is no experience adjustment on fair value of plan assets due to the asset program placed on time deposits.

24. LIABILITAS PEMBONGKARAN ASET DAN RESTORASI AREA

Mutasi liabilitas restorasi dan pembongkaran aset adalah sebagai berikut:

	31 Desember/ December 31, 2018
Saldo awal	77,284,235
Penambahan	-
Beban akresi	2,861,201
Penyesuaian karena perubahan estimasi	(5,665,750)
Saldo akhir	<u>74,479,686</u>

Estimasi terkini untuk biaya pembongkaran aset dan restorasi area yang ditinggalkan dihitung oleh pihak manajemen. Manajemen berkeyakinan bahwa akumulasi penyisihan cukup untuk menutup semua liabilitas yang akan timbul di masa depan dari kegiatan restorasi area dan pembongkaran aset.

24. ASSET ABANDONMENT AND SITE RESTORATION OBLIGATIONS

The movement in site restoration and abandonment obligations are presented below:

	31 Desember/ December 31, 2017*	
Saldo awal	65,227,181	Beginning balance
Penambahan	3,425,206	Addition
Beban akresi	2,831,314	Accretion cost
Penyesuaian karena perubahan estimasi	5,800,534	Adjustment due to change in estimates
Saldo akhir	<u>77,284,235</u>	Ending balance

The current estimates for asset abandonment and site restoration obligations were determined by management. Management believes that the accumulated provisions are sufficient to meet future environmental obligations from site restoration and asset abandonment activities.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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25. INSTRUMEN KEUANGAN DERIVATIF

Pada tanggal 16 Februari 2007, Perusahaan mengadakan kontrak *cross currency swap* dengan ABN AMRO Bank N.V., sekarang menjadi The Royal Bank of Scotland N.V. ("RBS").

Kontrak ini terakhir kali diubah pada tanggal 19 Agustus 2008, menjadi sebagai berikut:

<u>Nilai nosional (dalam JPY)/ Notional amount (in JPY)</u>	<u>Nilai tukar (USD/JPY)/ Exchange rate (USD/JPY)</u>
19,420,211,744	Pertukaran mata uang hanya akan dilakukan apabila nilai tukar berada pada atau di bawah 121,5 per USD/JPY. <i>Currency swap will only be executed if the exchange rate is at or below 121.5 for each USD1</i>

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, nilai wajar dari aset/utang derivatif adalah sebagai berikut:

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017</u>	<u>1 Januari/ January 1, 2017</u>	
Aset/(utang) derivatif	<u>403,179</u>	<u>(5,083,381)</u>	<u>(8,828,746)</u>	Derivative assets/(payable)

Nilai wajar aset/utang derivatif di atas berdasarkan hirarki nilai wajar Tingkat 3. Penilaian untuk menentukan nilai wajar tersebut didasarkan dari hasil pendiskontoan arus kas masa depan yang akan diperoleh di masa depan.

Input yang digunakan dalam perhitungan nilai wajar adalah proyeksi nilai tukar kurs Yen Jepang dan Dolar AS, serta proyeksi *Constant Maturity Swap*.

Perusahaan melakukan lindung nilai atas perubahan nilai wajar kewajiban dari risiko fluktuasi nilai tukar USD/JPY sehubungan dengan pinjaman jangka panjang yang diberikan oleh JBIC. Penurunan dan kenaikan neto nilai wajar atas instrumen derivatif masing-masing sebesar USD4.596.145 dan USD2.660.198 diakui pada laba rugi untuk tahun yang berakhir pada 31 Desember 2018 dan 2017.

Transaksi tersebut diatas tidak memenuhi kriteria akuntansi lindung nilai berdasarkan Standar Akuntansi Keuangan di Indonesia.

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25. DERIVATIVE FINANCIAL INSTRUMENTS

On February 16, 2007, the Company entered into a *cross currency swap contract* with ABN AMRO Bank N.V., currently The Royal Bank of Scotland N.V. ("RBS").

The contract was last amended on August 19, 2008, to become as follows:

<u>Penerimaan kupon/ Coupon received</u>	<u>Pembayaran bunga/ Interest paid</u>
42% dari jumlah bunga JPY yang disepakati sesuai jadwal kontrak/ 42% from agreed JPY interest amount per contract schedule	a. Bunga 0% dari nilai nosional mulai dari 15 April 2008 sampai 15 Oktober 2010; dan b. Dari 15 Oktober 2008 sampai 15 Maret 2019, jumlah maksimum antara: 1. 0%; atau 2. (Strike rate – Tingkat rata-rata nilai tukar JPY)% dari nilai nosional c. 5% dari jumlah nosional dikali dengan jumlah hari dimana tingkat <i>Constant Maturity Swap</i> untuk 10 tahun berada diluar rentang tertentu dibagi dengan jumlah hari dalam kalender/ a. Interest 0% from April 15, 2008 until October 15, 2010 from notional amount; and b. From October 15, 2008 until March 15, 2019, maximum amount of: 1. 0%; or 2. (Strike rate - Average fixing rate of JPY)% from notional amount c. 5% of notional amount multiplied by the number of days where <i>Constant Maturity Swap</i> 10 years rate falls outside certain range divided by total calendar days

As at December 31, 2018 and 2017 and January 1, 2017 the fair value of the derivative assets/payable is as follows:

The fair value of derivative assets/payable based on the fair value hierarchy Level 3. The valuation to determine the fair value is based on discounted future cash flow generated by the derivative assets/payables in the future period.

Inputs to the fair value calculation are the projection of Japanese Yen and US Dollar exchange rates, and the projection of *Constant Maturity Swap*.

The Company hedges the changes in the fair value of its liabilities due to risk of the foreign exchange rate fluctuation of USD/JPY in relation to the long-term loan obtained from JBIC. The net increase and decrease of changes in the fair value of the above derivative instruments amounted to USD4,596,145 and USD2,660,198 were recognised in the profit or loss for the years ended December 31, 2018 and 2017, respectively.

These transactions do not meet the hedge accounting criteria according to applicable financial accounting standard in Indonesia.

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26. MODAL SAHAM DAN MODAL DISETOR LAINNYA

a. Modal saham

Susunan pemilikan saham Perusahaan berdasarkan catatan yang dibuat oleh PT Datindo Entrycom, Biro Administrasi Efek adalah sebagai berikut:

26. CAPITAL STOCKS AND OTHER PAID-IN CAPITAL

a. Share capital

The details of the shareholders based on the report prepared by PT Datindo Entrycom, a Securities Administration Agency, are as follows:

31 Desember/December 31, 2018

<u>Pemegang saham</u>	<u>Jumlah saham ditempatkan dan disetor/Number of issued and fully paid shares</u>	<u>Persentase kepemilikan/Percentage of ownership</u>	<u>Jumlah/Amount</u>	<u>Shareholders</u>
Saham Seri A Dwiwarna Pemerintah Indonesia	1	0.00%	-	Series A Dwiwarna Share Government of Indonesia
Saham Biasa (Seri B) PT Pertamina (Persero)	13,809,038,755	56.97%	195,968,391	Common Stock (Series B) PT Pertamina (Persero)
Lain-lain (Masing-masing kepemilikan di bawah 5%)	10,432,469,440	43.03%	148,050,440	Others (Each holding below 5%)
Jumlah saham ditempatkan dan disetor penuh	<u>24,241,508,196</u>	<u>100%</u>	<u>344,018,831</u>	Number of shares issued and fully paid

31 Desember/December 31, 2017

<u>Pemegang saham</u>	<u>Jumlah saham ditempatkan dan disetor/Number of issued and fully paid shares</u>	<u>Persentase kepemilikan/Percentage of ownership</u>	<u>Jumlah/Amount</u>	<u>Shareholders</u>
Saham Seri A Dwiwarna Pemerintah Indonesia	1	0.00%	-	Series A Dwiwarna Share Government of Indonesia
Saham Biasa (Seri B) Pemerintah Indonesia	13,809,038,755	56.97%	195,968,391	Common Stock (Series B) Government of Indonesia
Fajar Harry Sampurno (Komisaris)	4,000	0.00%	57	Fajar Harry Sampurno (Commissioner)
Lain-lain (Masing-masing kepemilikan di bawah 5%)	10,432,465,440	43.03%	148,050,383	Others (Each holding below 5%)
Jumlah saham ditempatkan dan disetor penuh	<u>24,241,508,196</u>	<u>100.00%</u>	<u>344,018,831</u>	Number of shares issued and fully paid

1 Januari/January 1, 2017

<u>Pemegang saham</u>	<u>Jumlah saham ditempatkan dan disetor/Number of issued and fully paid shares</u>	<u>Persentase kepemilikan/Percentage of ownership</u>	<u>Jumlah/Amount</u>	<u>Shareholders</u>
Saham Seri A Dwiwarna Pemerintah Indonesia	1	0.00%	-	Series A Dwiwarna Share Government of Indonesia
Saham Biasa (Seri B) Pemerintah Indonesia	13,809,038,755	56.97%	195,968,391	Common Stock (Series B) Government of Indonesia
Hendi Kusnadi (Direktur)	140,500	0.00%	1,994	Hendi Kusnadi (Director)
Lain-lain (Masing-masing kepemilikan di bawah 5%)	10,432,328,940	43.03%	148,048,446	Others (Each holding below 5%)
Jumlah saham ditempatkan dan disetor penuh	<u>24,241,508,196</u>	<u>100.00%</u>	<u>344,018,831</u>	Number of shares issued and fully paid

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**26. MODAL SAHAM DAN MODAL DISETOR
LAINNYA (lanjutan)**

a. Modal saham (lanjutan)

Saham Seri A Dwiwarna merupakan saham yang memberikan kepada pemegangnya hak-hak untuk mencalonkan direksi dan komisaris, menghadiri dan menyetujui pengangkatan dan pemberhentian komisaris dan direksi, perubahan anggaran dasar termasuk perubahan modal, pembubaran dan likuidasi, penggabungan, peleburan dan pengambilalihan Perusahaan.

Saham Seri B memberikan hak kepada pemegangnya untuk memperoleh dividen dan hasil dari pembubaran perusahaan sesuai dengan proporsi jumlah dan jumlah yang dibayarkan atas saham yang dimiliki.

Sesuai dengan keputusan Rapat Umum Pemegang Saham Luar Biasa tanggal 25 Januari 2018 Pemerintah Indonesia telah mengalihkan 56,97% kepemilikan atas saham Perusahaan kepada Pertamina. Selain itu, Pemerintah Indonesia sebagai pemegang saham Seri A Dwiwarna, memberikan kuasa kepada pemegang saham mayoritas Perusahaan untuk:

- Mengubah Anggaran Dasar Perusahaan
- Mengangkat anggota Direksi dan Komisaris
- Mengusulkan calon anggota Direksi dan Komisaris
- Mengusulkan mata acara Rapat Umum Pemegang Saham
- Meminta dan mengakses data dan dokumen Perusahaan.

b. Modal disetor lainnya

Modal disetor lainnya terdiri dari:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	1 Januari/ January 1, 2017	
Dampak implementasi PSAK No. 65, "Laporan Keuangan Konsolidasian"	127,085,001	127,085,001	127,085,001	Impact of PSAK No. 65, "Consolidated Financial Statements" implementation Excess of proceeds over par value
Selisih antara pembayaran yang diterima dengan nilai nominal	96,586,706	96,586,706	96,586,706	
Opsi saham untuk karyawan	76,687,533	76,687,533	76,687,533	
Opsi saham untuk manajemen	29,072,254	29,072,254	29,072,254	Employee stock options
Selisih nilai transaksi entitas sepengendali	(787,215,590)	(35,301,649)	(35,301,649)	Management stock options
Biaya emisi saham	(9.790.532)	(9.790.532)	(9.790.532)	Difference arising from transactions among entities under common control
	<u>(467.574.628)</u>	<u>284.339.313</u>	<u>284.339.313</u>	Share issue cost

**26. CAPITAL STOCKS AND OTHER PAID-IN
CAPITAL (continued)**

a. Share capital (continued)

Series in A Dwiwarna share represents share which provides the holder rights to propose directors and commissioners, attend and approve the appointment and dismissal of commissioners and directors, change in Articles of Association including changes in capital, closure and liquidation, merger and acquisition of the Company.

Series B shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

In accordance with the resolution of Extraordinary General Shareholders' Meeting held on January 25, 2018 the Government of Indonesia transferred 56.97% ownership in the Company's shares to Pertamina. Furthermore, the Government of Indonesia as the owner of Series A Dwiwarna shares authorises the Company's majority Shareholders to do the following:

- Change the Company's Articles of Association
- Appoint members of the Board of Directors and Commissioners
- Propose candidates for Board of Directors and Commissioners
- Propose the Annual General Meeting of Shareholders' Meeting agenda
- Request and access the Company's data and documents.

b. Other paid-in capital

Other paid-in capital consists of the following:

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27. KEPENTINGAN NONPENGENDALI

Rincian kepentingan nonpengendali atas ekuitas dan bagian atas hasil bersih entitas anak adalah sebagai berikut:

27. NON-CONTROLLING INTERESTS

Details of non-controlling interests portion in equity and share of subsidiaries' net results are as follows:

31 Desember/December 31, 2018						
	Saldo awal/ <i>Beginning balance</i>	Bagian dari laba rugi/ <i>Share of profit and loss</i>	Perubahan ekuitas lainnya/ <i>Other equity movement</i>	Kehilangan pengendalian atas entitas anak/ <i>Loss of control subsidiary</i>	Saldo akhir/ <i>Ending balance</i>	
Pertagas	550,738,490	59,968,134	769,503	-	611,476,127	Pertagas
PGN MAS	18,807,210	152,940	-	(2,416,137)	16,544,013	PGN MAS
Lain-lain	(45,274)	(473,988)	(147,567)	-	(666,829)	Others
Total	569,500,426	59,647,086	621,936	(2,416,137)	627,353,311	Total
31 Desember/December 31, 2017*						
	Saldo awal/ <i>Beginning balance</i>	Bagian dari laba rugi/ <i>Share of profit and loss</i>	Perubahan ekuitas lainnya/ <i>Other equity movement</i>	Penyertaan saham/ <i>Capital addition</i>	Saldo akhir/ <i>Ending balance</i>	
Pertagas	497,798,621	51,746,237	1,193,632	-	550,738,490	Pertagas
PGN MAS	7,035,392	4,626,044	(34,915)	7,180,689	18,807,210	PGN MAS
Lain-lain	(16,767)	11,620	(40,127)	-	(45,274)	Others
Total	504,817,246	56,383,901	1,118,590	7,180,689	569,500,426	Total

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

28. PENCADANGAN SALDO LABA DAN PEMBAGIAN LABA

Mengacu kepada Undang-Undang Perseroan Terbatas, Perusahaan dan entitas anak diwajibkan untuk menyisihkan cadangan wajib paling sedikit sebesar 20% dari jumlah saham ditempatkan dan disetor penuh.

Berdasarkan Risalah Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 26 April 2018 yang diaktakan dalam Akta Notaris No. 97 oleh Fathiah Helmi S.H. tanggal 26 April 2018, para pemegang saham menyetujui keputusan-keputusan, sebagai berikut:

- Menetapkan penggunaan laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk untuk tahun buku 2017 berjumlah sebesar USD143.146.347 diperuntukkan sebagai berikut:
 - Pembagian dividen tunai sebesar Rp766.274.074.076 (setara dengan USD55.008.907) atau Rp31,61 per saham kepada pemegang saham;
 - Sisanya akan dicatat sebagai cadangan.
- Kepada Direksi diberikan wewenang untuk mengatur lebih lanjut tata cara pembagian dividen tersebut dan mengumumkannya dengan memperhatikan peraturan dan perundangan yang berlaku.

28. APPROPRIATIONS OF RETAINED EARNINGS AND DISTRIBUTIONS OF INCOME

Under Indonesian Limited Company Law, the Company and each of its subsidiaries is required to set up a statutory reserve amounting to at least 20% of the number of share issued and fully paid.

Based on the Minutes of the Company's Annual General Shareholders' Meeting held on April 26, 2018 which was notarised in the Notarial Deed No. 97 of Fathiah Helmi, S.H. dated April 26, 2018, the shareholders ratified the following decisions, as follows:

- Approved the use of profit for the year that are attributable to owner of the parent entity for the financial year of 2017 in the amount of USD143,146,347 to be utilised as follows:*
 - Distribution of cash dividends of Rp766,274,074,076 (equivalent to USD55,008,907) or Rp31.61 per share to shareholders;*
 - The remaining amount will be appropriated as reserve.*
- To give authority to the Board of Directors to prepare and publish the cash dividends distribution procedures with consideration of the prevailing laws and regulations.*

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**28. PENCADANGAN SALDO LABA DAN
PEMBAGIAN LABA (lanjutan)**

Berdasarkan Risalah Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 4 Mei 2017 yang diaktakan dengan Akta Notaris No. 7 oleh Fathiah Helmi S.H. tanggal 4 Mei 2017, para pemegang saham menyetujui keputusan-keputusan, sebagai berikut:

1. Menetapkan penggunaan laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk untuk tahun buku 2016 berjumlah sebesar USD304.324.421 diperuntukkan sebagai berikut:
 - a. Pembagian dividen tunai sebesar Rp1.822.476.586.175 (setara dengan USD136.719.924) atau Rp75,18 per saham kepada pemegang saham;
 - b. Sisanya akan dicatat sebagai cadangan.
2. Kepada Direksi diberikan wewenang untuk mengatur lebih lanjut tata cara pembagian dividen tersebut dan mengumumkannya dengan memperhatikan peraturan dan perundangan yang berlaku.

Berdasarkan rapat Direksi tanggal 3 Maret 2017, Direksi Perusahaan menyetujui untuk melakukan reklasifikasi saldo laba dicadangkan ke saldo laba tidak dicadangkan untuk menutupi nilai negatif saldo laba tidak dicadangkan per 31 Desember 2016. Nilai saldo laba dicadangkan yang direklasifikasi adalah USD316.613.514.

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**28. APPROPRIATIONS OF RETAINED EARNINGS
AND DISTRIBUTIONS OF INCOME (continued)**

Based on the Minutes of the Company's Annual General Shareholders' Meeting held on May 4, 2017 which were notarised with Notarial Deed No. 7 of Fathiah Helmi, S.H. dated May 4, 2017, the shareholders ratified the following decisions, as follows:

1. *Approved the use of profit for the year that are attributable to owner of the parent entity for the financial year of 2016 in the amount of USD304,324,421 to be utilised as follows:*
 - a. *Distribution of cash dividends of Rp1,882,476,586,175 (equivalent to USD136,719,924) or Rp75.18 per share to shareholders;*
 - b. *The remaining amount will be appropriated as reserve.*
2. *To give authority to the Board of Directors to prepare and publish the cash dividends distribution procedures with consideration of the prevailing laws and regulations.*

Based on Board of Directors meeting held on March 3, 2017, the Company's Directors approved the reclassification of appropriated retained earnings to unappropriated retained earnings in order to solve the negative balance of unappropriated retained earnings per December 31, 2016. The amount of appropriated retained earnings reclassification is USD316,613,514.

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29. PENDAPATAN NETO

Akun ini terdiri dari:

	<u>2018</u>	<u>2017*</u>
Pihak berelasi		
Distribusi gas	772,006,111	537,894,906
Transmisi gas	184,150,391	152,961,595
Penjualan minyak dan gas	243,108,346	162,587,563
Pendapatan keuangan dari sewa pembiayaan	38,621,164	55,477,116
Pendapatan pemrosesan gas	10,740,538	-
Pihak ketiga		
Distribusi gas	2,018,890,274	2,079,906,905
Penjualan minyak dan gas	342,415,287	310,270,111
Pendapatan pemrosesan gas	131,580,075	118,110,771
Transmisi gas	64,974,189	98,036,121
Transportasi minyak	24,720,082	21,295,129
Sewa fiber optik	13,902,981	13,420,678
Lain-lain	25,157,300	20,636,866
Jumlah pendapatan neto	<u>3,870,266,738</u>	<u>3,570,597,761</u>

Pendapatan distribusi gas bumi terdiri dari distribusi gas kepada:

	<u>2018</u>	<u>2017*</u>
Industri dan komersial	2,784,948,012	2,608,911,448
Rumah Tangga	4,485,471	6,905,143
Stasiun Pengisian Bahan Bakar Gas ("SPBG")	1,462,902	1,985,220
Total	<u>2,790,896,385</u>	<u>2,617,801,811</u>

*) Disajikan kembali, lihat Catatan 4a

Penjualan minyak dan gas merupakan pendapatan atas penjualan minyak dan gas Grup dari aktivitas produksi yang diperoleh dari PSC.

Pendapatan keuangan dari sewa pembiayaan merupakan pendapatan KJG atas bunga sehubungan dengan sewa pembiayaan yang timbul dari perjanjian pengangkutan gas antara KJG dengan PLN dan PC Muriah Ltd. berdasarkan GTA Kalija Tahap I.

Sewa fiber optik merupakan pendapatan PGASKOM atas penyediaan jaringan kepada para pelanggan.

Pendapatan lain-lain merupakan pendapatan PGASSOL atas penyediaan jasa konstruksi dan pemeliharaan jaringan pipa kepada pelanggannya.

Pendapatan neto dari pelanggan yang melebihi 10% dari jumlah pendapatan neto konsolidasian adalah pendapatan dari PLN dan entitas anaknya masing-masing sebesar USD805.693.504 atau 20,82% dan USD653.705.886 atau 18,31% dari jumlah pendapatan neto konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017.

29. NET REVENUES

This account consists of:

	<u>2018</u>	<u>2017*</u>	
			Related parties
			Gas distribution
			Gas transmission
			Oil and gas sales
			Finance income from finance lease
			Income from gas processing
			Third parties
			Gas distribution
			Crude oil and natural gas sales
			Income from gas processing
			Gas transmission
			Oil transportation
			Fiber optic rental
			Others
Total net revenues	<u>3,870,266,738</u>	<u>3,570,597,761</u>	Total net revenues

Gas distribution consists of natural gas revenue to:

	<u>2018</u>	<u>2017*</u>	
			Industrial and commercial
			Households
			Fuel gas filling stations ("SPBG")
Total	<u>2,790,896,385</u>	<u>2,617,801,811</u>	Total

As restated, refer to Note 4a *)

Crude oil and natural gas sales represents Group's sales of oil and gas from production activities earned from PSC.

Finance income from finance lease transaction represents KJG's interest in relation to finance lease under the gas transportation agreement between KJG, PLN and PC Muriah Ltd. under the provision of GTA Kalija Tahap I.

Fiber optic rental represents PGASKOM's revenues of network services to the customers.

Other revenues represents PGASSOL's revenues of pipeline construction and maintenance services to the customers.

Net revenues from customer in excess of 10% of the total consolidated net revenues are revenue from PLN and its subsidiaries amounting to USD805,693,504 atau 20.82% dan USD653,705,886 atau 18.31% from total consolidated net revenues for the years ended December 31, 2018 and 2017, respectively.

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30. BEBAN POKOK PENDAPATAN

Rincian beban pokok penjualan berdasarkan sifatnya adalah sebagai berikut:

	<u>2018</u>	<u>2017*</u>
Distribusi gas		
Pembelian gas bumi		
Pihak ketiga	1,509,203,082	1,374,483,996
Pihak berelasi	<u>461,949,434</u>	<u>427,004,265</u>
	<u>1,971,152,516</u>	<u>1,801,488,261</u>
Operasi pertambangan minyak dan gas		
Beban penyusutan, deplesi dan amortisasi	266,128,328	259,389,590
Beban produksi dan <i>lifting</i>	<u>165,546,808</u>	<u>184,380,629</u>
	<u>431,675,136</u>	<u>443,770,219</u>
Gas alam cair		
Beban terkait LNG	67,983,709	67,598,142
Beban penyusutan	<u>22,857,681</u>	<u>18,119,137</u>
	<u>90,841,390</u>	<u>85,717,279</u>
Pemrosesan gas	<u>45,092,210</u>	<u>39,789,556</u>
Sewa dan jasa lainnya	<u>22,005,287</u>	<u>18,322,995</u>
Jumlah beban pokok pendapatan	<u>2,560,766,539</u>	<u>2,389,088,310</u>

*) Disajikan kembali, lihat Catatan 4a

Pembelian neto dari pihak berelasi yang melebihi 10% dari jumlah pendapatan neto konsolidasian adalah pembelian dari Pertamina dan entitas anaknya, masing-masing sebesar USD471.301.006 atau 12,18% dan USD427.004.265 atau 11,96% dari total pendapatan neto konsolidasian untuk tahun yang berakhir 31 Desember 2018 dan 2017. Selain itu, pembelian neto dari pihak ketiga yang melebihi 10% jumlah neto konsolidasian adalah pembelian dari ConocoPhillips, masing masing sebesar USD1.031.178.862 atau 26,64% dan USD910.385.349 atau 25,50% dari jumlah pendapatan neto konsolidasian untuk tahun yang berakhir 31 Desember 2018 dan 2017.

30. COST OF REVENUES

The components of cost of revenue based on their nature are as follows:

Gas distributions
Purchase of natural gas
Third parties
Related parties
Oil and gas operations
Depreciation, depletion and amortisation
Production and lifting costs
Liquid natural gas
LNG related expenses
Depreciation expenses
Gas processing
Rent and other service
Total cost of revenues

As restated, refer to Note 4a *)

Net purchases from related party in excess of 10% of the total consolidated net revenues are for purchases from Pertamina and its subsidiaries, amounting to USD471,301,006 or 12.18% and USD427,004,265 or 11.96% of total consolidated net revenues for the year ended December 31, 2018 and 2017, respectively. Meanwhile, net purchase from third party in excess of 10% of the total consolidated net revenues are for purchases from ConocoPhillips amounting to USD1,031,178,862 or 26.64% and USD910,385,349 or 25.50% of total consolidated net revenues for the years ended December 31, 2018 and 2017, respectively.

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31. BEBAN DISTRIBUSI DAN TRANSMISI

31. DISTRIBUTION AND TRANSMISSION EXPENSES

Akun ini terdiri dari:

This account consists of:

	<u>2018</u>	<u>2017*</u>	
Penyusutan	227,067,395	278,016,856	<i>Depreciation</i>
Sewa	46,692,096	42,402,040	<i>Rent</i>
Gaji, imbalan pascakerja dan jangka panjang lainnya	41,917,315	26,119,425	<i>Salaries, post-employment and other long-term benefits</i>
Perbaikan dan pemeliharaan	24,817,641	32,366,120	<i>Repairs and maintenance</i>
Jasa umum	15,510,533	12,316,910	<i>General services</i>
Peralatan dan suku cadang	11,853,079	6,754,086	<i>Tools and spareparts</i>
Honorarium profesional	9,908,435	13,590,160	<i>Professional fees</i>
Iuran Badan Pengatur Hilir Minyak dan Gas Bumi	8,930,989	9,455,754	<i>Downstream Oil and Gas Regulatory Agency levy</i>
Pajak dan retribusi	7,583,839	7,142,993	<i>Tax and retributions</i>
Promosi	6,273,675	400,613	<i>Promotion</i>
Asuransi aset	3,657,636	415,267	<i>Asset insurance</i>
Amortisasi	3,253,648	6,441,652	<i>Amortisation</i>
Bahan bakar dan bahan kimia	2,568,519	1,743,093	<i>Fuel and chemicals</i>
Perjalanan dinas	2,174,712	1,724,884	<i>Traveling expenses</i>
Lain-lain (masing-masing dibawah USD1.000.000)	<u>25,567,525</u>	<u>17,115,399</u>	<i>Others (each below USD1,000,000)</i>
Jumlah beban distribusi dan transmisi	<u><u>437,777,037</u></u>	<u><u>456,005,252</u></u>	<i>Total distribution and transmission expenses</i>

32. BEBAN UMUM DAN ADMINISTRASI

32. GENERAL AND ADMINISTRATIVE EXPENSES

Akun ini terdiri dari:

This account consists of:

	<u>2018</u>	<u>2017*</u>	
Gaji, imbalan pascakerja dan jangka panjang lainnya	98,018,481	86,221,256	<i>Salaries, post-employment and other long-term benefits</i>
Jasa umum	33,511,715	32,046,616	<i>General services</i>
Honorarium profesional	17,099,921	17,880,411	<i>Professional fees</i>
Perbaikan dan pemeliharaan	16,438,949	14,820,912	<i>Repairs and maintenance</i>
Cadangan kerugian penurunan nilai	15,804,030	4,136,726	<i>Allowance for impairment losses</i>
Sewa	14,944,187	17,784,268	<i>Rental</i>
Pajak dan perizinan	13,854,650	8,111,318	<i>Taxes and retributions</i>
Penyusutan	8,206,508	13,395,572	<i>Depreciation</i>
Representasi dan jamuan	4,820,768	3,060,467	<i>Representation and entertainment</i>
Perjalanan dinas dan transportasi	4,880,804	4,764,786	<i>Traveling and transportation</i>
Pendidikan dan pelatihan	2,961,077	5,252,875	<i>Education and training</i>
Promosi	3,283,160	9,079,020	<i>Promotion</i>
Tanggung jawab sosial dan bina lingkungan	2,828,921	7,237,532	<i>Corporate social and environmental responsibility</i>
Amortisasi	2,209,400	1,307,116	<i>Amortisation</i>
Komunikasi	1,870,570	2,186,458	<i>Communications</i>
Asuransi	1,705,114	5,568,662	<i>Insurance</i>
Listrik dan air	911,145	2,064,469	<i>Electricity and water</i>
Lain-lain (masing-masing dibawah USD1.000.000)	<u>8,338,065</u>	<u>10,696,075</u>	<i>Others (each below USD1,000,000)</i>
Jumlah beban umum dan administrasi	<u><u>251,687,465</u></u>	<u><u>245,614,539</u></u>	<i>Total general and administrative expenses</i>

*) Disajikan kembali, lihat Catatan 4a

*As restated, refer to Note 4a *)*

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33. BEBAN DAN PENDAPATAN KEUANGAN

33. FINANCE COST AND INCOME

a. Beban keuangan

a. Finance cost

Akun ini terdiri dari:

This account consists of:

	<u>2018</u>	<u>2017*</u>	
Bunga utang obligasi	118,842,811	104,541,144	<i>Interest from bonds payable</i>
Bunga pinjaman dari pemegang saham	19,570,167	22,165,580	<i>Interest from shareholder loan</i>
Bunga pinjaman dari penerusan pinjaman dari Pemerintah:			<i>Interest from two step loan from the Government:</i>
- JBIC	4,650,920	4,733,597	<i>JBIC -</i>
- IBRD	2,225,645	2,369,801	<i>IBRD -</i>
- EIB	585,915	865,765	<i>EIB -</i>
	<u>7,462,480</u>	<u>7,969,163</u>	
Bunga pinjaman dari pinjaman bank:			<i>Interest from bank loan:</i>
- Pinjaman sindikasi	3,463,603	26,282,626	<i>Syndicated loan -</i>
- BNI	-	454,614	<i>BNI -</i>
	<u>3,463,603</u>	<u>26,737,240</u>	
Amortisasi penyesuaian nilai wajar piutang lain-lain jangka panjang	-	5,096,304	<i>Amortisation for fair value adjustment of other long-term receivables</i>
Beban akresi	2,861,201	2,831,314	<i>Accretion cost</i>
Bunga utang lain-lain jangka panjang	1,229,267	-	<i>Interest from other long-term payables</i>
Jumlah beban keuangan	<u>153,429,529</u>	<u>169,340,745</u>	<i>Total finance cost</i>

b. Pendapatan keuangan

b. Finance income

Akun ini terdiri dari:

This account consists of:

	<u>2018</u>	<u>2017*</u>	
Bunga deposito	17,185,274	5,573,350	<i>Interest of time deposits</i>
Bunga jasa giro	5,826,042	5,292,040	<i>Interest of current accounts</i>
Bunga penyesuaian nilai wajar piutang lain-lain jangka panjang	4,762,816	5,146,624	<i>Interest from carry receivables</i>
Bunga investasi jangka pendek	3,716,486	3,479,924	<i>Interest from short-term investment</i>
Bunga piutang lain-lain jangka panjang dari ventura bersama	3,072,183	2,792,893	<i>Interest from other long-term receivables from joint ventures</i>
Jumlah pendapatan keuangan	<u>34,562,801</u>	<u>22,284,831</u>	<i>Total finance income</i>

*) Disajikan kembali, lihat Catatan 4a

*As restated, refer to Note 4a *)*

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34. PENDAPATAN DAN BEBAN LAIN-LAIN DAN SELISIH KURS

a. Pendapatan lain-lain

Pada tahun yang berakhir 31 Desember 2018, pendapatan lain-lain terdiri dari pembalikan akrual terkait keputusan pengadilan pajak atas sengketa pajak (Catatan 22f), pendapatan sewa, dan lain-lain.

Pada tahun yang berakhir 31 Desember 2017, pendapatan lain-lain terdiri dari pendapatan jasa operasi dan pemeliharaan, pendapatan sewa, dan lain-lain.

b. Beban lain-lain

Beban lain-lain merupakan biaya yang tidak berhubungan langsung dengan kegiatan operasi utama Grup, yang terdiri dari biaya denda lain-lain dan pajak final dari jasa konstruksi PGASSOL yang diberikan kepada Perusahaan.

c. Rugi selisih kurs

Rugi selisih kurs terutama berasal dari translasi aset dan liabilitas dalam mata uang asing dan perbedaan nilai tukar transaksi dari kegiatan usaha Grup dalam mata uang asing.

Selama tahun yang berakhir 31 Desember 2018 dan 2017, Grup mengalami rugi selisih kurs - neto yang disebabkan oleh perubahan nilai tukar Dolar AS terhadap mata uang asing, khususnya Yen Jepang yang mengakibatkan perubahan posisi liabilitas neto dalam mata uang asing Grup.

34. OTHER INCOME AND EXPENSES AND FOREIGN EXCHANGE DIFFERENCE

a. Other income

During the year ended December 31, 2018, other income consist of reversal of accruals related to tax court decision on tax disputes (Note 22f), rental income and others.

During the year ended December 31, 2017, other income consist of income from operation and maintenance services, rental income and others.

b. Other expenses

Other expenses reflect expenses which not directly related to the Group main operating activity, which consist of other penalty expense and final tax related to construction service provided by PGASSOL to the Company.

c. Loss from foreign exchange

Loss on foreign exchange mainly results from translation of assets and liabilities in foreign currencies and differences in exchange rates on the Group's operational transactions denominated in foreign currencies.

During the years ended December 31, 2018 and 2017, the Group incurred loss on foreign exchange - net due to changes of US Dollar against foreign currency, especially Japanese Yen which impact the net foreign currency denominated liabilities of the Group.

35. LABA BERSIH PER SAHAM DASAR DAN DILUSIAN

Laba bersih per saham dasar dihitung dengan membagi laba bersih yang dapat diatribusikan kepada pemilik entitas induk dengan jumlah rata-rata tertimbang jumlah saham biasa yang beredar pada periode yang bersangkutan termasuk pembelian kembali saham Perusahaan yang dilakukan selama periode berjalan.

35. BASIC EARNINGS PER SHARE AND DILUTED

Basic earnings per share is calculated by dividing net income attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period including buyback of the Company's shares made during the period.

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**35. LABA BERSIH PER SAHAM DASAR DAN
DILUSIAN (lanjutan)**

**35. BASIC EARNINGS PER SHARE AND DILUTED
(continued)**

	<u>2018</u>	<u>2017*</u>	
Laba bersih yang dapat diatribusikan kepada pemilik entitas induk	304,991,574	196,904,843	<i>Net income attributable to owners of the parent</i>
Rata-rata tertimbang jumlah saham biasa yang beredar (lembar saham)	<u>24,241,508,196</u>	<u>24,241,508,196</u>	<i>Weighted average number of ordinary shares outstanding (number of shares)</i>
Laba bersih per saham dasar (nilai penuh)	<u>0.013</u>	<u>0.008</u>	<i>Basic earnings per share (full amount)</i>

*) Disajikan kembali, lihat Catatan 4a

*As restated, refer to Note 4a *)*

Grup tidak memiliki efek yang bersifat dilutif pada tanggal 31 Desember 2018 dan 2017.

The Group did not have any dilutive ordinary shares at December 31, 2018 and 2017.

**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN
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**36. SIGNIFICANT BALANCES AND TRANSACTIONS
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Dalam kegiatan usaha normal, Grup melakukan transaksi usaha dan bukan usaha dengan pihak-pihak berelasi, yang terafiliasi dengan Grup melalui kepemilikan langsung dan tak langsung, dan/atau di bawah kendali pihak yang sama. Harga jual atau beli antara pihak-pihak berelasi ditentukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak, yang mungkin tidak sama dengan transaksi lain yang dilakukan dengan pihak-pihak yang tidak berelasi.

In the normal course of business, the Group entered into trade and other transactions with related parties, which are affiliated with the Group through equity ownership, either direct or indirect, and/or under common control. Sales or purchase price among related parties is made based on terms agreed by the parties, which may not be the same as those of the transactions between unrelated parties.

Rincian sifat hubungan dan jenis transaksi yang signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

The details of nature of relationship and types of significant transactions with related parties are as follows:

<u>Pihak-pihak yang berelasi/ Related parties</u>	<u>Sifat hubungan dengan pihak berelasi/Relationship with the related parties</u>	<u>Transaksi/ Transactions</u>
Pemerintah Republik Indonesia	Pemegang saham utama/ <i>Ultimate parent</i>	Pembayaran dividen, penerusan pinjaman dan Debitur obligasi/ <i>Payment of dividends, two-step loans and debtor of bonds</i>
PT Pertamina (Persero)	Pemegang saham langsung/ <i>Immediate parent</i>	Debitur obligasi, penjualan minyak dan pembelian gas bumi/ <i>Debtor of bonds, purchase and sale of oil and gas</i>
PT Bank Tabungan Negara (Persero) Tbk	Entitas berelasi dengan Pemerintah/ <i>Government related entity</i>	Penempatan giro, penempatan deposito berjangka yang tidak dibatasi penggunaannya/ <i>Placement of current accounts, placement of unrestricted time deposits</i>

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**36. SIGNIFICANT BALANCES AND TRANSACTIONS
WITH RELATED PARTIES (continued)**

Pihak-pihak yang berelasi/ Related parties	Sifat hubungan dengan pihak berelasi/Relationship with the related parties	Transaksi/ Transactions
Bank Mandiri	Entitas berelasi dengan Pemerintah/ <i>Government related entity</i>	Penempatan giro, penempatan deposito berjangka yang tidak dibatasi penggunaannya, penempatan kas yang dibatasi penggunaannya, fasilitas <i>Non Cash Loan</i> , fasilitas <i>Bill Purchasing Line</i> , fasilitas Kredit Modal Kerja, fasilitas <i>Supply Chain Financing</i> , fasilitas <i>Treasury Line/Placement of current accounts</i> , <i>placement of unrestricted time deposits</i> , <i>placement of restricted cash</i> , <i>Non Cash Loan facility</i> , <i>Bill Purchasing Line facility</i> , <i>Working Capital Loans facility</i> , <i>Supply Chain Financing facility</i> , <i>Treasury Line facility</i>
BNI	Entitas berelasi dengan Pemerintah/ <i>Government related entity</i>	Penempatan giro, penempatan deposito berjangka yang tidak dibatasi penggunaannya, fasilitas kredit investasi/ <i>Placement of current accounts</i> , <i>placement of unrestricted time deposits</i> , <i>investment credit facility</i>
BRI	Entitas berelasi dengan Pemerintah/ <i>Government related entity</i>	Penempatan giro, deposito berjangka yang tidak dibatasi penggunaannya, fasilitas <i>Standby Letter of Credit</i> , fasilitas bank garansi dan fasilitas penangguhan jaminan impor/ <i>Placement of current accounts</i> , <i>placement of unrestricted time deposits</i> , <i>Standby Letter of Credit Facility</i> , <i>bank guarantee facility and guarantee of suspension of import facility</i>
Bank Syariah Mandiri, BNI Syariah, BPD Jateng	Entitas berelasi dengan Pemerintah/ <i>Government related entity</i>	Deposito berjangka yang tidak dibatasi penggunaannya/ <i>Placement of unrestricted time deposits</i>
PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung, PT Bank Pembangunan Daerah Jambi, Bank Jatim	Entitas berelasi dengan Pemerintah/ <i>Government related entity</i>	Penempatan giro/ <i>Placement of current accounts</i>
PT Pertamina Hulu Energi West Java Madura Offshore (WJMO), PT Pertamina EP	Entitas anak dari BUMN yang dikendalikan Pemerintah/ <i>SOE's subsidiaries controlled by the Government</i>	Uang muka pembelian gas bumi, pemasok gas, pelanggan, uang muka <i>ship-or-pay</i> pemasok gas/ <i>Advance of take or pay, gas supplier, customer, advance of ship or pay gas supplier</i>
PT Perusahaan Listrik Negara (Persero) (PLN), PT Barata Indonesia (Persero), PT Iglas (Persero), PT Kertas Leces (Persero), PT Indofarma (Persero) Tbk	Entitas berelasi dengan Pemerintah/ <i>Government related entities</i>	Pelanggan/ <i>Customers</i>

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**36. SIGNIFICANT BALANCES AND TRANSACTIONS
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Pihak-pihak yang berelasi/ Related parties	Sifat hubungan dengan pihak berelasi/Relationship with the related parties	Transaksi/ Transactions
PT Wijaya Karya Intrade, PT Wijaya Karya Beton, PT Krakatau Daya Listrik	Entitas anak dari BUMN yang dikendalikan Pemerintah/SOE's subsidiaries controlled by the Government	Pelanggan/Customers
PT Pupuk Kalimantan Timur	Entitas anak dari BUMN yang dikendalikan Pemerintah/SOE's subsidiaries controlled by the Government	Pelanggan minyak dan gas/Oil and gas customers
PT Pertamina Drilling Service, PT Pertamina Training & Consulting, PT Pertamina Trans Kontinental, PT Bina Bangun Wibawa Mukti, PT Prima Sarana Gemilang, PT Pertamina Patra Niaga, Tugu Pratama, PT Elnusa	Entitas anak dari BUMN yang dikendalikan Pemerintah/SOE's subsidiaries controlled by the Government	Pemasok /Suppliers
LMAN	Entitas berelasi dengan Pemerintah/ Government related entity	Perjanjian Kerja Sama Operasional Kilang LNG Arun/Operational Cooperation Agreement of Arun LNG Plant
PT Petrogas Jatim Utama	Entitas anak dari BUMN yang dikendalikan Pemerintah/SOE's subsidiaries controlled by the Government	Pelanggan minyak dan gas/Oil and gas customer
PT Indonesia Power, PT PLN Batam	Entitas anak dari BUMN yang dikendalikan Pemerintah/SOE's subsidiaries controlled by the Government	Pelanggan transmisi gas/Gas transmission customer
Lembaga Pembiayaan Ekspor Indonesia (LPEI), PT Antam Tbk, PT Pegadaian (Persero)	Entitas berelasi dengan Pemerintah/ Government related entities	Debitur obligasi/Bond debtors
Regas	Ventura Bersama/Joint Venture	Penyertaan saham, pemasok gas/Investment in shares of stock, gas supplier
Transgasindo	Ventura Bersama/Joint Venture	Penyertaan saham, penggantian biaya hukum atas transfer aset/Investment in shares of stock, reimbursement of legal fee for transfer of assets.

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**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN
PIHAK-PIHAK BERELASI (lanjutan)**

**36. SIGNIFICANT BALANCES AND TRANSACTIONS
WITH RELATED PARTIES (continued)**

Transaksi-transaksi signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

Significant transactions with related parties are as follows:

Pendapatan neto

Net revenues

	<u>2018</u>	<u>2017*</u>	
Distribusi gas			Gas distribution
PLN	668,901,741	472,876,211	PLN
PT Krakatau Daya Listrik	74,349,096	20,060,143	PT Krakatau Daya Listrik
PT PLN Batam	18,741,673	16,240,431	PT PLN Batam
PT Pertamina EP	8,426,317	25,028,377	PT Pertamina EP
Lain-lain (di bawah USD1.000.000)	1,587,284	3,689,744	Others (each below USD1,000,000)
Penjualan minyak dan gas			Oil and gas sales
Pertamina	128,317,312	25,028,377	Pertamina
PLN	89,524,522	122,852,697	PLN
PT Petrogas Jatim Utama	14,641,367	12,156,817	PT Petrogas Jatim Utama
PT Pupuk Kalimantan Timur	10,625,145	-	PT Pupuk Kalimantan Timur
PT Pertamina Hulu Energi	-	2,549,672	PT Pertamina Hulu Energi
Transmisi gas			Gas transmission
PT Pertamina EP	108,500,000	87,554,733	PT Pertamina EP
Pertamina	44,342,000	44,009,000	Pertamina
PT Pertamina Hulu Energi	16,262,000	18,605,000	PT Pertamina Hulu Energi
PLN	8,646,077	2,499,862	PLN
Lain-lain (di bawah USD1.000.000)	6,400,314	293,000	Others (each below USD1,000,000)
Pendapatan keuangan dari sewa pembiayaan			Finance income from finance lease
PLN	38,621,164	55,477,116	PLN
Pendapatan jasa regasifikasi			Income from regasification service
PLN	10,740,538	-	PLN
Total	<u>1,248,626,550</u>	<u>908,921,180</u>	Total
Persentase dari total pendapatan neto konsolidasian	<u>32.26%</u>	<u>25.46%</u>	Percentage from total consolidated net revenues

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN
PIHAK-PIHAK BERELASI (lanjutan)**

Pembelian

	<u>2018</u>	<u>2017*</u>
PT Pertamina EP	361,973,651	323,123,997
PT Pertamina Hulu Energi	97,757,783	102,726,268
Lain-lain	<u>2,218,000</u>	<u>1,154,000</u>
Total	<u>461,949,434</u>	<u>427,004,265</u>

Persentase dari total beban pokok
pendapatan konsolidasian

18.04% 17.87%

*) Disajikan kembali, lihat Catatan 4a

**36. SIGNIFICANT BALANCES AND TRANSACTIONS
WITH RELATED PARTIES (continued)**

Purchases

	<u>2018</u>	<u>2017*</u>
PT Pertamina EP	361,973,651	323,123,997
PT Pertamina Hulu Energi	97,757,783	102,726,268
Lain-lain	<u>2,218,000</u>	<u>1,154,000</u>
Total	<u>461,949,434</u>	<u>427,004,265</u>

Percentage from total consolidated
cost of revenues

As restated, refer to Note 4a *)

**Kas dan setara kas dan kas yang dibatasi
penggunaannya**

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, saldo kas dan setara kas dan kas yang dibatasi penggunaannya yang ditempatkan pada pihak berelasi masing-masing sebesar 14,89%, 13,97% dan 16,22% dari total aset konsolidasian.

Investasi jangka pendek

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, saldo investasi jangka pendek yang ditempatkan pada pihak berelasi masing-masing sebesar 0,80%, 0,86 dan 0,79% dari total aset konsolidasian.

Piutang usaha

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, saldo piutang usaha pada pihak berelasi masing-masing sebesar 5,10%, 5,31% dan 4,98% dari total aset konsolidasian.

**Piutang lain-lain dan piutang lain-lain jangka
panjang**

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, saldo piutang lain-lain pada pihak berelasi masing-masing sebesar 0,12%, 0,13% dan 0,11% dari total aset konsolidasian. Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, saldo piutang lain-lain jangka panjang pada pihak berelasi masing-masing sebesar 0,27%, 0,50% dan 0,77% dari total aset konsolidasian.

Uang muka

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, saldo uang muka yang ditempatkan pada pihak berelasi masing-masing sebesar 0,02%, 0,14% dan 0,66% dari total aset konsolidasian.

Cash and cash equivalents and restricted cash

As of December 31, 2018 and 2017 and January 1 2017, the balances of cash and cash equivalents and restricted cash placed in related parties amounted to 14.89%, 13.97% and 16.22%, respectively, from the total consolidated assets.

Short-term investments

As of December 31, 2018 and 2017 and January 1, 2017, the balances of short-term investments placed in related parties amounted to 0.80%, 0.86% and 0.79%, respectively, from the total consolidated assets.

Trade receivables

As of December 31, 2018 and 2017 and January 1, 2017, the balances of trade receivables from related parties amounted to 5.10%, 5.31% and 4.98%, respectively, from the total consolidated assets.

Other receivables

As of December 31, 2018 and 2017 and January 1, 2017, the balances of other receivables from related parties amounted to 0.12%, 0.13% and 0.11%, respectively, from the total consolidated assets. As of December 31, 2018 and 2017 and January 1, 2017, the balances of other long-term receivables from related parties amounted to 0.27%, 0.50% and 0.77%, respectively, from the total consolidated assets.

Advances

As of December 31, 2018 and 2017 and January 1, 2017, the balances of advances placed in government-related entities amounted to 0.02%, 0.14% and 0.66%, respectively, from the total consolidated assets.

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**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN
PIHAK-PIHAK BERELASI (lanjutan)**

Utang usaha

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, saldo utang usaha kepada pihak berelasi masing-masing sebesar 1,61%, 1,90% dan 1,44% dari total liabilitas konsolidasian.

Utang lain-lain

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, saldo utang usaha kepada pihak berelasi masing-masing sebesar 2,32%, 1,37% dan 1,17% dari total liabilitas konsolidasian.

Pinjaman

Pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017, saldo pinjaman jangka panjang yang ditempatkan pada pihak berelasi, termasuk penerusan pinjaman, pinjaman pemegang saham dan *promissory notes*, masing-masing sebesar 30,01%, 21,35% dan 20,58% dari total liabilitas konsolidasian.

Kompensasi dan imbalan lain

Grup memberikan kompensasi dan imbalan lain kepada Komisaris dan Direksi untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2018 dan 2017, yang terdiri dari:

	<u>2018</u>	<u>2017</u>	
Komisaris	2,239,233	2,432,142	Commissioners
Direksi	6,782,063	6,812,669	Directors
	<u>9,021,296</u>	<u>9,244,811</u>	

**37. PROGRAM KEMITRAAN DAN BINA
LINGKUNGAN**

Sejak tahun 2016, Perusahaan menetapkan kebijakan untuk tidak mengalokasikan anggaran Program Kemitraan, sehingga Perusahaan hanya melaksanakan penagihan pada pinjaman yang sedang bergulir dan menyelesaikan kontrak yang sudah ditandatangani dengan menggunakan sisa alokasi laba bersih tahun 2012. Perusahaan juga menetapkan kebijakan dengan melaksanakan Program Bina Lingkungan yang dananya berasal dari anggaran yang ditetapkan sebagai biaya yang dananya disetorkan ke rekening terpisah selambat-lambatnya 45 hari setelah penetapan oleh Dewan Komisaris.

Selama tahun 2018 dan 2017, Perusahaan telah mencatat beban atas Tanggung Jawab Sosial dan Lingkungan pada operasi berjalan yang disajikan pada akun "Beban umum dan administrasi - tanggung jawab sosial dan bina lingkungan" pada laba rugi masing-masing sebesar dan USD2.828.921 dan USD7.237.533.

**36. SIGNIFICANT BALANCES AND TRANSACTIONS
WITH RELATED PARTIES (continued)**

Trade payables

As of December 31, 2018 and 2017 and January 1, 2017, the balances of trade payables due to related parties amounted to 1.61%, 1.90% and 1.44%, respectively, from the total consolidated liabilities.

Other payables

As of December 31, 2018 and 2017 and January 1, 2017, the balances of trade payables due to related parties amounted to 2.19%, 1.37% and 1.17%, respectively, from the total consolidated liabilities.

Loans

As of December 31, 2018 and 2017 and January 1, 2017, the balances of long-term loans placed in related parties, includes two-step loans, shareholder loan and promissory notes, amounted to 30.01%, 21.35% and 20.58%, respectively, from the total consolidated liabilities.

Compensation and other benefits

The Group provided the compensation and other benefits for the Commissioners and Directors for the years ended December 31, 2018 and 2017, which consist of:

**37. PARTNERSHIP AND
DEVELOPMENT PROGRAM COMMUNITY**

Since 2016, the Company established a policy not to allocate Partnership Program budget, so the Company only carries out billing on the loan that is being rolled and completed a contract that has been signed using the remaining allocation net profit in 2012. The Company also established a policy to implement the Community Development Program funds come from the budget set as the cost of funds deposited into a separate account not later than 45 days after the determination by the Board of Commissioners.

During 2018 and 2017, the Company has recorded the Corporate Social and Environmental Responsibility expense in current operations which is presented as part of "General and administrative expenses - Corporate Social and Environmental Responsibility (CSR)" account in profit or loss amounted to USD2,828,921 and USD7,237,533, respectively.

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37. PROGRAM KEMITRAAN DAN BINA LINGKUNGAN (lanjutan)

Dana yang berasal dari anggaran Perusahaan yang penetapannya disetujui oleh Dewan Komisaris tersebut ditempatkan dalam rekening bank terpisah. Saldo dana dalam rekening bank tersebut pada tanggal 31 Desember 2018 dan 2017 adalah USD670.544 dan USD716.834, yang dilaporkan sebagai bagian kas dan setara kas pada laporan posisi keuangan konsolidasian.

37. PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (continued)

The funds, which originated from the Company's budget and has been approved by the Board of Commissioners, are deposited into designated bank accounts. The balance of such funds as at December 31, 2018 and 2017 were USD670,544 and USD716,834, respectively, which are reported as part of cash and cash equivalents in the consolidated statements of financial position.

38. PERJANJIAN-PERJANJIAN PENTING

Grup mengadakan perjanjian-perjanjian penting sebagai berikut:

a. PJBG

Grup harus membeli dan membayar jumlah pembelian minimum per tahun/kwartal/bulan untuk setiap PJBG di bawah ini. Perbedaan antara jumlah kuantitas pembelian nyata dan kuantitas pembelian minimum dicatat sebagai "Make-Up Gas", yang dapat direalisasikan setiap saat jika kuantitas minimum atau bagian dari jumlah kontrak tahunan/kwartalan/bulanan (mana yang berlaku sesuai dengan ketentuan dalam masing-masing PJBG) telah diambil pada tahun/kwartal/bulan tertentu selama jangka waktu perjanjian. Saldo "Make-Up Gas" disajikan sebagai bagian dari "Uang Muka" pada laporan posisi keuangan konsolidasian.

38. SIGNIFICANT AGREEMENTS

The Group has the following significant agreements:

a. GSPA

The Group is required to purchase and pay for the minimum purchase quantity per year/quarter/month for each of the GSPA below. The difference between the purchased quantity and the minimum purchase quantity is recorded as "Make-Up Gas", which can be realised anytime if the minimum quantity or part of annual/quarterly/monthly contract quantity (which applicable in accordance of respective GSPA) has been taken or at a specified year/quarter/month during the period of the agreement. The outstanding balance of the "Make-Up Gas" is presented as part of "Advances" in the consolidated statements of financial position.

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/ Gas field	Volume kontrak/ Contract Volume	Jangka waktu/Term		Keterangan/ Remarks
				Awal/ Start	Akhir/ End	
PT Pertamina EP	PJBG/GSPA Medan	Lapangan minyak dan gas bumi PT Pertamina EP area kerja Asset 1/Oil and gas field of PT Pertamina EP working area Asset 1	7 MMSCFD (2013 & 2014) 6 MMSCFD (1 Apr 2015- 31 Mar 2016) 5 MMSCFD (1 Apr 2016-31 Mar 2017) 4,5 MMSCFD (1 Apr-31 Dec 2017)	4 Apr/Apr 4, 2002	31 Des/Dec 31, 2018	Kontrak akan diperpanjang sampai dengan tahun 2021. Kedua pihak sedang membahas amandemen PJBG./ Contract will be extended to 2021. Both parties are still in discussion regarding the GSPA amendment.
PT Pertamina EP	PJBG/GSPA EEJW	Jatirangon	2,5 BBTUD (19 Okt/Oct - 31 Des/Dec 2014) 3,5 BBTUD (1 Jan - 18 Okt/Oct 2015) 1,2 MMSCF (1 Jan - 17 Okt/Oct 2017) 0,8 MMSCF (18 Okt/Oct 2017 - 17 Okt/Oct 2018) 0,6 MMSCF (18 Okt/Oct- 31 Des/Dec 2018)	26 Jul/Jul 26, 2004	31 Des/Dec 31, 2018	Kontrak akan diperpanjang sampai dengan tahun 2021. Kedua pihak sedang membahas amandemen PJBG./ Contract will be extended to 2021. Both parties are still in discussion regarding the GSPA amendment.

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

38. SIGNIFICANT AGREEMENTS (continued)

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun/ Volume per year	Jangka waktu/Term		Keterangan/ Remarks
PT Pertamina EP	PJBG/GSPA Cirebon	Lapangan minyak dan gas bumi PT Pertamina EP Region Jawa, Jawa Bagian Barat/Oil and gas field of PT Pertamina EP Java Region, West Java	Titik Serah Randegan : 2,5 MMSCFD (1 April 2013 - 31Maret/Marc h 2015) 2 MMSCFD (1 April 2015 – 31 Des/Dec 2017) 1,5 MMSCFD (1 Jan – 31 Des/Dec 2018) 1,5 MMSCFD (1 Jan – 31 Des/Dec 2019) Titik Serah Sunyaragi : 1,5 MMSCFD (1 Mei/May 2013 -31 Des/Dec 2013) 2 MMSCFD (1 Jan 2014 - 31 Des/Dec 2017) 2,25 MMSCFD (1 Jan - 31 Des/Dec 2018) 2,25 MMSCFD (1 Jan - 31 Des/Dec 2019)	4 Apr/Apr 4, 2002	31 Des/Dec 31,2020	-
Husky CNOOC Madura Limited	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kota Mojokerto & Probolinggo/ Mutual Agreement of City Gas distribution in Mojokerto & Probolinggo	Lapangan di Wilayah Madura & Probolinggo/ Field in Madura & Probolinggo working area	0,25 & 0,20 MMSCFD	19 Jan & 12 Sep 2018	19 Jul 2027 & 28 April 2028 atau berakhirnya produksi/ Jul 19, 2027 & April 28, 2028 or the end of production	-
PT Pertamina EP	Kesepakatan Bersama Penyaluran Gas Jargas Cirebon/Mutual Agreement of City Gas distribution in Cirebon	Lapangan minyak dan gas bumi PT Pertamina EP Region Jawa, Jawa Bagian Barat/Oil and gas field of PT Pertamina EP Java Region, West Java	Titik Serah Sunyaragi 0,2 MMSCFD	31 Des/Dec 31, 2015	8 Sep 2020	-

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38. SIGNIFICANT AGREEMENTS (continued)

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun /Volume per year	Jangka waktu/Term		Keterangan/ Remarks
PT Pertamina EP	PJBG Sumatera Selatan-Jawa Barat/GSPA South Sumatra-West Java	DOH Sumatera Selatan/ South Sumatra	1,006 TSCF	26 Jun 2003	31 Des/Dec 31, 2025	Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ <i>It is valid until the contracted quantity is delivered, whichever comes first.</i>
ConocoPhillips (Grissik) Ltd.	PJBG/GSPA Batam I	Blok Koridor/ Corridor Block	225 TBTU	9 Jul 2004	12 Okt/Oct 12, 2019	Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ <i>It is valid until the contracted quantity is delivered, whichever comes first.</i>
ConocoPhillips (Grissik) Ltd.	PJBG Corridor Block - Jawa Barat/GSPA Corridor Block - West Java	Blok Koridor/ Corridor Block	2,310 TBTU	9 Agt/Aug 9, 2004	30 Sep 2023	Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ <i>It is valid until the contracted quantity is delivered, whichever comes first.</i>
ConocoPhillips (Grissik) Ltd.	PJBG/GSPA Batam II	Blok Koridor/ Corridor Block	65,8 TBTU	12 Des/Dec 12, 2004	11 Des/Dec 11, 2019	Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ <i>It is valid until the contracted quantity is delivered, whichever comes first.</i>
ConocoPhillips (Grissik) Ltd.	Amandemen dan penyajian kembali untuk menggantikan PJBGI menjadi PJBG/ Amendment and Restatement to Replace IGSPA to GSPA	Blok Koridor/ Corridor Block	12,5 BBTUD	31 Mei/May 31, 2010	20 Des/Dec 20, 2023	Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ <i>It is valid until the contracted quantity is delivered, whichever comes first.</i>
Lapindo Brantas, Inc.	Amandemen dan penyajian kembali untuk menggantikan PJBGI menjadi PJBG/ Amendment and Restatement to Replace IGSPA to GSPA	Lapangan Wunut/ Wunut field	112,580 BSCF (sampai dengan/until 31 Des/Dec, 2011) As it is (sejak/ since 1 Jan 2012 - 31 Des/Dec 2015) 2 MMSCFD (1 Jan 2016 - 13 Okt/Oct 2017) 8 MMSCFD (12 Okt/Oct 2017 - 22 Apr 2020)	29 Des/Dec 29, 2003	22 April/April 22, 2020	Kondisi dimana seluruh volume gas apa adanya yang keluar atau dihasilkan dari Lapangan Wunut akan diserahkan dan dijual kepada Perusahaan/ <i>Condition which the entire gas volume as it is produced out from the Wunut Field to be submitted and sold to the Company</i>

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38. SIGNIFICANT AGREEMENTS (continued)

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun /Volume per year	Jangka waktu/Term		Keterangan/ Remarks
Santos (Madura Offshore) Pty. Ltd., PC Madura Ltd., dan PT Petrogas Pantai Madura	PJBG/GSA Santos Maleo	Lapangan Maleo/ Maleo Field	351 BCF	14 Jul 2007	13 Jul 2019	Jumlah cadangan Maleo Field (2P)/ The amount of Maleo Field (2P) reserves.
Husky CNOOC Madura Ltd.	PJBG/GSA Husky	Lapangan Madura BD/ Madura BD field	20 MMSCFD (Gas in 13 Nov 2017) 60 MMSCFD (mulai/start from 14 Nov 2017)	30 Okt/Oct 30, 2007	26 Jul 2037	-
Husky CNOOC Madura Ltd	Kesepakatan Bersama Penyaluran Jaringan Gas Kota Mojokerto/ Mutual Agreement of Jargas distribution in Mojokerto City	Lapangan Madura BD/ Madura BD field	0.25 MMSCFD (Gas in 19 Jan 2018)	19 Jan/Jan 19, 2018	19 Jul 2027	-
PT Bayu Buana Gemilang ("BBG")	PJBG/GSPA BBG	Lapangan Terang Sirasun Batur/ Terang Sirasun Batur field	22,981 TBTU	30 Nov 2011	31 Des/Dec 31, 2020	-
PT Walinusa Energi ("WNE")	PJBG/GSPA WNE	Lapangan Terang Sirasun Batur/ Terang Sirasun Batur field	40,593 TBTU	12 Jan 2012	31 Des/Dec 31, 2020	-
PT Indogas Kriya Dwiguna ("IKD")	PJBG/GSPA IKD	Lapangan Terang Sirasun Batur/ Terang Sirasun Batur field	20 BBTUD	17 Feb 2012	31 Des/Dec 31, 2020	-
PT Sadikun Niagamas Raya ("SNR")	PJBG/GSPA SNR	Lapangan Terang Sirasun Batur/ Terang Sirasun Batur field	40,9 TBTU	11 Apr 2012	31 Des/Dec 31, 2020	-

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38. SIGNIFICANT AGREEMENTS (continued)

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun/ Volume per year	Jangka waktu/Term		Keterangan/ Remarks
Petrogas (Basin) Ltd	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kabupaten Sorong/ <i>Mutual Agreement of City Gas distribution in Sorong</i>	Blok Kepala Burung/ <i>Kepala Burung block</i>	0.2 MMSCFD	29 Feb 2016	28 Feb 2021	-
PT Medco E&P Indonesia	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kota Tarakan/ <i>Mutual Agreement of City Gas distribution in Tarakan</i>	Lapangan di Wilayah Kerja Tarakan/ <i>Field in Tarakan working area</i>	0.2 BBTUD	8 Jan 2016	Sampai dengan tercapainya total jumlah kontrak gas sebesar 321,48 BBTU/ <i>Once total of gas reach 321.48 BBTU</i>	-
PT Pertamina EP Asset IV	Kesepakatan Bersama Penyaluran Gas untuk Jaringan Gas Semarang/ <i>Mutual Agreement of Jargas distribution in Semarang</i>	Gundih	0.2 MMSCFD	9 Mei/May 9, 2016	8 Sep 2020	-
PT Pertamina EP Asset V	Kesepakatan Bersama Penyaluran Gas untuk Jaringan Gas Tarakan/ <i>Mutual Agreement of Jargas distribution in Tarakan</i>	Lapangan/ <i>Field Bunyu</i>	0.3 MMSCFD	1 Agt/Aug 1, 2017	Sampai adanya ketetapan dengan pemerintah/ <i>up to the government decision.</i>	-

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

38. SIGNIFICANT AGREEMENTS (continued)

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun /Volume per year	Jangka waktu/Term		Keterangan/ Remarks
PT Pertamina EP Asset IV	Kesepakatan Bersama Penyaluran Gas untuk Jaringan Gas Blora/ <i>Mutual Agreement of City Gas distribution in Blora</i>	Gundih	0,2 MMSCFD	18 Jul 2016	8 Sep 2020	-
ConocoPhillips (Grissik) Ltd.	PJBG/GSPA Dumai	Blok Koridor/ Corridor Block	8 BBTUD Start date – Jul 2019 19 BBTUD Aug 2019 – Jul 2020 25 BBTUD Aug 2020 – Jul 2021 37 BBTUD Aug 2021-Dec 2023	17 Mei/May 17, 2017	31 Des/Dec 31, 2023	Tanggal dimulai tidak lebih dari 1 Oktober 2018 /The start date no later than 1 October 2018
PT Medco E&P Indonesia	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kota Musi Banyu Asin/ <i>Mutual Agreement of City Gas distribution in Musi Banyu Asin</i>	Lapangan di Wilayah Kerja Musi Banyuasin/ Field in Musi Banyuasin working area	0.25 BBTUD	26 Sep 2017	20 Jul 2027	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan PJBG/Up to the date of this report, the GSPA is in process.
PT Inti Alasindo Energy "IAE"	PJBG/GSPA PGN-IAE	Lapangan Madura BD/ Madura BD field	15 BBTUD	2 Nov/Nov 2, 2017	6 tahun/6 years	-
ConocoPhillips (Grissik) Ltd	PJBG/GSPA PGN-CoPhi	Blok Koridor/ Corridor Block	BBG 10.2 MMscfd 2019 Jargas 0.3 MMscfd 2019	5 April/April 5, 2018	Akhir periode Letter of Agreement BBG / End of period of BBG Letter of Agreement	-
ConocoPhillips (Grissik) Ltd	PJBG/GSPA Batam III	Blok Koridor/ Corridor Block	20 BBTUD	12 Nov/Nov 12, 2018	19 Des/Dec 19, 2023	-

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

38. SIGNIFICANT AGREEMENTS (continued)

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun /Volume per year	Jangka waktu/Term Keterangan/ Remarks		Keterangan/ Remarks
Husky CNOOC Madura Ltd	Kesepakatan Bersama Penyaluran Gas Bumi untuk Jargas Kota Mojokerto/ Mutual Agreement of City Gas Distribution in Mojokerto	Lapangan Madura BD/ Madura BD Field	0.25 MMscfd	19 Jan/Jan 19, 2018	19 Jul/Jul 2027 atau berakhirnya produksi lapangan/or the end of field production	-
	Kesepakatan Bersama Penyaluran Gas Bumi untuk Jargas Kota Probolinggo/ Mutual Agreement of City Gas Distribution in Probolinggo		0.2 MMscfd	12 Sep/ Sep 12, 2018	28 April/April 28, 2027 atau berakhirnya produksi lapangan/or the end of field production	-
Triangle Pase Inc.	PJBG/GSPA	Blok Pase / Pase Block	3 BBTUD 2017 -2018 5 BBTUD 2019 6 BBTUD 2020 7 BBTUD 2021-2032	15 Des 2017 / Dec 15, 2017	Sampai dengan berakhirnya PSC TPI/ Until the end of TPI's PSC	
PT Pertamina Hulu Energi Ogan Komering & PT Pertamina EP	PJBG/GSPA PGN & Pertagas Niaga – PT PHEOK & PT PEP	Lapangan Guruh, Lapangan Mandala, Lapangan Air Serdang/ Guruh Field, Mandala Field, Air Serdang Field	0.247 BSCF 20 Mei-31 Okt 2018/May 20- Oct 31 2018 0.092 BSCF 1 Nov-31 Des/Nov 1- Dec 31 2018 1.898 BSCF 1 Jan-31 Des/Jan 1- Dec 31 2019 1.496 BSCF 1 Jan-31 Des/Jan 1- Dec 31 2020 1.237 BSCF 1 Jan-31 Des/Jan 1- Dec 31 2021 1.019 BSCF 1 Jan-31 Des/Jan 1- Dec 31 2022	10 Des/Dec 10, 2018	31 Des/Dec 31, 2022	-

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

38. SIGNIFICANT AGREEMENTS (continued)

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun /Volume per year	Jangka waktu/Term Keterangan/ Remarks		Keterangan/ Remarks
PT MEDCO E&P Indonesia & PT MEDCO E&P Lematang	PJBG/GSPA PGN & PT MEPI & PT MEPL	Wilayah Kerja Lematang & Wilayah Kerja Sumatera Selatan/ Lematang Working Area & South Sumatera Working Area	30 BBTUD 2019 25 BBTUD 2020 20 BBTUD 2021	27 Des/Dec 27, 2018	31 Des/Dec 31, 2021	-
Husky CNOOC Madura Ltd	Kesepakatan Bersama Penyaluran Gas Bumi untuk Jargas Kota Probolinggo/ Mutual Agreement of City Gas Distribution in Probolinggo	Lapangan BD/BD Field	Daily Contract Quantity = 0.2 MMscfd	6 Sep/ Sep 6, 2018	27 Apr/ Apr 27, 2028	-
PT Pertamina EP	Novasi Perjanjian tentang Jual Beli Gas/Novation of Agreement on Sale and Purchasement of Gas	Lapangan Pondok Tengah, Lapangan Tambun, dan Lapangan Pondok Makmur/ Pondok Tengah field, Tambun field, and Pondok Makmur field	8 MMscfd	15 Des 2016/ Dec 15, 2016	2020	-
PT Pertamina Hulu Energi West Madura Offshore, dan Kontraktor WMO/ and WMO Contractors	Perjanjian Jual Beli Gas/Gas Sale and Purchase Agreement	Wilayah kerja West Madura Offshore dan Lapangan Poleng/ West Madura Offshore Area and Poleng field	100 MMscfd	7 Des 2016/ Dec 7, 2016	5 Mei 2031/ May 5, 2031	-

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

38. SIGNIFICANT AGREEMENTS (continued)

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun /Volume per year	Jangka waktu/Term Keterangan/ Remarks		Keterangan/ Remarks
BUT Kangean Energy Indonesia Ltd.	Amandemen III atas Perjanjian Jual Beli Gas/Amandme nt III of Gas Sales and Purchase Agreement	Lapangan Terang, Sirasun, dan Batur/Tera ng, Sirasun, and Batur fields	221 TBTU	6 Sept 2012/ Sept 6, 2012	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-
PT Bayu Buana Gemilang	Novasi dan Amandemen II atas Perjanjian Jual Beli Gas/Novation and Amandment II of Gas Sales and Purchase Agreement	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	44.2 TBTU	23 Des 2011/ Dec 23, 2011	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-
PT Walinusa Energi	Novasi dan Amandemen II atas Perjanjian Jual Beli Gas/Novation and Amandment II of Gas Sales and Purchase Agreement	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	44.2 TBTU	23 Des 2011/ Dec 23, 2011	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-
PT Sadikun Niagamas Raya	Novasi dan Amandemen II atas Perjanjian Jual Beli Gas/Novation and Amandment II of Gas Sales and Purchase Agreement	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	44.2 TBTU	23 Des 2011/ Dec 23, 2011	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-
PT Java Gas Indonesia	Novasi dan Amandemen II atas Perjanjian Jual Beli Gas/Novation and Amandment II of Gas Sales and Purchase Agreement	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	44.2 TBTU	23 Des 2011/ Dec 23, 2011	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-
PT Surya Cipta Internusa	Novasi dan Amandemen II atas Perjanjian Jual Beli Gas/Novation and Amandment II of Gas Sales and Purchase Agreement	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	44.2 TBTU	17 Okt 2011/ Oct 17, 2011	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

38. SIGNIFICANT AGREEMENTS (continued)

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun /Volume per year	Jangka waktu/Term Keterangan/ Remarks		Keterangan/ Remarks
PT Prime Energy Supply	Amandemen IV Perjanjian Jual Beli Gas/Amandme nt IV of Gas Sales- Purchases Agreement	Lapangan Pondok Tengah, Lapangan Tambun, dan Lapangan Pondok Makmur/ Pondok Tengah field, Tambun field, and Pondok Makmur field	1 BBTUD	31 Jul 2018/ Jul 31, 2018	31 Des 2020/ Dec 31, 2020	-

b. Perjanjian Pengangkutan Gas melalui Jaringan
Pipa Transmisi Sumatera Selatan - Jawa
Bagian Barat

Pada tanggal 15 Agustus 2011, Perusahaan dan PLN telah menandatangani amandemen dan pernyataan kembali Perjanjian Pengangkutan Gas melalui Jaringan Pipa Transmisi Sumatera Selatan - Jawa Bagian Barat untuk pusat listrik Muara Tawar (sumber gas dari Jambi Merang) dari Grissik ke Muara Bekasi dimana Perusahaan setuju memberikan jasa transportasi gas dari lapangan Pulau Gading dan Lapangan Sungai Kenawang di Grissik sampai dengan Muara Bekasi.

Kapasitas *interruptible* yang disediakan untuk pengangkutan gas tersebut sebesar:

Tahun/Year	Periode/Period	Kapasitas/Capacity
2011	Jul-Des/Dec	81
2012	Jan-Des/Dec	40
2013	Jan-Des/Dec	40
2014-2019	Jan-Des/Dec	21

Perjanjian berlaku untuk 9 tahun sejak tanggal dimulainya pengangkutan gas.

b. *Transportation Gas Agreement through South
Sumatera - West Java Gas Transportation
Pipeline*

On August 15, 2011, the Company and PLN entered into the amendment and restatement of Transportation Gas Agreement through Gas Transmission Pipeline South Sumatera - West Java for power center in Muara Tawar (source of gas from Jambi Merang) from Grissik to Muara Bekasi whereby the Company agreed to provide gas transportation service from Pulau Gading field and Sungai Kenawang field in Grissik to Muara Bekasi.

The interruptible capacity provided for gas transportation amounting to the following:

This agreement is valid for 9 years, starting from the date the gas is delivered.

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

- c. Perjanjian Pengangkutan Gas Melalui Sistem Jaringan Pipa Transmisi Gas Sumatera Utara

Pada tanggal 4 Februari 2014, Perusahaan dan PLN telah menandatangani Perjanjian Pengangkutan Gas Melalui Sistem Jaringan Pipa Transmisi Gas Sumatera Utara, dimana Perusahaan setuju memberikan jasa transportasi gas dari Titik Terima sampai dengan Titik Serah. Perjanjian berlaku sejak tanggal dimulai sampai dengan 5 tahun atau sampai dengan berakhirnya PJBG antara PLN dengan PT Pertamina EP untuk gas dari sumur Benggala-1.

- d. Perjanjian sewa, operasi dan perawatan dengan Hoegh Lampung

Pada tanggal 25 Januari 2012, Perusahaan dan Hoegh Lampung menandatangani perjanjian sewa, operasi dan pemeliharaan yang berlaku dari tanggal pengiriman dan berakhir 20 tahun setelah tanggal pengiriman.

Pada tanggal 21 Februari 2014, PLI, Perusahaan dan Hoegh Lampung menandatangani Perjanjian Novasi atas *Amended and Restated Lease, Operation and Maintenance Agreement* dimana hak dan kewajiban Perusahaan terkait dengan perjanjian tersebut di atas beralih ke PLI. Melalui perjanjian novasi tersebut Hoegh Lampung akan menyediakan FSRT Lampung dan melakukan proses regasifikasi selama 20 tahun dengan opsi perpanjangan untuk dua periode masing-masing 5 tahun.

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38. SIGNIFICANT AGREEMENTS (continued)

- c. *Transportation Gas Agreement through North Sumatera Transportation Pipeline System*

On February 4, 2014, the Company and PLN has signed Transportation Gas Agreement through North Sumatera Transportation Pipeline System whereby the Company agreed to provide transportation services from Receiving Point into Delivery Point. The agreement is valid from the start date up to 5 years or until the GSPA between PLN and PT Pertamina EP for gas from Benggala-1 wells ended.

- d. *Lease, operation and maintenance agreement with Hoegh Lampung*

On January 25, 2012, the Company and Hoegh Lampung entered into lease, operation and maintenance agreement starting from delivery date until 20 years from the delivery date.

On February 21, 2014, PLI, Company and Hoegh Lampung entered into a Novation Agreement for the Amended and Restated Lease, Operation and Maintenance Agreement, where the rights and obligations related to the above agreement of the Company were transferred to PLI. Through the novation agreement, Hoegh Lampung will provide FSRT Lampung and perform regassification process for 20 years with two extension period of 5 years each.

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

- e. Perjanjian pengangkutan Gas Kepodang – Tambak Lorok

Perjanjian Pengangkutan Gas melalui Jaringan Pipa Transmisi Kepodang – Tambak Lorok (Kalija Tahap I). Pada tanggal 14 September 2015, KJG, PLN, SEM, BNBR dan PC Muriah Ltd., telah menandatangani Surat Perjanjian Pemberlakuan Novasi dan Perubahan Terhadap Gas Transportation Agreement (“GTA Kalija I”) dimana KJG bertindak sebagai Transporter, PLN bertindak sebagai *Offtaker*, dan PC Muriah Ltd., sebagai *Shipper*. Berdasarkan ketentuan dalam Gas Transportation Agreement, Transporter setuju memberikan jasa transportasi gas dari lapangan Kepodang ke fasilitas pembangkit milik PLN di Tambak Lorok.

Pada tanggal 8 Juni 2017, PC Muriah Ltd memberikan notifikasi perihal adanya keadaan kahar atas Perjanjian Pengangkutan Gas Kepodang – Tambak Lorok (Lihat Catatan 39b).

Perjanjian berlaku untuk 12 tahun sejak tanggal dimulainya pengangkutan gas.

- f. Perjanjian Kerja Sama Operasi dengan PT Citraagung Tirta Jatim (“CTJ”)

Pada tanggal 2 April 2004, Perusahaan dan CTJ mengadakan perjanjian kerja sama operasi. Dalam perjanjian ini, Perusahaan akan menyediakan tanah yang terletak di Surabaya untuk dibangun pusat perbelanjaan oleh CTJ dengan nilai sekitar Rp336.245.000.000. CTJ akan diberi hak pengelolaan atas bangunan pusat perbelanjaan tersebut sejak selesainya pembangunan bangunan dengan kompensasi selama 28 tahun hingga 2 April 2032. Pada akhir masa pengelolaan, bangunan pusat perbelanjaan akan menjadi milik Perusahaan.

CTJ berkewajiban untuk memberikan kompensasi kepada Perusahaan berupa pendirian bangunan dengan nilai Rp20.750.000.000, yang terdiri dari gedung kantor dan rumah dinas Perusahaan, serta pembayaran royalty sebesar Rp200.000.000 termasuk pajak penghasilan setiap tahunnya dari tanggal 20 Maret 2010 sampai dengan 20 Maret 2031.

Perusahaan akan memberikan hak prioritas kepada CTJ untuk memperoleh hak pengelolaan tahap kedua dengan jangka waktu 25 tahun apabila tahap pengelolaan pertama telah berakhir, yaitu pada tanggal 2 April 2032.

38. SIGNIFICANT AGREEMENTS (continued)

- e. Transportation Gas Agreement Kepodang – Tambak Lorok

Transportation Gas Agreement through Kepodang – Tambak Lorok Gas Transportation Pipeline (Kalija Tahap I). On September 14, 2015, KJG, PLN, SEM, BNBR and PC Muriah Ltd., entered into “Put Into Effect the Novation and Amendment to Gas Transportation Agreement (“GTA Kalija I) wherein KJG as Transporter, PLN as Offtaker, and PC Muriah Ltd., as Shipper. Based on the Gas Transportation Agreement, Transporter agreed to provide gas transportation service from Kepodang field to PLN’s power plant facilities in Tambak Lorok.

On June 8, 2017, PC Muriah Ltd sent a notification of force majeure on Gas Transportation Agreement Kepodang – Tambak Lorok (See Note 39b).

This agreement is valid for 12 years, starting from the date of the gas delivery.

- f. Joint Operation Agreement with PT Citraagung Tirta Jatim (“CTJ”)

On April 2, 2004, the Company entered into a joint operation agreement with CTJ. In this agreement, the Company will provide its land located at Surabaya for CTJ to build a shopping centre with total value of approximately Rp336,245,000,000. CTJ will have the rights to operate the shopping centre from the completion date of the construction of the building until April 2, 2032, or for 28 years period. At the end of the operational period, the shopping centre will be transferred to the Company.

CTJ is obliged to give compensation to the Company in the form of building compensation with total value of Rp20,750,000,000, consisting of the Company’s office building and the employee’s house and annual royalty payment for Rp200,000,000 including income tax from March 20, 2010 until March 20, 2031.

The Company will give priority to CTJ to obtain the right to operate and manage the second operational period for 25 years at the end of the first operational phase which is April 2, 2032.

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

- g. Perjanjian Kerja Sama Operasi dengan PT Winatek Sinergi Mitra Bersama ("Winatek")

Pada tanggal 10 Maret 2005, Perusahaan dan Winatek mengadakan perjanjian kerja sama operasi. Dalam perjanjian ini, Perusahaan akan menyediakan lahan yang terletak di Jakarta Pusat kepada Winatek untuk dibangun pusat perbelanjaan dan perkantoran termasuk fasilitas parkir dan fasilitas pendukungnya, senilai sekitar Rp80.000.000.000 atau sepadan bangunan minimal 20.000 meter persegi. Winatek akan diberi hak pengelolaan atas bangunan pusat perbelanjaan tersebut sejak selesainya pembangunan bangunan dengan kompensasi selama 28 tahun 6 bulan. Pada akhir masa pengelolaan, bangunan pusat perbelanjaan dan perkantoran akan menjadi milik Perusahaan.

Winatek berkewajiban untuk memberikan kompensasi awal sebesar Rp18.935.005.000 kepada Perusahaan, berupa bangunan kompensasi seluas 12.250 meter persegi.

Perjanjian ini telah diamandemen sebanyak dua kali, dan terakhir kali diamandemen pada tanggal 29 November 2005. Amandemen ini merubah ketentuan periode pengelolaan menjadi 29 tahun, serta merubah ketentuan luas minimal bangunan menjadi 21.000 meter persegi atau minimal senilai Rp80.000.000.000.

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38. SIGNIFICANT AGREEMENTS (continued)

- g. *Joint Operation Agreement with PT Winatek Sinergi Mitra Bersama ("Winatek")*

On March 10, 2005, the Company entered into a joint operation agreement with Winatek. In this agreement, the Company will provide its land located at Central Jakarta to build a shopping centre and office building including parking area and other facilities with approximately value of Rp80,000,000,000 or equal to the value at a minimum of a 20,000 square meters building. CTJ will have the rights to operate the shopping centre, start from the agreement date until the next 28 years and 6 months period. At the end of the operational period, the shopping centre and office building will be transferred to the Company.

Winatek is obliged to give initial compensation amounted to Rp18,935,005,000 to the Company, in the form of building compensation with an area of 12,250 square meters.

This agreement has been amended two times, and lastly amended on November 29, 2005. Those amendments changed the provision of operational period to become 29 years, and changed the provision of minimum wide of building area to become 21,000 meter square or with minimum value of Rp80,000,000,000.

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

- h. Perjanjian Pengangkutan Gas Bumi melalui pipa antara Pertagas dengan PT Pertamina EP untuk Area Sumatera Bagian Selatan dan Jawa Bagian Barat

Pada tanggal 21 November 2017, Pertagas menandatangani perjanjian pengangkutan gas bumi melalui pipa dengan PT Pertamina EP (untuk Area Sumatera Bagian Selatan dan Jawa Bagian Barat) dengan kontrak No.091/PG0000/2017-S0 dan No.093/PG0000/2017-S0. Perjanjian ini menyepakati jasa angkut gas bumi di area Jawa Barat menggunakan tarif BPH Migas. Masa berlaku perjanjian ini adalah tanggal 1 Juli 2017 sampai 30 Juni 2027.

- i. Amandemen Perjanjian Pengangkutan Gas Bumi melalui pipa dengan Pertamina untuk Kebutuhan Gas Stasiun Pengisian Bahan Bakar di Jawa Barat

Pada tanggal 7 Juni 2016, Pertagas menandatangani amandemen untuk perjanjian pengangkutan gas bumi melalui pipa dengan Pertamina No. 056/PG0000/2016-S0. Dalam amandemen ini, dijelaskan bahwa Pertamina akan menambah volume gas yang disalurkan kepada Pertagas. Perjanjian ini berlaku hingga 31 Desember 2018.

- j. Amandemen Perjanjian Pengangkutan Gas Bumi melalui pipa antara Pertagas dengan PLN

Pada tanggal 20 Agustus 2018, Pertagas menandatangani Amandemen Perjanjian Pengangkutan Gas Bumi melalui Pipa No. 093/PG0000/2018-S0 dengan PLN. Dalam perjanjian ini, Pertagas akan melakukan *tie-in* jaringan pipa ke Titik Serah Eksisting di *plant gate* PLTMG Kanaan untuk pembangunan pipa dan alat ukur baru sebagai titik serah pengangkutan Gas Bumi ke MPP Bontang. Perjanjian ini berlaku sejak 1 Januari 2018 dan berakhir pada tanggal 31 Desember 2028 atau berakhir bila telah terpenuhinya jumlah *Reserved Capacity*, mana yang lebih dahulu terjadi.

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38. SIGNIFICANT AGREEMENTS (continued)

- h. *Agreement of Gas Transportation through pipeline between Pertagas with PT Pertamina EP for Southern Sumatera Region and Western Java Region*

On November 21, 2017, Pertagas and PT Pertamina EP (South Sumatera Area and West Java Area) signed a pipeline gas transportation agreement No. 091/PG0000/2017-S0 and No.093/PG0000/2017-S0. The contract agreed on natural gas transportation service in Western Java Area using BPH Migas tariff. The agreement period is from July 1, 2017 until June 30, 2027.

- i. *Amendment Gas Transportation Agreement through pipeline with Pertamina for supply in refueling station in West Java*

On June 7, 2016, Pertagas entered into an amendment to the gas transportation agreement with Pertamina No. 056/PG0000/2016-S0. In this agreement, Pertamina will increase gas volume to be transported to Pertagas. This agreement is valid until December 31, 2018.

- j. *Amendment of Natural Gas Transportation Agreement through pipeline between Pertagas with PLN*

On August 20, 2018, Pertagas executed the Amendment of Natural Gas Transportation Agreement Through Pipeline No. 093/PG0000/2018-S0 with PLN. In this agreement, Pertagas will do tie-in the pipeline to the Existing Delivery Point in PLTMG Kanaan plant gate for new piping and metering construction as the Natural Gas transportation delivery point to MPP Bontang. This agreement is valid since January 1, 2018 and ended on December 31, 2018, or ended if the fulfillment of Reserved Capacity has been fulfilled, whichever happened first.

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

- k. Amandemen atas Kesepakatan Bersama Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PLN (Untuk Area Jawa Bagian Barat)

Pada tanggal 5 September 2018, Pertagas menandatangani Amandemen Kesepakatan Bersama Pengangkutan Gas Bumi melalui Pipa No. 104/PG0000/2018-S0 dengan PLN. Dalam perjanjian ini, Pertagas menentukan tarif sementara atas pengangkutan gas bumi dari titik terima sampai dengan titik serah sejak tanggal 5 Juli 2017 sampai dengan tanggal 31 Desember 2017 sebesar USD 0.60/MSCF dan mulai tanggal 1 Januari 2018 sebesar USD 0.449/MSCF. Perjanjian ini berlaku sejak tanggal 5 Juli 2017 dan berakhir pada tanggal 31 Desember 2018 atau ditandatanganinya PPG, mana yang lebih dahulu terjadi.

- l. Kesepakatan Penyaluran Minyak KM-102 Field Ramba melalui Ruas Pipa Tempino – Plaju

Pada tanggal 2 Juli 2018, Pertagas menandatangani Surat Kesepakatan Penyaluran Minyak KM-102 Field Ramba No. 258/PG0000/2018-S0. Dalam perjanjian ini, Perusahaan bersedia melakukan pengangkutan minyak bumi milik PT Pertamina EP dari stasiun meter KM-102 melalui Ruas Pipa Tempino – KM 03 Sei Gerong. Perjanjian ini berlaku mulai tanggal 3 Juli 2018 sampai dengan ditandatanganinya Amandemen Perjanjian.

- m. Amandemen Kesepakatan Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PT Pupuk Kalimantan Timur ("PKT") untuk Area Kalimantan Timur – PKT 3

Pada tanggal 28 Agustus 2018, Pertagas menandatangani Amandemen Kesepakatan (PPG) No. 365/PG0000/2018-S0 dengan PKT. Dalam perjanjian ini, dikarenakan jangka waktu kesepakatan yang telah berakhir pada tanggal 30 Juni 2018, dan belum selesainya PJBG antara PT PKT dan PT Pertamina Hulu Mahakam maka, Pertagas memperpanjang jangka waktu kesepakatan dengan PKT sampai dengan 31 Desember 2018.

- n. Perjanjian Jual Beli LPG dengan Pertamina

Pada tanggal 17 Desember 2016, Pertagas menandatangani perjanjian Jual Beli LPG dengan Pertamina No. 105/PG0000/2016-S0. Dalam perjanjian ini, dijelaskan bahwa Perusahaan akan menjual produk LPG yang dihasilkan dari fasilitas ekstraksi LPG milik Perusahaan kepada Pertamina. Selain itu, di perjanjian ini juga dijelaskan spesifikasi LPG yang dipersyaratkan. Perjanjian ini sampai dengan tahun 2021.

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38. SIGNIFICANT AGREEMENTS (continued)

- k. *Amendment of Natural Gas transportation Mutual Agreement through pipeline between Pertagas and PLN (For West Java Area)*

On September 5, 2018, Pertagas signed the Amendment of Natural Gas No. 104/PG0000/2018-S0 with PLN. In this agreement, Pertagas determined a temporary tariff on Natural Gas Transportation from the receiving point to the delivery point since July 5, 2017 until December 31, 2017 amounted to USD 0.60/ MSCF and from January 1, 2018 amounted to USD 0.449/MSCF. This agreement is valid from July 5 2017 and ended on December 31, 2018 or the signing of PPG, whichever happened first.

- l. *The Agreement of Oil Distribution KM-102 Field Ramba using Tempino – Plaju Pipeline*

On July 2, 2018, Pertagas signed an Oil Distribution Agreement Letter KM-102 Field Ramba No. 258/PG0000/2018-S0. In this agreement, the Company is willing to do the transportation of PT Pertamina EP's oil from metering station KM-102 through Tempino – KM 03 Sei Gerong Pipeline. This agreement is valid from July 3, 2018, until the Amendment of the Agreement is signed.

- m. *The Amendment of Natural Gas Transportation Agreement through pipeline between Pertagas and PT Pupuk Kalimantan Timur ("PKT") for East Kalimantan Area – PKT 3*

On August 28, 2018, Pertagas signed an Amendment of the Agreement (PPG) No. 365/PG0000/2018-S0 with PKT. In this agreement, due to the agreement period has ended on June 30, 2018, and the GSPA between PKT and PT Pertamina Hulu Mahakam is not yet solved, thus Pertagas extends the terms of the agreement with PKT until December 31, 2018.

- n. *LPG Sale and Purchase Agreement with Pertamina*

On December 17, 2016, Pertagas entered into an LPG Sale and Purchase agreement with Pertamina No. 105/PG0000/2016-S0 for sales of LPG product generated by LPG extraction facility owned by the Company to Pertamina. This agreement also governs the required LPG specifications. This agreement is valid until 2021.

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38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

- o. Perjanjian Kerjasama Pembangunan dan Pengelolaan Kilang LPG Pondok Tengah dengan Bina Bangun Wibawa Mukti ("BBWM")

Pada tanggal 9 November 2011, Pertagas menandatangani Perjanjian Kerjasama Pembangunan dan Pengelolaan Kilang LPG Pondok Tengah dengan BBWM No. 029/PG0000/2011-S0. Perusahaan dan BBWM sepakat secara bersama-sama melaksanakan pengawasan atas proyek dan produksi, membagi pendapatan dan biaya dari hasil penjualan produk LPG (persentase pembagian Perusahaan sebesar 60% dan BBWM 40%). Perjanjian ini berlaku selama sepuluh tahun sejak kilang LPG beroperasi terhitung sejak mulai tanggal 17 Maret 2010 sampai dengan 16 Maret 2020.

- p. Kesepakatan Pelaksanaan Pekerjaan *Tie In* antara PT Medco E&P Malaka, Pertamina dan Pertagas

Pada tanggal 17 Mei 2018, Pertagas menandatangani Kesepakatan Pelaksanaan Pekerjaan *Tie In* No. 001/PG1000/2018-S0 dengan Pertamina dan PT Medco E&P Malaka. Dalam kesepakatan ini, PT Medco dapat melakukan pekerjaan penyambungan *spool* terakhir pada pekerjaan *Tie in*, dan Pertamina dengan PT Medco akan segera melakukan diskusi untuk menyepakati pelaksanaan *Side Letter* dan PJBG Medco-Pertamina. Kesepakatan ini berlaku efektif sejak ditandatanganinya kesepakatan.

- q. Amandemen V Perjanjian Jual Beli LPG antara Pertagas dengan Pertamina

Pada tanggal 30 Oktober 2018, Pertagas menandatangani Perjanjian Jual Beli LPG No. 132/PG0000/2018-S0 dengan Pertamina. Dalam perjanjian ini, para pihak sepakat untuk menentukan proporsi CPA sebagai acuan penentuan alpha dalam perjanjian serta kesepakatan perhitungan formula nilai klaim terkait harga LPG dengan komposisi C3 melebihi 60% dimana Pertagas menyerahkan harga jual LPG di titik serah sejak tanggal 1 Maret 2018 yang berlaku pada bulan pengambilan sesuai dengan perhitungan tertentu.

38. SIGNIFICANT AGREEMENTS (continued)

- o. *Cooperation Agreement for the LPG Plant Pondok Tengah Development and Management with Bina Bangun Wibawa Mukti ("BBWM")*

On November 9, 2011, Pertagas entered into a Cooperation Agreement to build and operate the Pondok Tengah LPG Plant with BBWM No. 029/PG0000/2011-S0. The Company and BBWM agreed to jointly carry out supervision over the project and production as well as share income and expenses from the sale of LPG (shares percentage for the Company is 60% and BBWM for 40% respectively). This agreement is valid for ten years after the LPG plant started its operations on March 17, 2010 until March 16, 2020.

- p. *The Tie In Work Implementation Agreement between PT Medco E&P Malaka, Pertamina and Pertagas*

On May 17, 2018, Pertagas signed a Tie In Project Implementation Agreement No. 001/PG1000/2018-S0 with PT Pertamina (Persero) and PT Medco E&P Malaka. In this agreement, PT Medco can do the last spool connection project of the Tie In project, and Pertamina with PT Medco will soon conduct a discussion to agree on the Side Letter and GSPA implementation of Medco-Pertamina. This agreement is effective since the signing of the contract.

- q. *Amendment V of the LPG Sales-Purchase Agreement between Pertagas and Pertamina*

On October 30, 2018, Pertagas signed the LPG Sales-Purchases Agreement No. 132/PG0000/2018-S0 with Pertamina. In this agreement, all parties agreed to decide on the CPA proportion as a reference to alpha determination in the formula calculation of the claim value regarding LPG price with C3 composition exceeding 60% where Pertagas submitted the LPG selling price at delivery point since March 1, 2018, which is valid at month when the reception occurred in accordance with the certain calculation.

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39. IKATAN DAN KONTINJENSI

- a. Gugatan dari Conoco Phillips (Grissik) Ltd dan Petrochina International Jabung Ltd kepada Transgasindo

Pada tanggal 19 Mei 2014, Transgasindo menerima *Notice of Arbitration* dari ConocoPhillips (Grissik) Ltd dan Petrochina International Jabung Ltd. (Penggugat) di mana pihak penggugat mengajukan tuntutan terkait dengan tarif transportasi gas ke Singapura dan pemberlakuan Access Arrangement untuk segmen Pipa Grissik-Singapura dengan nilai total tuntutan sekitar USD108 juta atas ketidaksepahaman yang timbul dari dan sehubungan dengan Perjanjian Transportasi Gas.

Pada tanggal 8 Desember 2014, Penggugat telah memasukan *Statement of Claim* dengan nilai tuntutan sebesar USD165,7 juta. Selanjutnya dalam *Claimant's Reply Memorial* nilai gugatan mengalami perubahan menjadi maksimal USD131,4 juta.

Transgasindo telah memasukan "*Statement of Defense*" pada tanggal 23 April 2015. Pada tanggal 10 Juli 2015, Penggugat telah memasukan "*Claimant's Reply Memorial*" dan Transgasindo berencana memasukan *Statement of Rejoinder* pada tanggal 11 September 2015 dan *Hearing* sudah dilaksanakan pada tanggal 19 sampai 23 Oktober 2015.

Berdasarkan *Final Award* tertanggal 8 Februari 2016, Transgasindo diwajibkan untuk membayar sejumlah:

- USD33.300.000 sebagai kerugian atas kenaikan tarif antara tanggal 11 Agustus 2010 sampai 30 September 2015 ditambah bunga majemuk sebesar 3,25% per tahun sejak tanggal tagihan dibayarkan sampai dengan tanggal putusan arbitrase. Apabila setelah putusan ini Transgasindo tidak langsung membayar, maka akan dikenakan bunga majemuk sebesar 8% per tahun sampai pembayaran dilakukan.
- USD41.000.000 sebagai kerugian masa depan terkait dengan kenaikan tarif yang dibayar sejak tanggal 1 Oktober 2015 sampai dengan berakhirnya kontrak. Apabila setelah putusan ini Transgasindo tidak langsung membayar, maka akan dikenakan bunga majemuk sebesar 8% per tahun sampai dengan pembayaran dilakukan.
- USD2.666.407 sebagai biaya arbitrase penggugat

Pada tanggal 29 Maret 2017 dan 21 Juni 2017, Transgasindo telah melakukan pembayaran atas seluruh gugatan, termasuk denda yang timbul, masing-masing sebesar USD41.365.112 dan USD45.570.793.

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39. COMMITMENTS AND CONTINGENCIES

- a. *Claim from Conoco Phillips (Grissik) Ltd and Petrochina International Jabung Ltd to Transgasindo*

On May 19, 2014, Transgasindo received a *Notice of Arbitration* from ConocoPhillips (Grissik) Ltd and Petrochina International Jabung Ltd. (the "Claimants") wherein the Claimants submit a claim in relation with gas transportation tariff to Singapore and the Access Arrangement implementation for the Grissik-Singapore Gas Pipeline with the total amount of the claim approximately amounted to USD108 million for dispute arising out of and in connection with the Gas Transportation Agreement.

On December 8, 2014, the Claimants has submitted the *Statement of Claim* with the total amount of claim amounting to USD165.7 million. Furthermore "Claimant's Reply Memorial" the total claim has been changed to be maximum amounted to USD131.4 million.

Transgasindo has submitted "*Statement of Defense*" on April 23, 2015. On July 10, 2015, Claimants have submitted the "*Claimant's Reply Memorial*" and Transgasindo has submitted the *Statement of Rejoinder* on September 11, 2015 and the *Hearing* has been conducted on October 19 to 23, 2015.

Based on the *Final Award* dated February 8, 2016, Transgasindo is obliged to pay an amount of:

- USD33,300,000 as claimants damages in respect of the increased tariff paid between August 11, 2010 and September 30, 2015 plus 3.25% compound interest with per year, from the date such invoices were paid until the date of this Award. If after this decision Transgasindo did not promptly pay, therefore a rate of 8% compound interest per year shall be applied until such amount is paid.
- USD41,000,000 as a future losses in respect of the increased tariff to be paid between October 1, 2015 until the end date of the GTA. If after this decision Transgasindo does not promptly pay, therefore a rate of 8% compound interest per year shall be applied until such amount are paid.
- USD2,666,407 as the claimants' cost of the arbitration

On March 29, 2017 and June 21, 2017, Transgasindo has paid the amount claimed, including penalty amounting to USD41,365,112 and USD45,570,793.

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39. IKATAN DAN KONTINJENSI (lanjutan)

- b. Deklarasi keadaan kahar dalam Perjanjian Pengangkutan Gas Kepodang – Tambak Lorok oleh PCML

Karena ketidakmampuan PCML dalam memenuhi komitmen volume gas yang telah disepakati dalam GTA Kalija I, maka sesuai ketentuan GTA Kalija I timbul kewajiban *ship-or-pay* yang harus diselesaikan oleh pihak yang menyebabkan *ship-or-pay* tersebut. KJG telah melakukan musyawarah dengan PCML terkait kewajiban *ship-or-pay* tahun 2016 sejak awal tahun 2017, namun sampai dengan akhir tahun 2017, PCML belum menyelesaikan kewajiban *ship-or-pay* tersebut. Selain itu PCML juga menyampaikan klaim kahar sesuai surat PCML tanggal 7 Juni 2017. Atas klaim kahar tersebut KJG menyampaikan penolakan sesuai surat tanggal 13 Juni 2017, dimana KJG menyampaikan bahwa sesuai GTA Kalija I maka syarat untuk keadaan kahar berlaku adalah adanya penetapan oleh konsultan mandiri yang ditunjuk bersama oleh para pihak yang kemudian diperiksa dan disetujui oleh SKK Migas.

PCML telah menunjuk Lemigas sebagai konsultan independen untuk memeriksa keadaan kahar tersebut. Namun, KJG menganggap penunjukan dan hasil laporan Lemigas tidak sesuai dengan ketentuan yang ada di dalam GTA Kalija I.

Dengan belum terpenuhinya syarat-syarat keadaan kahar sesuai GTA Kalija I, maka semua hak dan kewajiban para pihak tetap berlaku khususnya terkait dengan *ship-or-pay*. KJG juga sudah meminta bantuan BPH Migas untuk menjadi mediator atas permasalahan *ship-or-pay* tersebut. BPH Migas mengundang para pihak dalam GTA pada tanggal 20 Maret 2018 dan 8 Mei 2018, namun PCML tidak hadir dalam kedua rapat tersebut. Mengingat KJG sudah melakukan upaya musyawarah dan mediasi, akhirnya pada tanggal 29 Agustus 2018 KJG mengajukan gugatan atas belum terpenuhinya kewajiban *ship-or-pay* tahun 2016-2018 serta kewajiban *ship-or-pay* untuk tahun 2019-2026 ke *International Chamber of Commerce* (ICC) Hongkong.

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**39. COMMITMENTS AND CONTINGENCIES
(continued)**

- b. *Force majeure* declaration on Gas Transportation Agreement Kepodang – Tambak Lorok by PCML

Due to PCML's inability to fulfill the gas volume commitment which has been agreed in GTA Kalija I, then in accordance with GTA Kalija I, ship-or-pay liability arose and should be settled by the party who causes the ship-or-pay. KJG conducted discussion with PCML in relation to 2016 ship or pay liability since early 2017, nevertheless up until end of 2017, PCML has not settled its ship or pay liability. Moreover, PCML has declared force majeure through its letter dated June 7, 2017. Regarding the force majeure claim, KJG has sent an objection letter dated June 13, 2017 which KJG notified that in accordance with GTA Kalija I, force majeure should be determined by independent consultant as agreed by each parties and then should be examined and approved by SKK Migas.

PCML has appointed Lemigas as the independent consultant to assess the force majeure. However, KJG believes that the appointment of Lemigas including its result are not in accordance with GTA Kalija I.

By not fulfilling force majeure terms in accordance with GTA Kalija I, all rights and obligations of the parties are still valid, particularly related to the ship-or-pay. KJG has requested BPH Migas' assistance as mediator for this ship or pay matter. BPH Migas has invited the parties in GTA Kalija I on March 20, 2018 and May 8, 2018, yet PCML absent in both meetings. Since KJG has strived for negotiation and mediation, eventually on August 29, 2018, KJG has submitted lawsuit against unsettled 2016-2018 ship or pay liabilities including the 2019-2026 ship or pay liabilities to International Chamber of Commerce (ICC) in Hong Kong.

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN**

Liabilitas keuangan utama Grup meliputi, utang usaha dan lain-lain, liabilitas yang masih harus dibayar, pinjaman jangka panjang dan utang obligasi. Tujuan utama dari liabilitas keuangan ini adalah untuk mengumpulkan dana untuk operasi Grup. Grup juga mempunyai berbagai aset keuangan seperti kas dan setara kas dan piutang usaha, yang dihasilkan langsung dari kegiatan usahanya.

Bisnis Grup mencakup aktivitas pengambilan risiko dengan sasaran tertentu dengan pengelolaan yang profesional. Fungsi utama dari manajemen risiko Grup adalah untuk mengidentifikasi seluruh risiko kunci, mengukur risiko-risiko ini dan mengelola posisi risiko. Grup secara rutin menelaah kebijakan dan sistem manajemen risiko untuk menyesuaikan dengan perubahan di pasar, produk dan praktek pasar terbaik.

Tujuan Grup dalam mengelola risiko keuangan adalah untuk mencapai keseimbangan yang sesuai antara risiko dan tingkat pengembalian dan meminimalisasi potensi efek memburuknya kinerja keuangan Grup.

Grup mendefinisikan risiko keuangan sebagai kemungkinan kerugian atau laba yang hilang, yang disebabkan oleh faktor internal dan eksternal yang berpotensi negatif terhadap pencapaian tujuan Grup.

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**40. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES**

The principal financial liabilities of the Group consist of, trade and other payables, accrued liabilities, long-term loans and bonds payable. The main purpose of these financial liabilities is to raise funds for the operations of the Group. The Group also has various financial assets such as cash and cash equivalents and trade receivables, which arised directly from their operations.

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks and manage the risk positions. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim in managing the financial risks is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group defines financial risk as the possibility of losses or profits foregone, which may be caused by internal or external factors which might have negative potential impact to the achievement of the Group's objectives.

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

Direksi menyediakan kebijakan tertulis manajemen risiko secara keseluruhan, termasuk kebijakan tertulis untuk area khusus, seperti risiko nilai tukar mata uang, risiko tingkat bunga, risiko kredit dan risiko likuiditas. Grup mengidentifikasi, mengevaluasi dan melakukan aktivitas lindung nilai secara ekonomis atas risiko keuangan. Masing-masing unit bisnis melaksanakan manajemen risiko berdasarkan kebijakan-kebijakan yang disetujui oleh Direksi. Komite Manajemen Risiko memonitor pelaksanaan manajemen risiko yang dilaksanakan oleh Grup.

Aktivitas Grup rentan terhadap berbagai risiko keuangan, termasuk diantaranya adalah risiko kredit, risiko pasar dan risiko likuiditas.

a. Risiko kredit

Risiko kredit adalah risiko kerugian keuangan yang timbul jika pelanggan Grup gagal memenuhi kewajiban kontraktualnya kepada Grup. Risiko kredit terutama berasal dari piutang usaha yang diberikan kepada pelanggan atas penjualan barang dan jasa.

(i) Pengukuran risiko kredit

Grup telah mengembangkan model untuk mendukung kuantifikasi dari risiko kredit. Dalam mengukur risiko kredit untuk kredit yang diberikan, Grup mempertimbangkan "Probability of Default" ("PD") pelanggan atas kewajiban dan kemungkinan rasio pemulihan atas kewajiban yang telah wanprestasi ("Loss Given Default") ("LGD"). Model ini ditelaah secara rutin untuk membandingkan dengan hasil aktualnya.

LGD merupakan ekspektasi Grup atas besarnya kerugian dari suatu piutang pada saat wanprestasi terjadi. Hal ini dinyatakan dalam persentase kerugian per unit dari suatu eksposur. LGD biasanya bervariasi sesuai dengan tipe pelanggan.

(ii) Pengendalian batas risiko dan kebijakan mitigasi

Grup menerapkan berbagai kebijakan dan praktik untuk memitigasi risiko kredit. Kebijakan umum Grup untuk meminimalisasi risiko kredit yang mungkin muncul adalah sebagai berikut:

- Meminta jaminan dalam bentuk kas atau *standby* L/C senilai dua bulan pemakaian gas;
- Memilih pelanggan yang memiliki kondisi keuangan yang kuat dan reputasi yang baik; dan
- Menerima pelanggan baru dan penjualan disetujui oleh pihak yang berwenang sesuai dengan delegasi kekuasaan Grup.

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**40. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

The Directors provide written policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group identifies, evaluates and economically hedges its financial risks. Each business unit carries out the risk management based on the written policies approved by the Directors. Risk Management Committee monitors the risk management carried out by the Group.

The Group's activities are exposed to a variety of financial risks, which includes credit risk, market risk and liquidity risk.

a. Credit risk

Credit risk is the risk of suffering financial loss, when the Group's customers fail to fulfill their contractual obligations to the Group. Credit risk arises mainly from trade receivables from the sale of goods and services to customers.

(i) Credit risk measurement

The Group has developed models to support the quantification of the credit risk. In measuring credit risk of receivable, the Group considers the "Probability of Default" ("PD") by the customers on its payment obligations and the likely recovery ratio on the defaulted obligations (the "Loss Given Default") ("LGD"). The models are reviewed regularly to compare to actual results.

LGD represents the Group's expectation of the extent of loss on a receivable should default occur. It is expressed as percentage loss per unit of exposure. LGD typically varies by the type of customers.

(ii) Risk limit control and mitigation policies

The Group implements a range of policies and practices to mitigate the credit risk. The Group's general policies to minimise the potential credit risk which may arise are as follows:

- Taking of deposits in form of cash or *standby* L/C that equivalent to two months' gas usage;
- Selecting customers with a strong financial condition and good reputation; and
- Acceptance of new customers and sales being approved by authorised personnel according to the Group's delegation of authority policy.

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

a. Risiko kredit (lanjutan)

- (iii) Cadangan kerugian penurunan nilai yang diakui pada pelaporan keuangan hanyalah kerugian yang telah terjadi pada tanggal laporan posisi keuangan konsolidasian (berdasarkan bukti obyektif atas penurunan nilai).

- (iv) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan

Eksposur risiko kredit terhadap aset pada laporan posisi keuangan adalah sebagai berikut:

	Eksposur maksimum/ Maximum exposure			
	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Piutang usaha	732,394,590	712,148,942	700,160,207	Trade receivables
Piutang lain-lain	205,293,468	209,906,206	254,750,257	Other receivables
Piutang lain-lain jangka panjang	95,743,265	249,087,866	273,938,812	Other long-term receivables
	<u>1,033,431,323</u>	<u>1,171,143,014</u>	<u>1,228,849,276</u>	

Sehubungan dengan risiko kredit yang timbul dari aset keuangan lainnya yang mencakup kas dan setara kas dan investasi jangka pendek, risiko kredit yang dihadapi Grup timbul karena wanprestasi dari *counterparty*. Grup memiliki kebijakan untuk tidak menempatkan investasi pada instrumen yang memiliki risiko kredit tinggi dan hanya menempatkan investasinya pada bank-bank dengan peringkat kredit yang tinggi. Nilai maksimal eksposur adalah sebesar nilai tercatat sebagaimana diungkapkan pada Catatan 5, 6, 7, 8, dan 12

Tabel berikut ini menggambarkan rincian eksposur kredit Grup pada nilai tercatat piutang usaha (memperhitungkan agunan atau pendukung kredit lainnya), yang dikategorikan berdasarkan operasi utama.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

a. Credit risk (continued)

- (iii) Impairment allowances are recognised for financial reporting purposes only for losses that have been incurred at the date of the consolidated statement of financial position (based on objective evidence of impairment).

- (iv) Maximum exposure to credit risk before deposit held

Credit risk exposure relating to assets in the statement of financial position are as follows:

Eksposur maksimum/ Maximum exposure			
31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
732,394,590	712,148,942	700,160,207	Trade receivables
205,293,468	209,906,206	254,750,257	Other receivables
95,743,265	249,087,866	273,938,812	Other long-term receivables
<u>1,033,431,323</u>	<u>1,171,143,014</u>	<u>1,228,849,276</u>	

With respect to credit risk arising from the other financial assets, which comprise cash and cash equivalent and short-term investment, the Group's exposure to credit risk arises from default of the counterparty. The Group has a policy not to place investments in instruments that have a high credit risk and only put the investments in banks with a high credit ratings. The maximum exposure equal to the carrying amount as disclosed in Notes 5,6,7,8,12

The following table breaks down the Group's credit exposure at carrying amounts of trade receivables (taking into account any collateral held or other credit support), as categorised by the main operations.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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KEUANGAN (lanjutan)**

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

a. Risiko kredit (lanjutan)

a. Credit risk (continued)

(iv) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan (lanjutan)

(iv) Maximum exposure to credit risk before deposit held (continued)

	31 Desember/December 31, 2018			
	Tidak mengalami penurunan nilai/ Non impaired	Mengalami penurunan nilai/ Impaired	Jumlah/ Total	
Piutang usaha				Trade receivables
Distribusi	290,533,762	47,053,189	337,586,951	Distribution
Transmisi	111,314,864	-	111,314,864	Transmission
Minyak dan gas	84,794,180	-	84,794,180	Oil and gas
Operasi lainnya	245,751,784	10,593,062	256,344,846	Other operations
Jumlah	732,394,590	57,646,251	790,040,841	Total
Dikurangi:				Less:
Cadangan kerugian penurunan nilai	-	(57,646,251)	(57,646,251)	Allowance for impairment losses
Neto	732,394,590	-	732,394,590	Net

(v) Kualitas kredit aset keuangan

(v) Financial assets credit quality

Kualitas kredit aset keuangan dapat dinilai dengan mengacu pada peringkat kredit eksternal (jika tersedia) atau mengacu pada informasi historis mengenai tingkat gagal bayar debitur:

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates, as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Piutang usaha				Trade receivables
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo) AAA	334,374,138	440,843,163	443,842,457	Counterparties with external credit rating (Pefindo) AAA
Dengan pihak yang tidak memiliki peringkat kredit eksternal	398,020,452	271,305,779	256,317,750	Counterparties without external credit rating
Jumlah piutang usaha yang tidak mengalami penurunan nilai	732,394,590	712,148,942	700,160,207	Total unimpaired trade receivables

Piutang usaha dengan pihak yang tidak memiliki tingkat kredit eksternal yang berkaitan dengan distribusi gas dijamin dengan garansi bank yang memiliki reputasi kredit yang baik. Piutang usaha lainnya terdiri dari perusahaan yang tidak memiliki risiko gagal bayar.

Trade receivables from entities that do not have any external credit rating related to gas distribution have been guaranteed by bank guarantees that have a good credit rating. Other trade receivables consist of companies that do not have default payment.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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**40. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

a. Risiko kredit (lanjutan)

a. Credit risk (continued)

(v) Kualitas kredit aset keuangan (lanjutan)

(v) Financial assets credit quality (continued)

Piutang usaha dengan pihak yang tidak memiliki peringkat kredit eksternal berkaitan dengan penjualan domestik kepada pihak berelasi dan pihak ketiga yang memiliki risiko gagal bayar yang rendah.

Trade receivables with counterparties which do not have external credit ratings are related to domestic sales to related parties and third parties which have low default risk.

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Kas pada bank dan kas yang dibatasi penggunaannya				Cash in banks and restricted cash
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo)				Counterparties with external credit rating (Pefindo)
AAA	820,057,842	753,681,543	1,024,212,525	AAA
AA+	1,796,541	1,525,925	1,041,245	AA+
A+	9,289	-	-	A+
A-	517,395	670,331	72,969	A-
	<u>822,381,067</u>	<u>755,877,799</u>	<u>1,025,326,739</u>	
Dengan pihak yang memiliki peringkat kredit eksternal (Fitch)				Counterparties with external credit rating (Fitch)
AAA	6,527,937	2,939,465	3,367,425	AAA
AA-	16,166,054	26,033,737	24,904,466	AA-
A+	60,225,853	41,365,169	46,037,149	A+
A	98,328,651	836,576	879	A
A-	-	-	-	A-
	<u>181,248,495</u>	<u>71,174,947</u>	<u>74,309,919</u>	
Tidak memiliki peringkat kredit eksternal	75,291	-	-	No external rating
Jumlah kas pada bank	<u>1,003,704,853</u>	<u>827,052,746</u>	<u>1,099,636,658</u>	Total cash in banks
Deposito jangka pendek				Short-term time deposits
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo)				Counterparties with external credit rating (Pefindo)
AAA	264,893,492	376,197,727	372,515,466	AAA
AA+	96,394,252	13,000,000	15,253,358	AA+
AA-	690,560	-	-	AA-
Dengan pihak yang memiliki peringkat kredit eksternal (Fitch)				Counterparties with external credit rating (Fitch)
AAA	26,905,600	-	-	AAA
Tidak memiliki peringkat kredit eksternal	-	221,435	-	No external rating
Jumlah deposito jangka pendek	<u>388,883,904</u>	<u>389,419,162</u>	<u>387,768,824</u>	Total short-term time deposits

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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**40. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

a. Risiko kredit (lanjutan)

a. Credit risk (continued)

(v) Kualitas kredit aset keuangan (lanjutan)

(v) Financial assets credit quality (continued)

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017*</u>	<u>1 Januari/ January 1, 2017*</u>	
Investasi jangka pendek				Short-term investments
Dengan pihak yang memiliki peringkat kredit eksternal (Moody's)				Counterparties with external credit rating (Moody's)
Baa2	56,708,049	-		Baa2
Baa3	-	63,487,516	62,050,591	Baa3
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo)				Counterparties with external credit rating (Pefindo)
AAA	1,384,057	5,305,839	3,688,058	AAA
AA+	-	-	1,459,169	AA+
A-	1,654,881	-	-	A-
BBB+	-	1,869,741	1,634,953	BBB+
Dengan pihak yang memiliki peringkat kredit eksternal (Fitch)				Counterparties with external credit rating (Fitch)
BBB	3,886,818	-	-	BBB
Jumlah investasi jangka pendek	<u>63,633,805</u>	<u>70,663,096</u>	<u>68,832,771</u>	Total short-term investments

b. Risiko pasar

b. Market risk

Grup memiliki eksposur terhadap risiko pasar, yaitu risiko suku bunga dan risiko mata uang asing.

The Group is exposed to market risk, in particular interest rate risk and foreign currency risk.

Risiko tingkat bunga arus kas adalah risiko dimana arus kas masa depan dari suatu instrumen keuangan berfluktuasi karena perubahan suku bunga pasar.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Grup memiliki pinjaman jangka pendek dan jangka panjang dengan bunga mengambang. Grup memonitor secara ketat pergerakan suku bunga di pasar dan apabila suku bunga mengalami kenaikan yang signifikan maka Perusahaan akan menegosiasikan suku bunga tersebut dengan para lender/kreditur.

The Group's short-term and long-term debt is charged with floating interest rates. Group strictly monitors the market interest rate fluctuation and if the interest rate significantly increased, they will renegotiate the interest rate to the lenders.

(i) Risiko tingkat bunga

(i) Interest rate risk

Pinjaman yang diterbitkan dengan tingkat bunga variabel mengekspos Grup terhadap risiko suku bunga arus kas.

Borrowings issued at variable rates exposes the Group to cash flow interest rate risk.

Tabel di bawah ini mengikhtisarkan pinjaman Grup dengan tingkat bunga variabel.

The table below summarises the Group's borrowings with floating interest.

*) Disajikan kembali, lihat Catatan 4a

*As restated, refer to Note 4a *)*

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KEUANGAN (lanjutan)**

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

b. Risiko pasar (lanjutan)

b. Market risk (continued)

(i) Risiko tingkat bunga (lanjutan)

(i) Interest rate risk (continued)

	31 Desember/December 31, 2018			
	Lebih dari 1 bulan sampai dengan 3 bulan/ Over 1 months up to 3 months	Lebih dari 3 bulan sampai dengan 1 tahun/ Over 3 months up to 1 year	Lebih dari 1 tahun/ Over 1 year	
Pinjaman jangka panjang	-	55,089,393	416,219,284	Long-term loans
	31 Desember/December 31, 2017*			
	Lebih dari 1 bulan sampai dengan 3 bulan/ Over 1 months up to 3 months	Lebih dari 3 bulan sampai dengan 1 tahun/ Over 3 months up to 1 year	Lebih dari 1 tahun/ Over 1 year	
Pinjaman jangka panjang	-	78,197,895	374,857,095	Long-term loans

Analisis sensitivitas untuk risiko suku bunga

Pada tanggal 31 Desember 2018, jika tingkat suku bunga pinjaman bank dengan suku bunga mengambang meningkat/menurun sebesar 50 basis poin dengan semua variabel konstan, laba sebelum pajak untuk tahun yang berakhir pada tanggal tersebut lebih rendah/tinggi sebesar USD297.025.

Sensitivity analysis for interest rate risk

As of December 31, 2018, had the interest rate of the bank loans with floating interest rate been 50 basis points higher/lower with all other variables held constant, income before tax for the period then ended would have been USD297,025 lower/higher.

(ii) Risiko mata uang asing

(ii) Foreign exchange risk

Risiko mata uang asing adalah risiko atas perubahan nilai tukar Dolar AS sebagai mata uang pelaporan terhadap mata uang asing, khususnya Rupiah dan Yen Jepang. Risiko ini muncul disebabkan aset dan kewajiban dan transaksi operasional Grup sebagian dilakukan dalam mata uang Rupiah dan Yen Jepang sehingga pelemahan Dolar AS terhadap Rupiah dan Yen Jepang dapat secara negatif mempengaruhi kinerja dan posisi keuangan Grup.

Foreign exchange risk is the risk that arise from the changes of exchange rate of US Dollar as reporting currency against foreign currencies, in particular Rupiah and Japanese Yen. Some of the Group's assets, liabilities and operational transactions are conducted in Rupiah or Japanese Yen, therefore, weakening of US Dollar against Rupiah and Japanese Yen will negatively impact the result and financial position of the Group.

Saldo moneter dalam denominasi non Dolar AS terdapat pada kas dan setara kas, piutang usaha, utang usaha dan pinjaman jangka panjang.

Monetary balances denominated in non US Dollar were included in cash and cash equivalents, trade receivables, trade payables and long-term loans.

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

b. Risiko pasar (lanjutan)

(ii) Risiko mata uang asing (lanjutan)

Untuk mengatur risiko mata uang asing khususnya Yen Jepang, Perusahaan melakukan kontrak *cross currency swap*. Kontrak ini tidak dicatat sebagai transaksi lindung nilai, dimana perubahan atas nilai wajar akan masuk dalam laba rugi periode berjalan.

Grup mempunyai aset dan liabilitas moneter dalam mata uang asing pada tanggal 31 Desember 2018 dan 2017 dan 1 Januari 2017 disajikan pada Catatan 42.

Analisa sensitivitas untuk risiko mata uang asing

Pada tanggal 31 Desember 2018, aset dan liabilitas moneter dalam mata uang asing yang dimiliki Grup didenominasikan dalam Rupiah Indonesia, Yen Jepang, dan Dolar Singapura. Deviasi pergerakan kurs untuk mata uang tersebut adalah masing-masing sebesar 4,08%, 4,58% dan 3,09%.

Pada tanggal 31 Desember 2018, jika nilai tukar Dolar AS terhadap mata uang asing meningkat sebesar deviasi yang telah disebutkan diatas dengan semua variabel konstan, laba sebelum pajak untuk tahun yang berakhir pada tanggal tersebut lebih rendah sebesar USD2.786.207, terutama sebagai akibat kerugian/keuntungan translasi kas dan setara kas dan pinjaman dalam mata uang asing.

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b. Market risk (continued)

(ii) Foreign exchange risk (continued)

To manage foreign exchange rate risks in particular Japanese Yen, the Company entered into a cross currency swap contract. This contract is not accounted as a hedge transaction, wherein the changes in the fair value are charged or credited directly to profit or loss for the current period.

The Group had monetary assets and liabilities denominated in foreign currencies as of December 31, 2018 and 2017 and January 1, 2017 were presented in Note 42.

Sensitivity analysis for foreign exchange risk

As of December 31, 2018, monetary assets and liabilities held by the Group are denominated in Indonesian Rupiah, Japanese Yen, and Singapore Dollar. The deviation for such currencies are 4.08%, 4.58%, and 3.09%, respectively.

As of December 31, 2018, if the exchange rates of the US Dollar against foreign currencies appreciated by the deviation aforementioned with all other variables held constant, profit before tax for the year ended would have been USD2,786,207 lower, mainly as a result of foreign exchange losses/gains on the translation of cash and cash equivalents and loans denominated in foreign currencies.

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

b. Risiko pasar (lanjutan)

(ii) Risiko mata uang asing (lanjutan)

Analisa sensitivitas untuk risiko mata uang
asing (lanjutan)

Pada tanggal 31 Desember 2018, jika nilai tukar Dolar AS terhadap mata uang asing menurun sebesar deviasi yang telah disebutkan diatas dengan semua variabel konstan, laba sebelum pajak untuk tahun yang berakhir pada tanggal tersebut lebih tinggi sebesar USD3.024.862, terutama sebagai akibat kerugian/keuntungan translasi kas dan setara kas dan pinjaman dalam mata uang asing.

(iii) Risiko harga

Grup mempunyai investasi dalam obligasi yang nilai wajarnya sangat terpengaruh dengan risiko harga pasar. Grup mengelola risiko ini dengan mendiversifikasikan ke beberapa investasi. Direksi melakukan reviu dan menyetujui setiap keputusan investasi jangka pendek.

Risiko harga terhadap pendapatan Grup dinilai tidak material karena seluruh pendapatan Grup dari penjualan gas, penjualan minyak bumi, jasa sewa fiber optik, dan jasa konstruksi dilakukan oleh Grup dengan harga final berdasarkan kontrak yang telah disepakati dengan pelanggan.

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**40. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

b. Market risk (continued)

(ii) Foreign exchange risk (continued)

Sensitivity analysis for foreign exchange
risk (continued)

As of December 31, 2018, if the exchange rates of the US Dollar against foreign currencies depreciated by the deviation aforementioned with all other variables held constant, profit before tax for the year ended would have been USD3,024,862 higher, mainly as a result of foreign exchange losses/gains on the translation of cash and cash equivalents and loans denominated in foreign currencies.

(iii) Price risk

The Group has investment in bonds, for which the fair value of these investments is affected by the market price risk. The Group manages this risk through diversification the investments. Directors reviews and approves all short-term investments decision.

Price risk related to the Group's revenue is considered immaterial since all of the Group's revenue from sales of gas, sales of crude oil, fiber optic rental and construction services are done with a final price based on agreements that have been agreed with the customers.

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

c. Risiko likuiditas

Risiko likuiditas adalah risiko dimana Grup tidak bisa memenuhi kewajiban pada saat jatuh tempo. Grup melakukan evaluasi dan pengawasan yang ketat atas arus kas masuk dan kas keluar untuk memastikan tersedianya dana untuk memenuhi kebutuhan pembayaran kewajiban yang jatuh tempo. Secara umum, kebutuhan dana untuk pelunasan kewajiban jangka pendek maupun jangka panjang yang jatuh tempo diperoleh dari pelunasan piutang dari pelanggan yang memiliki jangka waktu kredit satu bulan.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

c. *Liquidity risk*

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due. Group evaluates and monitors cash-in flow and cash-out flow to ensure the availability of fund to settle the due obligation. In general, fund needed to settle the current and long-term liabilities is obtained from settlement of trade receivables from the customers with one month credit term.

31 Desember/December 31, 2018					
	Sewaktu- waktu dan dalam waktu 1 tahun/ On demand within 1 year	Dalam waktu 1 tahun sampai sampai dengan 5 tahun/Within 1-5 years	Lebih dari 5 tahun/ More than 5 years	Total/ Total	
Liabilitas keuangan					Financial liabilities
Utang usaha	213,792,906	-	-	213,792,906	Trade payables
Utang lain-lain	236,187,944	30,404,447	-	266,592,391	Other payables
Liabilitas yang masih harus dibayar	255,315,783	-	-	255,315,783	Accrued liabilities
<i>Promissory notes</i>	705,572,841	-	-	705,572,841	<i>Promissory notes</i>
Pinjaman pemegang saham	74,160,236	349,175,752	-	423,335,988	Shareholder loans
Pinjaman jangka panjang	34,857,490	255,167,708	307,741,789	597,766,987	Long-term loans
Utang obligasi	97,000,000	293,251,563	1,984,313,110	2,374,564,673	Bonds payable
Jumlah	1,616,887,200	927,999,470	2,292,054,899	4,836,941,569	Total
31 Desember/December 31, 2017*					
	Sewaktu- waktu dan dalam waktu 1 tahun/ On demand within 1 year	Dalam waktu 1 tahun sampai sampai dengan 5 tahun/Within 1-5 years	Lebih dari 5 tahun/ More than 5 years	Total/ Total	
Liabilitas keuangan					Financial liabilities
Utang usaha	200,015,088	-	-	200,015,088	Trade payables
Utang lain-lain	159,893,169	-	-	159,893,169	Other payables
Liabilitas yang masih harus dibayar	288,803,662	-	-	288,803,662	Accrued liabilities
Pinjaman pemegang saham	102,175,040	420,408,875	-	522,583,915	Shareholder loans
Pinjaman jangka panjang	29,854,631	154,650,119	308,729,339	493,234,089	Long-term loans
Utang obligasi	97,000,000	457,439,688	2,038,029,899	2,592,469,587	Bonds payable
Utang derivatif	-	5,083,381	-	5,083,381	Derivative payable
Jumlah	877,741,590	1,037,582,063	2,346,759,238	4,262,082,891	Total

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

d. Manajemen modal

Grup bertujuan mencapai struktur modal yang optimal untuk memenuhi tujuan usaha, diantaranya dengan mempertahankan rasio modal yang sehat dan memaksimalkan nilai pemegang saham.

Beberapa instrumen utang Grup memiliki rasio keuangan yang mensyaratkan rasio *leverage* maksimum. Grup telah memenuhi semua persyaratan modal yang ditetapkan oleh pihak luar.

Manajemen memantau modal dengan menggunakan beberapa ukuran *leverage* keuangan, terutama untuk rasio utang terhadap ekuitas.

Pada tanggal 31 Desember 2018 dan 2017, akun-akun Grup yang membentuk rasio utang terhadap ekuitas adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017*	1 Januari/ January 1, 2017*	
Pinjaman bank	519,832,588	436,590,028	1,467,303,470	<i>Bank loans</i>
Pinjaman dari pemegang saham	334,505,181	414,891,031	487,954,189	<i>Shareholder loans</i>
<i>Promissory notes</i>	691,043,648	-	-	<i>Promissory notes</i>
Utang obligasi	<u>1,958,569,888</u>	<u>1,955,926,183</u>	<u>1,335,343,701</u>	<i>Bond payables</i>
Total pinjaman	<u>3,503,951,305</u>	<u>2,807,407,242</u>	<u>3,290,601,360</u>	Total debt
Total ekuitas	<u>3,201,890,711</u>	<u>4,310,413,621</u>	<u>4,185,659,685</u>	Total equity
Rasio utang terhadap ekuitas	<u>1.09</u>	<u>0.65</u>	<u>0.79</u>	Debt to equity ratio

*) Disajikan kembali, lihat Catatan 4a

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

d. *Capital management*

The Group aims to achieve an optimal capital structure in pursuit of their business objectives, which include maintaining healthy capital ratios and maximising shareholder value.

Some of the Group's debt instruments contain covenants that impose maximum leverage ratios. The Group have complied with all externally imposed capital requirements.

Management monitors capital using several financial leverage measurements, primarily for debt to equity ratio.

As of December 31, 2018, and 2017, the Group's debt to equity ratio accounts are as follows:

*As restated, refer to Note 4a *)*

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41. INSTRUMEN KEUANGAN

Tabel di bawah ini mengikhtisarkan nilai tercatat instrumen keuangan Grup dalam laporan posisi keuangan pada tanggal 31 Desember 2018 dan 2017:

41. FINANCIAL INSTRUMENTS

The tables set forth the carrying values of the Group's financial instruments in its statement of financial position as of December 31, 2018 and 2017:

	Total/ Total	Pinjaman dan piutang/ Loans and receivables	Aset keuangan yang tersedia untuk dijual/ Available- for-sale financial assets	Aset dan liabilitas keuangan diakui pada nilai wajar melalui laba-rugi/ Fair value through profit or loss financial assets or liabilities	Aset dan liabilitas keuangan lainnya/ Other financial assets and liabilities
31 Desember/December 31, 2018					
Aset keuangan/Financial assets					
Kas dan setara kas/ Cash and cash equivalents	1,315,234,446	1,315,234,446	-	-	-
Kas yang dibatasi penggunaannya/ Restricted cash	77,976,792	77,976,792	-	-	-
Investasi jangka pendek/ Short-term investments	63,633,805	-	63,633,805	-	-
Aset derivatif/Derivative assets	403,179	-	-	403,179	-
Piutang usaha/Trade receivables	732,394,590	732,394,590	-	-	-
Piutang lain-lain/ Other receivables	205,293,468	205,293,468	-	-	-
Piutang lain-lain jangka panjang/ Other long-term receivables	95,743,265	95,743,265	-	-	-
Total aset keuangan/ Total financial assets	2,490,679,545	2,426,642,561	63,633,805	403,179	-
Liabilitas keuangan/ Financial liabilities					
Utang usaha/Trade payables	213,792,906	-	-	-	213,792,906
Utang lain-lain/Other payables	107,370,257	-	-	-	107,370,257
Liabilitas yang masih harus dibayar/ Accrued liabilities	255,315,783	-	-	-	255,315,783
Pinjaman dari pemegang saham/ Shareholder loan	334,505,181	-	-	-	334,505,181
Promissory notes/ Promissory notes	691,043,648	-	-	-	691,043,648
Bagian jangka pendek dari pinjaman bank jangka panjang/ Short-term portion of long-term bank loans	23,316,820	-	-	-	23,316,820
Pinjaman bank jangka panjang/ Long-term bank loans	496,515,768	-	-	-	496,515,768
Utang obligasi/Bonds payable	1,958,569,888	-	-	-	1,958,569,888
Total liabilitas keuangan/ Total financial liabilities	4,080,430,251	-	-	-	4,080,430,251

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41. INSTRUMEN KEUANGAN (lanjutan)

41. FINANCIAL INSTRUMENTS (continued)

			Aset dan liabilitas keuangan diakui pada nilai wajar melalui laba-rugi/ <i>Fair value through profit or loss</i>	Aset dan liabilitas keuangan lainnya/ <i>Other financial assets and liabilities</i>
	Pinjaman dan piutang/ <i>Loans and receivables</i>	Aset keuangan yang tersedia untuk dijual/ <i>Available- for-sale financial assets</i>		
Total/ Total				
31 Desember/December 31, 2017*				
Aset keuangan/Financial assets				
Kas dan setara kas/ <i>Cash and cash equivalents</i>	1,140,427,367	1,140,427,367	-	-
Kas yang dibatasi penggunaannya/ <i>Restricted cash</i>	76,316,372	76,316,372	-	-
Investasi jangka pendek/ <i>Short-term investments</i>	70,663,096	-	70,663,096	-
Piutang usaha/ <i>Trade receivables</i>	712,148,942	712,148,942	-	-
Piutang lain-lain/ <i>Other receivables</i>	209,906,206	209,906,206	-	-
Piutang lain-lain jangka panjang/ <i>Other long-term receivables</i>	249,087,866	249,087,866	-	-
Total aset keuangan/ Total financial assets	2,458,549,849	2,387,886,753	70,663,096	-
Liabilitas keuangan/ Financial liabilities				
Utang usaha/ <i>Trade payables</i>	200,015,088	-	-	200,015,088
Utang lain-lain/ <i>Other payables</i>	85,388,626	-	-	85,388,626
Liabilitas yang masih harus dibayar/ <i>Accrued liabilities</i>	288,803,662	-	-	288,803,662
Utang derivatif/ <i>Derivative payable</i>	5,083,381	-	5,083,381	-
Bagian jangka pendek dari pinjaman bank jangka panjang/ <i>Short-term portion of long-term bank loans</i>	22,857,361	-	-	22,857,361
Pinjaman bank jangka panjang/ <i>Long-term bank loans</i>	413,732,667	-	-	413,732,667
Pinjaman dari pemegang saham/ <i>Shareholder loan</i>	414,891,031	-	-	414,891,031
Utang obligasi/ <i>Bonds payable</i>	1,955,926,183	-	-	1,955,926,183
Total liabilitas keuangan/ Total financial liabilities	3,386,697,999	-	5,083,381	3,381,614,618

Metode dan asumsi berikut ini digunakan untuk mengestimasi nilai wajar untuk setiap kelompok instrumen keuangan yang praktis untuk memperkirakan nilai tersebut:

1. Kas dan setara kas, kas yang dibatasi penggunaannya, piutang usaha, dan piutang lain-lain.

Nilai tercatat seluruh aset keuangan di atas telah mendekati nilai wajar aset keuangan tersebut.

*) Disajikan kembali, lihat Catatan 4a

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

1. Cash and cash equivalents, restricted cash, trade receivables, and other receivables.

All of the above financial assets carrying value approximate the fair value of the financial assets.

As restated, refer to Note 4a *)

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41. INSTRUMEN KEUANGAN (lanjutan)

2. Investasi jangka pendek

Aset keuangan di atas diukur pada harga kuotasian yang dipublikasikan dalam pasar aktif.

3. Utang usaha, utang lain-lain dan liabilitas yang masih harus dibayar.

Seluruh liabilitas keuangan di atas merupakan liabilitas jangka pendek yang akan jatuh tempo dalam waktu 12 bulan sehingga nilai tercatat liabilitas keuangan tersebut telah mencerminkan nilai wajar.

4. Piutang lain-lain jangka panjang dan pinjaman

Piutang lain-lain jangka panjang merupakan piutang tanpa bunga yang pada pencatatan awal diakui pada nilai wajar berdasarkan bunga pasar pada tanggal pengakuan awal. Selanjutnya, penyesuaian nilai wajar diamortisasi dengan menggunakan metode bunga efektif.

Seluruh liabilitas keuangan di atas merupakan pinjaman yang memiliki suku bunga variabel dan tetap yang disesuaikan dengan pergerakan suku bunga pasar sehingga nilai tercatat kewajiban keuangan tersebut telah mendekati nilai wajar.

5. (Utang)/aset derivatif

Nilai wajar dari aset/kewajiban keuangan ini diestimasi dengan menggunakan teknik penilaian dengan input yang tidak didasarkan pada data pasar yang dapat diobservasi.

6. Hirarki nilai wajar

Nilai wajar adalah suatu jumlah dimana suatu aset dapat dipertukarkan atau suatu liabilitas diselesaikan antara pihak yang memahami dan berkeinginan untuk melakukan transaksi wajar.

Grup menganalisa aset keuangan yang dimiliki yang diukur pada nilai wajar. Perbedaan pada setiap tingkatan metode penilaian dijelaskan sebagai berikut:

- Harga dikutip (tidak disesuaikan) dari pasar yang aktif untuk aset dan liabilitas yang identik (Tingkat 1);
- Input selain harga yang dikutip dari pasar yang disertakan pada Tingkat 1 yang dapat diobservasi untuk aset dan liabilitas, baik secara langsung (yaitu sebagai sebuah harga) atau secara tidak langsung (yaitu sebagai turunan dari harga) (Tingkat 2); dan
- Input untuk aset atau liabilitas yang tidak didasarkan pada data pasar yang dapat diobservasi (informasi yang tidak dapat diobservasi) (Tingkat 3).

41. FINANCIAL INSTRUMENTS (continued)

2. Short-term investment

The above financial assets are measured at published quoted market price in active market.

3. Trade payables, other payables and accrued liabilities.

All of the above financial liabilities are due within 12 months, thus the carrying value of the financial liabilities approximate their fair value.

4. Other long-term receivables and loans

Other long-term receivables represents non-interest bearing receivables that initially recognised at the fair value based on market rate on initial recognition date. Subsequently, fair value adjustments are amortised using the effective interest method.

All of the above financial liabilities are liabilities with floating and fixed interest rates which are adjusted in the movements of market interest rates, thus the carrying values of the financial liabilities approximate their fair values.

5. Derivative (payable)/asset

Fair value of the financial asset/liability is estimated using appropriate valuation techniques with inputs that are not based on observable market data.

6. Fair value hierarchy

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

The Group analyses its financial assets which are measured at fair value. The different levels of valuation methods have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable input) (Level 3).

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41. INSTRUMEN KEUANGAN (lanjutan)

6. Hirarki nilai wajar (lanjutan)

Hirarki nilai wajar Perusahaan pada tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut:

41. FINANCIAL INSTRUMENTS (continued)

6. Fair value hierarchy (continued)

The Company's fair value hierarchy as of December 31, 2018 and 2017 is as follows:

	31 Desember/December 31, 2018		
	Harga pasar yang dikuotasi untuk aset dan liabilitas yang sama (Tingkat 1)/Quoted prices in active markets for identical assets or liabilities (Level 1)	Input yang signifikan dan dapat diobservasi secara langsung (Tingkat 2)/ Significant and observable inputs, direct or indirectly (Level 2)	Input yang signifikan tetapi tidak dapat diobservasi (Tingkat 3)/ Significant unobservable inputs (Level 3)
Total			
Aset keuangan lancar/Current financial assets			
Investasi jangka pendek/Short-term investments	63,633,805	63,633,805	-
Aset derivatif/Derivative assets	403,179	-	403,179
Jumlah/Total	<u>64,036,984</u>	<u>63,633,805</u>	<u>403,179</u>

	31 Desember/December 31, 2017*		
	Harga pasar yang dikuotasi untuk aset dan liabilitas yang sama (Tingkat 1)/Quoted prices in active markets for identical assets or liabilities (Level 1)	Input yang signifikan dan dapat diobservasi secara langsung (Tingkat 2)/ Significant and observable inputs, direct or indirectly (Level 2)	Input yang signifikan tetapi tidak dapat diobservasi (Tingkat 3)/ Significant unobservable inputs (Level 3)
Total			
Aset keuangan lancar/Current financial asset			
Investasi jangka pendek/Short-term investments	70,663,096	70,663,096	-
Jumlah/Total	<u>70,663,096</u>	<u>70,663,096</u>	<u>-</u>
Liabilitas keuangan jangka panjang/ Non-current financial liability			
Utang derivatif/Derivative payable	5,083,381	-	5,083,381
Jumlah/Total	<u>5,083,381</u>	<u>-</u>	<u>5,083,381</u>

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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**42. ASET DAN LIABILITAS MONETER DALAM MATA
UANG ASING**

Aset dan liabilitas moneter Perusahaan dalam mata uang asing adalah sebagai berikut:

**42. MONETARY ASSETS AND LIABILITIES
DENOMINATED IN FOREIGN CURRENCIES**

The Company's monetary assets and liabilities denominated in foreign currencies are as follows:

	<u>2018</u>	<u>2017*</u>	<u>2016*</u>	
Aset dalam Rupiah				<i>Assets in Rupiah</i>
Kas dan setara kas	Rp 3,665,161,561,653	Rp 2,029,194,322,008	Rp 2,030,507,814,608	<i>Cash and cash equivalents</i>
Investasi jangka pendek	Rp 44,006,861,178	Rp 97,214,757,840	Rp 91,125,370,480	<i>Short-term investment</i>
Piutang usaha - neto	Rp 554,851,519,749	Rp 833,238,295,092	Rp 714,481,106,628	<i>Trade receivables-net</i>
Piutang lain-lain - neto	Rp 498,213,012,600	Rp 763,661,734,688	Rp 2,577,330,020,572	<i>Other receivables-net</i>
Taksiran tagihan pajak	Rp 2,436,117,893,208	Rp 1,461,316,503,036	Rp 1,643,795,200,472	<i>Estimated claim for tax refund</i>
Sub total	<u>Rp 7,198,350,848,388</u>	<u>Rp 5,184,625,612,664</u>	<u>Rp 7,057,239,512,760</u>	<i>Sub-total</i>
Aset dalam Yen Jepang				<i>Assets in Japanese Yen</i>
Kas dan setara kas	JPY 749,642,994	JPY 370,612,408	JPY 442,705,337	<i>Cash and cash equivalents</i>
Sub total	<u>JPY 749,642,994</u>	<u>JPY 370,612,408</u>	<u>JPY 442,705,337</u>	<i>Sub-total</i>
Aset dalam Dolar Singapura				<i>Assets in Singapore Dollar</i>
Kas dan setara kas	SGD 147,276	SGD 199,994	SGD 1,087,537	<i>Cash and cash equivalents</i>
Piutang lain-lain - neto	SGD 5,527	SGD 3,955	SGD 5,527	<i>Other receivables-net</i>
Sub total	<u>SGD 152,803</u>	<u>SGD 203,949</u>	<u>SGD 1,093,064</u>	<i>Sub-total</i>
Ekivalen Dolar AS	<u>USD 504,103,222</u>	<u>USD 386,128,120</u>	<u>USD 529,808,973</u>	<i>US Dollar equivalents</i>
Liabilitas dalam Rupiah				<i>Liabilities in Rupiah</i>
Utang lain-lain	Rp 372,979,149,409	Rp 336,952,213,164	Rp 164,910,723,056	<i>Other payables</i>
Liabilitas imbalan kerja jangka pendek	Rp 734,998,186,278	Rp 521,632,560,948	Rp 815,330,714,928	<i>Short-term employee's benefits liabilities</i>
Liabilitas yang masih harus dibayar	Rp 2,481,108,744,894	Rp 775,006,820,926	Rp 1,069,741,541,335	<i>Accrued liabilities</i>
Promissory notes	Rp 10,091,667,032,092	-	-	<i>Promissory notes</i>
Utang pajak	Rp 707,612,674,824	Rp 523,732,040,316	Rp 697,707,926,692	<i>Taxes payable</i>
Liabilitas imbalan kerja jangka panjang	Rp 1,841,321,287,971	Rp 1,549,535,117,916	Rp 1,366,696,094,356	<i>Long-term employee's benefits liabilities</i>
Sub total	<u>Rp 16,229,687,075,468</u>	<u>Rp 3,706,858,753,270</u>	<u>Rp 4,114,387,000,367</u>	<i>Sub-total</i>
Liabilitas dalam Yen Jepang				<i>Liabilities in Japanese Yen</i>
Liabilitas yang masih harus dibayar	JPY 140,172,279	JPY 145,824,532	JPY 151,614,914	<i>Accrued liabilities</i>
Pinjaman jangka panjang	JPY 38,339,695,465	JPY 40,554,284,841	JPY 42,164,627,000	<i>Long-term loans</i>
Sub total	<u>JPY 38,479,867,744</u>	<u>JPY 40,700,109,373</u>	<u>JPY 42,316,241,914</u>	<i>Sub-total</i>
Ekivalen Dolar AS	<u>USD 1,414,227,963</u>	<u>USD 647,590,792</u>	<u>USD 695,849,309</u>	<i>US Dollar equivalents</i>

*) Disajikan kembali, lihat Catatan 4a

As restated, refer to Note 4a *)

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**42. ASET DAN LIABILITAS MONETER DALAM MATA
UANG ASING (lanjutan)**

Sebagian besar pembelian gas dalam mata uang Dolar AS juga dijual dalam Dolar AS, sehingga lindung nilai atas risiko nilai tukar mata uang asing terjadi secara alami. Saat ini, liabilitas yang timbul dari pembiayaan dalam mata uang asing tidak dilindungi nilai.

Apabila aset dan liabilitas dalam mata uang selain Dolar AS pada tanggal 31 Desember 2018 dijabarkan dengan menggunakan kurs yang berlaku pada tanggal penerbitan laporan keuangan konsolidasian, aset moneter neto akan increase sekitar USD8.542.459

43. INFORMASI SEGMENT USAHA

Untuk kepentingan manajemen, Grup digolongkan menjadi unit usaha berdasarkan produk dan jasa dan memiliki empat segmen operasi yang dilaporkan sebagai berikut:

1. Distribusi dan transmisi gas

Segmen distribusi dan transmisi gas melakukan kegiatan distribusi dan transmisi gas dan pengolahan *liquefied natural gas* kepada pelanggan industri, komersial dan rumah tangga.

2. Eksplorasi dan produksi minyak dan gas

Segmen eksplorasi dan produksi minyak dan gas melakukan kegiatan usaha dalam eksplorasi, eksploitasi dan pengembangan usaha di bidang minyak dan gas bumi.

3. Operasi lainnya

Segmen operasional lainnya terkait dengan jasa sewa fiber optik untuk penyediaan jaringan dan jasa konstruksi dan perbaikan kepada pelanggan serta pengelolaan dan penyewaan gedung dan peralatan.

4. Pertagas dan entitas anak

Pertagas dan entitas anak disajikan sebagai informasi segmen operasi terpisah karena Perusahaan secara efektif mengendalikan Pertagas sejak 28 Desember 2018, sehingga pada tanggal 31 Desember 2018 manajemen Perusahaan masih menganalisis Pertagas dan entitas anak sebagai segmen operasi terpisah dan masih dalam proses untuk mengintegrasikan segmen operasi Pertagas dan entitas anak ke dalam operasi Grup.

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**42. MONETARY ASSETS AND LIABILITIES
DENOMINATED IN FOREIGN CURRENCIES
(continued)**

Most purchases of gas were in US Dollars which also sold in US Dollars, thus naturally hedging the related foreign currency exposures. Currently, liabilities denominated in foreign currency arising from financing activities are not hedged.

If assets and liabilities in currencies other than US Dollars as at December 31, 2018 are translated using the exchange rate as at the date in issuance date of consolidated financial statements, the total net monetary assets will increase by approximately USD8,542,459.

43. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

1. Gas distribution and transmission

Gas distribution and transmission segment is involved in distribution and transmission of gas and processing of liquefied natural gas to industrial, commercial and household customers.

2. Exploration and production of oil and gas

Exploration and production of oil and gas segment mainly involved in exploration, exploitation and business development in oil and gas.

3. Other operations

Other operations segment provides fiber optic rental for network services and constructions and maintenance services to the customers and management and leasing buildings and equipment.

4. Pertagas and subsidiaries

Pertagas and subsidiaries are presented as separate reportable operating segment because the Company effectively controls Pertagas since December 28, 2018, therefore at December 31, 2018, management of the Company is still analyzing Pertagas and subsidiaries as a separate operating segment and is still in the process of integrating Pertagas and subsidiaries operations into the Group's operation.

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43. INFORMASI SEGMENT USAHA (lanjutan)

Manajemen memantau hasil operasi dari unit usahanya secara terpisah guna keperluan pengambilan keputusan mengenai alokasi sumber daya dan penilaian kinerja. Kinerja segmen dievaluasi berdasarkan laba segmen dan diukur secara konsisten dengan laba atau rugi operasi pada laporan keuangan konsolidasian.

Tabel berikut menyajikan informasi pendapatan dan laba dan aset dan liabilitas tertentu sehubungan dengan segmen operasi Grup.

43. SEGMENT INFORMATION (continued)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment income and is measured consistently with operating profit or loss in the consolidated financial statements.

The following table represent revenue and profit, and certain asset and liability information regarding the Group's operating segments.

31 Desember/December 31, 2018							
	Distribusi dan transmisi/ <i>Distribution and transmission</i>	Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i>	Operasi lainnya/ <i>Other operations</i>	Pertagas dan entitas anak/ <i>Pertagas and subsidiaries</i>	Eliminasi/ <i>Elimination</i>	Konsolidasian/ <i>Consolidation</i>	
PENDAPATAN NETO							NET REVENUES
Pendapatan neto	2.770.991.333	585.523.632	207.954.791	625.148.516	(319.351.534)	3.870.266.738	Net revenues
Beban segmen							Segment expenses
Beban pokok pendapatan	1.947.890.558	431.675.136	22.005.287	244.174.022	(84.978.464)	2.560.766.539	Cost of revenues
Biaya gaji upah dan tunjangan	8.307.989	2.676.955	11.108.275	33.720.480	-	55.813.699	Salaries and employees' benefits
Biaya pemeliharaan	15.450.814	540.763	5.301.507	13.425.196	(64.761.570)	(30.043.290)	Repairs and maintenance
Biaya penyusutan	56.907.279		4.000.842	98.357.942	(9.323.493)	149.942.570	Depreciation
Biaya lain-lain	36.318.336	8.254.591	129.129.132	102.309.312	(166.515.954)	109.495.417	Other expenses
Jumlah beban segmen	2.064.874.976	443.147.445	171.545.043	491.986.952	(325.579.481)	2.845.974.935	Total segment expenses
Laba segmen	706.116.357	142.376.187	36.409.748	133.161.564	6.227.947	1.024.291.803	Segment profit
Beban Perusahaan dan entitas anak yang tidak dapat dialokasikan						404.256.106	Unallocated expenses of the Company and subsidiaries
Pendapatan lain-lain						88.167.421	Others income
Beban lain-lain						(36.672.208)	Others expense
Penurunan nilai properti minyak dan gas						(26.221.962)	Impairment losses of oil and gas properties
Laba operasi						645.308.948	Operating income
INFORMASI LAINNYA							OTHER INFORMATION
Aset segmen	1.977.061.894	2.621.455.573	421.308.496	1.950.837.213	6.227.947	6.976.891.123	Segment assets
Aset Perusahaan dan entitas anak yang tidak dapat dialokasikan						962.382.044	Unallocated assets of the Company and subsidiaries
Total aset yang dikonsolidasikan						7.939.273.167	Total consolidated assets
Liabilitas segmen	171.601.023	1.170.300.990	76.456.518	703.341.179	-	2.121.699.710	Segment liabilities
Liabilitas Perusahaan dan entitas anak yang tidak dapat dialokasikan						2.615.682.746	Unallocated liabilities of the Company and subsidiaries
Total liabilitas yang dikonsolidasikan						4.737.382.456	Total consolidated liabilities
Pengeluaran modal	50.039.045	130.506.135	6.503.671	168.545.691	-	355.594.542	Capital expenditures

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43. INFORMASI SEGMENT USAHA (lanjutan)

43. SEGMENT INFORMATION (continued)

31 Desember/December 31, 2017*						
	Distribusi dan transmisi/ <i>Distribution and transmission</i>	Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i>	Operasi lainnya/ <i>Other operations</i>	Pertagas dan entitas anak/ <i>Pertagas and subsidiaries</i>	Eliminasi/ <i>Elimination</i>	Konsolidasian/ <i>Consolidation</i>
PENDAPATAN NETO						NET REVENUES
Pendapatan neto	2.603.715.984	472.857.674	276.209.949	624.585.128	(406.770.974)	3.570.597.761 <i>Net revenues</i>
Beban segmen						Segment expenses
Beban pokok pendapatan	1.818.194.999	443.770.219	18.322.994	263.886.659	(155.086.561)	2.389.088.310 <i>Cost of revenues</i>
Biaya gaji upah dan tunjangan	6.860.744	2.398.017	12.498.412	30.875.838	-	52.633.011 <i>Salaries and employees' benefits</i>
Biaya pemeliharaan	16.044.959	237.587	6.972.224	17.670.285	(73.753.229)	(32.828.174) <i>Repairs and maintenance</i>
Biaya penyusutan	59.496.461	-	1.999.765	121.704.641	(7.208.170)	175.992.697 <i>Depreciation</i>
Biaya lain-lain	30.384.882	8.135.972	159.223.251	102.831.720	(194.986.397)	105.589.428 <i>Other expenses</i>
Jumlah beban segmen	1.930.982.045	454.541.795	199.016.646	536.969.143	(431.034.357)	2.690.475.272 <i>Total segment expenses</i>
Laba segmen	672.733.939	18.315.879	77.193.303	87.615.985	24.263.383	880.122.489 Segment profit
Beban Perusahaan dan entitas anak yang tidak dapat dialokasikan						400.232.829 <i>Unallocated expenses of the Company and subsidiaries</i>
Pendapatan lain-lain						52.441.992 <i>Others income</i>
Beban lain-lain						(24.463.130) <i>Others expense</i>
Pemulihan nilai properti minyak dan gas						7.031.618 <i>Impairment reversal of oil and gas properties</i>
Laba operasi						514.900.140 Operating income
INFORMASI LAINNYA						OTHER INFORMATION
Aset segmen	2.183.146.367	2.629.409.678	441.687.063	1.884.220.300	24.263.383	7.162.726.791 <i>Segment assets</i>
Aset Perusahaan dan entitas anak yang tidak dapat dialokasikan						1.020.453.451 <i>Unallocated assets of the Company and subsidiaries</i>
Total aset yang dikonsolidasikan						8.183.180.242 Total consolidated assets
Liabilitas segmen	130.003.676	992.857.446	98.007.338	721.708.225	-	1.942.576.685 <i>Segment liabilities</i>
Liabilitas Perusahaan dan entitas anak yang tidak dapat dialokasikan						1.930.189.936 <i>Unallocated liabilities of the Company and subsidiaries</i>
Total liabilitas yang dikonsolidasikan						3.872.766.621 Total consolidated liabilities
Pengeluaran modal	72.646.795	162.932.682	6.222.193	140.486.775	-	382.288.445 <i>Capital expenditures</i>

Informasi pendapatan neto menurut lokasi geografis adalah sebagai berikut:

Net revenues information based on geographical segment is as follows:

	2018	2017*	
Domestik	3,761,846,489	3,468,448,037	<i>Domestic</i>
Amerika Serikat	47,246,339	46,385,051	<i>United States of America</i>
Taiwan	31,919,881	31,919,881	<i>Taiwan</i>
Singapura	29,254,029	23,844,792	<i>Singapore</i>
Total	3,870,266,738	3,570,597,761	Total

*) Disajikan kembali, lihat Catatan 4a

*As restated, refer to Note 4a *)*

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44. TRANSAKSI NON KAS

44. NON-CASH TRANSACTIONS

	<u>2018</u>	<u>2017</u>	
Pembayaran imbalan akuisisi entitas anak dengan penerbitan <i>promissory notes</i>	693,966,925	-	<i>Payment of acquisition purchase consideration by issuance of promissory notes</i>
Pembayaran pinjaman pemegang saham melalui <i>offsetting</i> dengan piutang usaha	54,800,000	28,331,000	<i>Payments of shareholder loan by offsetting against trade receivables</i>
Perolehan aset tetap melalui utang	10,686,332	17,578,386	<i>Acquisition of fixed assets through payables</i>
Pembayaran dividen kepada Pertamina melalui <i>offsetting</i> dengan piutang usaha	-	39,095,000	<i>Dividend payments to Pertamina by offsetting against trade receivables</i>
Penambahan kepentingan nonpengendali akibat konversi liabilitas KJG yang masih harus dibayar dari kepentingan nonpengendali	-	11,030,310	<i>Addition of non-controlling interest due to conversion of KJG accrued liabilities to non-controlling interest</i>

45. REKONSILIASI LIABILITAS YANG TIMBUL DARI AKTIVITAS PENDANAAN

45. LIABILITIES RECONCILIATION FROM FINANCING ACTIVITIES

	<u>31 Desember/ December 31, 2017</u>	<u>Arus kas diperoleh dari/ (digunakan untuk)/ Cash flows generated from/ (used in)</u>	<u>Dampak perubahan kurs/ Foreign exchange impact</u>	<u>Perubahan nilai wajar dan saling hapus dengan piutang usaha/ Change in fair value and offsetting with receivables</u>	<u>Amortisasi biaya penerbitan dan diskonto/ Amortisation of issuance cost and discount</u>	<u>31 Desember/ December 31, 2018</u>	
Utang/(aset) derivatif	5,083,381	(1,402,905)	-	(4,596,145)	-	(915,669)	<i>Derivative payable/ (assets)</i>
Pinjaman bank jangka panjang	436,590,028	71,389,698	12,808,318	-	(955,456)	519,832,588	<i>Long-term bank loans</i>
Pinjaman pemegang saham	414,891,031	(45,424,850)	-	(34,961,000)*	-	334,505,181	<i>Shareholder loan</i>
Utang obligasi	<u>1,955,926,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,643,705</u>	<u>1,958,569,888</u>	<i>Bonds payable</i>
	<u>2,812,490,623</u>	<u>24,625,811</u>	<u>12,744,450</u>	<u>(39,557,145)</u>	<u>1,688,249</u>	<u>2,811,991,988</u>	

*) Salinghapus antara pinjaman pemegang saham dengan piutang usaha

*) *Offsetting between shareholder loan and trade receivables*

46. REKLASIFIKASI AKUN

46. RECLASSIFICATION OF ACCOUNTS

Grup melakukan reklasifikasi akun pada laporan posisi keuangan untuk saldo per 31 Desember 2017 dan 1 Januari 2017 agar sesuai dengan penyajian laporan keuangan konsolidasian pada tanggal 31 Desember 2018.

The Group reclassifies accounts in the statement of financial position for balance as at December 31, 2017 and January 1, 2017 to conform with the presentation of the consolidated financial statements as at December 31, 2018.

	<u>Sebelum reklasifikasi/ Before reclassification</u>	<u>Reklasifikasi/ Reclassification</u>	<u>Setelah reklasifikasi/ After reclassification</u>	
31 Desember 2017				December 31, 2017
Aset tidak lancar				Non-current assets
Kas yang dibatasi penggunaannya	-	46,564,372	46,564,372	<i>Restricted cash</i>
Liabilitas pembongkaran aset dan restorasi area	30,719,863	46,564,372	77,284,235	<i>Asset abandonment and site restoration obligations</i>
1 Januari 2017				January 1, 2017
Aset tidak lancar				Non-current assets
Kas yang dibatasi penggunaannya	-	38,920,871	38,920,871	<i>Restricted cash</i>
Liabilitas pembongkaran aset dan restorasi area	26,306,310	38,920,871	65,227,181	<i>Asset abandonment and site restoration obligations</i>

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47. INFORMASI KEUANGAN TAMBAHAN

Informasi keuangan tambahan setelah halaman ini adalah informasi keuangan PT Perusahaan Gas Negara Tbk (entitas induk saja) pada tanggal dan untuk tahun yang berakhir 31 Desember 2018 dan 2017, yang menyajikan investasi Perusahaan pada entitas anak berdasarkan metode biaya dan bukan dengan metode konsolidasi serta investasi Perusahaan pada entitas pengendalian bersama dan asosiasi berdasarkan metode biaya dan bukan metode ekuitas.

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47. SUPPLEMENTARY FINANCIAL INFORMATION

The supplementary financial information after this page represents financial information of PT Perusahaan Gas Negara Tbk (parent entity only) as at and for the year December 31, 2018 and 2017, which present the Company's investments in subsidiaries under the cost method and investment in joint venture and associates entities under the cost method, as opposed to the equity method.

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	<u>2018</u>	<u>2017</u>	
ASET LANCAR			CURRENT ASSETS
Kas dan setara kas	551,724,968	645,637,453	Cash and cash equivalents
Investasi jangka pendek	63,633,805	70,663,096	Short-term investments
Piutang usaha	209,651,196	199,081,344	Trade receivables
Piutang lain-lain	29,141,195	12,376,719	Other receivables
Aset derivatif	403,179	-	Derivative asset
Pinjaman kepada entitas anak	-	72,917,567	Loan provided to subsidiaries
Piutang dari entitas anak	31,461,958	34,490,510	Receivable from subsidiaries
Taksiran tagihan pajak	7,164,491	-	Estimated claims for tax refund
Persediaan	1,604,531	1,670,212	Inventories
Uang muka	10,592,979	25,562,099	Advances
Beban dibayar di muka	15,990,000	14,630,050	Prepaid expenses
Total aset lancar	<u>921,368,302</u>	<u>1,077,029,050</u>	Total current assets
ASET TIDAK LANCAR			NON-CURRENT ASSETS
Uang muka, bagian tidak lancar	39,282,274	41,907,478	Advances, non-current portion
Pinjaman kepada entitas anak	793,840,630	864,749,685	Loan provided to subsidiaries
Pinjaman kepada entitas anak tidak langsung	-	155,313,701	Loan provided to indirect subsidiary
Penyertaan saham	3,051,719,548	1,663,785,698	Investment in shares of stock
Aset tetap	1,347,091,434	1,449,288,870	Fixed assets
Goodwill dan aset tak berwujud lainnya	4,096,063	4,007,182	Goodwill and other intangible assets
Taksiran tagihan pajak	62,402,562	67,659,868	Estimated claims for tax refund
Aset pajak tangguhan	24,653,844	21,817,579	Deferred tax assets
Lain-lain	769,483	3,908,484	Others
Total aset tidak lancar	<u>5,323,855,838</u>	<u>4,272,438,545</u>	Total non-current assets
TOTAL ASET	<u>6,245,224,140</u>	<u>5,349,467,595</u>	TOTAL ASSETS
LIABILITAS JANGKA PENDEK			SHORT-TERM LIABILITIES
Utang usaha	142,160,940	91,823,080	Trade payables
Utang lain-lain	31,709,004	23,685,762	Other payables
Liabilitas yang masih harus dibayar	29,112,587	15,519,524	Accrued liabilities
Bagian jangka pendek dari pinjaman bank jangka panjang	23,316,820	22,857,361	Short-term portion of long-term bank loans
Promissory notes	691,043,648	-	Promissory notes
Utang pajak	17,352,840	13,942,341	Taxes payable
Liabilitas imbalan kerja jangka pendek	36,509,833	26,289,655	Short-term employee benefits liabilities
Utang kepada entitas anak	54,015,250	129,078,385	Payable to subsidiaries
Total liabilitas jangka pendek	<u>1,025,220,922</u>	<u>323,196,108</u>	Total current liabilities
LIABILITAS JANGKA PANJANG			LONG-TERM LIABILITIES
Utang derivatif	-	5,083,381	Derivative payable
Pinjaman bank jangka panjang	372,788,124	389,049,567	Long-term bank loans
Utang obligasi	1,338,699,879	1,337,012,237	Bonds payables
Liabilitas imbalan pascakerja	109,588,964	97,897,663	Post-employment benefits obligation
Pendapatan diterima di muka	2,417,583	2,576,024	Unearned income
Total liabilitas jangka panjang	<u>1,823,494,550</u>	<u>1,831,618,872</u>	Total non-current liabilities
TOTAL LIABILITAS	<u>2,848,715,472</u>	<u>2,154,814,980</u>	TOTAL LIABILITIES

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STATEMENTS OF FINANCIAL POSITION**DECEMBER 31, 2018 AND 2017**

(Expressed in United States Dollar, except par value and share data)

	<u>2018</u>	<u>2017</u>	
EKUITAS			EQUITY
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk			Equity attributable to owners of the parent
Modal saham - nilai nominal Rp100 per saham			<i>Share capital - par value of Rp100 per share</i>
Modal dasar – 70.000.000.000 dari saham yang terdiri 1 saham Seri A Dwiwarna dan 69.999.999.999 saham Seri B			<i>Authorized - 70,000,000,000 shares consist of 1 Series A Dwiwarna share and 69,999,999,999 Series B shares</i>
Modal ditempatkan dan disetor penuh - 24.241.508.196 saham yang terdiri dari 1 saham Seri A Dwiwarna dan 24.241.508.195 saham Seri B	344,018,831	344,018,831	<i>Issued and fully paid - 24,241,508,196 shares of which consist of 1 Series A Dwiwarna and 24,241,508,195 Series B shares</i>
Tambahan modal disetor	284,339,313	284,339,313	<i>Additional paid-in capital</i>
Saldo laba			<i>Retained earnings</i>
- Dicadangkan	2,515,991,774	2,427,854,334	<i>Appropriated -</i>
- Tidak dicadangkan	283,738,634	148,563,145	<i>Unappropriated -</i>
Komponen ekuitas lainnya	<u>(31,579,884)</u>	<u>(10,123,008)</u>	<i>Other components of equity</i>
TOTAL EKUITAS	<u>3,396,508,668</u>	<u>3,194,652,615</u>	TOTAL EQUITY
TOTAL LIABILITAS DAN EKUITAS	<u>6,245,224,140</u>	<u>5,349,467,595</u>	TOTAL LIABILITIES AND EQUITY

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

PT PERUSAHAAN GAS NEGARA TBK
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLYLAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA
31 DESEMBER 2018 DAN 2017

(Disajikan dalam Dolar Amerika Serikat)

STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

(Expressed in United States Dollar)

	<u>2018</u>	<u>2017</u>	
PENDAPATAN NETO	2,569,602,941	2,367,356,503	NET REVENUES
BEBAN POKOK PENDAPATAN	<u>(1,784,685,846)</u>	<u>(1,612,334,020)</u>	COST OF REVENUES
LABA BRUTO	<u>784,917,095</u>	<u>755,022,483</u>	GROSS PROFIT
Beban distribusi dan transmisi	(396,220,178)	(381,997,804)	<i>Distribution and transmission expenses</i>
Beban administrasi dan umum	(104,755,398)	(127,837,868)	<i>General and administrative expenses</i>
Beban lain-lain	(25,920,893)	(6,939,396)	<i>Other expenses</i>
Pendapatan lain-lain	<u>11,855,126</u>	<u>23,942,418</u>	<i>Other income</i>
LABA OPERASI	<u>269,875,752</u>	<u>262,189,833</u>	OPERATING INCOME
Beban keuangan	(96,037,122)	(102,703,435)	<i>Finance costs</i>
Pendapatan keuangan	77,875,222	59,681,835	<i>Finance income</i>
Rugi selisih kurs	(11,757,147)	(5,286,967)	<i>Loss on foreign exchange</i>
Lab/(rugi) perubahan nilai wajar derivatif	4,596,145	(2,660,198)	<i>Gain/(loss) on change in fair value of derivatives</i>
Pendapatan dividen	<u>144,257,113</u>	<u>80,446,589</u>	<i>Dividend income</i>
LABA SEBELUM PAJAK PENGHASILAN	<u>388,809,963</u>	<u>291,667,657</u>	PROFIT BEFORE INCOME TAX
BEBAN PAJAK PENGHASILAN			INCOME TAX EXPENSES
Kini	(112,869,159)	(51,172,452)	<i>Current</i>
Tangguhan	<u>2,381,032</u>	<u>(1,667,975)</u>	<i>Deferred</i>
Beban pajak penghasilan	<u>(110,488,127)</u>	<u>(52,840,427)</u>	<i>Income tax expenses</i>
LABA TAHUN BERJALAN	<u>278,321,836</u>	<u>238,827,230</u>	PROFIT FOR THE YEAR
PENGHASILAN KOMPREHENSIF LAIN			OTHER COMPREHENSIVE INCOME
Pos-pos yang tidak akan direklasifikasi ke laba rugi			Item that will not be reclassified to profit or loss
Pengukuran kembali liabilitas imbalan pascakerja	(18,725,223)	(1,677,898)	<i>Remeasurement of post-employment obligation</i>
Pajak penghasilan terkait	<u>445,854</u>	<u>825,193</u>	<i>Related income tax</i>
	<u>(18,279,369)</u>	<u>(852,705)</u>	
Pos-pos yang akan direklasifikasikan ke laba rugi			Items that will be reclassified to profit or loss
Perubahan nilai wajar investasi jangka pendek	<u>(3,177,507)</u>	<u>1,833,180</u>	<i>Changes in fair value of short-term investments</i>
JUMLAH (BEBAN)/PENGHASILAN KOMPREHENSIF LAIN	<u>(21,456,876)</u>	<u>980,475</u>	TOTAL OTHER COMPREHENSIVE (EXPENSE)/INCOME
TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN	<u>256,864,960</u>	<u>239,807,705</u>	TOTAL COMPREHENSIVE INCOME FOR THE YEAR

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

**LAPORAN PERUBAHAN EKUITAS
UNTUK TAHUN-TAHUN YANG BERAKHIR
31 DESEMBER 2018 DAN 2017**
(Dinyatakan dalam Dolar Amerika Serikat)

**PT PERUSAHAAN GAS NEGARA TBK
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLY**

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**
(Expressed in United States Dollar)

	Modal saham/ Share capital	Saham treasury stocks	Tambahan modal disetor/ Additional paid-in capital	Perubahan nilai wajar investasi jangka pendek/ Changes in fair value of short-term investments	Keuntungan/ (kerugian) aktuarial/ Actuarial gain/(loss)	Total komponen ekuitas lainnya/ Other equity components	Saldo laba telah ditentukan penggunaannya/ Appropriated retained earnings	Saldo laba belum ditentukan penggunaannya/ Unappropriated retained earnings	Jumlah/ Total	Balance at January 1, 2016
Saldo 1 Januari 2017	344,018,831	-	284,339,313	2,023,805	(13,132,289)	(11,103,483)	2,576,863,351	(102,563,178)	3,091,564,834	
Labanya bersih untuk tahun berjalan	-	-	-	-	-	-	-	238,827,230	238,827,230	Net income for the year
Pembayaran dividen	-	-	-	-	-	-	-	(136,719,924)	(136,719,924)	Payment of dividends
Penyisihan cadangan umum	-	-	-	-	-	-	167,604,497	(167,604,497)	-	General reserve
Pendapatan komprehensif tahun berjalan	-	-	-	1,833,180	(852,705)	980,475	-	-	980,475	Other comprehensive income for the year
Reklasifikasi saldo laba dicadangkan	-	-	-	-	-	-	(316,613,514)	316,613,514	-	Reclassification of appropriated retained earnings
Saldo 31 Desember 2017	344,018,831	-	284,339,313	3,861,985	(13,984,954)	(10,123,008)	2,427,854,334	148,563,145	3,194,652,615	Balance at December 31, 2017
Labanya bersih untuk tahun berjalan	-	-	-	-	-	-	-	278,321,836	278,321,836	Net income for the year
Pembayaran dividen	-	-	-	-	-	-	-	(55,008,907)	(55,008,907)	Payment of dividends
Penyisihan cadangan umum	-	-	-	-	-	-	88,137,440	(88,137,440)	-	General reserve
Pendapatan komprehensif tahun berjalan	-	-	-	(3,177,507)	(18,279,369)	(21,456,876)	-	-	(21,456,876)	Other comprehensive income for the year
Saldo 31 Desember 2018	344,018,831	-	284,339,313	684,478	(32,264,363)	(31,579,884)	2,515,991,774	283,738,634	3,396,508,668	Balance at December 31, 2018

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

**PT PERUSAHAAN GAS NEGARA TBK
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLY**

**LAPORAN ARUS KAS
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA
31 DESEMBER 2018 DAN 2017**
(Disajikan dalam Dolar Amerika Serikat)

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**
(Expressed in United States Dollar)

	2018	2017	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan dari pelanggan	2,659,341,653	2,382,377,242	<i>Receipts from customers</i>
Penerimaan dari penghasilan bunga	77,875,222	59,681,835	<i>Receipts from interest income</i>
Pembayaran kepada pemasok	(1,809,875,542)	(1,559,207,495)	<i>Payments to suppliers</i>
Pembayaran pajak penghasilan setelah dikurangi penerimaan dari tagihan pajak	(51,018,613)	(97,251,106)	<i>Payments for income taxes net of the receipts from claims for tax refund</i>
Pembayaran untuk beban usaha dan aktivitas operasi lainnya	(343,833,368)	(219,876,865)	<i>Payments for operating expenses and other operating activities</i>
Pembayaran beban keuangan	(93,479,602)	(102,703,435)	<i>Payment for finance cost</i>
Pembayaran kepada karyawan	(69,343,641)	(62,799,839)	<i>Payments to employees</i>
Kas neto yang diperoleh dari aktivitas operasi	369,666,109	400,220,337	Net cash provided by operating activities
ARUS KAS DARI AKTIVITASI INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Penerimaan dividen dari anak perusahaan dan ventura bersama	144,257,246	80,446,589	<i>Dividends received from subsidiaries and joint ventures</i>
Pembayaran untuk akuisisi entitas anak	(693,966,925)	-	<i>Payment for subsidiary acquisition</i>
Penambahan aset tetap	(31,603,332)	(89,340,633)	<i>Additions to fixed assets</i>
Pelepasan investasi jangka pendek	3,448,514	-	<i>Disposal of short-term investment</i>
Pelunasan pinjaman pemegang saham dari anak perusahaan	199,823,071	50,686,299	<i>Receipt of shareholder loan from subsidiaries</i>
Kas neto yang digunakan/diperoleh untuk aktivitas investasi	(378,041,426)	41,792,255	Net cash (used) in/generated from investing activities
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Pembayaran utang derivatif	(1,402,905)	(6,405,563)	<i>Payments of derivative liabilities</i>
Pembayaran pinjaman jangka panjang	(28,610,302)	(558,914,960)	<i>Payments of long-term loans</i>
Pembayaran dividen kepada pemilik entitas induk	(55,008,907)	(136,719,924)	<i>Payments of dividend to owners of the parent entity</i>
Kas neto yang digunakan untuk aktivitas pendanaan	(85,022,114)	(702,040,447)	Net cash used in financing activities
PENURUNAN NETO KAS DAN SETARA KAS	(93,397,431)	(260,027,855)	NET DECREASE IN CASH AND CASH EQUIVALENTS
Pengaruh perubahan kurs neto dari kas dan setara kas	(515,054)	(6,136,817)	<i>Net effects foreign exchange from cash and cash equivalents</i>
KAS DAN SETARA KAS AWAL TAHUN	645,637,453	911,802,125	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR
KAS DAN SETARA KAS AKHIR TAHUN	551,724,968	645,637,453	CASH AND CASH EQUIVALENTS AT END OF YEAR

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

**PT PERUSAHAAN GAS NEGARA TBK
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLY**

**CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA
31 DESEMBER 2018 DAN 2017**

(Disajikan dalam Dolar Amerika Serikat,
Kecuali dinyatakan lain)

47. INFORMASI KEUANGAN TAMBAHAN (lanjutan)

- a. Dasar penyusunan laporan keuangan tersendiri entitas induk

Laporan keuangan tersendiri entitas induk disusun sesuai dengan Pernyataan Standar Akuntansi Keuangan ("PSAK") No. 4 (Revisi 2015), "Laporan Keuangan Tersendiri".

PSAK No. 4 (Revisi 2015) mengatur dalam hal entitas memilih untuk menyajikan laporan keuangan tersendiri maka laporan tersebut hanya dapat disajikan sebagai informasi tambahan dalam laporan keuangan konsolidasian. Laporan keuangan tersendiri adalah laporan keuangan yang disajikan oleh entitas induk yang mencatat investasi pada entitas anak, entitas asosiasi, dan pengendalian bersama entitas berdasarkan kepemilikan ekuitas langsung bukan berdasarkan pelaporan hasil dan aset neto investee.

PSAK No. 4 (Revisi 2015): Laporan Keuangan Tersendiri yang berlaku efektif sejak 1 Januari 2016, memperkenalkan metode biaya perolehan dan metode ekuitas sebagai metode pencatatan investasi pada entitas anak, ventura bersama, dan entitas asosiasi dalam laporan keuangan tersendiri. Perusahaan menerapkan metode biaya perolehan dalam laporan keuangan entitas induk saja pada tanggal dan tahun-tahun yang berakhir 31 Desember 2018 dan 2017.

Kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan tersendiri entitas induk adalah sama dengan kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian sebagaimana diungkapkan dalam Catatan 2 atas laporan keuangan konsolidasian, kecuali untuk penyertaan pada entitas anak dan entitas asosiasi.

Pada tanggal 31 Desember 2018, entitas induk memiliki modal kerja negatif sebesar USD103.852.620 terutama disebabkan oleh penerbitan *Promissory Notes* oleh entitas induk pada tanggal 28 Desember 2018 dalam rangka akuisisi Pertamina (Catatan 4a). Pada tanggal penerbitan laporan keuangan konsolidasian ini, manajemen sedang mempertimbangkan langkah-langkah untuk melunasi *Promissory Notes* yang akan jatuh tempo pada enam bulan setelah penerbitannya. Salah satu langkah yang dipertimbangkan adalah memperoleh pendanaan dari pihak eksternal.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

(Expressed in United States Dollar,
unless otherwise stated)

**47. SUPPLEMENTARY FINANCIAL INFORMATION
(continued)**

- a. Basis of preparation of the separate financial statements of the parent entity

The separate financial statements of the parent entity are prepared in accordance with the Statement of Financial Accounting Standards ("PSAK") No. 4 (Revised 2015), "Separate Financial Statements".

PSAK No. 4 (Revised 2015) regulates that when an entity elected to present the separate financial statements, such financial statements should be presented as supplementary information to the consolidated financial statements. Separate financial statements are those presented by a parent entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

SFAS No. 4 (Revised 2015): Separate Financial Statements that effective since January 1, 2016, allows the use of the cost method and equity method to record the investment in subsidiaries, joint ventures, and associates in the separate financial statements. The Company implemented cost method in the financial statements of the parent entity only as at and for the years ended December 31, 2018 and 2017.

Accounting policies adopted in the preparation of the parent entity separate financial statements are the same as the accounting policies adopted in the preparation of the consolidated financial statements as disclosed in Note 2 to the consolidated financial statements, except for investments in subsidiaries and associates.

As at 31 December 2018, the parent entity has negative working capital of USD103,852,620 primarily due to issuance of *Promissory Notes* by the parent entity at December 28, 2018 for the purpose of Pertamina acquisition (Note 4a). As at the issuance date of the consolidated financial statements, management are considering to settle the *Promissory Notes* six months from its issuance date. One of the options considered is to obtain financing from external parties.

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

PT PERUSAHAAN GAS NEGARA TBK
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLYCATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA
31 DESEMBER 2018 DAN 2017(Disajikan dalam Dolar Amerika Serikat,
Kecuali dinyatakan lain)NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017(Expressed in United States Dollar,
unless otherwise stated)

47. INFORMASI KEUANGAN TAMBAHAN (lanjutan)

47. SUPPLEMENTARY FINANCIAL INFORMATION
(continued)

- b. Penyertaan saham pada entitas anak dan entitas asosiasi

- b. Investments in shares of stock of subsidiaries and associates

Pada tanggal 31 Desember 2018 dan 2017, entitas induk memiliki penyertaan saham pada entitas anak, ventura bersama dan entitas asosiasi berikut:

As of December 31, 2018 and 2017, the parent entity has the following investments in shares of stock of subsidiaries, joint ventures and associates:

Nama entitas/ Entity name	Persentase kepemilikan/ Percentage of ownership	2018		Nilai tercatat 31 Des 2018/ Carrying value Dec 31, 2018
		Biaya perolehan 1 Jan 2018/ Acquisition cost Jan 1, 2018	Penambahan/ Additions	
Entitas anak/Subsidiaries				
PT PGAS Telekomunikasi Nusantara	99.93%	17,527,222	-	17,527,222
PT PGAS Solution	99.91%	9,028,138	-	9,028,138
PT Saka Energi Indonesia	99.00%	1,062,972,507	-	1,062,972,507
PT Gagas Energi Indonesia	99.00%	21,294,269	-	21,294,269
PT PGN LNG Indonesia	99.98%	376,845,403	-	376,845,403
PT Permata Graha Nusantara	99.95%	36,090,511	-	36,090,511
PT Pertamina Gas	51.00%	-	1,387,933,850	1,387,933,850
Ventura bersama/Joint ventures				
PT Transportasi Gas Indonesia	59.87%	81,755,336	-	81,755,336
PT Nusantara Regas	40.00%	58,158,141	-	58,158,141
Entitas asosiasi/Associate				
PT Gas Energi Jambi	40.00%	111,453	-	111,453
PT Banten Gas Sinergy	0.14%	2,718	-	2,718
Total/Total		1,663,785,698	1,387,933,850	3,051,719,548
Nama entitas/ Entity name	Persentase kepemilikan/ Percentage of ownership	2017		Nilai tercatat 31 Des 2017/ Carrying value Dec 31, 2017
		Biaya perolehan 1 Jan 2017/ Acquisition cost Jan 1, 2017	Penambahan/ Additions	
Entitas anak/Subsidiaries				
PT PGAS Telekomunikasi Nusantara	99.93%	17,527,222	-	17,527,222
PT PGAS Solution	99.91%	9,028,138	-	9,028,138
PT Saka Energi Indonesia	99.00%	1,062,972,507	-	1,062,972,507
PT Gagas Energi Indonesia	99.00%	3,790,464	17,503,805	21,294,269
PT PGN LNG Indonesia	99.98%	376,845,403	-	376,845,403
PT Permata Graha Nusantara	99.95%	36,090,511	-	36,090,511
Ventura bersama/Joint ventures				
PT Transportasi Gas Indonesia	59.87%	81,755,336	-	81,755,336
PT Nusantara Regas	40.00%	58,158,141	-	58,158,141
Entitas asosiasi/Associate				
PT Gas Energi Jambi	40.00%	111,453	-	111,453
PT Banten Gas Sinergy	0.14%	2,718	-	2,718
Total/Total		1,646,281,893	17,503,805	1,663,785,698



REGULATORY CROSS REFERENCE



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**OJK NO.29 /POJK.04/2016 AND
SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE**

Criteria	Explanation	Page
I. General		
1. The Annual Report is presented in the form of printed document and an electronic document copies.	1. Picture, graphic, table and diagram are presented with title and/ detailed information.	
2. The Annual Report is presented in the form of printed document, printed on the bright colored paper in good quality, A4 size, binding and multiplied in good quality.	2. The Annual Report published in the Company's website in Indonesian language and English can be found or downloaded any time at www.pgn.co.id/Investors/Financial Information/Annual Reports .	
3. The Annual Report is presented in Indonesian language and other language (at least in English).		
4. The Annual Report mandatory to be loaded in Company's website at the same date of it's submission to Otoritas Jasa Keuangan. The Annual Report which is published in the website obligate to be available for certain period of time.		
II. Annual Report Content		
1. General Provisions	a. An Annual Report shall at least contain the following information:	
	1. Financial highlights;	5
	2. Share information (if any);	9-10
	3. The report of the Board of Directors;	22
	4. The report of the Board of Commissioners;	16
	5. Profile of the Issuer or Public Company;	34
	6. Management discussion and analysis;	126
	7. Governance of the Issuer or Public Company;	208
	8. Social and environmental responsibility of the Issuer or Public Company;	330
	9. The audited annual financial statements; and	373
	10. A statement of the members of the Board of Directors and members of the Board Commissioners regarding the responsibility for the Annual Report;	29
	b. An Annual Report can present information in the form of images, graphs, tables, and/or diagrams by stating the title and/or a clear explanation, thus easier to read and understood;	
2. Description of the Annual Report Contents	a. Financial Highlights	
	Financial Highlights contains financial information presented in the form of comparison for 3 (three) fiscal years or since the starting of its business if the Issuer or the Public Company run its business less than 3 (three) years, shall at least contain:	
	1. Revenues/sales;	5
	2. Gross profit;	5
	3. Profit (loss);	5
	4. The amount of profit (loss) attributable to the owners of the holding company and the non-controlling interests;	5
	5. Total comprehensive profit (loss);	5
	6. The amount of comprehensive profit (loss) attributable to The owners of the holding company and the non-controlling interests;	5
	7. Profit (loss) per share;	10
	8. Total assets;	6
	9. Total liabilities;	6
	10. Total equities;	6
	11. The ratio of profit (loss) to total assets;	6
	12. The ratio of profit (loss) to equity;	6
	13. The ratio of profit (loss) to revenues/ sales;	6
	14. The current ratio;	6
	15. The ratio of liabilities to equity;	6
	16. The ratio of liabilities to total assets; and	6
	17. Information and other financial ratios relevant to the Issuer or Public Company and its industry type;	6

**OJK NO.29 /POJK.04/2016 AND
SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE**

Criteria	Explanation	Page
	b. Share Information	
	Share information (if any) shall at least contains:	
	1. The issued shares for each quarter (if any) which presented in the form of comparison during the last 2 (two) fiscal years, shall at least include:	
	a) The number of outstanding shares;	9-10
	b) The market capitalization based on the price on the Stock Exchange where the shares are listed;	9
	c) The highest, lowest, and closing shares prices based on the price on the Stock Exchange where the shares are listed; and	9
	d) The volume of trading on the Stock Exchange where the shares are listed;	
	The information on letter a) disclosed by the Issuer that is a Public Company whose shares are listed or not listed on the Stock Exchange;	9-10
	The information on the letters b), c), and d) only disclosed if the Issuer is a Public Company and its shares are listed on the Stock Exchange;	
	2. In the event of corporate actions such as stock split, reverse stock, shares dividend, bonus shares, and changes in the nominal value of shares, shares information as referred to in point 1) plus explanations at least concerning:	
	a) The execution date of the corporate actions;	106
	b) The ratio of the stock split, reverse stock, shares dividend, bonus shares, and changes in the nominal value of shares;	106
	c) The number of outstanding shares before and after the corporate action; and	106
	d) The shares prices before and after the corporate action;	106
	3. In the event of temporary suspension of shares trading (suspension), and/or delisting of shares (delisting) within the fiscal year, the Issuer or Public Company explains the reasons for such temporary suspension of shares trading (suspension) and/or delisting of shares (delisting); and	
	4. In the event of temporary suspension of shares trading (suspension) and/or delisting of shares (delisting) as referred to in point 3) still lasts until the end period of the Annual Report, the Issuer or Public Company explains the undertaken actions to resolve the temporary suspension of shares trading stock (suspension) and/or delisting of shares (delisting); and	
	c. The Report of the Board of Directors	
	The Report of the Board of Directors shall at least contains:	
	1. Brief description regarding the performance of the Issuer or Public Company, shall at least includes:	
	a) Strategy and strategic policy of the Issuer or Public Company;	25
	b) A comparison between the achieved results and the targeted; and	24
	c) Constraints encountered by the Issuer or Public Company;	23
	2. An overview of the business prospects;	27
	3. The governance application of the Issuer or Public Company; and	26
	4. Changes in the composition of the members of Board of Directors and the grounds of such changes (if any);	27

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Criteria	Explanation	Page
	d. The Report of the Board of Commissioners The Report of the Board of Commissioners shall at least contains:	
	1. An assessment of the performance of the Board of Directors regarding the management of the Issuer or Public Company;	18
	2. Supervision of the strategy implementation of the Issuer or Public Company;	18
	3. The views on the business prospects of the Issuer or Company Public compiled by the Board of Directors;	19
	4. The views on the governance implementation of the Issuer or Public Company;	19
	5. Changes in the composition of the members of the Board of Commissioners and the grounds of such changes (if any); and	19
	6. Frequencies and ways of giving advice to the members of the Board of Directors;;	19
	e. Profile of the Issuer or Public Company Profile of the Issuer or Public Company shall at least contains:	
	1. The name of the Issuer or Public Company including if there is a change of name, the grounds of such change, and the effective date of such name change at the fiscal year;	34
	2. Access to the Issuer or Public Company including branch offices or representative offices that allow the public to obtain information about the Issuer or Public Company that include:	
	a) Address;	34
	b) Telephone number;	34
	c) Facsimile number;	34
	d) Electronic mail address; and	34
	e) Website address;	34
	3. The brief history of the Issuer or Public Company;	37
	4. The vision and mission of the Issuer or Public Company;	53
	5. The business activities according to the latest articles of association, the business activities carried out in the fiscal year, as well as the type of the produced goods and/or services;	41-43
	6. The organizational structure of the Issuer or Public Company in the form of a chart, at least until the structure of 1 (one) level below the Board of Directors, along with the names and titles;	49
	7. The profile of the Board of Directors, shall at least contains:	65-66
	a) Name and position to suit the tasks and responsibilities;	
	b) Recent photograph;	
	c) Age;	
	d) Citizenship;	
	e) Educational background;	
	f) Working experiences that include the following information:	
	1) The legal basis of the appointment as the member of the Board of Directors at the concerned Issuer or Public Company;	
	2) Double post, either as a member of the Board of Directors, a member of the Board of Commissioners and/or members of committees as well as other positions (if any); and	
	3) Working experiences along with the time period in both inside and outside of the Issuer or Public Company;	
	g) Education and/or training which have been attended by the members of the Board of Directors in improving the competence in the fiscal year (if any); and	
	h) Affiliate relations with the other members of the Board of Directors, members of the Board of Commissioners, and the majority shareholder (if any) include the name of the affiliated parties;	272

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Criteria	Explanation	Page
	8. The profile of the Board of Commissioners, shall at least contains:	61-62
	a) Name;	
	b) Recent photograph;	
	c) Age;	
	d) Citizenship;	
	e) Educational background;	
	f) Working experiences, include information about:	
	1). The legal basis of the appointment as the member of the Board of Commissioners that is not as the Independent Commissioner at the concerned Issuer or Public Company;	
	2). The legal basis of the appointment for the first time as the member of the Board of Commissioner that is as the Independent Commissioner at the concerned Issuer or Public Company;	
	3) Double post, either as a member of the Board of Commissioners, a member of the Board of Directors and/or members of committees as well as other positions (if any); and	
	4) Working experiences along with the time period in both inside and outside of the Issuer or Public Company;	
	g) Education and/or training which have been attended by the members of the Board of Commissioners in improving the competence in the fiscal year (if any);	
	h) Affiliate relations with the other members of the Board of Commissioners and the majority shareholder (if any) which includes the name of the affiliated parties;	
	i) Independence statement of the Independent Commissioner in terms of the Independent Commissioner has served for more than 2 (two) periods (if any);	
	9. In the event of a change in the composition of the members of Board of Directors and/or members of the Board of Commissioners that occurred after the end of the fiscal year until the deadline of Annual Report's submission, the composition which shall be stated in the Annual Report is the latest and previous compositions of the members of the Board of Directors and/or members of the Board of Commissioners;	67
	10. The number of employees and distribution description of educational level and age of employees during the fiscal year;	69-70
	11. The names of shareholders and ownership percentage at the end of fiscal year, comprising of:	
	a) Shareholders who own 5% (five percent) or more shares of the Issuer or Public Company;	75-76
	b) Members of the Board of Directors and members of Board of Commissioners who own shares of the Issuer or Public Company; and	76
	c) Public shareholder group, that is a group of shareholders who respectively have less than 5% (five percent) of the shares of Issuer or Public Company;	75
	12. The number of shareholders and ownership percentage as per the end of the fiscal year based on the following classifications:	
	a) ownership of local institutions;	75
	b) ownership of foreign institutions;	
	c) ownership of local individuals; and	
	d) ownership of foreign individuals;	
	13. Information regarding the majority shareholder and the controller of the Issuer or Public Company, either directly or indirectly, to the individual owner, that presented in the form of schemes or charts;	75
	14. Name of subsidiaries, associated companies, joint venture companies in which the Issuer or Public Company has jointly controlled entities, along with the percentages ownership, line of business, total assets, and operating status of such Issuer or Public Company (if any); For subsidiaries, added with information about the address of such subsidiaries;	77-78 81-105

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	15. Chronological of shares listing, the number of shares, nominal value, and the offering price from the beginning of the listing till the end of fiscal year as well as the name of the Stock Exchange where the shares of the Issuer or Public Companies are listed (if any);	106-107
	16. Chronological of the other Securities listing other than as referred to in point 15), which shall at least contains the name of Securities, year of issuance, date of maturity, the value of offers, and the Securities rating (if any);	108-109
	17. Name and address of the capital market supporting institutions and/or professionals;	110
	a) Education and/or training who has followed a member of the board of commissioners in increasing competence in the book year (if any)	
	b) Affiliate relationships with Board members	
	18. In the event there is a capital market supporting profession provides regular services to the Issuer or Public Company, shall be disclosed information about the granted services, the commission (fee), and the period of assignment; and	111
	19. Awards and/or certifications received by the Issuer or Public Company both national and international in the last fiscal year (if any), which contain:	116-119
	a) The name of the awards and/or certifications;	
	b) The agencies or institutions that provide; and	
	c) The validity period of the awards and/or certifications (if any);	
f.	Management Discussion and Analysis	
	Management discussion and analysis contains the analysis and discussion on the financial statements and other significant information by emphasizing the material changes occurred in the fiscal year, which shall at least contains:	
	1. Review of operations per operating segment in accordance with the industry type of the Issuer or Public Company, at least concerning:	128
	a) Production, which includes the process, capacity, and its development;	
	b) Revenues/sales; and	
	c) Profitability;	
	2. Comprehensive financial performance that includes the comparison of financial performance in the last 2 (two) fiscal years, explanations on the causes of the changes and the impact of such changes, shall at least concerning:	154
	a) Current assets, non-current assets, and total assets;	164-168
	b) Short-term liabilities, long-term liabilities, and total liabilities;	169-171
	c) Equity;	
	d) Revenue/sales, expenses, profit (loss), other comprehensive earnings, and total comprehensive profit (loss); and	171
	e) Cash flow;	154-164
	3. Ability to pay the debt by presenting the relevant ratio calculation;	173
	4. The level of receivables collection of the Issuer or Public Company by presenting the relevant ratio calculation;	173

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	5. Capital structure and management policy on such capital structure along with the basis for such policy determination;	174-175
	6. Discussions on the material commitments for capital goods investment with explanations at least include: a) The purpose of such commitments; b) The source of funds that expected to meet such commitments; c) The currency that becomes the denomination; and d) The steps planned by the Issuer or Public Company to protect The risks of the related foreign currency position;	175
	7. Discussions on the investment of capital goods which realized in the last fiscal year, shall at least include: a) The type of capital goods investment; b) The objective of capital goods investment; and c) The value of the issued capital goods investment;	175-179
	8. Material information and facts that occurred after the date of the auditor's report (if any);	179
	9. Business prospects of the Issuer or Public Company associated with the conditions of the industry, the general economy and the international market along with quantitative supporting data from the trustworthy data sources;	179
	10. The ratio between the target/projection at the beginning of the fiscal year with the achieved results (realization), concerning: a) Revenues / sales; b) Profit (loss); c) Capital structure; or d) Other matters that are considered important for the Issuer or Public Company;	
	11. Target/projection to be achieved by the Issuer or Public Company for 1 (one) year ahead, concerning: a) Revenues/sales; b) Profit (loss); c) Capital structure; d) Dividend policy; or e) Other matters that are considered important for the Issuer or Public Company;	176
	12. The marketing aspect of goods and/or services of the Issuer or Public Company, shall at least concerning the marketing strategy and market share;	183
	13. The description of the dividend for the last 2 (two) fiscal years (if any), at least: a) Dividend policy; b) Payment date of cash dividends and/or distribution date of non-cash dividends; c) Amount of dividend per share (cash and/or non-cash); and d) Amount of dividends paid per year;	191

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	14. The realization of the use of Public Offering proceeds, with provisions:	106, 192
	a) In terms of during the fiscal year, the Issuer has an obligation to submit a report of the realization of use of proceeds, then disclosed the realization of the use of Public Offering proceeds cumulatively up to the end of the fiscal year; and	
	b) In terms of there is a change in the use of proceeds as set out in the Regulation of Financial Services Authority concerning the Report of the Realization of the Use of Public Offering Proceeds, then the Issuer shall explain such change;	
	15. Information material (if any), among others concerning investment, expansion, divestment, merger/consolidation, acquisition, debt/equity restructuring, Affiliate transaction, and transaction with conflict of interest, which happened in the fiscal year, among others contain:	179
	a) Date, value, and the object of the transaction;	
	b) The name of parties to a transaction;	
	c) The nature of Affiliation (if any);	
	d) A description of the fairness of the transaction; and	
	e) Compliance with the relevant provisions;	
	16. Changes in provisions of laws and regulations which significantly effect on the Issuer or Public Company and its impacts on financial statements (if any); and	193
	17. Changes in accounting policies, the reasons and impacts on the financial statements (if any);	
g.	Governance of the Issuer or Public Company	
	Governance of the Issuer or Public Company shall at least contains brief descriptions of the:	
1.	Board of Directors, covers among others:	
a)	The duties and responsibilities of each member of the Board of Directors;	253
b)	A statement that the Board of Directors has the guideline or charter of the Board of Directors;	254
c)	The procedures, the determination basis, the structure and the remuneration amount of each member of the Board of Directors, as well as the relationship between the remuneration with the performance of the Issuer or Public Company;	266
d)	The policies and implementations regarding the frequency of the Board of Directors' meetings, including the joint meeting with the Board of Commissioners, and the attendance of the members of the Board of Directors at such meetings;	246, 256
e)	Information regarding the GMS resolutions 1 (one) year before, that includes:	219
	1). The GMS resolutions that have been realized in the fiscal year; and	
	2). The reason in terms of a resolution that has not been realized;	
f)	Information regarding the GMS resolutions in the fiscal year, that includes:	219
	1). The GMS resolutions that have been realized in the fiscal year; and	
	2). The reason in terms of a resolution that has not been realized; and	
g)	Assessment of the performance of committees that support the execution of the Board of Directors duties;	

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	2. Board of Commissioners, covers among others:	
	a) The duties and responsibilities of the Board of Commissioners;	239
	b) A statement that the Board of Commissioners has the guideline or charter of the Board of Commissioners;	240
	c) The procedures, the determination basis, the structure and the remuneration amount of each member of the Board of Commissioners;	249
	d) The policies and implementations regarding the frequency of the Board of Commissioners' meetings, including the joint meeting with the Board of Directors, and the attendance of the members of the Board of Commissioners at such meetings;	244
	e) The policy of the Issuer or Public Company regarding the assessment of the performance of members of the Board of Directors and members of the Board of Commissioners and its implementation that at least includes:	248, 263, 275
	1). The implementation procedures of the performance assessment;	
	2). The criteria used; and	
	3). The party who perform the assessment;	
	f) Assessment of the performance of the committees that support the implementation of the Board of Commissioners duties; and	278
	g) In terms of the Board of Commissioners does not form the Nomination and Remuneration Committee, contained the information that shall at least concerning:	
	1). The reason for not established the committee; and	
	2). The procedures of nomination and remuneration that performed during the fiscal year;	
	3. Sharia Supervisory Board, for an Issuer or Public Company that conducts its business activities based on sharia principles as set out in the articles of association, at least contains:	
	a) Name;	
	b) The duties and responsibilities of the Sharia Supervisory Board; and	
	c) The frequency and ways of giving advice and suggestions as well as monitoring of the fulfillment of Sharia Principles in Capital Market against the Issuer or Public Company;	
	4. Audit Committee, covers among others:	278-282
	a) Name and position in the membership of the committee;	
	b) Age;	
	c) Citizenship;	
	d) Educational background;	
	e) Working experiences include information about:	
	1). The legal basis for the appointment as a member of the committee;	
	2). Double post, either as the member of the Board Commissioners, the member of the Board of Directors and/or the member of committees as well as other positions (if any); and	
	3). Working experiences along with the time period in both inside and outside of the Issuer or Public Company;	
	f) Period and tenure of members of the Audit Committee;	
	g) Independence statement of the Audit Committee;	
	h) Policies and implementations concerning the frequency of the Audit Committee's meetings and the attendance of members of Audit Committee in such meetings;	
	i) Education and/or training which have been attended in the fiscal year (if any); and	
	j) Implementation of the Audit Committee activities at the fiscal year in accordance with as specified in the guideline or charter of Audit Committee;	

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	5. Other committees which owned by the Issuer or Public Company in order to support the functions and duties of the Board of Directors and/or the Board of Commissioners, such as the Nomination and Remuneration Committee, cover among others: <ul style="list-style-type: none"> a) Name and position in the membership of the committee; b) Age; c) Citizenship; d) Educational background; e) working experiences, include information about: <ul style="list-style-type: none"> 1). The legal basis of the appointment as the member of the committee; 2). Double post, either as a member of the Board Commissioners, a member of the Board of Directors and/or members of committees as well as other positions (if any); and 3). Working experiences along with the time period in both the inside and outside of the Issuer or Public Company; f) Period and tenure of members of the committees; g) Description of duties and responsibilities; h) The committee's statement that has had the guidelines or charter of committees; i) Independence statements of the committees; j) The policies and the implementation regarding the frequency of committee's meetings and the attendance of committee members in such meetings; k) Education and/or training which have been attended during the fiscal year (if any); and l) The brief description of the implementation of the committee's activities at the fiscal year; 	283-290
	6. Corporate Secretary, covers among others: <ul style="list-style-type: none"> a) Name; b) Domicile; c) Working experiences that include the following information: <ul style="list-style-type: none"> 1). The legal basis of the appointment as the Corporate Secretary; and 2). Working experiences along with the time period in both inside and outside of the Issuer or Public Company; d) Educational background; e) Education and/or training which have been attended in the fiscal year; and f) The brief description of the implementation of Corporate Secretary's duties at the fiscal year; 	291-292
	7. Internal Audit Unit, covers among others: <ul style="list-style-type: none"> a) Name of the head of the Internal Audit Unit; b) Working experiences that includes the following information: <ul style="list-style-type: none"> 1). The legal basis of the appointment as the head of the Internal Audit Unit; and 2). The legal basis of the appointment as the head of the Internal Audit Unit; and c) Qualifications or certifications as the internal audit profession (if any); d) Education and/or training which have been attended in the fiscal year; e) The structure and position of the Internal Audit Unit; f) The description of duties and responsibilities; g) The statement that it has had the guidelines or charter of the Internal Audit Unit; and h) The brief description of the implementation of the Internal Audit Unit's duties at the fiscal year; 	293-296

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	8. The description of the internal control system which applied by the Issuer or Public Company, shall at least concerning:	
	a) The financial and operational control, as well as compliance with other laws and regulations; and	296
	b) Review of the effectiveness of internal control system;	
	9. The risk management system applied by the Issuer or Public Company, shall at least concerning:	296
	a) An overview of the risk management system of the Issuer or Public Company;	297-308
	b) The type of risks and their management methods; and	
	c) A review of the effectiveness of the Issuer's or Public Company's risk management system;	
	10. Significant cases encountered by the Issuer or the Public Company, subsidiaries, members of the Board of Directors and members of the Board of Commissioner (if any), among others include:	309
	a) The principal case/claim;	
	b) The settlement status of the case/claim; and	
	c) The impact on the condition of the Issuer or Public Company;	
	11. Information concerning the administrative sanctions imposed on the Issuer or Public Company, members of the Board of Commissioners and Board of Directors, by the Capital Market authority and other authorities at the fiscal year (if any);	310
	12. Information concerning the Issuer's or Public Company's code of conduct that includes:	
	a) The main points of the code of conduct;	
	b) The form of the code of conduct's socialization and its enforcement efforts; and	310
	c) The statement that the code of conduct applicable to members of the Board of Directors, members of the Board of Commissioners, and employees of the Issuer or Public Company;	
	13. Information concerning the corporate culture or the corporate values (if any);	
	14. Description of the employee and/or management stock ownership program that implemented by the Issuer or Public Company (if any), among others concerning:	56-59
	a) The number of shares and/or options;	192
	b) The exercise period;	
	c) The requirements of the eligible employees and/or management; and	
	d) The exercise price;	
	15. Description of the violation reporting system (whistleblowing system) at the Issuer or Public Company (if any), among others, includes:	317-320
	a) The submission method of violation reports;	
	b) Protection for whistleblowers;	
	c) Complaints handling;	
	d) The party who manages the complaints; and	
	e) The results of the complaints handling, shall at least include:	
	1). The number of complaints received and processed during the fiscal year; and	
	2). Follow up complaints;	
	16. Implementation of the Code of Corporate Governance of the Public Listed Company for the Issuer that issues Equity Securities or Public Company that includes:	
	a) The statement regarding the recommendations that have been implemented; and/or	209-216
	b) Description of the recommendations that have not been implemented, with the reasons and its alternative implementation (if any);	

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	h. Social and Environmental Responsibility of the Issuer or Public Company	
	1. Information regarding the social and environmental responsibility of the Issuer or Public Company that includes policies, types of program, and costs incurred, among others related to the following aspects:	
	a) The environment, among others:	333
	1). The use of eco-friendly materials and energy and can be recycled;	
	2). Waste treatment system of the Issuer or Public Company;	
	3). The complaint mechanism of environmental problems; and	
	4). Certifications in the environmental sector owned;	
	b) The employment practices, occupational health and safety, among others:	341, 347
	1). Gender equality and employment opportunities;	
	2). Occupational facilities and safety;	
	3). Rate of employees transfer (turnover);	
	4). Education and/or training;	
	5). Education and/or training;	
	6). Remuneration; and	
	7). The complaint mechanism of employment issues;	
	c) Social and community development, among others:	359
	1). The use of local labor;	
	2). Empowerment of communities around the Issuer or Public Company, among others through the use of raw materials produced by the community or provision of education;	
	3). Improvement of social facilities and infrastructure;	
	4). Other forms of donation; and	
	5). Communication regarding the policies and procedures of anti-corruption in the Issuer or Public Company as well as training on anti-corruption (if any);	
	d) The responsibility of goods and/or services, among others:	367
	1). The health and safety of consumers;	
	2). Information about the goods and/or services; and	
	3). The means, amount, and countermeasures on consumer complaints.	
	2. In the event that the Issuer or Public Company presents information regarding social and environmental responsibility as referred to in point 1) at a separate report such as the social and environmental responsibility report or the sustainability report, the Issuer or Public Company is excluded for disclosing information on social and environmental responsibility in the Annual Report; and	
	3. The report as referred to in point 2) is submitted to the Financial Services Authority concurrent with the submission of the Annual Report;	

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i.	<p>Annual Financial Statements which Have Been Audited</p> <p>The annual financial statements contained in the Annual Report is prepared in accordance with the Financial Accounting Standards in Indonesia and have been audited by the Accountant. The referred financial statements include a statement regarding the responsibility for the financial statements as stipulated in the laws and regulations of Capital Market sector that stipulate the responsibilities of the Board of Directors on the financial statements or laws and regulations of Capital Market sector that stipulate the periodic reports of Securities Company in terms of the Issuer is the Securities Company; and</p>	373
j.	<p>A Statement of the Members of the Board of Directors and the Members of the Board of Commissioners regarding the Responsibility for the Annual Report</p> <p>The Statement of the members of the Board of Directors and the members of the Board of Commissioners regarding the responsibility for the Annual Report is prepared in accordance with the format of Statement of the Members of the Board of Directors and the Members of the Board of Commissioners regarding the Responsibility for the Annual Report as listed in the Annex that is an inseparable part of this Circular Letter of the Financial Services Authority.</p>	29

GLOSSARY

AMDAL	Abbreviation of "Analisis Mengenai Dampak Lingkungan" analysis of environment impact, environment management plan and environment monitoring plan
Anak Perusahaan / Entitas Anak	Badan hukum dimana Perseroan memiliki pengendalian, yaitu memiliki kepemilikan langsung atau tidak langsung lebih dari 50% saham dengan hak suara pada perusahaan tersebut atau Perseroan memiliki kendali, langsung atau tidak langsung, untuk menentukan kebijakan finansial dan operasional badan hukum tersebut.
Bapepam - LK	Abbreviation of "Badan Pengawas Pasar Modal – Lembaga Keuangan" the Indonesian Capital Market Supervisory Agency as denoted in Law No. 8 year 1995.
BBL	Barrel, unit of volume usually used to measure oil. 1 barrel = 159 liters.
BBM	Abbreviation of "Bahan Bakar Minyak" or petroleum-based fuel.
BCF	Billion Cubic Feet, a unit of volume used to measure natural gas.
BEI	Abbreviation of "Bursa Efek Indonesia", the Indonesia Stock Exchange
BES	PT Bursa Efek Surabaya
BOE	Barrels of Oil Equivalent, is a unit which is used to convert natural gas unit to it's equivalent oil unit. (1 BOE = 6 MCF).
BP Migas	Abbreviation of "Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi", the Upstream Oil and Gas Business regulator, a government agency that was established pursuant to the Oil and Gas Law juncto Government Regulation No 42 year 2002 to control upstream activities in the oil and gas business
BPH Migas	Abbreviation of "Badan Pengatur Hilir Minyak dan Gas Bumi", the regulator for Downstream Oil and Gas Business Activities. A government body that was established based on Oil and Gas Law juncto Government Regulation No 67 year 2002 juncto Presidential Decree No 86 year 2002, to control and supervise supply and distribution of natural gas and it's transportation through pipelines in downstream business activity.
BSCF	Billion Standard Cubic Feet
BTU	British Thermal Unit, a caloric unit used to measure gas energy
BUMD	Badan Usaha Milik Daerah
BUMN	Abbreviation of "Badan Usaha Milik Negara" or State-Owned Enterprise as denoted in Law No 19 year 2003.
CAGR	Compound Annual Growth Rate
CBM	Coal Bed Methane
CCGS	Company Corporate Governance Scorecard
CF	Cubic Feet, a volume unit used to measure natural gas 1CF = 0,028 m ³
CII	Customer Importance Index
CNG	Compressed Natural Gas
COSO	Committee of the Sponsoring Organizations of the Treadway Commission
CRMP	Certified Risk Management Professional
CSC	Central Safety Committee
CSI	Customer Satisfaction Index
DAB#3	Dispute Adjudication Board #3
Distribution	Activity of natural gas distribution through pipelines
DMO	Domestic Market Obligations
DOH	Abbreviation of "Daerah Operasi Hulu" the upstream operation region
ECSC	Executive Central Safety Committee
EIB	European Investment Bank
ESA	Employee Stock Allocation, a program aimed to provide an opportunity to all employees to own the Company's shares
FRST	Floating Storage & Regasification Terminal
FSRU	Floating Storage & Regasification Unit
GMB	Gas Metana Batubara
GMS	General Meeting of Shareholders
GP3K	Gerakan Peningkatan Produktivitas Pangan Berbasis Korporasi
GRC	Governance, Risk Management and Compliance

GSA	Gas Sales Agreement
GTA	Gas Transportation Agreement
GSPA	Gas Sales and Purchase Agreement
Hilir (Downstream)	Business activities that are cored or based on production, transportation, storage and/or commercial activities.
Hulu (Upstream)	Business activities that are cored or based on exploration and exploitation activities.
IBRD	International Bank of Reconstruction and Development
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering, a share offering to the public as stipulated in Law No 8 year 1994.
ISAK	Interpretasi Standar Akuntansi Keuangan
ISO	International Organization for Standardization
JBIC	Japan Bank for International Cooperation (Previously Export-Import Bank of Japan).
JCI	Jakarta Composite Index. An index of all stocks that are traded on the Indonesia Stock Exchange
K3PL	Keselamatan dan Kesehatan Kerja Pengelolaan Lingkungan
KNKG	Komite Nasional Kebijakan Governance
KPPU	Komisi Pengawas Persaingan Usaha
LC	Letter of Credit, a payment method for export/import transactions
LHA	Laporan Hasil Audit adalah suatu pelaporan hasil audit yang berisi temuan final dan kumpulan kertas kerja audit yang mengungkapkan hal penting untuk mendapat perhatian Manajemen.
LHKPN	State Officials' Wealth Report
LPEI	Indonesia Export Financing Institution
LPG	Liquefied Petroleum Gas, which consists of propane and butane gas.
LTIF	Lost Time Injury Frequency
MCF	Million Cubic Feet
MMBBL	Million Barrel
MMBOE	Million Barrels of Oil Equivalent
MMBTU	Million British Thermal Unit
MMSCFD	Million British Thermal Units per Day
MP3EI	Masterplan Percepatan dan Pembangunan Ekonomi
MMCFD	Million Cubic Feet Per Day, suatu ukuran yang biasa digunakan untuk mengukur volume gas bumi tanpa memperhatikan temperature dan tekanan pada saat pengukuran
MMSCF	Million Standard Cubic Feet, a standard unit for measuring gas volume which is adjusted to a certain temperature and pressure which is equal to 1,000 MMBTU.
MMScfd	Million Standard Cubic Feet Per Day, merupakan suatu ukuran standar yang dipergunakan dalam Laporan Tahunan ini.
MRC	Multi Reporting Currency
MSCF	Thousand Standard Cubic Feet.
MSPA	Master Sale and Purchase Agreement
NAP	Network Access Provider
OHSAS	Occupational Health and Safety Management System
Oil and Gas Law No 22 year 2001 L	Law No 22 year 2001 of the Republic of Indonesia regarding Oil and Natural Gas
OJK	Indonesia Financial Service Authority
OSH & EM	Occupational Safety and Health & Environmental Management
Producer	Gas producer which has objective to produce oil and gas in certain area, which has activities to find oil and gas reserves, drilling, refinery and other supporting activities
PGNEF	PGN Euro Finance
PIA	Professional Internal Auditor

PMC	Project Management Consultant
POD	Plan Of Development
PPOB	Payment Point Online Bank
PPJPGB	Proyek Pembangunan Jaringan Pipa Gas Bumi
PSAK	Pernyataan Standar Akuntansi Keuangan
PSC	Production Sharing Contract atau kontrak kerja sama pada sektor Hulu migas yang merupakan kontrak bagi hasil atau bentuk kerja sama lain dalam kegiatan eksplorasi dan eksploitasi.
PSI	Pounds per Square Inch, a unit for measuring gas pressure. 1 bar = 14.5 PSI
Pemasok (Producer)	Gas producer which has objective to produce oil and gas in certain area, which has activities to find oil and gas reserves, drilling, refinery and other supporting activities.
Pertagas	PT Perusahaan Gas Negara (Persero) Tbk
Pertamina	PT Pertamina (Persero)
Perusahaan Perseroan	PT Perusahaan Gas Negara (Persero) Tbk
PIA	Professional Internal Auditor adalah sertifikasi Auditor yang dikeluarkan oleh Pusat Pengembangan Akuntansi dan Keuangan
PJBG	Perjanjian Jual Beli Gas
PKB	Perjanjian Kerja Bersama
PPA&K	Pusat Pengembangan Akuntansi & Keuangan adalah lembaga pendidikan dan pelatihan internal auditor
QIA	Qualified Internal Auditor
RKL	Rencana Pengelolaan Lingkungan
RPL	Rencana Pemantauan Lingkungan
RUPS	Abbreviation of "Rapat Umum Pemegang Saham" General Meeting of Shareholders
RUPSLB	Abbreviation of "Rapat Umum Pemegang Saham Luar Biasa" or Extraordinary General Meeting of Shareholders.
SBP	Strategi Bisnis Prioritas
SIMR	Sistem Informasi Manajemen Resiko
SIPG	Sistem Informasi Penyaluran Gas
SKK Migas	Special Task Force for Upstream Oil and Gas Business Activities (SKK Migas) is a institution established by the Government of the Republic of Indonesia under Presidential Regulation Number 9 of 2013 on Management of Upstream Oil and Gas Business Activities. SKK Migas is assign to manage the upstream oil and gas business activities under a cooperation contract.
SMKI	Sistem Manajemen Kerja Individu
SMM	Sistem Manajemen Mutu
SPI	Satuan Pengawas Internal
SSWJ	Sumatera Selatan West Java
Target	Target usaha yang disesuaikan dengan kondisi pelemahan ekonomi global
TCF	Trillion Cubic Feet
TGI	PT Transportasi Gas Indonesia (Transgasindo) merupakan Entitas Anak dengan kepemilikan sebesar 59,75% oleh Perseroan yang bergerak di bidang pengangkutan gas bumi.
THT	Tunjangan Hari Tua
TJSL	Tanggung Jawab Sosial Lingkungan
UKM	Usaha Kecil Menengah
YPIA	Yayasan Pendidikan Internal Audit adalah lembaga pendidikan dan pelatihan yang membantu mempersiapkan tenaga Auditor dalam meningkatkan kompetensi dan profesionalisme Auditor Indonesia melalui sertifikasi Qualified Internal Audit
Transmisi Transmission	Kegiatan pemindahan gas bumi dari wilayah kerja atau dari tempat penampungan melalui pipa Transmisi
UU Migas	Undang-Undang Minyak dan Gas Bumi No. 22 tahun 2001
UKL	Usaha Pengelolaan Lingkungan
UPL	Usaha Pemantauan Lingkungan

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PT PERUSAHAAN GAS NEGARA (PERSERO) TBK

YEAR OF 2018

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